

Migration For The Benefit of All: Towards a New Paradigm for Migrant Labor

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Abstract: Programs which import migrant workers offer the promise of increased productivity, lower consumer prices, cultural interchange and higher living standards for workers coming from poorer countries. Unfortunately, these programs are regularly bedeviled by unintended consequences and various abuses which have thus far resisted solution. These failures have in turn mitigated popular support among native workers and citizenries which has kept migrant programs below the levels demanded by employers for maximal productivity. We argue in this paper for a new class of market-based migrant worker programs which seek to align the support and interests of native workers, employers, consumers, governments, and migrants.

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1 Introduction

It is no great exaggeration to say that migrant worker programs hold the promise of bettering the lives of all they touch. Such initiatives can increase productivity, decrease costs to consumers, promote cultural interchange, increase corporate profits (thus keeping employers from relocating to low wage economies), establish close relationships between rich and poor nations, facilitate foreign direct investment and better the lives of workers from less-fortunate economies. While few policy programs are ever universally popular, many initiatives which offer far fewer potential benefits have achieved broad levels of public support.

Against this backdrop, it must be realized that migrant worker programs have generally been kept small in the world's leading economies, relative to the levels of interest expressed by both prospective migrants and native employers. This situation is evidenced by long queues of migrants seeking work visas and employers' groups campaigning for the expansion of work programs giving the option to search for employees overseas. Given their promise, the continuing small size of migrant worker programs seen in the world's industrialized economies requires some explanation.

Despite their potential, it must be admitted that guest worker programs are often hated more than they are loved. Ironically, while these guest worker initiatives are often portrayed by their proponents as bettering society as a whole, they are frequently difficult to 'sell' as they can be strikingly unpopular with a majority of the very host country nationals they are supposed to benefit. As many of the world's wealthier nations are governed by some form of representative democracy, voter discomfort with migrant labor often translates into migrant worker programs of modest or small size, highly concentrated in a few targeted sectors of the host economy.

This resistance is often explained by the argument that the political polarization of natives on the topic of migrant workers is a reaction to the migrants themselves. From this perspective, widespread xenophobia is viewed as an irrational force strong enough to cause host country natives to rally against their own self-interests. In fact, while simple bigotry is found commonly enough throughout the industrialized world, such irrational opposition has at times been over emphasized by those impatient to reap the benefits that migrant labor offers. A strong hint that xenophobia is not the root of opposition is that history is replete with individuals who have shown great enthusiasm in putting aside

personal prejudices when self-interest has been at work; one need look no further than the slave trade whose indifferent greed brought migrants (forcibly) across borders to nations as diverse as Brazil, Saudi Arabia and the United States. In fact, what can be gleaned empirically from a study of history is that xenophobes and xenophiles can be nearly indistinguishable in their enthusiasm for welcoming migrants, when doing so advances self-interest.

Most employers see the hiring of migrants as a tool which can be counted upon to improve profit margins. Likewise, one finds few (if any) employers who object to being given the freedom to recruit workers from abroad. Thus, unless xenophobia is a phenomenon that selectively afflicts workers and spares employers, such a division is much more likely a result of divergent economic interests. Thus, if we can assume that native workers are intrinsically no more or less benighted than native employers, it is probably safe to assume that the best way of combating resistance to migrants is to ensure that migrant worker programs are in the clear self-interest of all sectors of host country natives.

It must be admitted that those who have seen the potential benefits of migrant contributions most clearly, have often been among the last to see the problems with the implementation of MWP's. In the understandable enthusiasm to open borders to eager workers, unrealistic claims have been trumpeted, corners have been cut, and foreseeable difficulties have received inadequate attention. As such, many of the problems created by MWP's have occurred as consequences which were either unintended or unacknowledged by the proponents and architects of these policies.

While the sheer number of reported problems with MWP's can be somewhat daunting at first, a review of migration programs in diverse national contexts suggests that many of the current MWP's are, in fact, characterized by three central features which may act as wellsprings for the various difficulties. In the first instance, the tethering of migrants to employer-sponsors creates a non-market system with a host of inefficiencies, in addition to the potential for human rights violations. Second, naively opening markets to migrants from lower income economies can act as a kind of 'tax', redistributing native income away from workers and towards their employers. While one may fairly take an agnostic position by arguing that this is neither good nor bad, it makes it nearly impossible to openly address many important issues with the host country electorate; rationality indicates that what threatens to harm the majority of individuals is unlikely to be approved by an electorate. Attempting to support native wages can make inroads with workers, but does so by introducing inefficiencies which erase the benefits that migrant worker program have to bestow. Lastly, it must be appreciated that importing migrants incurs costs that have generally not been accurately incorporated into the fees paid by employers and entrants. Externalities of migrant worker programs may include such factors as administrative costs, security considerations, environmental impacts or utilization of social services; unsurprisingly, low fees which fail to accurately incorporate potentially sizable costs have done little to encourage public confidence in these already controversial programs and have lead to the imposition of artificial quotas to control

migrant impact. Such bureaucratic limits harm employers, limit productivity and keep migrants from contributing maximally to host country welfare.

It has been suggested by some proponents that current migrant worker programs can be adjusted to respond to the difficulties mentioned above. Unfortunately there is little in either practice or theory that suggests that small alterations can result in the desired outcomes; ironically, many of the standard models for migrant worker programs are revealed under scrutiny to be pitted against the very market forces they were expected to embrace. We propose that what is needed is not another variation on existing themes but rather a fundamental restructuring of MWP's to fully embrace true market based solutions. Such an approach can give native employers more migrants, migrants more freedom, and native workers a chance to feel secure while sharing in the good fortune that migrants can bring.

If one had the luxury to implement a market solution of the kind we are proposing in a world of pure economic theory, the solution might well have a naturally preferred structure¹. In the real world of policy, account must be taken of the quality of the host nation's institutions, the distance from 'perfect markets' and other details peculiar to specific local conditions. As such, it is impossible to create a one size fits all guide for operationalizing the basic policy model put forward in this paper. We therefore propose first, second and third best solutions in an attempt to give a general guide to how implementations might vary in practice.

The plan of this paper is as follows. In the section 2, we will explore the persistent problems of migrant labor programs by listing many of the core problems encountered in diverse settings which have so far demonstrated a resistance to solution. While such problems are widely discussed in the literature, our approach will attempt to decrease the seeming complexity of the situation at hand by emphasizing the possibilities for grouping numerous difficulties under a smaller number of probable root causes.

