

A World of Free Movement Would Be \$78 Trillion Richer

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Consider a tiny spec of a planet in a far off solar system where its inhabitants are all divided and compete/fight with each other though if they worked together the planet would be a paradise not a hell hole. Indeed, that planet is OUR earth.

The following radical proposal is well worth a read and deep consideration, as continuing division and conflict is not only counter-productive but self-destructive.

A hundred-dollar bill is lying on the ground. An economist walks past it. A friend asks the economist: "Didn't you see the money there?" The economist replies: "I thought I saw something, but I must have imagined it. If there had been \$100 on the ground, someone would have picked it up."

If something seems too good to be true, it probably is not actually true. But occasionally it is. Michael Clemens, an economist at the Centre for Global Development, an anti-poverty think-tank in Washington, DC, argues that there are "trillion-dollar bills on the sidewalk". One seemingly simple policy could make the world twice as rich as it is: open borders.

Workers become far more productive when they move from a poor country to a rich one. Suddenly, they can join a labour market with ample capital, efficient firms and a predictable legal system. Those who used to scrape a living from the soil with a wooden hoe start driving tractors. Those who once made mud bricks by hand start working with cranes and mechanical diggers. Those who cut hair find richer clients who tip better.

"Labour is the world's most valuable commodity—yet thanks to strict immigration regulation, most of it goes to waste," argue Bryan Caplan and Vipul Naik in "A radical case for open borders". Mexican labourers who migrate to the United States can expect to earn 150% more. Unskilled Nigerians make 1,000% more.

"Making Nigerians stay in Nigeria is as economically senseless as making farmers plant in Antarctica," argue Mr Caplan and Mr Naik. And the non-economic benefits are hardly trivial, either. A Nigerian in the United States cannot be enslaved by the Islamists of Boko Haram.

The potential gains from open borders dwarf those of, say, completely free trade, let alone foreign aid. Yet the idea is everywhere treated as a fantasy. In most countries fewer than 10% of people favour it. In the era of Brexit and Donald Trump, it is a political non-starter. Nonetheless, it is worth asking what might happen if borders were, indeed, open.

To clarify, "open borders" means that people are free to move to find work. It does not mean "no borders" or "the abolition of the nation-state". On the contrary, the reason why migration is so attractive is that some countries are well-run and others, abysmally so.

Workers in rich countries earn more than those in poor countries partly because they are better educated but mostly because they live in societies that have, over many years, developed institutions that foster prosperity and peace. It is very hard to transfer Canadian institutions to Cambodia, but

quite straightforward for a Cambodian family to fly to Canada. The quickest way to eliminate absolute poverty would be to allow people to leave the places where it persists. Their poverty would thus become more visible to citizens of the rich world—who would see many more Liberians and Bangladeshis waiting tables and stacking shelves—but much less severe.

If borders were open, how many people would up sticks? Gallup, a pollster, estimated in 2013 that 630m people—about 13% of the world's population—would migrate permanently if they could, and even more would move temporarily. Some 138m would settle in the United States, 42m in Britain and 29m in Saudi Arabia.

Gallup's numbers could be an overestimate. People do not always do what they say they will. Leaving one's homeland requires courage and resilience. Migrants must wave goodbye to familiar people, familiar customs and grandma's cooking. Many people would rather not make that sacrifice, even for the prospect of large material rewards.

Wages are twice as high in Germany as in Greece, and under European Union rules Greeks are free to move to Germany, but only 150,000 have done so since the beginning of the economic crisis in 2010, out of a population of 11m. The weather is awful in Frankfurt, and hardly anyone speaks Greek. Even very large disparities combined with open borders do not necessarily lead to a mass exodus. Since 1986 the citizens of Micronesia have been allowed to live and work without a visa in the United States, where income per person is roughly 20 times higher. Yet two-thirds remain in Micronesia.

Despite these caveats, it is a fair bet that open borders would lead to very large flows of people. The gap between rich and poor countries globally is much wider than the gap between the richest and less-rich countries within Europe, and most poor countries are not Pacific-island paradises. Many are violent as well as poor, or have oppressive governments.

Also, migration is, in the jargon, "path-dependent". It starts with a trickle: the first person to move from country A to country B typically arrives in a place where no one speaks his language or knows the right way to cook noodles. But the second migrant—who may be his brother or cousin—has someone to show him around. As word spreads on the diaspora grapevine that country B is a good place to live, more people set off from country A. When the 1,000th migrant arrives, he finds a whole neighbourhood of his compatriots.

