

## GLOBAL FORUM ON MIGRATION AND DEVELOPMENT

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### Address by Dr. Ernesto Zedillo

I am honored to be part of this Forum. I congratulate the Government of Belgium for hosting this meeting on the crucial issue of migration and development.

Our subject immediately leads us to a more general question about the feasibility of achieving a widespread convergence in the standards of living in our world during the 21st Century.

This question is not secondary. Despite the good news provided by the fast economic growth of a reduced, but highly populated, group of developing countries, the process of economic divergence between the rich and the poor countries has continued to deepen. The relative gap between the rich and the poor is bigger today than at any time in humanity's history. Even if present trends of economic growth in countries like China and India persist well into the future, the remaining problem of economic divergence is bound to be one of the biggest challenges to confront our own and the next several generations.

Frankly, it is hard to believe that, under the modern conditions of communications and transportation, the difference in the life prospects of individuals born into different countries observed today could possibly persist as a stable -and bearable- equilibrium.

It is not reckless to imagine highly disruptive scenarios stemming from such a huge gulf in life prospects; and it is not reckless because some symptoms of that disruption are already before us.

Societies and their governments should not wait passively for the risks posed by a world profoundly divided into haves and have-nots to materialize.

At this Forum, it is only natural to ask ourselves whether migration, that very old expedient of humanity, shall help in any significant way to prevent a catastrophic outcome from the growing divide between life prospects in poor and rich countries.

It is indeed pertinent to inquire if migration can serve as a major equilibrating mechanism of countries' relative living standards.

After all, we know from history that throughout the 18<sup>th</sup>, 19<sup>th</sup> and early 20<sup>th</sup> centuries massive migrations from Europe to other continents allowed millions of people to escape poverty and, in fact, create some of today's richest countries.

From contemporary evidence and research we also know that the economic gains from labor force migration can be substantial for both developing and developed countries. Migration provides greater economic opportunity for migrants as well as for host and sending countries.

With the much higher incomes they make in the countries of destination, migrants support themselves and provide for their families and communities at home. Earnings from migration can abate poverty, improve income distribution, foster investment in human and physical capital, and unleash entrepreneurship in the migrants' home countries.

True, migrants will be transferring to their countries of origin at least 200 billion U.S. dollars this year, but they will also be making important contributions to the economies of the host countries.

In rich countries, immigration serves to fill the demographic and skill gaps that exist in their labor markets, and provides an additional source of entrepreneurship and innovation. Whole sectors of many developed countries rely on migrants to function adequately. It is a solid proposition that, wherever present, immigration is a contributor to the economic dynamism of rich countries.

Considering exclusively the forces that, at present and in the foreseeable future, underlie the demand and supply of migrant workers—essentially the differences in wages

and demographic profiles across countries, should lead us to expect migration to play a much bigger role in contributing toward the convergence of living standards in the world. This expectation, however, would not be realistic. It is not just the conjunction of economic and demographic forces that determines migration; politics is usually a more important factor.

Unfortunately, now for almost a century, since the collapse of the previous era of globalization in 1914, the politics of migration are, more frequently than not, highly contentious everywhere. It is a conflictive and divisive issue within and between countries. Politics have tended to emphasize the costs of migration rather than its benefits; to represent the interests of the potential losers not those of the winners; to highlight the supposed threat it poses to the national culture rather than the opportunity of enrichment that it brings about; and to confuse the consequences of faulty migration policies with the consequences of migration itself.

Repeatedly I have seen this kind of politics carry the day even in the country that happens to be, historically and still today, one of the most open to immigration in the world: the United States. It happened again a few days ago when a bill intended to overhaul American immigration policies -and that sought to address, among other issues, the problem of illegal migrants- was rejected by the U.S. Senate.

This outcome is regrettable because, in the absence of a broad reform, the problems associated with illegal immigration will only get worse. Relying on enforcement measures alone is bound to fail because it ignores the key underlying economic reasons for the phenomenon: changing U.S. demographics imply a shortage of unskilled labor in many sectors for the American economy and filling this gap is essential to the dynamism of the American economy and for sustaining its pace in job creation.

Of course, the United States –or any other nation based on the rule of law- cannot condone illegality just because it brings about tangible economic benefits. But the real dilemma is not between compromising the rule of law and sacrificing the economic benefits produced by immigration. The real challenge lies in how best to structure a policy that allows for proper enforcement of immigration laws while letting immigration

continue as a positive force for economic prosperity. That policy is conceivable: it must be market-based and comprehensive. Until now, however, it has proven unachievable even in a country, I insist, as open as the United States.

This fact alone makes me skeptical of seriously contemplating any time soon a significant change, for the better, in the migration policies of all the other rich countries, including those countries conforming the European Union.

Therefore, it is prudent to restrain any impulse to believe that international migration will reveal itself any time soon as the new unstoppable force of globalization that will accelerate the necessary process of economic convergence.

This is not to say that there is no room at all to improve the development impact of existing migration. Even within the current (and obstinate) political constraints, there is much that can be done to enhance the economic and social benefits of international migration. I am confident that this Forum will serve to take stock of the necessary and feasible reforms.

I am also hopeful that the study on migration and development to be conducted by an organization for which I serve as chairman of its board –the Global Development Network- will provide new policy-relevant knowledge on this topic. Our project will collect primary data by means of nationally representative household surveys in twelve countries. This major research assignment –undertaken with the generous support of several government agencies here represented- will study the impact of migration focusing on aspects such as education, health and governance –just to mention a few.

But what I really want to stress now is that to make globalization more inclusive - which means to give billions of people around the world a reason to believe that they have some decent chance to improve their standard of living instead of being condemned to be left behind in perpetual poverty- we seem to be bound, at best, to depend on the old acquaintances of sound domestic policies (first and foremost) and more open markets for trade and investment.

Unfortunately, reliance on these pillars of prosperity is easier said than done. Consider that the only policy initiative that has been produced in many years to foster global integration, the Doha Round, has proven to be a huge disappointment. It must be admitted that the Round has now been put in a state of hibernation that will last several years.

Being in Brussels, I feel compelled to regret again that failure in the agriculture negotiations was the main reason for the Round's breakdown. It is a fact that the rich countries have resisted effective liberalization in farm trade throughout the negotiations, despite the formal commitments they made when the Round was launched. Up to the G-4 Potsdam meeting of last month, when the Round was frozen again, not even the sum of rich countries' best offers to broaden market access and reduce subsidies – and that sum was actually never put on the table- would not have been sufficient to change the global pattern of agricultural production and trade in consistency with the Round's original development objectives.

The cost of the Round's failure is not only the income opportunities that both developed and developing countries are forgoing, but also, more importantly, the enormous losses that we will all incur if the Round's collapse leads the multilateral trading system to deteriorate so much that countries regress into a protectionist spiral.

Let's face that the trading system remains structurally vulnerable to serious erosion. And without a good conclusion of the Doha Round, it will continue to have a limited capacity to support the integration into the world economy of many countries that are still practically absent from global trade, despite their formal membership to the WTO.

Let's also face that the Doha Round's failure will make more, not less, challenging the phenomenon of international migration. I trust that this circumstance will be properly considered throughout this Forum's debates and conclusions.

Thank you very much