In section 3, we will make use of this taxonomy of challenges by discussing what is necessary to uproot the sources of difficulties and replace them with more functional structures. Even before specific policies are crafted, we shall argue that three fundamental kinds of alterations must be undertaken if we are intent on curing the ills of migrant worker programs.

Once the need for these paradigmatic shifts have been accepted, it remains to discuss the problems of implementation. Depending on the quality of the institutions available in the host country, it is possible to turn over differing amounts of administration over to market forces, and the remainder of the section will concern itself with first, second, and third best solutions which respond to the local institutions available.

¹ Such solutions of the type considered here were first put forward in celebrated work of Ronald Coase. While 'perfect' in theory, they can require considerable ingenuity to implement at the level of policy.

2 Problems and Challenges Facing Current Migrant Worker Programs.

Given the wide variety of nations hosting temporary migrant workers, it is somewhat difficult to generalize about state of current migrant worker programs. Different national experiences showcase a variety of approaches to importing labor, frustrating any simple model of a canonical migrant worker program. However, if the approaches have been diverse, the problems created by these programs seem somewhat less so, as seemingly varied programs appear to stumble on a common set of core difficulties.

This curious situation of diverse programs with common problems can be put into perspective if we treat many modern MWP's as variations on a common theme from which we can abstract the general features of a governing paradigm. In fact, a little analysis suggests that there are three general features of migrant worker programs which appear to give rise to much of the controversy. While we will not elaborate upon any specific model of a migrant worker program, we will appeal to the rather generic class of programs characterized by these three features.

To begin with, those programs which expect employers to directly sponsor their foreign employees end up tethering migrants to their employers cum sponsors. This creates a first suite of problems, as migrant-sponsor tethering creates a significant risk of both market failure and rights abuses. Second, there are the consequences of wage depression. While it is infrequently trumpeted by MWP architects, salary depression *must* be goal of generic migrant worker programs if they are to succeed in raising total native income. Nevertheless, depressing native wages creates a number of complications ranging from alienation of the electorate, to ghettoization phenomena and unhealthy levels of host-country dependence on foreign nationals.

Lastly, there are the administrative costs and other externalities encountered in absorbing foreign nationals. When adequate revenue is not collected to properly administer and supervise the presence of migrants, the quality of the hosting experience can be greatly diminished. Similarly, there are generally externalities, both positive and negative, that are not explicitly accounted for in MWP revenue structures. If, for example, a country values the vibrancy of a migrant worker presence which, as a side-effect, brings greater cultural diversity, richness, and texture to host society life, then it is perfectly reasonable that fees should be lowered to take account of these positive externalities. However, any direct increase in population also carries negative impacts and risks which cannot be completely prevented by improvements in MWP administration.

These considerations can result in fees which may be disagreeably high and discouraging to those who seek immediate unfettered access to migrants. In the long run however, high visibility security lapses, overtaxed social infrastructure, environmental impacts and other difficulties can contribute to lasting negative views of the migrant presence, frustrating further access to migrant labor pools.

In this section we will discuss the range of consequences that can be traced to these three features of current MWP's.

2.1 Consequences of direct sponsorship

In many migrant worker programs, the host country employer sponsors the individual migrants who are seeking work abroad. This sponsorship generally entails several related responsibilities which may include visa fees, legal arrangements, repatriation guarantees, or employer assumptions of legal liability for the actions of the sponsored worker.

Given the costs and risks associated with direct employer sponsorship, it is inequitable and politically infeasible to ask host country employers to tolerate free job searches by employees who have been brought into the country at considerable employer expense. As a result, sponsored migrants are often closely tethered to their host country employer-sponsors and are therefore not free to search for alternate host country employment opportunities. This has been seen to create a collection of challenges for migrant worker programs, the three most important of which are discussed below.

2.1.1 Market inefficiencies

Migrant workers are supposed to increase host country productivities by making the labor market more efficient. The standard reasoning here suggests that when labor is allowed to seek its maximum asking price across borders, workers can be expected to be utilized where they are most useful. These gains earned from the freedom of migrants to respond to wage signals and terms of employment is at the heart of economic reasoning favoring transnational job search and is often given as the very *raison d'être* for introducing migrant worker programs.

If migrants are given no freedom to change employers within the host country, then it must be admitted that the appeal of this efficiency argument is greatly decreased. The act of tethering migrants keeps their self interests from achieving the very efficiency that MWP's are created to provide. In short, if one accepts the simple economic argument for lowering international barriers to movement, the same argument applies *mutatis mutandis* for intra-national job search within the sector that has admitted the migrant.

2.1.2 Rights abuses due to quasi-ownership

Perhaps the most obvious danger of migrant worker programs is that they place migrants into various work situations where they may become vulnerable to exploitation by unscrupulous employers. This must at some level be faced up to, for as migrants are cut off from their own country's support structures, it is nearly inevitable that they experience losses of voting rights, decreased language facility, and unfamiliarity with host country infrastructure. It is thus often difficult for them to seek the redress of reasonable grievances with employers, should such problems arise.

In such disagreeable situations, the most obvious remedy is simply for the worker to leave the employer in search of a better arrangement. When workers are tethered to sponsors, this simple remedy to 'vote with one's feet' is lost and it has proven quite

difficult to construct an adequate system of regulations to substitute for ‘freedom of movement’ within the labor market.

2.1.3 Preference for migrants/undercutting of natives

When migrants and natives of comparable value to an employer are asked to compete, it is expected that employers will take the applicant who costs the employer less. If however, the terms of employment differ considerably between the native and migrant, it is entirely possible that the employer may develop a preference between equivalent candidates. When migrants’ ‘company loyalty’ is made a matter of law and regulation by forbidding the migrant from host country job search, employers know that they will not have to earn migrant worker loyalty with the expenditures of resources which would be needed in the case of native workers.

Thus we must expect that in systems where migrants are directly tethered to employer-sponsors, it will be possible for some migrants to out-compete natives of comparable or greater value simply by virtue of the terms of employment embodied in the migrant worker program. Since this is precipitated by a rational market response on the part of native employers, this unfortunate consequence must be seen as a natural, if unfortunate, by-product of direct migrant sponsorship.

