Keep Out!
PROTECTIONISM, MIGRATION CONTROL, AND GLOBALIZATION

A polemic against minds closed.

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Jochen Lorentzen
jl.int@cbs.dk

Introduction

15 November 2002: In the early morning hours a small fishing vessel from Mazara del Vallo in Sicily trawls the waters some 35 nautical miles south of the island of Pantelleria in search of its catch. Suddenly the crew of the *Giotto* spot another vessel. The 12m boat has engine damage and is drifting helpless in the choppy sea. Aboard are 129 migrants or, as the media will later refer to them, *clandestini,* illegal immigrants. The captain of the *Giotto*, Gaspare Giaccalone, informs the coast guard in Pantelleria. The local commander dispatches two patrol boats. The two officers, Francesco Nicolosi and Toni Casano, reach the ship abandoned by its crew. The wind from the nearby deserts in North Africa that the locals call *scirocco* whips up the sea. The rescuers realise that it is too dangerous in these weather conditions to transfer the shipwrecked migrants onto the coast guard vessels. They decide to tug the vessel into port at Pantelleria together with the *Giotto*.

The four ships arrive at destination at a quarter to seven in the evening. One can see that the people who leave the boat are not from nearby Morocco or Tunisia. Their skin colour gives away their origin from further South. Most turn out to be from Liberia. There are men, women, and children. The youngest, Milton, is barely over two years old. He is travelling with his mother, a housekeeper, and his father, a painter and decorator. The migrants are exhausted from the strenuous trip, scared, and cold; some suffer from hypothermia. A few are too weak to walk by themselves. One man faints, and is assisted by Doctor Nagar of the local hospital. The police accompany the migrants to buses that take them to a refugee centre next to a military barrack. The local authorities provide the migrants – most of whom have no money on them – with blankets, clothes, and food.

The fate of these people in Europe is uncertain. But they were relatively lucky. Every year people who try to get illegally into Europe face horrible ends to their journeys: they drown in the Mediterranean; they freeze to death crossing the mountains in Romania or the woods that separate Russia from the Baltics; they suffocate in unventilated truck trailers; or they get killed by unscrupulous traffickers along the way.

Why do people entrust their lives, and that of their children, to unsafe passages to distant destinations where they will officially not even be welcome? People try to come to Europe for many reasons. One almost all share is hope for a better life compared to what they are used to in their home countries. There are again many reasons that make life difficult at home. Many, perhaps most, are home-made. This essay first focuses on one that is not, namely rampant protectionism by a blatantly hypocritical EU against the very products which poor countries are good at making. If you cannot sell what you produce, you can sit back and either despair or fantasize that divine intervention may rain milk and honey on you. Or you consider your options, get up and leave in search for something to do, including a job abroad, that allows you to take care of your family. In short, market access and migration are linked, albeit not always in intuitively obvious ways. Protectionism sheds light on the difference between the ideology and practice of globalization, or between what it promises and what it actually delivers.

The second focus of the essay is on the causes, mechanisms, control, and consequences of migration itself. Most of the readers of this book are in principle likely to have the required identity papers and the financial resources to go to pretty much any place in the world, be it for work or for pleasure, if not immediately then at some not too distant point in the future. They have that in common with the increasing volume and variety of cross-border flows of goods, services, and capital that, along with rapid technological innovation, we tend to think of as globalization. But the freedom to travel is the privilege of a relatively small elite. The vast majority of the world's population could not simply hop on a plane to Paris or London even if it could afford the ticket. The reason is that their request for a visa would be turned down. To them, globalization means putting up with more international competition at home while not being able legally to offer their labour abroad. If circumstances make them go anyway, they become illegal migrants and subject to legal and other sanctions. They are also likely to come in contact with one of the fastest growing and most heinous forms of organized crime, namely human trafficking. If they make it to a destination country, their illegal status affects how they work, where they stay, and if they can integrate into the local society, including the official labour market.

The contradiction between the progressive liberalization of the markets for (most but not all) goods, services, and capital on the one hand, and the retention of severe restrictions on the mobility of labour on the other, is the third and final focus. The liberalization of the world economy makes it necessary for individuals, firms, and countries to adjust to often dramatic changes. The benefits and the costs of this process are not distributed evenly. By keeping labour mobility off the globalization agenda, rich countries deprive poorer countries of benefits. This is brutally selfish, curiously short-sighted, and totally inconsistent with growing economic interdependence in the world.

Global trade liberalization and (EU) market access

The EU is a major player in the world trading system. In 2001, 18.4 per cent of the world's exports originated in the EU and it was the destination for 18.2 per cent of its imports. 29.2 per cent of developing country exports went to the EU in 2000, slightly more than to the US. The EU is also one of the most influential WTO members. Issues it pushes are likely to being paid attention to, even if controversial, and not much happens in world trade negotiations unless the EU is on board. The EU regards itself both as a champion of global trade liberalization and a staunch defender of developing-country interests. On 16 December 2002, Pascal Lamy, the European Commission's chief trade official, declared after submitting the Commission's ideas for agricultural negotiations in the current world trade round:

> The message today is we are pushing the Doha development agenda forward across the board. We are ready to put our money where our mouth is, and we have now put forward ambitious but realistic proposals in all sectors, including agriculture, one of the most challenging for the

> EU. This is a win-win proposal. It is fair to others, particularly developing countries, as it takes into account their development needs.

To many farmers and producers of labour-intensive products like textiles or clothes in developing countries this must have seemed a bad, old joke. Bad, because EU trade policies are inimical to giving poor countries a fair chance to compete in the global economy. All rich countries are hypocrites when it comes to protectionism. The EU has merely the dubious honour of being *primus inter pares* of the bad guys. In a report entitled *Rigged Rules and Double Standards*, the British charity Oxfam crowned the EU the winner of the Double Standards League of free-trade rhetoric and protectionist practice, ahead of the US, Canada, and Japan.[1]

The joke is also old. Global trade negotiations take place, until 1994 under the auspices of the GATT and from 1995 through the World Trade Organization (WTO), in so-called "rounds". EU intransigence on farm sector reform is proverbial and almost derailed the Uruguay Round of trade negotiations in the early 1990s. Ten years on, in the curiously named Development Round of world trade negotiations launched in Doha, Qatar, in November 2001, the EU is again holding up progress in agricultural liberalization, by and large the single most important potential outcome of global trade talks for the large majority of developing countries.

This section describes EU trade policy vis-à-vis developing countries in the context of commitments under the WTO Uruguay Round Agreement.[2] It points out where the EU has not honoured the spirit of the Agreement and what consequences this has had for developing country producers. It also looks at the ongoing new world trade talks in which the EU is again showing little inclination to entertain demands for farm sector reform. Finally, it discusses the reasons behind this sorry state of affairs.

EU TRADE POLICY VIS-À-VIS DEVELOPING COUNTRIES

Agriculture

Many of the world's poorest people eke out a living by working the land. In the 49 poorest countries, from Afghanistan to Zambia, three fourths of the labour force work in agriculture, producing 30 per cent of GDP.[3] So one of the grand bargains underlying the Uruguay Round negotiations was to bring agriculture for the first time into the multilateral discipline of the WTO. In exchange the developing countries agreed to the inclusion of issues close to the heart of multinational firms, namely services (GATS), trade-related investment measures (TRIMS), and trade-related intellectual property rights (TRIPS).

