

## **International Migration and Human Rights**

Gordon Hanson, UC San Diego and NBER

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Abstract. Freedom of movement is considered a basic human right by the majority of countries of the world. As defined in practice, it encompasses the right to move internally within a country, the right to move abroad, and the right to return from abroad. It does not include the right of an individual from one sovereign nation to move to another. In this paper, I examine whether there is an economic rationale for restricting the rights of individuals to move across borders. The typical individual who migrates from a poor developing country to the United States sees an increase in income by a factor of four, largely as a result of the immense international differences in labor productivity that exist in the world today. As an illustrative example, I estimate that migration from Mexico to the United States raises global income by an amount equivalent to roughly one percent of US GDP.

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## 1 INTRODUCTION

As recently as 1970, restrictions on immigration were not considered a major policy issue. The share of the US population that was foreign born, which had been declining for five decades, was at five percent, the lowest level ever recorded in a US decennial census (Borjas, 1999). In the developed world, the largest source country for immigrants was another *developed* country, the United Kingdom. Former colonial powers Portugal and Spain were net *exporters* of people to their former colonies (Hatton and Williamson, 2002). In the developing world, the focus was more on internal migration from rural to urban areas than on opportunities to live and work abroad. Perhaps the source of greatest contention regarding international labor flows was restrictions on *emigration* in Soviet bloc countries. Apparently, when it came to mobility the world was more concerned about impediments to exit than with barriers to entry.

That the United States decried Soviet limits on mobility was not incidental. Freedom of movement has long been recognized as a basic human right. In 1215, the Magna Carta provided that,

It shall be lawful to any person, for the future, to go out of our kingdom, and to return, safely and securely, by land or by water, saving his allegiance to us, unless it be in time of war, for some short space, for the common good of the kingdom: excepting prisoners and outlaws, according to the laws of the land, and of the people of the nation at war against us, and Merchants who shall be treated as it is said above.<sup>1</sup>

In 1823, the United States Supreme Court recognized freedom of movement as a constitutional right.<sup>2</sup> Many other countries have since enshrined freedom to travel

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<sup>1</sup> See <http://www.fordham.edu/halsall/source/magnacarta.html>.

<sup>2</sup> The US Constitution states, "The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States." In the court's decision on the 1823 case, *Corfield v. Coryell*, Justice Bushrod

internally and externally in their constitutions. In 1948, the United Nations Declaration of Human Rights put forward two articles on the mobility of persons, one on internal movement and one on movement abroad:

Article (13.1). Everyone has the right to freedom of movement and residence within the borders of each State.

Article (13.2). Everyone has the right to leave any country, including his own, and to return to his country.<sup>3</sup>

The language in Article (13.2) is very close to that in the Magna Carta.

Notably, none of these statements address the issue of entry by foreign citizens into a sovereign nation. The rights of egress and regress are recognized; the right of ingress is not. The sole entry in the UN Declaration of Human Rights that addresses entry is Article (14), which states that individuals have a right “to seek and to enjoy in other countries asylum from persecution.” Thus, the United Nations adopts the principle that motives matter for determining whether individuals from one country have the right to enter another country.

In the last several decades, the world’s interest in international migration has shifted from outflows to inflows. The collapse of the Soviet Union reduced the number of countries that restrict outward mobility (Gungwu, 1996). In the developing world, economic factors have led to a sharp increase in the volume of people seeking to emigrate. Several decades of sluggish economic growth in Africa, Latin America, and parts of Asia have generated weak growth in these regions’ demand for labor (Edwards, 2008). At the same time, national labor supplies have expanded rapidly. Continuing high rates of population growth in Africa and South Asia have

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Washington wrote, “The right of a citizen of one state to pass through, or to reside in any other state, for purposes of trade, agriculture, professional pursuits, or otherwise... may be mentioned as some of the particular privileges and immunities of citizens, which are clearly embraced by the general description of privileges deemed to be fundamental.” See [http://press-pubs.uchicago.edu/founders/documents/a1\\_8\\_3\\_commerces15.html](http://press-pubs.uchicago.edu/founders/documents/a1_8_3_commerces15.html).

<sup>3</sup> See <http://www.un.org/en/documents/udhr/index.shtml>.

produced successively larger generations of young people entering the labor force (Birdsall, Kelley, and Sinding, 2001). In Latin America, while fertility rates have fallen since the late 1970s, these declines came off of previous highs, meaning that in most countries the size of cohorts coming of working age continued to grow until quite recently (Hanson and McIntosh, 2009). Growth in the size of entering labor force cohorts remains positive in the Andes, Central America and parts of the Caribbean. Overall, sluggish labor demand coupled with expanding labor supply has increased the number of individuals from poor countries seeking to live and work in rich countries. Restricting the right of ingress thus has significant consequences for living standards in developing countries.