2.2 The Immigration Surplus and the Consequences of Wage Depression

Perhaps the single most uncomfortable fact about migrant worker programs is that their ability to benefit their host economy hinges on their ability to lower labor expenditures. The main benefit of migrant worker programs presumed by economic theorists is that they allow employers to increase profits and decrease prices *specifically* by lowering the wage rate in those occupations under recruitment from abroad. As George Borjas indicated in a now classic paper:

“Ironically, even though the debate over immigration policy views the possibility that immigrants lower the wage of native workers as a harmful consequence of immigration, the economic benefits from immigration arise only when immigrants do lower the wage of native workers.²” –George Borjas

In economic theory, it is nearly always presumed that increases in the supply of a commodity will lead to declines in its price. When that commodity is labor and the price

² Borjas’ analysis in his most basic model, is based on the simplifying assumption that foreign and native labor are nearly interchangeable and thus ignores the possibility that migrants may sometimes bring rare skills not already present in the host economy. Such exceptional migrants can indeed create increased productivity for their host economy without a negative effect on wages. However, in large industrial economies, such cases of rare skill sets must be admitted to be the exception rather than the norm.

is its wage, it must be assumed that additional workers (whether native or foreign) will decrease the salary of existing workers.³

The pivotal points of the naïve migration model in [Borjas] are probably the principles and rather than the specific model parameters, and we defer discussion of the latter to an appendix and use this opportunity to focus on the implications. Among Borjas' main observations are the following:

- In the absence of negative externalities, migration can be expected to provide a net economic benefit to the natives' economy.
- The redistribution of native income which accompanies an unstructured migration program will likely dominate a much smaller productivity benefit. Further, if the ownership of capital is concentrated, then the benefits of migration to natives will be correspondingly concentrated.
- Native workers in the sector experiencing migration may experience none of the economic benefits of the migration program. In fact in the absence of policy structures, they may experience a substantial loss of income as the benefit to the host society stems from the ability to simultaneously lower wages while increasing the amount of labor employed.

This points out that whether migration is positive or negative in its effects on the host society hinges on the specific choice of metric used to indicate host country welfare. In effect, the Borjas model argues that the host nation's welfare will be increased if mean income is used as the gauge of national well being. However, should a related statistic like median income be used to gauge social welfare, the program could well be expected to decrease national well-being assuming that laborers outnumber capitalists. Given these implications, Borjas' argument lends support to the idea that the divisive arguments over migration programs may be based on the redistribution of native income rather than resistance to the migrants themselves:

“The relatively small size of the immigration surplus—particularly when compared to the very large wealth transfers caused by immigration—probably explains why the debate over immigration policy has usually focused on the potentially harmful labor market impacts rather than on the overall increase in native income. In other words, the debate stresses the distributional issues (the transfer of wealth away from workers) rather than the efficiency gains (the positive immigration surplus). If the social welfare function depends on both efficiency gains and the distributional impact of immigration, the slight benefits arising from the immigration surplus may well be outweighed by the substantial wealth redistribution

³ In the face of a standard downward sloping demand curve for labor, the implication of an increase in the supply of labor is unambiguously to decrease wages in a theoretical labor model. While some empirical studies have failed to find this expected effect, this is likely explained by factors such as native flight to alternate sectors. This paper will assume that the econometrics will eventually be reconciled with standard economic theory and that the “immigration surplus” can be assumed as a real benefit.

that takes place, particularly since the redistribution goes from workers to owners of capital (or other users of immigrant services).”

-George Borjas

Whether or not a small productivity gain justifies a large transfer of wealth is not within the purview of this article. However, even if one argues that such a transfer is desirable, it may still be recognized that there are several well-known problems which stem directly from the redistribution of income.

2.2.1 Ghettoization

It is common for migrant worker programs to be targeted on particular occupations or sub-occupations complaining of difficulties in attracting sufficient numbers of natives. When this occurs, the effects of wage depression must be expected to be occupation specific. It is thus a near certainty that by targeting occupations which are already failing to attract natives, such sectors will become even less attractive to natives as wage growth is depressed relative to non-targeted sectors. Since the occupations under recruitment for migrants may provide one of the very few portals into the host economy, migrants may conversely be expected to flock to these entry occupations, even if their eventual goal is to move onto non-targeted sectors after some time spent inside the host economy.

These two effects, when taken in combination, lead to the phenomena of native flight which is sometimes referred to as ‘ghettoization’. This is generally seen as a problem for nations which are striving for a migrant presence to complement natives rather than displacing them.

2.2.2 Long-term native shortages

As we have discussed above, wage depression in targeted occupations can set up a positive feedback loop. As more migrants are targeted on a particular field which is failing in its bid to attract native workers, wages will increasingly fall short of competitive offerings, causing an acceleration of native flight towards non-targeted fields. This curious cycle is sometimes seen as a ‘native worker shortage’, though the term seems particularly ill suited to describe a problem of employers which is ultimately self-inflicted. What may in fact begin as a simple temporary ‘spot shortage’ of trained native workers, can in fact be made considerably more permanent by the attempting a quick fix from migrant labor.

Any program which imports migrants into a sector whose employers are complaining of insufficient trained natives, can be expected to exacerbate (rather than alleviate) its native shortage. Rather than raising incentives to entice new workers to seek training to fill the empty slots, visas are likely to be used to avoid the needed market response. Even if visa fees are put towards training programs to bring more natives to enter the sector, the existing native workers may respond by fleeing the sector even more quickly, leading to a potential exacerbation of the spot shortage.

Ironically, the most effective cure for shortages of natives may well be the immediate cessation of migrant worker programs. In this single area of targeted shortage alleviation, it would appear that ailment and cure have been exactly transposed by MWP enthusiasts.

2.2.3 Native worker Obstructionism

In advanced economies with democratically elected governments, native workers can generally be counted upon to outnumber employers in the electorate by substantial margins. Migrants worker programs which offer a net gain to the economy are thus difficult to honestly sell to a majority of voters if they threaten a net loss to native workers.

When native wages are successfully decreased, without compensating gains to labor, migrant worker programs may encounter deep opposition leading to a smaller migrant contingent than is optimal for maximal productivity. Programs which fail to compensate natives are thus effectively self-limiting, which ultimately hampers employer access to foreign workers and their ability to advance the host country's economic productivity.

2.3 Administrative and Social Considerations: Costs and Risks

Because migrants have diverse impacts, the administration of a migrant worker program creates numerous costs, benefits, risks, and related issues which are incidental to the purpose of the program. Creating a proper welcoming environment for migrant labor means not only ensuring that the net impact created by the migrant program does not exceed the revenue generated by the program (i.e. taxes and fees paid by migrants and employers), but also that existing compacts between natives are not reordered without appropriate compensation and consent.