The Agreement on Agriculture required the EU to replace non-tariff barriers such as quotas with more transparent tariffs and to reduce average tariff levels. Yet tariffs applied by rich countries on farm goods on average remained four to five times higher than those on industrial products (see Table 1); more than a third of EU agricultural tariff lines which denote the import taxes individual products face had duties above 15 per cent.[4] Products of particular export interest to developing countries, such as in food processing, regularly run into tariff peaks that, for example for meat products, can go as high as 250 per cent. The world's other major traders are no angels, either – Canada protects its meat industry with tariffs of 120 per cent, while the US charges 121 per cent on ground nuts and Japan 170 on raw cane sugar. Tariff escalation, a practice whereby products at higher levels of processing attract higher tariffs than the upstream inputs, essentially allowed rich countries to engage in import substitution of more profitable downstream activities. In plain language this means that a poor

Colombian coffee farmer can export coffee beans without facing tariffs. This is essentially because rich countries need the beans but cannot grow them. But tariffs would hit him hard were he to try and export roasted or soluble coffee. Rich countries prefer to keep the only lucrative part of the coffee value chain for their own producers. Under these circumstances it is pretty difficult to increase local value added which is what needs to happen for incomes in poor countries to grow. Ironically, if poor countries tried to do the same thing by raising tariffs on, say, machinery to build up their own equipment industry, the international financial institutions would harangue them for applying the wrong policy. Finally, developing-country producers continued to attract the misguided wrath of EU bureaucrats who subjected them to anti-dumping investigations or countervailing action. In the former, the EU Commission accuses foreign producers of selling their wares in the EU market below cost to gain an unfair competitive advantage. In the latter, it charges that foreign firms benefit from government subsidies that give them an edge vis-à-vis their competitors in the EU. The economic logic behind these actions is dubious at best, and the administrative practice is ludicrous in its bias in favour of vested domestic interests – of producers, that is, because consumers would obviously only benefit from cheap imports.

Table 1. – Uruguay Round tariff rates of OECD countries

Sector	Bound rate %	Applied rate %
Agriculture	15	14
Textiles and clothing	11	8
Other manufactures	4	3

Source: Kym Anderson, "Developing-Country Interests in WTO-Induced Agricultural Trade Reform," in Ramesh Adhikari and Prema-Chandra Athukorala, eds, *Developing Countries in the World Trading System: The Uruguay Round and beyond* (Cheltenham: Elgar, 2002), 40-67, Table 3.1.
Note: Bound rates refer to the maximum applicable rates as opposed to those that are effectively applied. The higher bound rates may be invoked in times of distress.

The Agreement also committed the EU to reducing domestic and export subsidies. But EU countries every year still subsidize the farm sector with more than $300bn, roughly twice as much as the value of agricultural imports from developing countries.[5] For good measure, most of these subsidies are concentrated on commodities exported to the South. In the current trade talks, the EU has agreed to negotiate reductions – not eliminations – of export subsidies, but not a cut in the overall level of subsidies.

All of this is bad news for farmers in developing countries, except for those in some former colonies who enjoy privileged trading relationships with the EU. In short, EU farm trade policy has three effects. First, high average tariffs make it difficult or outright impossible to penetrate the EU market. Tariffs on meats, cereals, and dairy products range between over 50 and more than 100 per cent. Second, subsidies (both export and non) allow EU producers to dump their products at artificially deflated prices on developing-country markets. Hand-outs from the CAP amount to between one half (wheat) and three quarters (beef and veal) of the income of export producers. This allows EU exporters to offer their fare at between a quarter (white sugar) and one half (skimmed milk) of production costs and pushes more competitive local producers out of the domestic market.[6] Third, the glut of EU exports also reduces the contestability of (non-sugar producing) third markets both in high- and low-income countries simply because nobody can beat the subsidised prices of EU exporters.

The cost of refined cane sugar from South Africa, Mozambique, Malawi, and Zambia is considerably less than one half of the cost of refined beet sugar from Europe. Yet in 2001 EU sugar exports accounted for 40 per cent of the world market. Both farmers and refiners such as Germany's Südzucker, Italy's Eridania, and the UK's British Sugar enjoy guaranteed prices. The life of these companies resembles the best tradition of Soviet planning. The EU market is protected by tariffs up to 140 per cent while these *de facto* monopolists overcharge European consumers who pay three times the world price for their sugar, and swamp third markets.[7] Poor farmers in poor countries pay a high price for these instances of organized and officially approved market distortion – often they have no choice but to give up farming because they cannot cover their costs.

Textiles and clothing

Textiles and clothing are another important sector for developing countries. Traditionally the EU, along with the US, Canada, and Norway, had protected its textile and clothing markets through the Multifibre Arrangement (MFA). Under the MFA, industrial countries negotiated bilateral quotas with important textile producers such as China, Hong Kong, India, and Korea, as well with marginal exporters like the Fijis and Slovenia. These quotas set upper limits on exports from developing countries. In the Uruguay Round developing countries obtained a commitment, through the Agreement on Textiles and Clothing (ATC), from advanced importing countries to start liberalizing the sector in 1995 and completely but gradually phase out quotas over a ten-year period.

What the EU has done during this transition period, in the good company of the US that has an even worse record in textile protectionism, is to follow the letter of the ATC while giving its spirit short shrift. Under the ATC each importing country is free to decide which products it wants to include in quota-free imports in the three liberalization stages – 1995, 1998, 2002 – provided for by the Agreement. Since the product coverage of the ATC is more extensive than that of the MFA, countries were in principle allowed to integrate products that were never affected by quotas in the first place. Like picking one's nose in public, this was not strictly illegal but clearly neither constituted what is generally regarded as correct behaviour. It is exactly the course of action taken by the EU. Until the end of 2001, the EU had eliminated only 14 of its 219 quotas, affecting a mere five per cent of total restrained imports, and concentrating on lower value added commodities such as yarns and fabrics. It plans to drop only a further 38 quotas in the third stage, thus leaving the bulk of liberalization of clothing – almost four fifths of all restrained products – for the very end of the transition period in 2004 (Brenton 2002, Kheir-El-Din 2002).[8] Even then things are not going to be easy for textile exporters. Tariffs on clothing are two to three times as high as those on other industrial products (see Table 2). In addition, just to compound the bad news, the EU resorts to tariff escalation, much like in agriculture, and when imports surge despite all this armoury, imposes anti-dumping measures which pretty much amounts to penalising foreign producers for being more efficient than their EU counterparts. Unfortunately, while the Uruguay Round Antidumping Agreement clarified the procedures under which antidumping cases can be pursued – for example, injury to the claimant industry must be shown for action to be taken – it did nothing to address the weird logic upon which antidumping investigations are based.[9]

Table 2. – Import-weighted MFN average tariffs by product group, %

	Manufactures	Textiles	Clothing
Developed countries	3.1	8.1	12.2
EU	3.5	8.2	11.7
US	3.0	8.1	12.0

Source: UNCTAD, *Trade and Development Report 2002* (Geneva: UN, 2002), Table 4.3.

The implication of all this is that the more important the EU is as an export market and the more important textiles and clothing are in a developing country's export composition, the worse the ATC's effects – or, more precisely, the liberty the EU has taken in interpreting it – would appear to be.

THE POLITICAL ECONOMY OF TRADE POLICYMAKING

It is not surprising that uncompetitive businesses ask for import protection. But it is a little harder to understand why farm businesses or manufacturers of textiles and (non-luxury) clothing, not exactly the powerhouses of advanced economies, are successful in obtaining protectionism. Economic theory teaches two things. The first is that liberalization creates winners and losers. The second is that, on balance, due to the efficiencies associated with letting people do what they do best, the gains to the winners outweigh the costs to the losers so that liberalization brings net benefits. Clearly, if global farm trade were radically liberalised, many European farmers would land on hard ground. But competitive farmers the world over would benefit, and so would European consumers, both because it would lower their taxes and because they would get a litre of milk for approximately half of what they pay under the current system. The IMF estimates that world farm liberalization would generate static benefits to the tune of $128bn of which the developing countries would roughly get a fifth.

So if the EU's leaders decided on the basis of economic rationality, they would scrap the current system. Of course, politics is about more than just the most efficient possible resource allocation. For example, it is about a fellow called Stoiber trying to win a federal election in Germany in 2002, and another fellow called Chirac trying to avoid losing an election in France in 2002. Both of these men are beholden to farm interests even though agriculture accounts for little in terms of output and employment in either one of these countries. Farm interests have been so successful in lobbying EU governments because humouring them is politically easier than standing up to their blatant rent seeking. It would be different if every packet of butter carried a label advising the consumer that thanks to her purchase the owner of a large agro-industrial complex with a financial net worth the multiple of her own was yet again a little richer. But trade and subsidy policies are rarely if ever that transparent. In most EU countries, the farm ministry is firmly in the hand of the farm lobby which is a bit like ministries of defence representing the armed forces rather than defending national security.