In the developed world, immigration has become a source of intense public debate. Recent national elections in Australia, Austria, Denmark, France, the Netherlands, Sweden, the United Kingdom, and the United States each featured candidates promising tighter restrictions on foreign labor inflows. Concerns about immigration stem in part from its rise. In 2006, the foreign born share of the population was 12.9% in Germany, 10.6% in the Netherlands, 11.9% in Spain, 10.1% in the United Kingdom and 13.0% in the United States, in each case up from single digits in the 1990s.<sup>4</sup> Since the global recession that began in 2007, international migration has slowed but increasing government budget deficits in the United States and Europe have intensified pressure on politicians to restrict immigration, based on in part on the perception that immigrants are a net fiscal drain on host countries. Another source of concern relates to the rise of illegality in immigrant inflows. In the United States, roughly one third of the immigrant population lacks permission to be in the country (Passel, 2006). Europe also has high levels of

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<sup>4</sup> See <http://www.oecd.org/statsportal>.

undocumented entry, though periodic amnesties in Greece, Italy, Portugal, and Spain have kept the illegal share of the foreign born population low relative to the United States (Jandl, 2003).

While migrant sending countries frequently criticize Europe and the United States for their treatment of immigrants,<sup>5</sup> and undocumented immigrants in particular, few question their right to restrict entry at national borders. Freedom of movement is seen as applying to internal migration and emigration, but not immigration. The United Nations, in its recent Human Development Report (UNDP, 2009), recommends that countries treat immigrants humanely and seek to eliminate human trafficking and discrimination against immigrants. But it does not endorse the right of individuals to reside in the country of their choice.

Should freedom of movement be expanded to include to the right of immigration? Allowing greater international labor mobility would be a major shock to the global system. It would shift large numbers of individuals from poor to rich countries, affecting nearly every facet of cultural, economic, and political life. Apart from the practical complications involved in enacting such a transformation, is our concept of freedom complete if it permits countries to maintain barriers to the entry of foreign citizens?

What distinguishes the right to international mobility from what are considered core human rights – such as the rights to life and liberty, freedom from torture and arbitrary detention, the right to legal remedy, or freedom from religious persecution – is that allowing individuals to move between countries has direct consequences on the distribution of income. As labor moves from, say, Mexico to the United States, wages may rise in the former and fall in the latter. Respecting the right of ingress is thus in part an economic decision, for it affects the ability of existing residents in both the source and destination country to meet their material needs.

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<sup>5</sup> See, e.g., Peter Hakim, “Is Washington Losing Latin America?” *Foreign Affairs*, January/February, 2006.

In this paper, I examine whether there is an economic rationale for restricting the rights of individuals to move across borders. A utilitarian perspective would imply that freer labor mobility would be justified if it makes the world better off as a whole. One challenge in applying this principal is measuring global welfare. The simplest approach would be to equate global welfare to global income, effectively giving each wage or salary earning individual an equal weight in the calculation. There are clear deficiencies in such as approach, as it ignores the effect of labor mobility on non-income-earning individuals, including the children and non-working spouses of migrants. But the impact of international migration on global income provides a weak test of its merits. If freer mobility *lowered* global income, it would be hard to argue for its adoption.

Available evidence, crude as it is, suggest the income gains to freer international migration would be enormous. In section 2, I summarize recent empirical research, which indicates that the typical individual who migrates from a developing country to the United States sees his or her annual labor market earnings rise by a factor of four, even after controlling for international differences in the cost of living. To the extent that wages reflect labor productivity, large cross-national differences in wages are evidence of vast international disparities in the productive potential of individuals. Allowing migration from poor to rich countries would move labor from where it is less productive to where it is more productive, yielding an increase in global income. Allowing individuals to vote with their feet could yield other economic benefits, as national governments came under greater pressure to meet the demands of their populations, lest they migrate abroad.

If we accept the evidence that freer international labor mobility would increase global productive potential, justifying restrictions on labor mobility requires replacing global income with some other metric to evaluate the consequence of international migration. In section 3, I use economic theory to evaluate the sources of global changes in welfare associated with labor mobility. In theory, moving labor from a poor to rich country raises incomes for the migrants, raises (lowers) incomes for individuals who hire labor in the receiving (sending) country, and lowers (raises) incomes for laborers in the receiving (sending) country. One reason why global income may not capture the true welfare effects of international migration is that it ignores the distributional consequences of labor mobility. Migration from Mexico to the United States is likely to raise incomes for US employers but lower incomes for low skilled US workers. While empirical research has not reached a consensus on the wage impacts of immigration, available estimates provide a basis for asking how much we would have to value the welfare loss to US workers over the welfare gains to potential Mexican immigrants in order to justify US immigration restrictions. Impeding immigration would only make sense if we value the income losses of those hurt by migration (workers in the United States, capitalists in Mexico) vastly more than the income gains of those helped by migration (migrants from Mexico, workers in Mexico, capitalists in the United States).