If the revenue paid by employers and migrants are set at an appropriate level, the full expected cost of the migrant presence will be compensated by payments within the program. Setting fees too high (resp. too low) leads to a sub-optimal number of migrants at a level below (resp. above) the carrying capacity which would most benefit the host society. However, given that employers are particularly keen to keep fees low during the design of migrant worker programs, it is probably more commonly the case that fees are not high enough to pay the full cost of hosting migrants. In these situations, the program's inability to cover its costs will tend to make it still more vulnerable to critics.

Some effort has been devoted from time to time to the issue of recovering the direct cost of processing migrants. This is necessary because the income tax schedule used by natives cannot simply be extended to migrants to defray expenses, as the costs of running the MWP are truly migrant specific. Migrants also, however, have extremely diverse impacts on important aspects of their host country societies in areas like national security, cultural diversity, local environmental issues, and the use of public services. Unfortunately, because these indirect migrant impacts are extremely complex (e.g. non-linear impacts on the environment), few MWP's have honestly tried to set revenue schedules by aggressively attempting to total the full extent of expected migrant impact. Thus, it is frequently the case that the resources needed to lessen the negative impacts of

migrants on their host countries are not provided for from within the program. This means that resources are either drawn away from other programs to subsidize migrant programs, or there are insufficient resources available to make the migrant presence a clear net benefit to the host society.

Even when adequate revenue is generated to offset the impact of the MWP, it must be recognized that natives are involved in pre-existing social compacts which can become inadvertently restructured by the introduction of migrants. In particular, rights of citizens to preferential access to native labor markets are generally woven into the fabric of a social contract which includes numerous counterbalancing responsibilities. It is thus critical to recognize the role of consent and compensation which must be extended to native workers if social contracts are to be rewritten rather than abrogated.

2.3.1 Direct Costs of Administering an MWP Program

Like any government program, a migrant worker program carries with it a number of direct costs which should be paid for out of revenue generated by the program (i.e. program related fees and migrant income taxes). Many of the resources needed to run such a program present no particular costing difficulties beyond what would be needed for any other government program that incurred expenses in the course of processing applications and issuing documents.

If anything distinguishes migrant programs in this regard, it is likely to be the unusual infrastructure costs needed to fund proper monitoring and policing of employers, migrants, and workplaces to ensure that the program is functioning as intended. Not infrequently, however, inadequate supervision and administration results from an initial failure to incorporate adequate funding for program enforcement into the MWP revenue structure. Two examples illustrate the point.

A well known problem of MWP's is that workers who enter legally can drift into an 'irregular' status. When the initial visa fees do not fully cover the monitoring and enforcement costs needed to ensure that migrants do not violate the terms of their admission, migrant programs can quickly lose the ability to enforce that their migrants remain 'in status'. In such cases, migrants drift out of the control of the MWP exposing the program to problems less direct and more costly than the original monitoring costs. A second example involves repatriation, where transportation costs can be of particular importance. When migrants come from great distances, it is important to plan ahead for repatriation expenses as the home return of a migrant can at times fall to the state. If there is a possibility that the expense of return will not be borne by the employer or migrant, it is important to make sure that funds are collected at the time of admission if the state is not to be placed in a needless bind.

While some complain that such fees can dampen the enthusiasm for hiring from abroad, they are critical to ensuring that the administration of the MWP will be conducted responsibly in a self-funding fashion so that the program will be respected as a net contributor to the economic engine of the host nation without. In short, fair fees may be

viewed as less discouraging than low fixed quotas which may be imposed to limit the consequences of poor administration.

2.3.2 Indirect costs and Externalities Associated with MWP's

Critics and proponents of MWP's both agree that migrants have impacts on diverse features of host society life. If the MWP is to provide an unambiguous benefit, it must go further than tallying direct costs to anticipate the negative impacts that can be reasonably prevented while compensating natives for the losses that cannot be avoided. Additionally, if migrants are viewed as making a positive social contribution, that positive externality must be subtracted from fees as a kind of 'negative cost' which reflects migrant contribution to host society diversity.

When migrants pay income and other taxes to their host countries, many of the indirect costs of hosting are defrayed by simply considering migrants as if they were additional tax paying natives. As a result, such costs require no special considerations. There are, however, numerous situations where the expansion of a migrant worker program can entail costs which are not properly dealt with by general taxes. A few important examples which serve to illustrate the point are infrastructure, environmental, and security issues.

In the case of social infrastructure (e.g. hospitals, fire departments, housing, roads, schools, etc.), tax revenue calibrated only for native use levels can be insufficient to fully defray migrant impact. For example, when an expansion of a migrant worker program takes place in a society whose infrastructure is either functioning at or near capacity, there may be a need to fund new social spending projects to ensure that basic social institutions are not over-burdened⁴. Failure to recover such considerable costs can leave host society infrastructure overtaxed if the size of the migrant presence is not kept small.

If additional individuals present a non-linear impact in the area of environmental quality, additional fees may be needed to make certain that the natural resources are not strained unduly or without proper compensation to the host society. On a case by case basis it can seem awkward to ask how many extra gallons of fresh water a single migrant will require or how that migrant changes the population density, since it would be impossible to detect the migrant's presence from the resource use of an individual. There is thus a temptation to set the cost of such a nebulous impact to zero. When added up over large numbers of visitors however, these issues can become more important and the failure to address them with adequate resources can present a source of friction when programs grow large. Failure to provide adequate revenue in these areas can lead to quite general suspicions that migrants are somehow at fault for host society ills, when the true culprit is actually poor planning.

In the case of security, it is frequently the case that the security risks posed by migrants and natives are non-identical. To be sure, most individual migrants, like most natives, generally have negligible (if any) impact on the host country security climate. Naturally,

⁴ By the same token, if the society is instead functioning below capacity, tax revenue may well be sufficient to accommodate the migrant cohort.

imposing a security surcharge on the admission of such law abiding individuals can seem quite absurd when considered on a case by case basis. Nevertheless, in cases where even a tiny minority has posed a genuine threat to their host country security environment above that presented by natives, the risks have shown themselves to be potentially quite serious. Thus, since hosts initially may have no certain way of distinguishing the unwanted minority from the desirable majority, a diffuse security fee must be incorporated to cover concentrated costs and risks posed by the hostile minority until such time as it can be identified, controlled and removed. Curiously, many programs do not appear to make an aggressive attempt to quantify this impact when doing so can provide funds needed to make the migrant presence as safe and beneficial to natives as possible.⁵

In summary, a program that makes clear its estimates of impacts will be well positioned to explain its funding needs. A program that concentrates only on general migrant benefits and direct program costs will leave itself open to potentially serious allegations of malfeasance in a variety of important arenas.