The EU's intransigence vis-à-vis developing-country interests in farm goods and labour-intensive commodities in the global trade talks suggests that it is trying to get away with reaping as many benefits as possible from globalization while having others foot the associated bill. Even where laudable attempts were made – for example with the 2001 Everything-but-Arms initiative aimed at allowing the world's 49 poorest countries tariff- and quota-free access to the EU – producer lobbies succeeded to obtain exemption for big-ticket items such as sugar, rice, and bananas. If this strategy of malign neglect of developing-country interests plays out – as it did for pretty much all advanced economies in the aftermath of the Uruguay Round – the EU is doing a marvellous job at furthering its unenlightened self-interest.

However, on current standing it does not look as though this strategy will play out at all. So there is hope that the EU, short of letting the Doha Round collapse, will eventually have to compromise.

MARKET ACCESS AND MIGRATION

The link between trade and migration is complex. For example, it is obviously not the case that all people who cannot make a living by selling their products become migrants. Some are simply too poor to have the option of trying their luck in a different place. Yet it is also clear that the impossibility of making a livelihood in one location contributes to the pressure to look for alternatives in another, regardless of whether this eventually translates into a move or remains an unrealised aspiration.[10]

Although the link between trade liberalization and migration is not straightforward, it is pretty obvious that keeping competitive exports such as textiles and farm goods from poor countries out of rich-country markets, begets people packing their bags and leaving. It is also obvious that EU farm subsidies have the same effect.[11] Trade integration *per se* is unlikely to change this insofar as income levels may continue to diverge across factors, sectors, or regions. This means that the dynamics and pressures associated with globalization would put immigration on the agenda even if protectionism were a foreign term in the world economy. Liberalizing labour flows would likely bring much higher benefits than what the world can hope for by way of gains from the current Doha trade negotiations. The next section shows why.

Migration and immigration

If the 1990s saw globalization make big strides, they were also the decade in which countries the world over adopted more restrictive immigration regimes than previously. In 1976, only some 7 per cent of UN members had restrictive policies in place. At the time of writing, their share had risen to 40 per cent in a substantially larger UN. Advanced economies are at the forefront of this development. This throws up the question why people do not enjoy the freedoms accorded to goods, services, and capital. This section attempts to answer this question. It first gives an idea of the scale of migration worldwide. Next it discusses theoretical explanations of why people move and contrasts them with empirical findings. The following section again takes up linkages between trade and migration. Then it describes the economic and political rationales underlying immigration policy in the EU; its structure and content; and discusses the implication of the current regime.

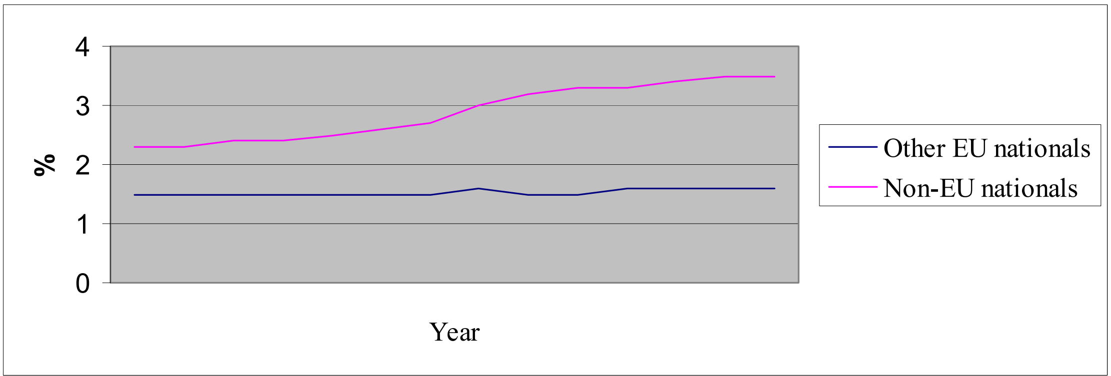
SCALE AND SCOPE

Migrants are people who live permanently or for long periods outside their countries of origin.[12] Estimates differ as to how many people fit this definition worldwide. For anyone interested in a frank discussion of the relative merits of immigration, it is convenient to drop conservative estimates in favour of higher numbers. This is because in the controversy with those who conjure up images of mass invasions of receiving countries by the world's poor, belittling the extent of the phenomenon is bound to fail.

Worldwide some 150-200 million people are migrants with regular papers. It is obviously more difficult to be sure about the extent of irregular migration but observers attach a similar ballpark figure again to those like the new shipwrecked arrivals in Pantelleria. All told, fewer than 7 per cent of the world population are migrants.[13] The 56 million regular migrants in Europe compare to 50 million in Asia, 41 million in North America, and 16 million in Africa. Almost two thirds of these people are concentrated in just 15 both rich and poor countries.[14]

Of course, the concentration of migrants varies widely across countries. In Europe, one out of three inhabitants of Luxembourg is a foreigner, and one out of five in Switzerland. The share of foreigners in Germany and Austria is relatively high at 9 per cent; by contrast, it is rather low in Italy and Spain at below 2 per cent. But two thirds of foreigners in Europe are actually other Europeans, although intra-European migration represents less than 0.2 per cent of the EU population.[15] In 1999, this meant that for every 1000 inhabitants 27 foreigners arrived in Luxembourg, and fewer than 2 in France, Finland, Hungary, and Portugal.[16] Some 223,000 seasonal workers were employed in Germany; France admitted about 8,000. In places like Brussels or London one in four inhabitants is foreign.[17] Documented Africans and Asians numbered three and two million, respectively, in 1996.[18] New arrivals of *clandestini* are estimated at 500,000 per year. To bring these figures into perspective, Iran and Pakistan alone host some three million Afghans.[19]

Table 3. – Share of non-nationals in the EU-15, 1985-98



Source: Eurostat, *European Social Statistics. Migration* (Luxembourg: Office of Publication of the European Communities, 2000), Table A-5.2.

In discussions about whether these numbers mean that there are – by whatever standards – "too many" immigrants in Europe convenient use is made of an old myth, namely that Europe has traditionally not been an immigration target and, by implication, could or should not become one, either. In *Guests and Aliens* Saskia

Sassen picked the myth apart and set the historical record straight. Immigration has always existed, including to traditional out-migration countries like the EU's southern members.[20] It materialized because the supply of migrants was met by demand for labour and thus conditioned on the operation of the economic system in receiving countries. Historical evidence also shows that when opportunities are saturated, migrant flows eventually adjust downward, although this may take time and be incomplete.

Thus, when mass outmigration from Greece in the 1960s led to seasonal or longer-term labour shortages on fields, construction sites, and dockyards, Africans arrived to fill the vacancies with official blessing. Around the same time Tunisians settled in western Sicily to help in the fishing fleet, as grape harvesters, or on construction sites.[21] And while the majority of these immigrants hailed from nearby African countries such as Egypt or Morocco, others came later from as far away as Sri Lanka, Cape Verde, or Peru.[22] Apart from the obvious answer that migrants are somehow in search of a better life, the question remains what exactly causes people to migrate, who they are, where they go, and how long they stay.

WHY DO PEOPLE MOVE?

Very few people move because they think it's fun. The vast majority of humans prefer to spend their lives close to where they were born. When people hit the road, it is mostly for negative reasons. Often life at home is hard or perhaps unsustainable. Wars, famines, or altogether failed states and the attendant consequences of poverty and economic stagnation are among the more extreme causes.

Theories of migration differ in terms of what they consider the key unit of analysis.[23] Standard neoclassical economics focuses on individuals; they decide to move if the expected net return from migration is positive over a certain period of time. This calculation depends mainly but not exclusively on economic considerations such as job opportunities. Individuals try to get a job abroad if the cost of making it to the foreign country is lower than the expected wage differential. In other words, once international wage differentials equal the costs of labour movement, the migration process stops.

More recent work looks at related groups of people such as households or extended families. They insure themselves against unexpected income losses due to crop failures or commodity price declines by sending members abroad who provide them with remittances. The government of the Philippines sponsors this kind of migration. It looks after the welfare of Filipino migrants abroad, approved legislation to allow them to vote in 2004 elections, and annually honours outstanding migrants through Bagong Bayani (new heroes) awards.[24] According to IMF estimates, worker remittances and employee compensation accruing to developing countries annually run to about $60-$70bn. Thus the official figure alone exceeds the approximate $50bn of development aid flows. Obviously, unofficial figures are much higher because migrants from countries with underdeveloped banking systems or untrustworthy institutions rely on money-transfer channels that do not show up in official statistics. When remittances are invested visibly, they may become symbols of migration success and set in motion cumulative causation by encouraging others to follow the good example.

