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Creating a global framework for immigration

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Our best chance for future prosperity is taking a globally integrated approach to immigration, says international economist and author Dambisa Moyo.

Human capital will be both a key source of challenge and of opportunity for enhancing the prospects for long-term global prosperity. Unfortunately, we don't treat it that way. Although labor quality and quantity are key inputs of canonical economic models of economic growth, there remains no globally integrated approach to migration. This is despite the fact that the two other critical determinants of economic growth—capital, in the form of trade and cross-border flows, and productivity, largely driven by the spread of ideas—are governed by international frameworks with rules and regulations overseen by international agencies.

Labor policy, however, remains the purview of nation states. Given the challenges in the next 50 years, it seems to me that a globally integrated immigration approach is the single biggest opportunity we can act on now to sustain rising prosperity for the long term.

According to the International Labour Organisation, there are approximately 73 million young people between the ages of 18 and 25 who are out of work around the world. The global labor imbalance is particularly pronounced when you consider the worsening demographic dynamics of an aging population in the “West” (including Japan), versus the skew to the young in the rest, where up to 70 percent of the population is under the age of 25.

By deploying labor from countries of surplus to regions of deficit, there is scope to boost longer-term growth prospects. Countries that face a dearth of labor already tap the global talent pool in a unilateral, albeit inefficient, way. A global policy that targeted an optimal migration level could capitalize on the pools of workers around the world who remain underutilized, in much the same way that global growth over the past 50 years was significantly fuelled by the expansion of the workforce.

Such a proposition is contentious. The migration debate needs to evolve from the familiar binomial outcomes (yes, immigration is good; no, immigration is bad), into a broader frame that targets a globally optimal equilibrium. Doing so, however, would without doubt present challenges.

Of course, there would be trade-offs between economic gains and multiculturalism and there would be additional costs to host countries of a burgeoning population. The fact that low-density countries such as Canada and Australia could accommodate a greater rate of migration than high-density regions such as Western Europe would also need to be factored in.

But a global labor approach could be operationalized around global minimum standards and standardized tests. True, international bureaucracies have a checkered record of success. But without efforts toward a more universal approach to parcelling out labor, an important resource will remain trapped in places of excess, ultimately slowing global growth.

What is required is a solution for not only global migration (quantity) but also global training and education (quality). Migration gets the quantity in the right place, but the world economy needs better and more innovative thinking around education to make sure labor quality is useful, too. To ensure prosperity in the future, we need policies today that make the most of the world's precious human capital. □

Dambisa Moyo is an international economist and author of *Winner Take All: China's Race for Resources and What It Means for the World* (Basic Books, June 2012).

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