2.3.3 Participation and social contract issues

Migrants enter their host countries with neither the burdens nor the full rights of natives. If an MWP is not carefully constructed and fairly put before the host country citizenry, the social contracts which form the basis of citizenship can be inadvertently reordered by the migrant presence. This can have the effect of trivializing the concept of citizenship by asserting that particular rights within the social contract can simply be broken out as if they were mere economic inefficiencies. A couple of examples illustrate the point.

A host country citizenry in a democracy may be willing to bring in temporary migrant workers without being willing to ‘dilute the vote’ by extending citizenship. While migrants may initially file visa requests stating a desire to remain in their host nations for only a fixed period of time, their desires have been known to change once they take up residence. If, by some design flaw, short term migrants convert temporary residence to full citizenship with high frequency, the nature of the electorate can be transformed. The two most obvious transformation are the dilution of the vote by the addition of electors and the canting of an electorate towards common interests held by the migrant block. While these may be viewed as either positive or negative developments, they represent non-trivial concerns which can lead to serious discontent if the program is portrayed only as a short term program for temporary workers.

Even in non-democratic nations, there can be serious problems with the introduction of migrants. Within the social contract of many nations, native workers are recognized as having a right of preferential access to the native labor market. If one supposes that the extraordinary rights of a nation, such as the right to conscript soldiers, are being counter-balanced in part by the responsibility to provide preferential access to labor markets, the opening of an MWP must be carefully thought out. In the absence of a restructuring of

⁵ Of course, failure to incorporate such a fee can be quite rational if the expected security impact of the block of migrants is thought to be negligible.

the social compact, simply eliminating preferential access as if it were an isolated inefficiency can be expected to create an imbalance in the delicate compact between natives and their institutions.

2.3.4 Visa trading on black markets

It is often the case that migrant worker programs are instituted to aid particular employers with respect to specific complaints. However, when the working papers of a migrant are more valuable to a second employer than the employee is to the original sponsor, there is a temptation to sell the migrant's work authorization papers to a higher bidder. Alternatively, the migrant may wish to buy back his or her obligations to the initial employer so as to seek work elsewhere in the economy. These, and other considerations can lead to a situation of black market visa trading.

One problem in this area is that such markets in documentation are extremely difficult to monitor as they necessarily occur in an informal unregulated environment. Aside from circumventing the letter of the initial applications for importing migrants, these markets in paperwork can drift perilously close to markets in the workers themselves. Naturally, such markets must be avoided.

3 A New Paradigm for MWP's

In the previous section some of the numerous problems afflicting migrant worker programs were highlighted. One of the puzzles of migrant labor has been to find solutions to these myriad ills so as to foster a wider public enthusiasm among natives for the presence of contributing foreign workers. All too often, however, this has been approached by policy-makers and analysts working problem by problem in an effort to patch up existing MWP's. As the remedies themselves run the risk of introducing still more unexpected consequences, it is perhaps unsurprising that the success of such efforts has been limited at best.

We argue here that rather than addressing each problem individually, what is needed is fundamental structural reform of current MWP's. While the stated intention of many current MWP's has been to provide market solutions to boost productivity, these programs have instead proven to be strikingly ambivalent about the very market forces they set out to embrace (e.g. wage depression, native flight to untargeted occupations, economic freedom of movement for migrants ...etc). This basic equivocation has caused current MWP's to adopt an odd combination of market and non-market objectives whose inconsistency has proved resistant to reconciliation. The perspective explored in this paper is that the failures are not a problem of too much marketization, but instead a problem of inadequate marketization. By creating a truly market based model we attempt to show here that it should be possible to create an MWP that functions efficiently while naturally addressing the sources of each of the three sets of problems described.

We describe here a paradigm that may have several possible implementations. The basic idea, however, is to move away from sponsored work visas to a system which openly

embraces the immigration surplus identified by Borjas. We show in this section that market considerations naturally lead to a search for some means of implementing a new kind of MWP based on a self-funding market system for the licensing of tradable work permits (to be described in the subsections which follow). We will refer to such any implementation of such a system of licensed-tradable-work-permits by the acronym ‘LTWP’ below.

Before explaining the mechanisms which constitute an LTWP, we can at this point indicate some of the major difference between LTWP’s and the MWP’s we have been discussing. At least in its pristine form, adopting an LTWP means that employer quotas for the hiring of migrants are abolished, with the total number of migrants set by the markets in such away as not to exceed the hosting capacity of the country. In such a self-funding system employers are free to follow market signals in their quest to boost productivity and control wage pressures. For the first time, the interests of workers and citizens are aligned with those of employers, since total program revenue, in the form of permit fees and migrant income taxes, is more than sufficient to defray both the concentrated costs of wage loss to workers as well as the diffuse societal impact costs to the host country citizenry. Additionally, migrants are benefited substantially as the tradability of permits guarantees migrant rights to flee abusive or unsatisfactory employment and, with the single exception of a deduction needed to defray the costs of the hosting program, migrants receive equal wages for equal work.

It is the very difference between the unconflicted structure of this model and the framework underlying current MWP’s that underlies the failure of previous attempts at reform. Unless reforms address the contradictory missions of migrant labor programs together with the fundamental issues underlying the host of problems described in the previous section, the odds for success seem remote at best. From this perspective, the ultimate problem with many current MWP’s is one of missions rather than migrants; MWP’s have simply been “divided against themselves” by being forced to struggle with goals and incentives which are in opposition to the true natural market structure.

It should be remarked that while shifting the goal of an MWP to a LTWP system represents a critical change in orientation, it is really the first of two major challenges which must be surmounted for the establishment of a well-functioning migrant labor force. Once the necessity of structural reform is accepted, the remaining difficulty is to find a workable implementation of the LTWP concept. While the principal purpose of this paper is to explain the need for a new theory of MWP’s, we will discuss one strategy for finding an optimal practical implementation. As is common in situations where there is a preferred ‘benchmark’ model, a standard approach is to start with the benchmark case and gradually attenuate it in stages until it assumes a form which can be practically implemented within the context of available national institutions. For the purposes of illustration, we will discuss one such series though presumably there should be others.

3.1 Restructuring MWP’s: Core Reforms

While there are many variations which may be used to implement reforms, we have found that there are three critical areas where current migrant worker programs must be structurally altered to achieve an unequivocal benefit for natives and migrant workers. All of the implementations that we will consider in section 3.2 are effectively different schemes for accomplishing the same structural reforms discussed below.