Migration, especially over large distances, is resource-intensive. It is clearly easier for people with means to afford these costs. But migration is also an option to the poor. They can sign a bond to repay the debt they owe a trafficker in exchange for bringing them into a destination country.[25] Increasingly, this is becoming a form of modern slavery. The issue of trafficking is taken up in more depth below.

Globalization, too, contributes to migration. When backward areas are brought into the global economy, existing societal structures are often disrupted so that previous ways of living become unviable. For example, foreign direct investment (FDI) by multinational firms into modern agro-industrial complexes tends to displace small farmers who have little choice but to try and become wage labourers. Unless their home cities provide employment opportunities, they go to look for jobs abroad.

Or take a western multinational electronics company that invests in an export-processing zone in a developing country. It tends to hire young women who give up traditional unwaged employment in, for example, subsistence farming. Having abandoned their fields, they can rarely return to their previous activity, even if their jobs in the factory don't work out. Household production for internal consumption or for the local market also ceases, making food security more precarious. The feminization of the workforce means that men all of a sudden face more competition from women. Also, when women along with the extensive support they provide are absent from traditional households, traditional employment opportunities for men fall. All of this may raise unemployment and contribute to a migration push, first into local cities, and then into cities abroad.[26]

It takes two to tango, and migration flows also depend on pull factors in the recipient countries. Investment bankers in New York and London entrust their kids to nannies from Latin America and the Philippines.[27] The vegetable harvests in Italy's Apulia or Spain's Andalusia wouldn't happen without seasonal workers from Morocco. Small and medium-sized manufacturing firms in Central and North-Eastern Italy in industries as diverse as apparel and agricultural machinery have resorted to immigrant labour to cope with increasing competition from East Asian tiger economies since the 1970s.[28] Sweatshops power both high-tech and downgraded manufacturing sectors. Leather accessories of the world's most renowned fashion houses are assembled right under our noses by migrant workers cramped into damp and dark basements toiling away long hours for abysmally low pay. In Los Angeles' garment district or Milan's Chinese quarter enormous wealth and highly rewarded employment in professional services co-exist – or draw on in hinterland locations – with underground industries that operate in third-world conditions.[29] The point is that unskilled jobs can be part of the most modern sector of the economy, and backward sectors can be part of major growth trends.[30] This phenomenon is not exclusive to rich countries. With long-term growth rates in Eastern Europe likely to be higher than in Western Europe, countries like Poland are likely to experience the same tight labour markets as some sectors in its neighbouring countries.[31]

The black economy in the EU is estimated at 16 per cent.[32] Many of these are the so-called 3D jobs (dirty, difficult, and dangerous) that resident workers refuse to accept. Migrant workers fill these jobs because they are willing to, and because their unofficial status makes them attractive to employers. If they become specialists in certain occupations, demand for them will rise as economic opportunities expand. So economic misery in one part of the world is not a sufficient condition for migration; it works only in conjunction with organized recruitment in the other. Empirical evidence shows that when demand falls, both legal and illegal migration flows adjust.[33]

In sum, migration and settlement are multi-faceted phenomena that are best understood by examining economic changes in the sending country that induce people to leave; the opportunities in the destination region; and the linkages between the two areas through international production systems, informal networks developed by the migrants themselves, and mediating mechanism such as the budding migration industry of lawyers, recruiters, traffickers, and the like.[34]

The next question is why and how long people stay. The populist answer is that immigrants regard their host countries as the incarnation of heaven on earth and are hell bent on staying forever. Politicians who bring such a charge are clearly given to hyperbole in that they belittle the objective differences between heaven on the one hand, and Carinthia and Padania on the other.[35] They are also curiously ignorant of what we know about the determinants of migrants' relative return decisions. The section on immigration regimes below discusses this in some detail.

Linkages between trade and migration

The section on market access to the EU in the context of global trade liberalization described how EU protectionism prevents producers in poor countries from selling their goods on EU markets. Trade barriers obviously make it more likely that people move and they are one of the reasons behind migration decisions outlined in the section on why people move. Yet trade integration need not reduce the push factors behind migration. This is because of the simple truth that liberalization makes the world as a whole better off, but not every individual who lives in it. In the aggregate globalization is a positive-sum game. However it also produces losers. The real challenge is how to help the losers cope with their predicament. In other words trade liberalization and migration management are not alternative policy strategies. Unless this insight informs EU policy vis-à-vis developing countries, frictions between Europe and its neighbours and between policy goals and outcomes are bound to grow.

As an illustration take the EU's relationship with its North African and Middle Eastern neighbours. On the whole the countries from Morocco to Egypt have abundant cheap labour. The EU, by contrast, is specialized in capital-intensive production. If the EU dropped its protectionism against farm and simple manufactured goods, Tunisian footwear producers and Moroccan vegetable growers would benefit and consequently have less incentive to move. In this case, exporting indeed substitutes for the decision to migrate, and there are only a few losers.[36]

But this is a highly simplified model. When made more realistic, it yields a completely different outcome. Let's say Morocco uses its cheap labour in making textiles while the EU produces capital-intensive machinery. Theory tells us that if trade is liberalized, commodity prices converge. Machinery in Morocco and textiles in the EU become cheaper, and thanks to their export success workers in these two industries get higher wages. However, this also means that relative wages of farmers fall. Hence they have an incentive to migrate. So in this case there are more losers, and trade liberalization and migration become complements.

A similar outcome pertains if we compare vegetable cultivation in Morocco and in Andalusia. The Spanish growers employ better technology in this labour-intensive sector, such as larger plots, greenhouses and the like. If migration is restricted, Spanish wages are higher. If controls are relaxed, Moroccans move to Spain to take advantage of the higher wages, raising Spain's labour/capital ratio – and, thus, specialization in horticultural production – leading to more exports. Thus an increase in migration leads to more, not less, trade which in turn may act as a pull factor on further inward migration because Moroccan farmers have a hard time competing against vegetable exports from Andalusia.

These models do not always produce clear predictions. Let's say a Moroccan employee of a print shop has skills that in principle allow him to work in a footwear factory, too. But the entrepreneur who owns the print shop cannot really move his equipment because it is specific to the task. If trade liberalization allows international publishing houses to compete in Morocco and consequently lowers the price of printed material, the worker will have to reduce his wage demands or risks getting laid off. Hence it will become more expensive for him to buy shoes. At the same, his newspapers get cheaper. At the end of the day, what happens to his real wage depends on how important newspapers are in his consumption basket, and whether he can find a job in another sector.

Moroccans are just across the sea from Spain and can literally get into a boat to try to make it into the EU. Extremely poor people in the world's least developed countries, for example sugar cane farmers in Zambia or Mozambique, do not have that option. But if the EU abolished its subsidies on sugar exports and tariffs on sugar imports, the wages of those farmers would go up over time. Thus at least in principle, migration would become affordable. Again migration might then complement liberalization.[37]

What this discussion shows is that the dynamics of globalization simultaneously contain and promote the push and pull of migration. In theory we manage to specify the conditions under which more market access alleviates migratory pressure. In practice this is a messy affair and there is not enough knowledge about the exact empirical linkages between trade and migration across sectors and countries. In any event, it is important to underline that a more enlightened trade policy by itself is not going to do the trick of making migratory pressure or the demand for migrant labour disappear. Hence a world economy based on à-la-carte globalization that liberates all factor flows except labour is a fundamentally flawed concept.

IMMIGRATION REGIMES IN THE EU

EU policies on immigration are rather restrictive. This does not mean that all migrants are unwelcome. It means that compared to its own regime in the 1960s or compared to North American practices, the EU has been trying to keep migrants out, certainly those that are unskilled. Motives for this policy are to be found in two sets of arguments. The first charges that immigrants steal jobs from locals and are a burden on the welfare system. The second is rooted in notions of state sovereignty and national identity that in a direct sense have little or nothing to do with economic costs or benefits. Hence, this section treats economic and political justifications for restrictive immigration separately. Furthermore, it looks at the structure and delivery of immigration policy. Finally, it analyses the consequences.