Another reason why changes in global income may not be the right way to evaluate the welfare effects of migration is that there are negative consequences from labor mobility, which are not captured by conventional projections of income. These include the impact of immigration on the net tax burden of residents in receiving countries and on the cultural fabric of society, which some observers say are affected by the increased ethnic or racial heterogeneity that immigration engenders. Available evidence for the United States (the world's largest

migrant receiving country) suggests that neither impact is large in quantitative terms, though changes in public policy could change the sign and size of the effects.

By way of conclusion, I observe that available research provides little basis for justifying restrictions on international migration on economic grounds. The effects of immigration on receiving countries, whether positive or negative, appear to be small, while the gains to migrants are large. Herein lies the problem in converting analysis of the freedom of movement into policy. The primary beneficiaries from international migration are the migrants themselves and their family members (at least when measuring gains in terms of income). These individuals lack a political voice in the governance of global labor flows. They do not vote in the receiving country, at least until well after they have gained entry, and their departure from the sending country weakens their political influence there. The maintenance of barriers to the cross border movement of people in part reflects the preference of policy makers in developed countries to save particular groups of their citizens from small potential losses at the expense of nullifying the very large gains that would accrue to prospective migrants and their families.

## **2 ECONOMIC CONSEQUENCES OF INTERNATIONAL MIGRATION**

In this section, I examine empirical research on how international migration affects the incomes of individuals in sending and receiving countries. First, I consider the gain in income to migrants and evidence on whether migrants share these gains with family members in the country or origin. Second, I consider the impact of global labor flows on the earnings and tax burdens of individuals in sending and receiving countries.

### **2.1 Consequences for Migrants and their Families**

How do we measure the gains to international migration? Perhaps the simplest approach



would be to compare per capita GDP in sending and receiving countries. I use Mexico and the United States as an illustrative example. In 2000, per capita GDP in Mexico was \$9,700, compared with \$34,500 in the United States, where all figures are in 2000 US dollars and adjusted for purchasing power parity, as reported in Table 1. The apparent income gain to moving from Mexico to the United States is on the order of \$25,000.

**Table 1: Gain in annual income from migrating from Mexico to the US**

Income measure	Source	Value
US-Mexico difference in per capita GDP	World Development Indicators	\$24,800
US-Mexico difference in average annual earnings of 28 to 32 year old males with 9-11 years of education	Hanson (2006)	\$10,600
Estimated gain in annual earnings from US migration for a 35 year-old urban Mexican male with 9-12 years of education	Clemons, Montenegro, and Pritchett (2008)	\$9,200
Average gain in income for a legal immigrant from Mexico with 9-12 years of education	Rosenzweig (2007)	\$15,900

All figures are in 2000 US dollars and adjusted for PPP. Source: Hanson (2009).

One problem with using per capita GDP to measure average income is that it ignores cross country differences in education and labor market experience. Compared to the average Mexican worker, the average US worker has more schooling and is older, meaning that all else equal the US worker is likely to have higher earnings. To refine our measure of income differences, we want to compare incomes for individuals with similar observable characteristics.

Using data from US and Mexico population censuses, Hanson (2006) reports that in 2000 the average hourly wage for a 28 to 32 year old male with 9 to 11 years of education (slightly above average educational attainment in Mexico) was \$2.40 in Mexico and \$8.70 for recent Mexican immigrants in the US. At a labor supply of 35 hours per week and 48 weeks per year (the average for comparable adult males in the US) this would amount to an annual income gain of \$10,600, a still substantial gain but one that is fair smaller than the difference in per capita GDP.

Clemons, Montenegro, and Pritchett (2008) carry the analysis a step further. Combining household survey data in developing countries with data from the US Census, they estimate that in 2000 the annual income gain to migration for a 35 year-old urban male from Mexico with 9 to 12 years of education was \$9,200. This comparison, as in Hanson (2006), evaluates income to migrants against incomes to non-migrants. Even when conditioning on age and education, the two groups may have differences in unobservable skills, related to motivation, cognitive ability, motor skills, or quality of education, that affect their earnings. We know from abundant empirical evidence that migrants tend to be *positively selected* in terms of education (Hanson, 2007), in that in most countries more educated individuals are more likely to emigrate than less educated individuals. If positive selection also applies to *unobserved* skills, measured differences in income between migrants and non-migrants may overstate the gains to migration. The higher earnings of Mexican migrants in the United States would in part reflect higher wages north of the border and in part migrants' higher levels of unobserved skill.