3.1.1 Untethering

Reform 1: Migrant workers must be permitted the freedom to roam within the admitting sector of the host labor market by shifting employer outlays away from direct visa sponsorship and towards a system of tradable work permits.

As we have noted there are three main reasons why direct migrant sponsorship is intrinsically problematic:

- Migrants who are not free to respond to wage signals inevitably create inefficiencies, lowering productivity growth.
- Tethering migrants directly to a sponsoring employer creates a disagreeable kind of ‘ownership’ inviting serious abuse. In addition to the obvious danger this represents to migrants, the practice gives an unwarranted competitive advantage to unscrupulous employers over the ethical employers who are forced to compete with them.
- If migrants lack the freedom to change employers, they can be expected to out compete natives of equal ability whose company loyalty must be earned rather than mandated, thus giving the indentured employees a perverse advantage over their free counterparts.

Thus it is essential from a pro-market perspective to end the practice of restricting migrants from changing employers. However, to affect such a basic change in orientation requires a considerable shift in policy structures if it is to be equitable to employers.

When migrants are permitted to roam between employers within their host economies, it then becomes unfair to ask an initial sponsor of the migrant to assume the costs of transport, processing, and repatriation associated with the migrant’s total stay. An equitable solution would mandate that each employer would assume a portion of the cost to the host country of the migrant’s stay in proportion to the length of time the migrant was in his/her employ. Perhaps the most natural and effective way of implementing such a time-sharing arrangement is to create a system of tradable work permits and require that employers purchase the required amount in proportion to their level of intended migrant labor usage. When an employer needs to hire an additional migrant worker, he or she would be required to purchase an additional work permit. Should the migrant or the employer later terminate the relationship, the remaining time left on the work permit would be resold into a pool from which other employers wishing to hire migrants would

purchase the needed documents. This is what is precisely what was meant above by a “system of tradable work permits”.

3.1.2 Free Market Licensing

Reform 2: Migrant worker programs must be allowed to lower wage expenditures to produce high-productivity; in turn, it is essential that such programs honor pre-existing social compacts and recognize native laborers as the natural licensors of the above mentioned work permits.

The phenomena of wage depression has brought about an unfortunate situation where the proponents of migrant worker programs are forced to argue to skeptical native workers that the programs they favor increase productivity without placing downward pressure on native salaries. While politically expedient, this line of reasoning gives the impression that an honest case for migrant labor cannot be made. Happily, this is not the case.

While it is true that wage depression is the source of increased productivity for the host economy, native support presumably pivots not on wage income, but on total income. That is, native workers should be expected to accept lower wages if and only if, their *total* compensation increases. When wages are the only income source for native workers, total income and wage income become conflated. If however, workers receive additional revenue streams, the support for wage depressing programs can change abruptly. Thus it is critical that the migrant worker program generate concrete payouts to native workers which more than compensate for the income lost.

Since the main source of disparity between native worker salaries and the home country salaries of prospective-migrants, is likely to be a right of preferential labor market access held by natives within the structure of a sovereign nation’s social compact, it must be recognized that this is precisely the valuable right which is being transferred when an MWP is started or expanded. If this transfer is to take place within a market context, such a valuable right must be licensed for a fair price. Thus a true market for tradable work permits must be a licensed one with the employers the canonical licensees and the native workers the canonical licensors.

The only natural pool of money available for the purpose of license payments is that income which is drawn from the initial sale of work permits to employers. As long as the money spent purchasing work permits can be dispersed to workers in a way that outweighs wage depression effects, foreign workers, together with their effects on wages and productivity, will provide a benefit to affected natives. Thus we see that the main question should properly be how to make sure that the price of a given number of work permits demanded by employers is sufficient to make license payments which avoid workers being hurt by the expected redistribution of wage income.

3.1.3 Determining the Number of Migrants through Total Cost Recovery

Reform 3: Set the total number of migrants by the ability of the program to recover the expected total impact according to the particulars and preferences publicly presented by the host government.

In the debate over migration, it is sometimes claimed that economic analysis conclusively shows that host countries benefit from migration. Sadly, nothing so sweeping is true within either theory or practice. Whether migrants help or hurt a country remains as much an issue of national peculiarities and particulars as it is an issue of general effects.

Even though, migrants (in manageable numbers) can generally be expected to produce a net economic benefit, the presence of migrants entails a diverse set of costs to the host economy. Most obviously, there are the direct and indirect costs of hosting migrants such as those discussed in section 2. Critically, these involve important non-financial impacts for which a financial equivalent must be estimated based on societal preferences. As we have stated above, this last category of costs and benefits may include items such as the adverse impact of additional individuals on the natural environment, potential changes in risks to national or domestic security, and both positive or negative effects of migrants on national culture and identity.

Within this last category, it is important to realize the extent to which the determinations will hinge on the character of the receiving country. For example, a nation with a tendency to view migrants as diluting its national identity might attach high costs to importing even small numbers of migrants based on their cultural impact. A second, assimilative nation could instead decide that there was a great cultural benefit attached to the presence of moderate numbers of migrants and might assign initially negative costs to indicate the benefit of hosting diverse visitors. In either event, such assignments are naturally matters of national sovereignty and must be handled internally on a country by country basis.

Once the government has calculated the financial cost of hosting an immigrant worker as a function of the total number of migrants accepted, we expect that the curve described by this function will be ultimately upward sloping if the sovereign nation attaches a negative cost to an influx of massive numbers of migrant workers.⁶ By incorporating the necessity of recovering such escalating costs, the size of the migrant worker program will be naturally limited in size by market forces without the need for artificial quotas which tend to produce sub-optimal and arbitrary results for employers and native workers alike.

It should be noted that in a true market model, the government should be strongly insulated from pressure by groups complaining that fees must be kept low in order to not

⁶ While it is indeed quite possible to imagine a country that wishes to relinquish control of its sovereign borders over to unchecked market forces, we will assume that this as yet a largely theoretical scenario which should not concern us unduly in the remainder of this paper.

interfere with the free market's ability to host migrant workers. This is simply a misunderstanding of the function of a well-structured market; such fees are *supposed* to limit the importation of migrants by agents who reap benefits out of proportion to the full costs of migrant hosting. In fact, the entire point of the fees is to make sure that the price of the work permits (together with migrant income taxes) fully compensates for the total expected impact of the migrants. While it is true that market solutions demand that fees must be set no higher than what is truly needed to defray impacts, the failure to fully and accurately incorporate external costs is generally regarded by analysts as one of the principle sources of 'market failure' in the administration of such programs.

