

# Comments on "Should we have a WTO for International Migration?"

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## Summary

- This paper puts together evidence and discussion aimed at understanding why trade policies are so liberal whereas migration policies are so restrictive, despite the fact that migration is the field where the expected gains from liberalization are largest.
- A focus for the paper is provided by the question in the title, which helps to organize the material and motivates additional discussion at both ends.
- Many of the arguments developed are interesting and compelling. I also appreciate the effort (and difficulty) in finding empirical evidence to back them.
- Many of my comments are on empirical aspects, even if they are not necessarily central to the paper's arguments.

## **How much more trade than migration?**

- The paper begins by checking that there is indeed more trade than migration.
- This is done by comparing imports to GDP ratios with immigrants to total population ratios. I suppose these are natural measures for each concept, but I am not sure how informative are direct numerical comparisons, given that GDP is a flow measure whereas population is a stock.
- In fact, one problem with linking immigration and trade policies is the difficulty in finding some measure of equivalence.

## **How large is the causal effect of GATT/WTO on trade?**

- Next, there is some discussion and evidence on the effects of trade policies and GATT /WTO membership on trade, which is suggestive and useful.
- However, worries of reverse causality persist and perhaps merit some discussion.
- Did membership of GATT increase trade or was the willingness to trade causing GATT expansion?
- Even if empirical resolution may be difficult, progress on this question could be made by analyzing the determinants of GATT membership.

## **Are the same types of people really opposed to both imports and immigration?**

- The paper reports regression results from cross-sectional survey data for multiple countries on the determinants of individual attitudes towards protection and immigration.
- The motivation for these estimates is finding out to what extent the anti-migration and the anti-trade groups overlap, given small differences in aggregate attitudes.
- The conclusion is that opposition to immigration is not much more intense than to imports and that the same people are opposed to both, so that policy differences cannot be explained by differences in public attitudes.
- The force of this conclusion is limited by the fact that regressors explain less than 10 percent of the variability in responses to the policy questions. So we cannot really say from these estimates that the “same” people are opposed to both. We just do not know.
- Since most of the variation is in the errors, we might say that the same people are opposed to both if we observe a large positive correlation between the unobservables determining opposition to immigration and imports.
- The correlation between probit errors (Appendix) is between 0.2 and 0.3, which is of the same magnitude as the correlation found across country averages (described as not particularly strong, and suggestive that there may be systematic differences between those who are opposed to immigration and those who are opposed to trade).

## **Prejudice against things foreign or economic motive?**

- I am not sure the evidence in Table 5 on prejudice as a determinant of attitudes is so compelling. The effects of ‘patriotism’ and ‘chauvinism’ will be upward biased if they are positively correlated with unobserved determinants.
- The low R2’s leave much room for unobserved heterogeneity bias in the effects of ‘patriotism’ and ‘chauvinism’.
- I have in mind heterogeneity in individual exposure to competition from immigration or trade (e.g. working in an industry threatened by imports). Or may be I am just prejudiced in favor of economic motives.
- It is interesting that the effect of ‘patriotism’ on imports is more than twice the size of the effect on immigration. I wonder if there is a differential effect for second generation immigrants. i.e. That patriotic feeling in the descendants of immigrants may produce less opposition to immigration than to imports.

## Country-level effects

- The left-hand side variables should be understood as measuring sentiment towards limiting imports or immigrants relative to existing conditions, which vary across countries.
- To some extent this is taken care of by country dummies in the regression.
- The purpose of section 2.3 is to go inside the dummies to check if their variation can be associated with country differences in fractions of imports or foreign born, and the size of the welfare state. This is a useful but limited exercise.
- One limitation is that the change in conditions in a given country may matter more than cross-sectional differences in the levels.
- Another limitation is that country-level effects need not be restricted to an additive term. A useful benchmark would be to estimate separate equations for each country.

## Equilibrium policy outcomes

- Section 3 discusses the association between opinion and policy in a supply and demand framework. That is, regarding equilibrium policy outcomes as intersections of public opinion and policy reaction functions, then thinking of shifters of these functions.
- This is a useful way of organizing the discussion in spite of lack of empirical content.
- I do not see a basis for saying that the plots in Figure 3 are "consistent with the policy reaction function of Figure 2", just because they are upward sloping.
- This would be the case if we knew a priori that regression lines have to be one curve or the other, but the only presumption is that they are just some combination of both.
- May be one could argue that anti-trade opinion functions are relatively flat.
- Much of the material in this section is of an expository nature, but nevertheless central to the paper. This includes a review of the arguments in Hatton and Williamson (2005b) and the discussion on the different natures of politics of trade and migration (as in Greenaway and Nelson, 2006).

## **Back to the international institutions: Lack of reciprocity?**

- The lack of an international forum for migration is not regarded as an accident of history, but the result that reciprocity, which is key under GATT/WTO, is missing in migration.
- The conclusions are that it will be hard to get global agreements for migration and that regional agreements may be a realistic way forward.
- Falling transport costs have enlarged the potential for long-distance migration, but they have also increased the potential for temporary movements, recurrent, and return migration. Overall, there seems to be a widening array of migration arrangements.
- Migrant remittances have become an important source of development finance for some countries. This fact may create a basis for reciprocity, even if governments in developing countries may find difficult to admit to their own citizens an interest in active emigration policy as a solution to their economic problems.
- Because of the two previous considerations, agreements on new forms of migration may become a more important ingredient of liberalization of migration than they have been in the past.