Using a range of econometric techniques, Clemons, Montenegro, and Pritchett (2008) attempt to control for self-selection on unobservables in migration. They find that observed gains to migration overstate true gains by 1.25 to 1.5 times. For the Mexico-US case, the gain to migration would fall from \$10,000 to \$6,700 to \$8,000, which is still large (on the order of two

times average income for a family in rural Mexico (Hanson, 2006)). Across a sample of 42 developing countries, Clemens, Montenegro, and Pritchett estimate the median annual gain from migrating to the United States for a young adult male to be \$11,200.

An alternative comparison is to examine income for the same individual, before and after migration. Rosenzweig (2007) uses data from the New Immigrant Survey (NIS) to examine the change in income for a random sample of new US permanent legal immigrants in 2003. The advantage of this approach is that the NIS contains earnings for migrants in their last job in their country of origin and in their current job in the United States, allowing Rosenzweig to control for unobserved components of skill that do not change over time. The disadvantage is that the sample consists only of permanent legal immigrants (those who succeed in obtaining a green card), which misses about one third of the US immigrant population. For a legal immigrant from Mexico with 9 to 12 years of education, the average gain in income is \$15,900. These gains are larger than for the Hanson and Clemons et al. samples of migrants and non-migrants, which include illegal immigrants among the migrant population (given that many illegal immigrants are enumerated in the US census (Hanson, 2006)).

The income gain from migration captures the gross return from moving to another country. If the cost to migration is large, the net gain could be much smaller. These costs include transport expenses in moving abroad, time lost in changing labor markets, administrative fees for legal migration, border crossing costs in illegal migration, the psychic costs of leaving home, and any perceived increase in uncertainty from living and working in another country. There is little work quantifying these costs, leaving our understanding of the net benefits from international migration incomplete.

Who else benefits from the increase in income that migrants enjoy? Through

remittances, migrants share a portion of their extra income with family members at home. In the last decade, remittances have increased markedly in East Asia and the Pacific, Latin America and the Caribbean, South Asia, and Sub-Saharan Africa, though they appear to have fallen during the recent global financial crisis. As of 2007, remittances were 5.7% of GDP in low income countries (as classified by the World Bank), with the highest shares by region in the Middle East and North Africa (3.7% of GDP), South Asia (3.6% of GDP), Sub-Saharan Africa (2.5% of GDP), and Latin America and the Caribbean (1.8% of GDP). In Central America and the Caribbean, remittances account for a large share of national income, ranging from 12% to 22% of GDP in Guatemala, El Salvador, Haiti, Honduras, Jamaica, and Nicaragua.<sup>6</sup>

For later calculations on the global effects of international migration, I will continue to use migration from Mexico to the United States as an example. Using Clemens, Montenegro, and Pritchett's (2008) results, which are based on data from 2000, migration to the United States raises annual earnings to Mexican workers by approximately four times, for an increase of 300%. The gross gain from Mexican migration to the US (i.e., ignoring the costs of migration) is given by the expression,

$$\text{Change in wages for Mexican migrants} * \text{Number of migrants}$$

which we can rewrite as

$$\begin{aligned} & \% \text{ change in wages for Mexican migrants} * \text{Mexico-US wage ratio} * \\ & (\text{Mexican migrant earnings in the US/US GDP}) = 3.0 * 0.25 * 0.016 = 1.2\%,^7 \end{aligned}$$

where I scale values by US GDP to make the resulting values easier to interpret. A back of the envelope calculation suggests that in 2000 migration from Mexico to the United States yielded gross income gains to migrants on the order of 1.2% of US GDP.

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<sup>6</sup> Figures on remittances are from the World Development Indicators (<http://ddp-ext.worldbank.org/>).

## 2.2 Consequences of International Migration for Sending and Receiving Countries

Empirical research on the consequences of international migration has focused on two channels through which global labor flows affect income. One is through the labor market, as the movement of individuals across borders changes the supply of labor in sending and receiving countries. The second is through public finances, as labor inflows or outflows change government revenues and government spending. I consider each channel in turn.

There is considerable academic debate about the labor-market consequences of international migration. Most early research focused on the impact of labor inflows on the US wage structure, with the literature recently beginning to examine other receiving countries and effects on sending economies. One line of research, pioneered by George Borjas, uses data on the national US labor market to suggest that immigration depresses wages for US workers. Borjas (2003) defines labor markets at the national level according to a worker's education and labor-market experience. Over the period 1960 to 2000, education-experience cells in which immigrant labor supply growth has been larger – in particular, for young high school dropouts – have had slower wage growth, even after controlling for shocks to wages that are specific to education or experience groups. The evidence is consistent with immigration having depressed wages for low-skilled US workers (as well as for some high-skilled workers). Criticisms of this approach (e.g., Card, 2005) argue that it confounds immigration with other labor-market shocks that have hurt low-skilled workers, such as skill-biased technological change, deunionization, or declines in the real minimum wage. Absent explicit controls for these other shocks, one cannot be sure that the wage changes attributed to immigration are not in fact due to other factors.