3.2 Implementing the Essential Reforms

Even once the importance of the above goals has been accepted, there remains the task of finding an implementation.

In effect, there is, at least within economic theory, a class of preferred natural models for handling the allocation of migrant labor. This collection of candidate solutions to the migrant worker program question may be described as belonging to the class of 'Coasian models' to those familiar with economic jargon, though the basic idea is simple to understand as a two stage idea within our context.

In the first stage, there is an attempt to locate inefficiencies stemming from 'intrinsic rights' within the social contract, and, where possible, convert those entitlements into tradable 'property rights'. In the second stage, a market is created which allows those who hold the rights to transact with those whose fortunes have been unnecessarily limited by the original inefficient incarnation of the rights in question.

A famous example is the right of a citizenry to forbid the pollution of its air, lakes and streams. If the societal right not to have the local environment polluted is converted into a property right entitling the citizenry to license a tolerable level of pollution in exchange for a compensating fee, the citizens and polluting industries will come to terms which should be better than the zero-pollution solution for both parties. Solutions of this type will be called 'Coasian'.

Since a tradable right is intrinsically more valuable than one which is not tradable, those who initially hold the rights are made better off. Conversely, since those whose fortunes and aspirations were frustrated by the (previously) inalienable 'social contract' rights now have the opportunity to fairly purchase those rights, they too are made better off. In short, equity is preserved and welfare is maximally improved for the total group. It is easy to see then why these solutions are generally thought to be 'best possible'.

In practice, however, implementing Coasian solutions can be quite exigent in a wide variety of situations. When such exact solutions prove to be prohibitively challenging, it may be necessary to settle for the spirit, if not the letter, of the Coasian solution. Thus there is a need to consider second best, third best, or lower solutions which while failing

to fully maximize social welfare, nevertheless manage to make all parties somewhat better off than they were before. We thus begin the discussion which follows by identifying an implementation of the best case Coasian solution, and discuss a few of the attenuations based on this natural model which may better fit with a realistic appraisal of the capacity of the institutions which will be asked to implement the program.

3.2.1 Natural Market Solution: Fully endogenous Coasian MWP's

Natural Coasian solutions are distinguished by their attempt to turn over as many policy programs parameters as possible to market forces. Thus, a true Coasian solution would seek to determine the size of the program endogenously from supply and demand profiles of the three pivotal native groups: workers, employers, and government.

In effect, the government would assume all costs for transporting and processing any group of migrants as well as calculating the additional external impacts of hosting them. To indicate these costs, the government would then come up with the expected migrant impact cost as a function of the number of migrants. Such a function would be expected not only to grow as the number got very large, but to do so in an accelerating fashion based on concern for the environment, monitoring costs, societal stress, and security risk.

The active workers in a particular sector would then come up with their licensing schedule for migrant work permits as a function of the number sought by employers. As long as the governments cost curve is upward sloping with respect to the number of migrants, it will not matter terribly much what the exact shape of this curve will be for the purposes we have in mind below.

Lastly, the employers in the sector under consideration would each indicate the maximum price they would be willing to pay for any number of permits. Naturally, the curve describing this function would be expected to be downward sloping.

At this point the curves for the government and workers are combined to see how much revenue would need to be generated from the sale of permits to employers so that both native workers and government receive acceptable compensation according to their supply schedules. This should result in an upward sloping aggregate supply curve.

After this has been accomplished, the aggregate supply curve is intersected with the employers demand schedule to identify all the values where the number of permits demanded equals the number that can be supplied. There should be at most a small odd number (probably one or three) of such equilibrium points and one of them should be selected by the government agency overseeing the program.

When this value is selected, the group representing the employers of a given sector pay the government for the permits. The government deducts its cost and pays the native workers the remainder as their licensing fees. The groups representing the workers disperse the payments and provide the permits to the government which hands them to the employers in an initial distribution. The government then aids the employers by transporting and processing the desired workers. The migrants enter an initial work

agreement as free agents with the right to shift their employment to any employer with a valid migrant work permit. The total wages of both native and foreign workers come to equilibrium with the proviso that the extra migrant impact cost represented in the cost of the work permit must then be deducted from the pay of the migrant due to the asymmetric expense presented by the MWP.

A central exchange is then set up to accommodate a secondary market in migrant work permits. The permits are then traded on a central exchange with a price that fluctuates according to shifting supply and demand. By this procedure we have accomplished all of the main goals:

- Native flight is reversed as enterprising natives are attracted to fields dominated by migrants (since those fields will have the least diluted licensing fees). Natives are also likely to leave fields with few migrants as this means giving up on licensing income. Both phenomena work together to prevent ghettoization.
- Migrant labor is no longer allocated inefficiently as migrants can roam their host sector responding to wage signals.
- Migrants are in no way beholden to their initial employers with the right to leave abusive workplaces without having to cut short their stay in the host country.
- Unethical or illegal markets in working papers (and/or the migrants to which they belong) have been replaced by an ethical secondary market for used work permits.
- Workers see from licensing checks that migrants are benefiting all natives, leading to a more positive view of migrants.
- Employers are no longer blocked by workers from hiring needed foreigners as a market mechanism ensures adequate access based on demonstrated need.
- Quotas are abolished while the number of migrants is set by the extent of migrant impact and the interests of both employers and workers.
- Wage depression can be freely admitted and the immigration surplus embraced without divisive effects on native society due to the presence of compensating licensing fees.
- Migrants receive equal pay for equal work, with a fair deduction needed to cover the cost of the program which hosts them.
- If the government can anticipate migrant impact, the program is automatically self-supporting with adequate funding to ensure that the temporary stays of migrants are safe, legal, and enriching to the host nation.
- Citizens become involved in making sure that an illegal migrant presence does not spring up beside the legal program as illegal migrants detract from wage income without making a contribution to licensing income. This decreases the likelihood of migrants falling out of status.

In short, the model appears to offer what is likely to be among the best possible options for a truly efficient and ethical market solution.

3.2.2 Second Best Solutions: Command and Control

One of the most difficult aspects of implementing a Coasian solution is likely to be the problem of representing diverse bodies of individuals in an equitable fashion. On the one hand, not every native worker in a given sector makes the same wage, or works the same number of hours. Additionally, it may not prove easily feasible to represent workers groups with one voice if the members of those groups enter the process with beliefs and preferences that are exceedingly diverse with respect to the expected extent of wage depression.