Labour market effects of immigration

When the owner of a riding stable in Italy contracts a farm hand from Albania and pays him his market wage, the additional output increases, albeit only by little, the average incomes of Italian citizens.[38] Hence, they are better off. Even though he makes less than his employer and the other stable owners, the immigrant is better off, too; indeed, this is the reason he migrated in the first place. The news of his success breaks back home and more willing labourers follow until each livery stable in Italy employs an immigrant from Albania.

After a couple of years the Italian government decides to grant the Albanians citizenship. (This hypothetical situation is so unrealistic that it requires considerable powers of imagination from the reader. Please try.) In principle this gives them the right to buy land and set up their own stables. But since the new government policy took them completely by surprise, none of them have yet done so.

The good news again reaches the homeland and motivates more Albanians to seek positions as stable hands in livery stables which are doing a budding business. After a while each stable personnel consists of the owner (who may not muck out the boxes but does work full-time in the establishment), a naturalized citizen-labourer, and a new immigrant labourer. The newcomer is just as qualified for the job as his first arrived cousin (reportedly almost everybody in Albania is cousin of almost everybody else). But while the two may help each other with heavy tasks, they will also on occasion be in each other's way so that the incremental output of the new immigrant is slightly lower than that of the first. This means that the new arrival's market wage is lower, too. So the owner reduces his long-time employee's wage as well because since the two cousins are doing the same job he can always hire a second new arrival to replace the first. The outcome is that the owner makes more profit, the new immigrant is happy, and the old immigrant is upset.

So he takes his savings and buys half the farm from the original owner with whom he splits the proceeds. The two owners pay themselves and the new immigrant the latter's market wage. Now the former citizen-labourer is no longer worse off because he compensates his lower wage through earning profits from the operation of the stable.

The key difference between the two alternative endings of the story lies in who appropriates the return from capital. As the first ending shows, in the short to medium run, workers may lose out from additional immigration if they do not own productive assets. This ownership may be indirect, for example through pension funds. In the long run, what happens to native workers also depends on the effects of immigration on productivity, whether immigrants make demands on social security, and how much they pay in taxes. In essence, these are empirical questions.

There is no specific empirical evidence to support the link between immigration and labour market conditions of unskilled workers.[39] This obviously defies everybody's intuition, especially of the directly concerned. It is a shame therefore that governments in the EU do not make much use of these insights and bring them to the attention of the wider public.

A study commissioned by the British government found that, far from being a burden on the public purse, immigrants have a net positive effect on prosperity and little or no effect on wages and job prospects of locals.[40] This also goes for their contribution to sustaining pension systems in the context of ever aging populations (see Table 4).[41]

Immigrants also create jobs. People who get off their butts in search for work halfway round the world are unlikely to be couch potatoes. Their youth and entrepreneurial dynamism is clearly above average and even perhaps more conducive to the EU's lofty (and, judging by its performance to date, somewhat ridiculous) aspiration of becoming the world's most competitive economy by 2010. When Rahma el Mouden arrived in the Netherlands in 1975, the girl from Morocco was 15. Some 20 years later, with substantial experience as a cleaning woman, she started a company called MAS, Multicultural Amsterdam Cleaners. In 1999, she employed 75 workers, mostly immigrants, and generated $1m sales. Foreigners in the EU earn at least $461bn a year and pay $153bn in taxes, roughly $60bn more than immigrants receive in welfare benefits.[42]

Table 4. – Share of population over 65 in total population

	1980	2000	2010	2030	2050
World	5.9	6.9	7.6	11.8	16.4
More developed	11.6	14.4	15.9	22.6	25.9
Less developed	4.1	5.1	5.8	9.9	15.0
Least developed	3.1	3.1	3.2	4.5	8.1

Source: ILO, *World Employment Report 2001* (Geneva: ILO, 2001), Table 1.6.

It does happen, of course, that immigrants bid down wages or take over a native's job. Much textile parts manufacturing in the Italian town of Prato, a traditional textile centre, has been taken over by Chinese businesses. But if they had not come, there would be no native workers doing their jobs, either. Instead, productive capacities associated with a large part of the textile value chain would have closed for good because locals are unwilling to work at the low wages dictated by fierce international competition in this sector. Clearly, painful economic change regularly happens, but it is seldom migrants that drive this process. The demise of farming as a way of life, the disappearance of many heavy and engineering industries in the 1970s, or the IT meltdown in 2000 have nothing to do with immigration.

The point is that especially illegal immigrants – who of course pay no taxes and are ineligible for welfare benefits – mostly take up jobs that no one else is prepared to do. It is obviously easier for less competitive firms and sunset industries to get away with irregular employment and tax avoidance if they can rely on migrant labour. In the early 1990s, some 200,000 or so illegal immigrants lived in 38,000 dwellings just outside of Lisbon. They stayed in overcrowded shacks made from timber and corrugated iron and had to put up with awful sanitary conditions. Approximately 15,000 of them were slave labourers sold by intermediaries to factories or construction companies in Lisbon, Northern Portugal, or the Algarve.[43] It is preposterous to argue that Portuguese citizens would have any of this. Indigenous workers prefer situations of semi-employment or unemployment if confronted with what amounts to hard work for lousy pay. Short of completely dismantling Europe's welfare system and fragmenting informal family support systems, this is not going to change.

The alternative to such abuses would be properly organized contract labour migration. But when such systems are politically inopportune to set up, governments may tacitly accept illegal movements to accommodate the need of employers for cheap workers without taking any political heat.[44] It is fair to say that this makes them accomplices to abuse and, in the worst case, slavery. Native unskilled workers would best be protected by properly managed and regulated migration. So when governments cite the plight of the local poor as a justification for keeping migrants out officially while letting them in unofficially to keep unviable businesses afloat, they are being cynical. They certainly do not have a good economic reason for restricting immigration.

Hang-ups over sovereignty, national identity and "the others"

The international norm for exit from countries is (or should be) freedom; that for entry is privilege. Control over which and how many foreigners get into a country is a traditional right of the nation state. States try to exercise this right by granting or denying access to individuals at their borders. Pre-globalization, when the idea that societies largely corresponded to economic systems was a lot easier to implement, states were responsible for cushioning the weak against the adverse effects of international competition that resulted from increasing openness. But states have been less and less able (and willing) to honour the redistributive social compact of the postwar era.[45] This weakens their legitimacy. Successful immigration control, by contrast, could help strengthen legitimacy because it projects the image that states defend the entitlements of welfare and distributive justice against outsiders.[46] The traditional perception is that a state unable to keep out undesirable elements is not worth its salt. But the current emphasis on "control" suggests that state sovereignty walks on short legs because illegal migration is on the rise and there is no indication of any let-up in this development.

In an attempt to strengthen their capacity at control, EU member states have instituted before-the-border regimes of immigration control. Thus borders no longer just refer to the physical installations that correspond to the demarcations drawn on political maps, but may mean a foreign airport, a refugee centre in a migration transit country, an embassy – in short, any space in which the state requires document checks, processes visa applications, or otherwise rejects demands for entry. From a control point of view, the advantage of this buffer zone is that at least in part it is not subject to domestic legal or international human rights norms that otherwise constrain the administrative effort of keeping out migrants deemed undesirable. The geographic extension of access control to European countries is a curious antidote to the EU's recognition that a true single market implies borderless travel. If European integration cannot be realised unless a traveller from Madrid can disembark at Helsinki airport without having to produce an ID, how is a global economy supposed to function in which borderless travel for a majority of the world's population is becoming less, not more, easy?

The focus on borders is thus problematic *per se* because it is fundamentally at odds with both the rhetoric and the practice of globalization. The notion of sovereignty on which it is based reflects the conception of a world that no longer exists. And the focus on individual migrants as the principal subject of the control effort is problematic because it ignores that migrants' decisions to leave sending countries are largely matched by some sort of demand for their labour in the receiving countries.[47]

A majority of Europeans is concerned that immigrants (and other minorities) threaten social peace and welfare and exacerbate unemployment. Natives without higher education and with experience of unemployment have more critical views of immigrants and are more sceptical of multiculturalism.[48] Not surprisingly, therefore, people less likely to have benefited from globalization are more hostile towards one of its more visible manifestations, namely people come from afar. What makes the latter different is, apart from their origin, what they look like, whom they worship, which social practices they honour, how affluent they are, and so on. Diffuse notions of national identity and cultural integrity become a defensive reflex that makes "the others" a scapegoat for social ills.