So the Gallup numbers could just as well be too low. Today there are 1.4bn people in rich countries and 6bn in not-so-rich ones. It is hardly far-fetched to imagine that, over a few decades, a billion or more of those people might emigrate if there were no legal obstacle to doing so. Clearly, this would transform rich countries in unpredictable ways.

Voters in destination states typically do not mind a bit of immigration, but fret that truly open borders would lead to them being "swamped" by foreigners. This, they fear, would make life worse, and perhaps threaten the political system that made their country worth moving to in the first place. Mass migration, they worry, would bring more crime and terrorism, lower wages for locals, an impossible strain on welfare states, horrific overcrowding and traumatic cultural disruption.

Open questions

If lots of people migrated from war-torn Syria, gangster-plagued Guatemala or chaotic Congo, would they bring mayhem with them? It is an understandable fear (and one that anti-immigrant politicians play on), but there is little besides conjecture and anecdotal evidence to support it. Granted, some

immigrants commit crimes, or even headline-grabbing acts of terrorism. But in America the foreign-born are only a fifth as likely to be incarcerated as the native-born. In some European countries, such as Sweden, migrants are more likely to get into trouble than locals, but this is mostly because they are more likely to be young and male. A study of migration flows among 145 countries between 1970 and 2000 by researchers at the University of Warwick found that migration was more likely to reduce terrorism than increase it, largely because migration fosters economic growth.

Would large-scale immigration make locals worse off economically? So far, it has not. Immigrants are more likely than the native-born to bring new ideas and start their own businesses, many of which hire locals. Overall, migrants are less likely than the native-born to be a drain on public finances, unless local laws make it impossible for them to work, as is the case for asylum-seekers in Britain. A large influx of foreign workers may slightly depress the wages of locals with similar skills. But most immigrants have different skills. Foreign doctors and engineers ease skills shortages. Unskilled migrants care for babies or the elderly, thus freeing the native-born to do more lucrative work.

Would open borders cause overcrowding? Perhaps, in popular cities like London. But most Western cities could build much higher than they do, creating more space. And mass migration would make the world as a whole less crowded, since fertility among migrants quickly plunges until it is much closer to the norm of their host country than their country of origin.

Would mass immigration change the culture and politics of rich countries? Undoubtedly. Look at the way America has changed, mostly for the better, as its population soared from 5m mainly white folks in 1800 to 320m many-hued ones today. Still, that does not prove that future waves of immigration will be benign. Newcomers from illiberal lands might bring unwelcome customs, such as political corruption or intolerance for gay people. If enough of them came, they might vote for an Islamist government, or one that raises taxes on the native-born to pamper the newcomers.

Eyes on the prize

There are certainly risks if borders are opened suddenly and without the right policies to help absorb the inflow. But nearly all these risks could be mitigated, and many of the most common objections overcome, with a bit of creative thinking.

If the worry is that immigrants will outvote the locals and impose an uncongenial government on them, one solution would be not to let immigrants vote—for five years, ten years or even a lifetime. This may seem harsh, but it is far kinder than not letting them in. If the worry is that future migrants might not pay their way, why not charge them more for visas, or make them pay extra taxes, or restrict their access to welfare benefits? Such levies could also be used to regulate the flow of migrants, thus avoiding big, sudden surges.

This sounds horribly discriminatory, and it is. But it is better for the migrants than the status quo, in which they are excluded from rich-world labour markets unless they pay tens of thousands of dollars to people-smugglers—and even then they must work in the shadows and are subject to sudden deportation. Today, millions of migrants work in the Gulf, where they have no political rights at all. Despite this, they keep coming. No one is forcing them to.

“Open borders would make foreigners trillions of dollars richer,” observes Mr Caplan. A thoughtful voter, even if he does not care about the welfare of foreigners, “should not say...‘So what?’ Instead, he should say, ‘Trillions of dollars of wealth are on the table. How can my countrymen get a hefty piece of the action?’ Modern governments routinely use taxes and transfers to redistribute from

young to old and rich to poor. Why not use the same policy tools to redistribute from foreign to native?" If a world of free movement would be \$78trn richer, should not liberals be prepared to make big political compromises to bring it about?

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[Until we realise we are one human race on one tiny planet we will never progress past savagery.]

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