In such situations, it may be necessary to estimate the wage impact of any given MWP on native workers in the affected sector. The government would then attempt to simulate what would happen in the tripartite regime or employers, workers and government as if one held a Coasian negotiation among rational self-interested actors. Here the government agency would estimate the benefit to employers, and the damage to workers in addition to the external migrant impact cost. The government would then put forward imputed aggregate supply and demand schedules together with a public accounting for the methodology which achieved them.

A period of public commentary would then follow. After comments and input were received from workers and employers, and relevant government agencies, the government agency in charge of running the MWP would modify the schedules to reflect the concerns of all stakeholders.

If workers or employers or other government agencies saw that their concerns were largely being ignored, the requirement that the comment period and methodology be open would presumably put the needed pressure on the migrant agency to explain its actions as being within reason. The rest of the system could then be as before with the difference being that the number and price of the permits had been imputed from analysis tutored by feedback rather than directly from worker and employer preferences and beliefs.

3.2.3 Third Best Solutions: Intentional Migrantification of Targeted Sectors

Implementing either of the above natural solutions can be expected to challenge the ingenuity of host country planners. For those nations whose institutions lack the ability to fairly implement the core reforms it may be worthwhile to opt for a yet weaker solution which provides for the hiring of natives in some low skilled fields already unpopular with natives without generating inequity.

In a country with many opportunities for natives, unpleasant work can command a compensating premium. Some higher income countries do not wish to have high market compensation paid to natives who do work that is considered dirty, dangerous, difficult or degrading. While such compensation may be viewed as the sine qua non of a free market economy, it is still possible to consider a role for migrant labor. In effect, one tries to extract the de facto low wage ghettoized model implicit within current MWP's, and

upgrade it to an equitable model which still leaves employers, migrants and native workers better off.

If a country is willing to turn over entire sectors of low-skill work to migrant labor (e.g. domestic work, agricultural labor, sanitation work, taxi driving, etc...), it is possible to offer existing natives in those sectors one-time retraining and placement opportunities for non-targeted occupations with better wages and working conditions. Those natives that accept are made no worse off. Those that stay do so of their own free choice.

Since low skilled workers do not generally need to be screened carefully by employers, fees paid by employers for permits can be used to import migrants in blocks, thereby eliminating sponsorship. With no need for tethering, migrants who enter can be given the freedom to roam between employers within the wholly migrant sector, without tethering them to employers. Since all natives have been given the opportunity to leave the sector, the number of migrants can be set between employers and the government without needing to structure a strong role for native workers.

It should be noted that the twin keys to such a model are the willingness of the host economy to become almost wholly dependent on migrants in native-free sectors, together with the will to impose significant fees on employers to fund the one time cost of improving the lots of resettled natives. Both of these issues, produce some understandable discomfort, which may explain why this modification of current programs has yet to be widely pursued. Nevertheless, it is important to note that simply making explicit and equitable that which has long been implicit and redistributive within MWP's can result in an equitable market.

3.2.4 Fourth Best Solutions

Systems which are well insulated from corruption, government incompetence or inappropriate influences of interest groups over policy, should be able to affect some reform of the general types discussed above. In other nations, however, it may be found that it is not possible to implement any of the above solutions, for reasons of political economy,. In such situations it may be expected that the best approach to improving native productivity is to focus on domestic markets and institutions before turning outward for solutions.

In truth, the contribution of migrants to native welfare from current MWP's may be quite small and the market distortions rather large. More importantly, migrant worker programs can often be divisive to the point that the small gain from a migrant labor force may be insufficient to outweigh the toll taken on the native society. Temporarily forgoing the privilege of migrant labor while a country invests in its own institutional health does represent a cost, but it is truly an 'opportunity cost' for greater riches and is unlikely to be so large that it would be expected to injure the abstaining economies. Further, it is probably possible to bring in whatever number of migrants is desired to add the proper vibrancy and diversity the host country seeks, by establishing well regulated refugee resettlement programs, family reunification opportunities, and naturalization mechanisms

for rare individuals of exceptional talent and ability. While such entrants may have some localized negative impacts, the number can be controlled so that it remains a small percentage of the native workforce; in this case it is likely that the economic burdens will be shallow and diffuse. Further, programs which are viewed as broad national obligations rather than economic initiatives may not be seen as failures if they produce some mild economic dislocation.

In summation, a host country which has traditionally had trouble with the institutions needed to administer a healthy migrant labor program needs to seriously consider whether the likelihood of problems stemming from a poorly functioning MWP is truly better than a market where the migrants enter for humanitarian and diversity reasons alone.

4 Conclusion

Migrant workers are currently doing much to contribute to world productivity, but it is likely a fraction of the good that would be done if resistance to migrant labor could be decreased at a systemic level. While there are many legitimate reasons to be concerned about unexpected effects, chief among these are likely to be concerns over native wage depression, security and sovereignty. Lamentably without a fundamental shift in policies concerning migrant labor, the potential benefit of migrant worker programs will likely be held hostage to continuing concerns over their unadvertised consequences for host citizenries.

We have in this paper set out what we believe is a truly positive vision for creating a healthy market for migrant labor. In our model, markets do what they are supposed to do by making migrants, employers and native co-workers better off than they were before. The programs of the type we have described can afford to be more honest about the expected effects of migrants on the host economy and society. In short, the paradigm shift appears beneficial on most every important level. While it will likely take some time to find the best practical implementations, there are many reasons to think that the investment will reward those countries with a deep interest in markets and migrants.

As we have discussed in this paper, MWP's in their modern incarnation bring both riches and trouble to their host societies. If we are honest, the pattern of support and resistance to these programs among natives, closely mirrors the native sectors most likely to 'win' and 'lose' from the MWP's respectively. Currently, many of the world's more advanced host economies are overseen by democratically elected governments, leaving little question that increases in productivity will not be welcomed by electorates until they are achieved without regressive redistributive effects. Going further and eliminating sloppy and under funded administration, along with a climate for rights abuses, cannot but help the standing of these programs and their possibilities for an expanded contribution.

Most important is the recognition that in our age of nation states, markets are tools of nations rather than the reverse; when legitimate questions of sovereignty raised by MWP's are dismissed by analysts as market inefficiencies to be excised, there is

generally cause for some concern about the quality of the analysis. Analysts who truly favor an expanded role for MWP's could likely make a greater contribution to public acceptance of migrants by innovating new initiatives rather than defending what are ultimately the rather dubious merits of current programs. In the end, when migration programs are made safe, beneficial and enriching to all sectors, there is every reason to believe that these valuable tools will not need to be sold as they will finally be able to sell themselves.

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