Table 5. – Global diversification of migration flows in select European countries (Total population by citizenship, 1 January 1998)

	Belgium		Germany		Switzerland	
From/to:	Number	Per cent	Number	Per cent	Number	Per cent
Total	10192264	100,0	82057379	100,0	7096465	100,0
Nationals	9289144	91,1	74691546	91,0	5721307	80,6
Non-nationals	903120	8,9	7365833	9,0	1375158	19,4
Non-nationals not from EEA *of which*	339863	3,3	5506417	6,7	554704	7,8
EAST. EUROPE	14945	4,4	1999408	36,3	339716	61,2
Poland	6034	1,8	283312	5,1	4327	0,8
Ex-Yugo.	1309	0,4	1269606	23,1	316607	57,1
OTHER EUROPE	82882	24,4	2109027	38,3	80574	14,5
Turkey	73818	21,7	2107426	38,3	80333	14,5
AFRICA	171124	50,3	305595	5,5	31345	9,2
North	146364	43,1	143618	2,6	13208	2,4
West	3297	1,0	79469	1,4	5340	1,0
Horn	..	..	36494	0,7	3145	0,6
Sub-Saharan	14590	4,3	44157	0,8	9460	1,7
AMERICA	22035	6,5	194371	3,5	42285	7,6
USA	12592	3,7	110105	2,0	12989	2,3
ASIA	25677	7,5	781034	14,2	58336	10,5
Top-5	15280	4,5	384395	7,0	31764	5,7

Source: Eurostat, *European Social Statistics. Migration* (Luxembourg: European Communities, 2000), Table B-2.1.

Note: EEA (European Economic Area) = EU-15 + (EFTA – Switzerland). Top-5 Asian migrant source countries for Belgium = China, India, Japan, Philippines, Pakistan; for Germany = Afghanistan, Iran, Lebanon, Sri Lanka, Vietnam; for Switzerland = Sri Lanka, Vietnam, India, China, Philippines.

Table 5 shows that the traditionally strongest immigrant communities – for example, Turks and North Africans in Belgium; Turks and citizens of the former Yugoslavia in Germany and Switzerland – still account for the majority of the non-naturalised population that comes from outside the high-income part of Europe. But they are increasingly joined by others from much farther away. Thus, seven per cent of all Africans in Germany are from Ghana; Brazilians account for one per cent of the non-EEA foreign population in Switzerland – more than the Swiss in either Belgium or Germany; and there are growing communities of Chinese, Vietnamese, and Sri Lankans. In Italy, Morocco and Albania have replaced the US and Germany as the most important sending country (see Table 6). The more ethnically, racially, or culturally diverse the foreign population is, and the more the indigenous national identity is built upon ideas of ethnic or racial superiority and prejudices born out of ignorance, the more conflict potential exists that can be fomented, propagated, and instrumentalized.[49] We know of course that migrants did not invent globalization, and that globalization without migration – and, hence, more cultural diversity – is impossible. Yet the very concept of migration control neglects this insight.

Table 6. – Stock of foreign population in Italy by nationality, in per cent

	1985	1990	1995	1999
Morocco	.6	10.0	9.5	11.9
Albania	.0	.0	3.5	9.2
Philippines	1.8	4.4	4.4	4.9
Yugoslavia	3.3	3.8	5.7	4.4
Romania	.0	1.0	2.5	4.1
United States	12.1	7.4	6.1	3.8
China	.4	2.4	2.2	3.8
Tunisia	1.0	5.3	4.1	3.5
Senegal	.1	3.2	2.4	3.0
Germany	8.8	5.3	4.0	2.8
Sri Lanka	.6	1.5	2.0	2.4
Egypt	1.6	2.5	2.2	2.3
Poland	.0	2.2	2.2	2.2
Peru	.0	.7	1.0	2.1
India	1.2	1.4	1.5	2.0
Other	68.4	48.9	46.8	37.5
TOTAL	100.0	100.0	100.0	100.0
Of which: EU	..	19.0	16.5	11.6

Source: OECD, *Trends in International Migration* (Paris: OECD, 2001), Table B.1.5.

Paradoxically, migration control also worsens the disproportionate incidence of crime among immigrants. Illegal immigrants are overrepresented among criminal immigrants and also among the population at large. Offences range from petty theft to very serious forms of organised crime. The rise in crime coincides with the beginnings of more restrictive immigration regimes from the mid-1970s. This obviously unintended consequence results from a selection bias in terms of which type of potential migrants is willing to challenge restrictive immigration regimes and accept illegal ways to enter destination countries.[50] Drug runners from Kosovo and North Africa and pimps from Nigeria have fewer qualms about manoeuvring their way around immigration authorities to succeed in running their rackets on the streets of Milan and Turin than a tailor from Vietnam who hopes for a job in an Italian textile firm.[51] Thugs clearly have a higher risk tolerance than law-abiding people, be they residents or migrants.

Crimes committed by some immigrants turn at least part of the resident population against all immigrants. The way governments deal with these fears tends to make matters worse. Those on the right follow their law-and-order reflexes and promise yet more migration control which in turn attracts more of the people societies can happily live without. Those on the left seldom confront the objective security problem head on for fear of raising the ugly spectre of xenophobia and racism. This is the wrong policy because it does not sufficiently differentiate between foreigners and criminals. The thugs prey on everyone regardless of status. Hence, resident aliens and illegal immigrants are in need of protection, too. Also, as long as parts of the electorate feel unsafe walking the streets, multiculturalism will elude societies in favour of national homogeneity and thus make globalization much more difficult to manage. This is so much the more unfortunate as it threatens to waste promising social capital and goodwill – the majority of Europeans are actually optimistic about multiculturalism.[52]

The "new" EU immigration policy

Traditionally immigration policy has been the exclusive prerogative of the member states. This changed in 1999 when the Treaty of Amsterdam stipulated that the EU over a period of five years should assume responsibility over a range of issues, from internal movement of third-country nationals to common asylum procedures and a comprehensive system to combat illegal immigration. However, because of the real or imagined significance of immigration to state sovereignty, how many migrants each member state would accept and how long these people would be allowed to stay was to remain its own decision. In late 1999 the European Council mandated political guidelines to set up a so-called Area of Freedom, Security and Justice – a sort of EU equivalent to national justice and home affairs legislation, procedures, and practices.

Under the new system immigration is both Community and national responsibility. Prior to the adoption of the Treaty of Amsterdam, third-country nationals working in one member state had in principle no right freely to travel to another. In practice, they still don't. Freedom of movement inside the EU is thus a privilege accorded only to citizens. It is controversial whether this practice violates international human rights. But clearly the EU has not covered itself in glory in this respect.[53] The current situation is as though an Algerian violinist working with the Boston Symphony Orchestra had to apply for a visa to visit the opera in New York or Chicago. The new treaty at least offers the perspective that this will change in the foreseeable future if the Commission manages to formulate harmonized policies and procedures and navigate them through the Council. The Commission's draft directive for the admission of third country nationals proposes the establishment of a single residence and work permit.[54] Overall, lifting immigration out of the non-justiciable twilight zone of ill-defined intergovernmental cooperation under the Maastricht Treaty and introducing a single constitutional base and more democratic control through the involvement of the European Parliament, is welcome *per se*. But it is of course the content of these emerging policies that matters most.

The Commission has tabled a number of proposals emphasizing that business-as-usual is not an option in immigration policy. In its communication on a community immigration policy it acknowledged the economic reality of push and pull factors and argued that "the existing 'zero' immigration policies which have dominated thinking over the past 30 years are no longer appropriate."[55] The report also recognized that migrants generally have a positive effect on economic growth without burdening the welfare state or exacerbating unemployment. It implicitly admitted the perverse incentives restrictive policies contain. In Nigel Harris's words, "[p]reventing people working so that they could not become citizens forced them to become citizens in order to work".[56] The Commission proposed that migrants be allowed to visit their home country without losing their status in the host country, and that all these rules apply to unskilled as well as skilled workers.[57] In conclusion, lest it forget, it put the Council on notice that "a shift to a proactive immigration policy will require strong political leadership and a clear commitment to the promotion of pluralistic societies and a condemnation of racism and xenophobia."[58]

But it may well happen that member states will have none of this and instead exploit the strengthened effectiveness of the new framework to justify policies that regard immigration as essentially a law-and-order problem and “securitize” its management.[59] In the minds of national executives pondering the implications of a borderless Europe, immigration ranks right next to drug trafficking and organized crime, arguably a pretty weird assortment of apples and pears which suggests that policymakers have a rather limited understanding of the effects of their actions.[60]

Even if the Commission’s relatively enlightened approach carries the day, the ultimate emphasis in immigration management remains on control. The idea is that we are happy to rescind some of the more knee-jerk attitudes toward immigrants, including those that are visibly different from us in that they are not white, because we realize that we benefit economically from their presence. Even in hard times we know that migrants are much more likely than citizens to set up a corner shop and employ the whole family to keep it open to business as long as our medieval regulations on opening hours allow. Settling for long-term unemployment is simply not their typical reaction.