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<sup>7</sup> To calculate the last value in the expression, I multiply the share of Mexican immigrants in US labor income, taken

Interestingly, the Borjas method yields qualitatively similar results in other countries. Applying a national-level approach to Canada, Aydemir and Borjas (2008) find comparable evidence of the wage effects of migration. In Canada, where immigration has been dominated by workers toward to the top end of the skill distribution, immigration is negatively correlated with wages across education-experience cells, with more-educated workers being the ones who have suffered the largest wage effects. Since Canada is presumably subject to many of the same technology shocks as the United States, unobserved technology shocks could not explain away the wage effects of immigration in both countries. Results for Canada and the United States, in which different types of immigration depress wages for the relevant group of workers, provides some external validity for the Borjas approach.

Borjas' method yields qualitatively similar results for the wage effects of migration in sending countries, where wages rise as a result of the labor outflow. Mishra (2007) finds a positive correlation between emigration and wages across education-experience cells in Mexico. In Mexico, emigrants come disproportionately from the middle of the skill distribution, meaning workers with close to average levels of education are those that have had the largest wage gains from labor outflows. Aydemir and Borjas (2008) obtain similar results. They find that the elasticity of wages with respect to labor supply is roughly similar in Canada, Mexico, and the United States. In all three countries, a 10% change in labor supply due to migration is associated with a 4% to 6% change in wages.

A second line of research on the wage impacts of immigration, which encompasses an older and larger literature, correlates the change in wages for low-skilled US natives with the change in the immigrant presence across local labor markets, typically at the level of US cities or

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from the 2000 US census, which is 0.022, by the labor share of US national income, taken to be 0.70.

states. These so-called area studies tend to find that immigration has little if any impact on US wages. Card (2005) argues that if immigration had affected the US wage structure one should see larger declines in the wages of native high school dropouts (relative to other groups) in US cities where the relative supply of high school dropouts expanded by more. In fact, the correlation between the relative wage and the relative supply of US high school dropouts across US cities is close to zero. Card takes this as evidence that Borjas' national-level approach is flawed and that the true impact of immigration on wages is close to zero.

The area study approach has also been subject to criticism. One concern is reverse causality. Immigrants may settle in US cities where job growth is strong. In this event, one would not find a negative correlation between immigration and wages because immigrants select cities that have booming labor demand. As a correction, many studies have attempted to predict the exogenous portion of growth in local immigrant labor supply by using historical immigrant settlement patterns. However, this strategy is only valid if the shocks that drive growth in local labor demand are not very persistent over time (Borjas, Freeman, and Katz, 1997).

Most research on other receiving countries reports small impacts of immigration on wages. After the collapse of the Soviet Union, there was a large migration of Russian Jews to Israel, increasing the Israeli population by 12% in less than five years. Friedberg (2001) finds that Israeli occupations with more immigrants did have slower wage growth, but her result is not robust to controlling for immigrants' occupational choice. Hanson (2009) reviews other applications of the area studies approach outside of the United States.

We are left with conflicting evidence on the labor market impact of immigration. For our later discussion, the only justification for restricting immigration inflows would be if it lowered wages for vulnerable groups substantially. For our purposes, it makes sense to use estimates of

the wage impacts of immigration that are on the larger end, as this presents the strongest possible case against freeing immigration. I will use Borjas' (2003) estimates that a 10% increase in the labor supply associated with immigration lowers wages by 4%, such that the elasticity of wages with respect to immigration is 0.4.

Following the analysis in Borjas (1999), migration from Mexico to the United States would raise incomes for employers and lower incomes for US workers, where the former exceeds the later, yielding an immigration surplus for the US economy (ignoring the fiscal consequences, which I discuss next). The immigration surplus is the result of the increased productivity of capital and other factors resulting from an increase in the supply of labor to the economy. For employers, the income gain is the savings from lower wages to native workers plus the immigration surplus, which we can write as

$$[\text{Change in wage} * \text{Native labor force}] + [0.5 * \text{Change in wage} * \text{Immigrant inflow}].$$

