

Is there a Goldilocks solution to international labor mobility?

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Three big points

- Huge possible gains from labor mobility
- The obstacle is voter attitudes and politics in recipient countries can this be overcome?
- In the international system labor mobility has no full time advocate

The wage gain to a low skill worker (adjusting for observational equivalence and migrant selectivity) is PPP\$12,000 a year (range from 17,000 to 8,000)—
average wage in home is PPP\$5,300

Source: Clemens,

The simple and compelling—if unpopular—arithmetic is that there is nothing else—macro or micro that compares

- Average annual wage income of 5,000.
 - Borrow your *annual* wage and make net 10 percent is \$500.
 - Increase by one year the years of schooling and get 10 percent for lifetime— $NPV=500/.05=10,000$ (less than one year)
 - Tonga NZ agricultural guest worker with 1971 workers produced gains of roughly half of bilateral aid
 - Total gains of complete capital mobility

Goldilocks international institutions

“Too Hard”

- Sovereign pre commitments to international binding reciprocal rules
- GATT/WTO on trade
- IMF on exchange rates
- Geneva Convention on practices
- Just will not happen politically

“Too soft”

- Protection of migrants—without any advocacy of there being more or less
- Creates no upward dynamic for greater labor mobility

Goldilocks

- A free standing international organization with the mandate to promote *more* and *better* labor mobility
- Voluntary accession to participation at all
- All bilateral agreements are “slated” within the forum (with a variety of purposes)
- Promotes the adoption of more of the “good practice” agreements (as well as better, and better enforced practice in the agreements)
- Revenue model?