But we do not trust markets totally. If we did, we would acknowledge that people do not travel immense distances, shouldering very considerable costs and high risks, unless work prospects in the destination countries are reasonably realistic. Inward migration to Japan has been lower than to the US not just because the Japanese preferred to keep their society spanky homogeneous but because, if given the choice, only fools would opt to go to a country that has not grown for some ten years over one that has on balance done very nicely.[61] So we insist on a system that allows us to filter those we deem worthy from those that we don’t.

In trade, not trusting markets totally is the exception rather than the rule. A WTO member that declared a systematic preference for *Made in Germany* over *Made in Taiwan* would be treated like a bishop trying to convince the pope to retire the Almighty from the Holy Trinity. To be sure, protectionism is alive and well but the long-term trend since WWII has been one of progressive liberalization. When trade officials announce protectionist measures, they do not swagger into the press conference to brag about their achievements. They employ defensive, convoluted rhetoric because they know that what they are doing is not right. The same is true for capital and services. Some of this is schizophrenic but at least we acknowledge our shortcomings.

No such recognition informs our thinking about immigration. There is a powerful residual of Us-and-Them sentiments that gives rise to idiotic fears of hordes of unskilled desperados going for the good life in Aalst, Peterborough, Hvidovre, or Pésaro. Nobody has calculated the total costs of trying to intercept the 500,000 illegal immigrants Europol estimates arrive in Europe every year. Control measures include actions in the source countries, the creation of buffer zones in Eastern Europe replete with funding to improve border surveillance, detention, police raids, penalties on employers, repatriation, and so on. They increasingly involve private actors – for example, airline carriers or security services – states use to extend migration control to deterrence-before-entry.[62] In principle, any public policy should stand the test that benefits outweigh costs and that the intervention leads to the desired outcome. The first question is hard to answer because people evidently disagree about what constitutes a “benefit”. But we do know that immigration policy does not work – remember the *clandestini* from the beginning of the essay.

Consequences

The number of *clandestini* is on the rise both because governments of destination countries try to restrict their legal entry, and because they are evidently unable to do so completely. Their lack of full control over illegal migration is no more surprising than their inability to rein in the drug or the arms trade. When demand and supply are outlawed, a black market emerges. This is not an argument in favour of the over-the-counter availability of weapons-grade plutonium. It merely cautions that migration control is no longer merely about an individual wanting to get into a country and a government at destination granting or refusing access. Indeed, restrictive migration control leads to a budding migration industry which, in the words of a long-time observer, "may be more powerful in shaping population flows than the policies of states."[63] It also suggests that the criminal networks active in the migration industry must be included in any attempt to assess the relative costs and benefits of migration control. These networks are among the nastiest constituent elements of global crime, and dealing with the consequences of their presence does not come cheap.

Their business is human trafficking or, even more chilling, the body trade. It works like this.[64] Tirunaukarasu Shadacharan runs a travel agency in Colombo, Sri Lanka. Kent Tours & Travels fronts for what really is a business that gets Sri Lankans to Western Europe, in 2000, for about $10,000. Mr Shadacharan first obtains travel documents for his clients who might be young Tamils from the war-torn Jaffna peninsula in the North. They go to Egypt by ship, holding a passport and a letter of appointment from an Egyptian cargo company both of which are fake. Upon arrival in Egypt they apply for a transit visa which is easily granted. While the migrants stay in Cairo safe houses, the traffickers prepare counterfeit documents for their onward journey by washing old visas, forging stamps, or using genuine visas from someone else's passport. Then they fly to Amsterdam from where, in principle, they can reach other EU destinations. They might claim refugee status, go underground, and take menial jobs. If they were unable to finance the whole trip by themselves, they might end up indebted to the smugglers.

Not everybody needs upwards of $10,000 to make it to Western Europe. In 1999 Albanian *clandestini* paid just $540 for the short ride by power boat across the Mediterranean. Middlemen in Tirana offered "package tours" – guaranteeing multiple crossings in case of failed landing attempts due to police interference – for $2,000. That year Italian authorities picked up 2,600 illegals a month on the stretch of coast facing Albania and reckoned that two to three times this number made it into Italy.[65] Bringing merely one hundred people across covers the price of a boat which shows how profitable this investment is for the traffickers. In Europe alone revenue from trafficking was estimated at $3-4billion in 1999.

According to UN estimates some four million people are trafficked each year. A quarter of these work or – more often – are exploited in sex industries. The fate of women and children who are trafficked for sex purposes is among the saddest realities of the global economy.[66] Most of the prostitutes in Western Europe come from Eastern Europe and parts of the former Soviet Union, especially Russia and Ukraine. Many of these women are victims of the economic hardships that afflicted the transition economies and massively drove up inequality from Tallinn to Kiev. They lost their jobs due to necessary industrial restructuring. They also often lost their husbands, either literally or to alcohol, because many men were unable to cope with life in a market economy.

As with other migrants, they need to earn a living somewhere; this is the push factor. Western Europe's sex industry is worth some $9 billion; that is the pull factor.[67] What brings supply and demand together and establishes an equilibrium of sorts are organized gangs of traffickers. Most of the women they recruit are lured with promises of decent jobs. In reality they are sold to pimps who practically own them because they hold their identity papers. Women who do not submit to their fate are controlled through violence or murdered. To add hypocrisy to tragedy, even in EU countries such as Germany and the Netherlands where prostitution is in principle legal, this only applies to EU citizens. This is bad news for the women from third countries because it enhances their dependence on the men who exploit them.[68] This practice yet again underlines the predisposition of the EU to accord secondary status, lower protection, and less dignity to those it considers outsiders.

Conclusion: How Europe fails the developing world

Globalization has intensified the links between the world's populations. The difference between the world economy and national economic systems is that the former is without the political institutions to (re)distribute the gains from integration and cushion against its costs. Migration is a response to this shortcoming – it "represents a claim to be included in systems for distributive justice."[69]

The governments of the EU are unwilling to entertain this claim. On the contrary, they are responsible for an unjust distribution of the costs of and benefits from globalization that fuels the push and perhaps also the pull behind migration. EU farm and trade policies make life harder for people in developing countries. In migration control, the EU exploits its influence by externalising some of the dirty work while minimising its costs. In its attempt to keep migrants at bay, the EU's use of its Central European neighbours as a buffer zone effectively shifts the major burden to the transit countries.[70] This practice makes the rich EU a migration fortress and its poorer neighbours migration destinations of last resort. British Prime Minister Blair's proposal to punish developing countries unless they manage to stem outmigration to the EU by withholding EU aid, is a telling example of rich-country hubris and a good illustration of making poor countries pick up the tab for the dislocations in rich countries caused by economic change.

Migration control is needed, some rightwingers argue, because the boat is full. They have a point in that there are obviously physical limits to how many people Europe can accommodate. It is also obvious that these limits will be exhausted in a densely populated country such as Holland long before they would be felt in Canada. If driving through the Scottish Highlands became just as much a nightmarish experience as being in London traffic during rush-hour; if visiting the cafés of Budapest implied a three-year waiting period; if the density of airline traffic darkened our skies; if siblings had to take turns going to school because average class sizes in elementary school had grown to 500 without any concomitant expansion in building facilities; if plumbers started fixing our teeth because dental practices were too busy issuing new appointments before summer 2007; and so on, the boat would indeed be full. No new passengers should be accepted lest it sinks. Needless to say, Europe is nowhere near this situation.

