



Game changers: global policy priorities for the post-2015 agenda

Pedro Martins, Jonathan Glennie and Shakira Mustapha

Key messages

- There is a lot of debate but little agreement on the ‘global partnership’ that underpins new goals on sustainable development after 2015.
- This paper identifies the welfare gains from different possible parts of a new partnership, to help negotiators identify where the biggest benefits are to be had.
- Liberalising international trade and tackling mispricing can generate substantial revenues, although the former could yield asymmetric results between developed/developing countries.
- New sources of development finance – e.g. global carbon or financial taxes – could be a complement to traditional aid flows.
- Small increases in labour migration can generate very large welfare gains, benefiting migrants, host and sending countries.
- The key challenge will be to create a conducive political environment to help advance these policy agendas for post-2015.

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1 Introduction

Over the past year, there has been a growing debate on what should replace the Millennium Development Goals (MDGs). Much of this discussion has been focused on framing desirable outcomes – such as eradicating poverty, reducing inequalities, improving health and education, and protecting the environment. However, there is still limited agreement on which policy reforms would be required to fulfil these towering ambitions. The current MDG 8 contains targets on some important areas of international cooperation, but is generally seen as a weak and ineffective goal. A bolder and more comprehensive global partnership will have to be agreed this time around.

In this briefing paper, we bring together recent research to highlight the types of policy changes that could support an ambitious post-2015 development agenda. In practice, we compile and analyse several studies that provide quantitative estimates on the potential benefits of specific global reforms – many of which could be included in a revamped ‘global partnership for development’.¹ We focus our attention on labour migration, trade and investment, and development finance, since these are key areas of international cooperation. They broadly represent the movement of people (migration), goods (trade) and money (finance) across borders, and therefore illustrate how most countries interact with each other. Technology and intellectual property rights, which are often embedded in trade and investment relations, are not covered due to the lack of empirical estimates.

The empirical evidence that we have collected suggests that these types of cross-border flows can significantly improve global welfare – mainly by relocating labour and capital to where they are most productive. For instance, even small increases in migration flows can generate very large welfare gains – for the migrants themselves as well as for host and sending countries. Concluding the Doha round of trade negotiations (or at least some aspects of it) could also bring significant benefits, while tackling trade mispricing and improving the impact of foreign investment would also be crucial. Finally, it is vital to support domestic resource mobilisation efforts and explore new sources of development finance – such as global taxes – in order to complement traditional aid flows. While official development assistance (ODA) will remain important for many countries (especially for the poorest nations in the world), the economic, social and environmental challenges facing the world will require strong global collective action that goes well beyond aid flows.

While the estimates reported in this paper are not necessarily comparable across all policy areas and country groupings, this exercise does provide an approximate scale of the benefits that certain policy options could have in the context of a post-2015 agreement. In fact, the magnitude of the estimates suggests that there is significant scope to fulfil an ambitious vision of development. The key challenge is to create the political conditions to advance these policy agendas. Based on the findings of this paper, policy-makers could focus their efforts on reaching agreement in a selected number of policy areas that are likely to deliver the greatest benefits.

¹ This paper builds on Martins and Lucci (2013), which presented some arguments and proposals to motivate the construction of an effective and progressive ‘global partnership for development’.

2 Labour Migration

2.1 Barriers to Migration

There is a growing body of evidence suggesting that labour migration can be an effective tool to raise global living standards and reduce poverty. Migration has been shown to increase the wages of migrants, to provide an economic stimulus in host countries, and to also benefit sending countries (Lucci and Martins, 2013). At the global level, greater labour mobility can help address population imbalances – e.g. ageing in richer countries and youth unemployment in poorer countries – as well as tackle global income inequality. Nonetheless, these benefits are likely to be unevenly distributed (especially within countries) and some segments of the population may actually lose out. Despite the potential global efficiency gains, it is important to bear in mind that some provisions would need to be made to minimise possible short-term costs.²

A recent review of empirical estimates finds that the elimination of all barriers to international migration could generate overall economic gains ranging between \$47 trillion and \$103 trillion (Clemens, 2011).³ However, this is an unfeasible scenario (from a political and practical perspectives), since it would entail a dramatic and unprecedented population shift across countries – at least half of the population of poor countries would need to move to rich countries. Nevertheless, these figures do provide useful insights on the magnitude of the potential gains.