Scaling by US GDP, this sum can be rewritten as

$$\begin{aligned} & [\text{Wage elasticity} * (\text{Immigrant earnings}/ \text{GDP})] + \\ & [0.5 * \% \text{ change in labor force from immigration} * \text{Wage elasticity} * (\text{Immigrant earnings}/\text{GDP})] \\ & = [0.4 * 0.016] + [0.5 * 0.04 * 0.4 * 0.016] = 0.64\% + 0.01\% = 0.65\%, \end{aligned}$$

where in the third line I use the Borjas and Katz (2007) estimate that in 2000 Mexican immigrants were four percent of the US labor force. This back of the envelope calculation suggests US employers enjoy income gains from Mexican immigration on the order of 0.65% of US GDP, while US workers experiences losses from Mexican immigration on the order of 0.64% of US GDP, with the net income gain (the surplus to the US economy from immigration from Mexico) on the order of 0.01% of US GDP. Immigration has much larger effects on the *distribution* of US income (shifting income from workers to employers) than on the total *level* of US income.



The labor market is by no means the only area where the effects of international migration are felt. Labor flows also have important consequences for a country's fiscal accounts. The exodus of labor deprives sending countries of taxpayers, while reducing demands on education, health care, and other public services. The arrival of labor in sending countries has the reverse effects, increasing the number of taxpayers while increasing demands on public services. Whether labor flows increase or decrease the net fiscal burden on resident taxpayers in the sending country depends on the skill level of the migrants, the volume of migration, and the tax and welfare policies of the countries involved.

With regards to sending countries, there is a large body of theoretical literature on the taxation of skilled emigration (e.g., Bhagwati and Wilson, 1989), but much less empirical research. In one of the few studies available, Desai, Kapur, and McHale (2008) examine the fiscal effects of brain drain on India. In 2000, individuals with tertiary education (13 or more years of schooling) accounted for 61% of Indian emigrants but just 5% of India's population. Also in 2000, the emigration rate for the tertiary educated in India was 4.3% (though only 0.4% for the population as a whole), up from 2.8% in 1990. Desai, Kapur, and McHale examine Indian emigration to the US, which in 2000 was host to 65% of India's skilled emigrants. They use wage regressions to produce income levels that emigrants would have earned had they stayed in India, based on their age and education. They run the projected wage series through the Indian tax code to estimate the tax revenues that India has lost due to skilled emigration. They also calculate lost sales tax revenues and other indirect tax payments. On the spending side, they calculate how much India saved by not having to provide government services to the emigrating population. Their results suggest Indian emigration to the United States cost India net tax contributions (taxes less expenditure) of 0.24% of GDP in 2000, hardly a monumental sum.

Desai, Kapur, and McHale estimate further that remittances by skilled emigrants generated a tax gain of 0.1% of GDP, which partially offsets the net tax loss. For India, the tax consequences of skilled emigration appear to be small. Naturally, countries with skilled emigration rates higher than India's 4% level could face larger impacts.

In receiving countries, immigration may worsen inefficiencies associated with a country's system of public finance. Where immigrants pay more in taxes than they receive in government benefits, immigration reduces the net tax burden on native taxpayers. In contexts where immigrants pay less in taxes than they receive in government benefits, immigration increases the net tax burden on natives, necessitating an increase in current taxes on natives, a reduction in current government benefits to natives, or increased borrowing from future generations. The major high-income receiving countries (Australia, Canada, the United States, and the countries of Western Europe) have progressive income taxes and means-tested entitlement programs. With such a structure, positive fiscal consequences from immigration would appear to be more likely the more skilled is the labor inflow.

How large are the net fiscal consequences of immigration in actuality? Unfortunately, there are few studies that address the issue. One of the few comprehensive national level analyses of the fiscal impact of immigration was by the National Research Council (NRC), which conducted a study of the United States (Smith and Edmonston, 1997). In 2000, the share of the foreign-born in the US adult population was 15%. The NRC estimated that in 1996 immigration imposed a short-run fiscal burden on the average US native household of \$200, or 0.2% of U.S. GDP. What about illegal immigrants? Camarota (2004) applies the NRC methodology to estimate the fiscal impact of illegal immigration in the United States. He finds

that in 2002 US illegal immigrants on net received \$10 billion more in government benefits than they paid in taxes, a value equal to 0.1% of US GDP in that year.

These figures are small. That the fiscal effects of immigration are negative reflect the fact immigrant households tend to be larger, younger, and run by individuals with relatively low education and earnings. Their tax contributions are relatively low, while their demands on public services (and public education and health care in particular) are relatively large. To return to the Mexico-United States example, if we assume that the net fiscal costs from immigration are proportional to the size of the immigrant population, then given that in 2000 immigrants from Mexico accounted for 30% of the total US foreign born population, the fiscal costs associated with immigration from Mexico in 2000 would be on the order of 0.06% of US GDP.