The upshots of liberalising immigration and the downside of restricting it are clear, certainly in economic and business terms. It is hardly a coincidence that the *Economist*, the *Financial Times*, and the *Wall Street Journal* are in support of free immigration and against racism. So why does it not happen?

It does not happen because of the sorry moral and mental state of Europe's political leaders. At issue is not so much the disgraceful rant by populists such as Kjærsgaard (People's Party, Denmark), Haider (Freedom Party, Austria), Bossi (Northern League, Italy), Hagen (Progress Party, Norway) and Le Pen (National Front, France). Hopefully they are but a passing stage act in Europe's political theatre of the absurd. The real culprits are smack in the political mainstream, both left and right. They are guilty of avoiding a rational debate on the relative merits of a more open immigration policy because keeping out migrants and asylum seekers, much like being tough on crime, is a vote getter. Much to our shame, racism is still socially acceptable in Europe. That makes foreigners, especially those that come from afar, easy scapegoats for all the problems our politicians do not have the guts to address. What they should do is go out and educate a largely uninformed electorate. Instead, they play fiddle to our xenophobic instincts. There is no excuse for this.

Of course, while political leaders bear the principal responsibility for the current state of affairs, European citizens have their share of hypocrisy. For example, many people will oppose official immigration for fear of increased competition in domestic labour markets. At the same time, they will happily condone illegal immigration because it provides them with the cheap builder from Eastern Europe who renovates their summer home for a fraction of what they would normally pay.

German or French tourists visiting the sights around Mazara del Vallo in Sicily might admire the temples in the nearby Greek settlement of Selinunte or the remnants of a Phenician trading outpost on the island of Mózia. In Pantelleria they would find *dammusi*, Arab-inspired architecture. Elsewhere they might come across traces of Jewish or Lebanese trading activity. In the past, migrants contributed to the creation of societies. The extraordinary vibrancy of classical and early medieval Mediterranean culture is a good illustration. It is short-sighted not to take inspiration from this for modern migration policy.

Open markets require open minds**.** It is unrealistic to expect that everybody is prepared to live with the consequences. But those that don't should not hold public office unless they are prepared to bite the bullet and go on record advocating nationalism, mercantilism, and a general retreat from globalization. A more open approach to immigration would help convince sceptical developing countries that they can reap some of the gains from globalization. If they continue to be sceptical, the emerging global environment of free markets and accountable governments is likely to suffer.

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Endnotes

[1] Oxfam, *Rigged Rules and Double Standards*. (www.maketradefair.com, 2002).
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[6] CAFOD, "Dumping on the Poor" (www.cafod.org.uk, 2002), 7.
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[10] cf. Peter Stalker, *Workers without Frontiers* (London: Lynne Rienner, 2000).
[11] Gregory White, "Encouraging Unwanted Immigration: A Political Economy of Europe's Efforts to Discourage North African Immigration," *Third World Quarterly* 20, no.4 (1999), 839-54.
[12] Stephen Castles, *Ethnicity and Globalization* (London: Sage, 2000), Chap.5.
[13] To be sure, this is a very high estimate. Many serious observers such as the UN Population Division speak of about half this figure.
[14] US (35m), Russia (13.3m), Germany (7.3m), Ukraine (6.9m), France (6.3m), India (6.2m), Canada (5.8), Saudia Arabia (5.2), Australia (5.5), Pakistan (4.2m), UK (4.0m), Kazakhstan (3.0m), Hong Kong (2.7), Ivory Coast (2.3), Iran (2.3m). See United Nations Population Division, *World Population Monitoring 2002* (New York: UN, 2002).
[15] OECD, *Trends in International Migration* (Paris: OECD, 2001), 35.
[16] OECD, *Trends in International Migration*, 18.
[17] OECD, *Trends in International Migration*.

[18] John Salt and James Clarke, "International Migration in the UNECE Region: Patterns, Trends, Policies," *International Social Science Journal* 52, no.165 (2000), 313-28.
[19] United Nations Population Division, *World Population Monitoring 2000* (New York: UN, 2001).
[20] Saskia Sassen, *Guests and Aliens* (New York: New Press, 1999).
[21] A part of Mazara del Vallo's old port district from which the *Giove* hailed is tellingly (and officially) named *La Kasbah*.
[22] Russel King, "Migration and Development in the Mediterranean Region," *Geography* 81, no.1 (1996), 3-14.
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[26] Saskia Sassen, The Mobility of Labor and Capital: A Study in International Investment and Labor Flow (Cambridge: Cambridge University Press, 1988); Castles, Ethnicity and Globalization, Chaps 5, 8; Stephen Castles and Mark J. Miller, The Age of Migration, 2nd ed. (London: Macmillan, 1998), Chap.7.
[27] cf. Benjamin Jones, "An Ecuadorian in Madrid," *Europe* (November 2001), 11.
[28] cf. King, "Migration and Development in the Mediterranean Region."
[29] See for example, Vincenzo Ruggiero, "Trafficking in Human Beings: Slaves in Contemporary Europe," *International Journal of the Sociology of Law* 25 (1997), 231-44.
[30] Sassen, *The Mobility of Labor and Capital*; see also Castles and Miller, *The Age of Migration*, Chap. 7.
[31] Krystyna Iglicka, "Migration Movements from and into Poland in the Light of East-West European Migration," *International Migration* 39, no.1 (2001), 3-32.
[32] Ghosh, "Towards a New International Regime for Orderly Movements of People."
[33] Sassen, *Guests and Aliens*, 137.
[34] Castles and Miller, *The Age of Migration*, Chap. 2.
[35] Carinthia and "Padania" are regional strongholds of two of Europe's most xenophobic elected politicians, Jörg Haider from Austria and Umberto Bossi from Italy.
[36] cf. White, "Encouraging Unwanted Immigration."
[37] For an in-depth treatment, see Riccardo Faini, Jaime de Melo, and Klaus F. Zimmermann, "Trade and Migration: An Introduction," in Riccardo Faini, Jaime de Melo, and Klaus F. Zimmermann, eds, *Migration: The Controversies and the Evidence* (Cambridge: Cambridge University Press, 1999), 1-20.
[38] The idea of this section draws on a neat parable by Julian Simon, *The Economic Consequences of Immigration*, 2nd ed. (Ann Arbor: University of Michigan Press, 1999), Chap. 1.
[39] Faini, Melo, Zimmermann, "Trade and Migration."
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[42] William Echikson, "Unsung Heroes," *Business Week*, 6 March (2000), 92-100.
[43] M. Eaton, "Foreign Residents and Illegal Immigrants in Portugal," *International Journal of Intercultural Relations* 22, no.1 (1998), 49-66.
[44] Castles, *Ethnicity and Globalization*, Chap. 6.
[45] The points of tension between multiculturalism and social citizenship are often exaggerated. The post-war experience from OECD countries shows that ethno-linguistic diversity and social redistribution may well be at odds. But how this relationship exactly played out varied from country to country because it was contingent on the structure of political institutions. In general, consociational democracies like Belgium and the Netherlands, with centralised institutions and a tradition of consensual decisionmaking, handled the friction better than liberal welfare states such as the UK with less extensive entitlement programmes. Social democratic and corporatist welfare states of the Scandinavian or continental European variety to this day appear to succeed to reconcile cultural diversity with more ambitious welfare programmes, albeit increasingly at the price of restrictive immigration and naturalization policies. Just to put things in perspective, a much more formidable challenge to inclusive social rights results from substate nationalisms like the Flemish, Catalans, or Basques. See Keith G. Banting, "Looking in Three Directions," in Michael Bommes and Andrew Geddes, eds, *Immigration and Welfare* (London: Routledge, 2000), 13-33.
[46] Bill Jordan, and Franck Düvell, *Irregular Migration* (Cheltenham: Elgar, 2002), Chaps 1, 10.
[47] Saskia Sassen, "The De Facto Transnationalizing of Immigration Policy," in *Globalization and its Discontents* (New York: New Press, 1998), Chap. 2.
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[56] Nigel Harris, Thinking the Unthinkable: The Immigration Myth Exposed (London: I.B. Tauris, 2002), 31.

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[60] cf. Kostakopoulou, "The 'Protective Union'."

[61] cf. Harris, *Thinking the Unthinkable*, Chap. 2.

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