One important caveat to the NRC analysis is that going from a short-run to a long-run estimate of the fiscal cost of immigration can change the results considerably. Many immigrants are young and far from their peak earning and taxpaying years. As immigrants age, their net fiscal contribution increases. Also, their children are likely to be more educated and to make greater tax contributions. The NRC estimates that the average immigrant admitted in 1990 would produce a net fiscal contribution of \$80,000 over the next 300 years (in present discounted value terms), with the contribution depending on the individual's skill level. The long-run fiscal contribution is negative for low-skilled immigrants (less than a high-school education) and positive for higher-skilled immigrants (more than a high-school education). Going 300 years forward requires strong assumptions about the future economy. Even for the average immigrant, the annual net fiscal contribution is negative for the first twenty-five years after arriving in the United States. The long-run estimate assumes the federal government will ultimately raise taxes

to bring the federal budget into balance. If this doesn't happen, and the government lowers benefits instead, the long-run fiscal contribution of the average immigrant would be negative.

In theory, international migration raises global income, while it redistributes income within countries. Using empirical results from the literature that would make the consequences of Mexico to United States migration are large as possible, in 2000 losses to US workers would be about 0.64% of US GDP, gains to US employers would be about 0.65% of US GDP (offset by fiscal costs of 0.06% of GDP, if we treat employers as the primary tax payers), and gains to migrants would be about 1.21% of US GDP (plus the 0.06% fiscal transfer they receive from US taxpayers). There is loss in Mexican GDP associated with the labor outflow (losses to Mexican employers net of the gains to Mexican workers), which Mishra (2007) estimates in 2000 to be on the order of 0.03% of US GDP.<sup>8</sup> In total, Mexican migration to the US appears to raise global income by an amount roughly equivalent to  $(1.21\% + 0.06\%) + (0.65\% - 0.06\%) - 0.64\% - 0.03\% = 1.19\%$  of US GDP.

The gain in global income would be smaller if the fiscal consequences are larger than I have assumed or if the US wage effects from immigration are smaller. My calculation is based on a very simply model and imposes a large number of untested assumptions. It should not be treated as sufficiently precise for policy purposes. Yet, it highlights the fact that the gains to migrants from international mobility appear large relative to the net effects on receiving or sending country economies. Of course, these gains are gross and may be smaller once migration

costs are taken into account.

### **3 EVALUATING WELFARE EFFECTS OF INTERNATIONAL MIGRATION**

Equating global welfare with global income, it appears that migration from Mexico to the United States is welfare improving. While US workers lose, gains to US employers offset these losses, at least when following the logic of the model in Borjas (1999). And while US taxpayers suffer an increase in their net tax burden, Mexican immigrants enjoy an offsetting positive net fiscal transfer. The primary net impact of migration on global income is the gains to migrants. Scaling up migration would simply scale up these effects, assuming that there are no significant externalities associated with international labor flows.<sup>9</sup>

To argue that international migration is not welfare improving, one would have to reject the weighting scheme that is implicit in equating changes in global income with changes in global welfare. The implicit scheme gives each individual a uniform weight, such that a dollar income loss to a US worker is valued the same as a dollar income gain to a US employer or a Mexican migrant. To justify restrictions on immigration, we would have to weight the welfare of US workers more heavily than either US employers or Mexican migrants.

One reason why one may want to weight income changes for US workers more heavily than US employers is that workers tend to be poorer than employers.

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<sup>8</sup> Mishra's (2007) results suggest that in 2000 the emigration loss in Mexico was 0.5% of Mexican GDP. I convert this into US GDP equivalents using the fact that in 2000 Mexican GDP was six percent of US GDP.

<sup>9</sup> A larger scale of migration may have other significant effects on global income. In assuming that the net fiscal loss to US taxpayers is offset by a net fiscal gain to Mexican migrants, I ignore the deadweight loss associated with taxation. If larger immigrant inflows increase the net fiscal loss to native taxpayers substantially it may produce a significant deadweight loss in the form of weakened incentives to earn income.

Economic theory suggests that the gain in welfare an individual enjoys from a dollar increase in income declines as the individual's income level increases. We thus expect that the marginal utility of income for US workers exceeds the marginal utility of income for US employers. If we wish society to allocate rights to individuals or enact policy interventions in a manner that maximizes social welfare, greater weight should be put on how these decisions affect the welfare of workers than on how they affect the welfare of employers. Taking the marginal utility of income into account does not indicate that governments seek attempt to equalize income across individuals but it does imply that in thinking about incremental changes to the organization of society we may want to be more sensitive to the effects on the poor than on the rich.

While recognizing that variation in the marginal utility of income across individuals leads one to weight US workers more heavily than US employers, it also leads one to weight Mexican migrants more heavily than US workers. In considering the migration rights that maximize global welfare, one could not argue that US workers be weighted more heavily than both richer employers *and* poorer migrants. In fact, following a principal of weighting income changes (caused by international migration) by the marginal utility of income for each individual generally leads one to weight the income of migrants more heavily than in a straight income calculation of welfare changes. Such a weighting scheme further strengthens the logic behind expanding migration rights.

Weighting income changes caused by migration either uniformly or by the marginal utility of income leads to the conclusion that the freer international

mobility of labor raises world welfare. Expanding the concept of the freedom of movement to include the right of individuals to move from one sovereign nation to another has a sound economic rationale. What extenuating factors might affect this conclusion?

One concern raised about immigration is that it weakens the social fabric of receiving countries, an argument made forcefully about the United States by Huntington (2004). However, there is weak empirical support for the Huntington hypothesis. Considering immigrants from Mexico, they have higher employment rates, lower rates of incarceration, higher marriage rates, and higher rates of church attendance than US natives with comparable income or education levels. Rather than weakening the US social fabric, immigration from Mexico would seem to reinforce the values of hard work, dedication to family, and religious participation that Huntington celebrates.

Another concern about international migration is that it weakens prospects for economic development in sending countries. Because emigrants tend to be positively selected in terms of skill, an outflow of labor removes scarce human capital from poor countries, possibly reducing prospects for economic growth. Countering the effects of brain drain, however, are increased incentives to acquire skill within sending countries, which may partially or fully replace the human capital lost to migration (Docquier and Rapoport, 2008). While empirical research on brain drain versus brain gain is inconclusive (Hanson, 2009), there does not appear to be strong evidence that emigration undermines development.

## 4 DISCUSSION

Freedom of movement is considered a basic human right by the large majority of democratic countries of the world. As defined in practice, it encompasses the right to move internally within a country, the right to move abroad, and the right to return from abroad. It does not include the right of an individual from one sovereign nation to move to another. Restrictions on international mobility have enormous consequences for global welfare. The typical individual who migrates from a poor developing to the United States sees an increase in income by a factor of four, after controlling for cost of living differences. Applying results from the economics literature, I perform a series of calculations that suggest migration from Mexico to the United States, which is the largest flow of international migrants in the world today, raises global income by an amount equivalent to roughly one percent of US GDP. Using conventional welfare measures, it appears to raise global welfare, as well.

Yet, the United States, together with all other high income countries, maintains tight restrictions on labor inflows from abroad. These restrictions may benefit US workers and taxpayers who are hurt by migration, but come at the expense of lost income for US employers and, more significantly, for prospective migrants denied the opportunity to move abroad. Given the US government is beholden to US voters and not to potential migrants, it comes as little surprise that it chooses not to realize these income gains. The costs of this policy choice in terms of global welfare appear to be large.

The right to the international mobility of persons obviously differs from core



human rights, which in part accounts for the fact that there is little consensus on guaranteeing the right to ingress, aside from cases of asylum from persecution. International mobility is a positive freedom, whereas most core human rights are negative freedoms. Further, endowing individuals with the right to move across borders necessarily affects living standards. Although the academic debate on the matter continues, it appears likely that low-skilled immigration in the United States has had adverse economic effects on low-skilled native-born individuals. Even if freer international migration raises the average welfare of individuals worldwide, it would almost certainly make some individuals worse off.

Do the impacts of international migration on the distribution of income preclude incorporating the right to ingress as a basic human right? Existing precedence suggests the answer is no. The UN Declaration of Human Rights includes several articles that assert positive freedoms, which if guaranteed would have significant effects on the structure of wages in a country. These include Article 22 (“Everyone, as a member of society, has a right to social security...”), Article 23.1 (“Everyone has the right ... to just and favorable conditions of work and to protection against unemployment”), Article 24 (“Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay”), and Article 26 (“Everyone has the right to education”). Each of these articles implies the provision of public benefits or restrictions on working conditions that affect the demand for labor, the supply of labor, and the taxation of individuals. Consequently, if enacted, they would perhaps radically change the distribution of income within a country, making some individuals better off and others worse off. Indeed, recent research cites differences in labor laws and welfare rules as a

significant explanatory factor behind differences in the distribution of income between the United States, which has lax restrictions and high inequality, and the European Union, which has stronger restrictions and low inequality (e.g., Alesina, Glaeser, and Sacerdote, 2006).

The United Nations, at least, has not shied away from endorsing as human rights provisions that have direct consequences for the material well-being of individuals in a society. The door is open to adding the freedom of international mobility to this list. A simple analysis of the global welfare consequences of doing so suggests that it would be warranted.

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