A partial removal of migration barriers would still produce large benefits for the world economy. Migration flows leading to net emigration rates of 7 per cent and 10 per cent in poor regions would create global efficiency gains worth about \$7 trillion and \$15 trillion, respectively. In fact, even small increases in migration would yield between \$0.3 trillion and \$1.6 trillion. For instance, if quotas on skilled and unskilled labour in developed economies are increased by 3 per cent of their labour forces – with developing countries supplying additional labour – global welfare would increase by \$288 billion (Walmsley et al, 2011). Moreover, if the stock of migrants in richer countries rises by the amount required to increase the total domestic work force by 5 per cent between 2010 and 2020 – and then remains constant until 2025 – the benefits would nearly reach \$1 trillion in 2025 (van der Mensbrugghe and Roland-Holst, 2009).⁴

In terms of its distributional impacts, the largest benefits would accrue to the migrants themselves, as their incomes would increase substantially. These positive income effects are also observed for natives of both host and sending countries, although previous waves of migrants might experience income losses – as a result of direct competition in the labour market that pushes down their wages (van der Mensbrugghe and Roland-Holst, 2009). In addition to these income effects, remittance flows would provide further benefits to sending countries (see below).⁵

² These global efficiency gains are generated when workers move to countries where they are more productive, which can simultaneously lower production costs in the host country and increase the wages of migrants.

³ We convert the gains as a percentage of world GDP (which was estimated to be \$70.4 trillion in 2011) to US dollars.

⁴ The values reported in the table refer to alternative (low and high) scenarios – 3 per cent and 8 per cent, respectively.

⁵ While all developed (labour importing) economies gain in terms of real incomes, the results differ across developing (labour exporting) economies. However, most gain as a result of the higher remittances sent home (Walmsley et al, 2011).

2.2 Diaspora Savings

Diaspora savings of developing regions are estimated to be worth \$400 billion – based on bilateral migrant stock data for 2010 and assumptions about migrant incomes (Ratha and Mohapatra, 2011). Remittances and Diaspora bonds are the two main ways of tapping into these resources. The World Bank (2013) projects remittance flows to developing countries at \$515 billion in 2015 – assuming an 8 per cent annual growth rate. Depending on the underlying migration scenario, remittance flows could increase somewhere between \$75 billion and \$183 billion (van der Mensbrugghe and Roland-Holst, 2009).⁶ Even at the current levels of migration, reducing the cost of sending remittances by 5 percentage points could generate gains of about \$16 billion (World Bank, undated). This could be achieved by making (formal) transfer channels more efficient and competitive through improved regulatory frameworks, increased transparency, and the use of new technologies (e.g. mobile phones).

Moreover, Ratha et al (2008) estimate that sub-Saharan African countries alone could raise between \$5 billion and \$10 billion per year through Diaspora bonds. India and Israel have been issuing these types of bonds for several decades, while Ethiopia has recently launched its second Diaspora bond – the ‘Renaissance Dam Bond’.

2.3 Summary

The table below provides a brief summary of the estimated impacts of key policy reforms relating to international migration. While the MDG framework did not explicitly address this issue, there has been an increasing interest on the linkages between migration policy and development outcomes in the context of the post-2015 debate (see Laczko and Lönnback, 2013).

Table 1: Estimated Impact of Labour Migration Reforms

Reform	Scenario	Estimated Impact		Source
		Developing	World	
Migration Flows				
Total removal of migration barriers	Half of the population of poor countries move to rich countries	..	\$47-\$103 tn	Clemens (2011)
Partial removal of migration barriers	Net emigration rate of 7.3-10.3% (of origin-region population)	..	\$7-\$15 tn	
	Net emigration rate of 0.8-2.0% (of origin-region population)	..	\$0.4-\$1.6 tn	
Increase quotas for migrants from developing countries	Quotas in developed economies raised by 3% of their labour forces	..	\$0.3 tn	Walmsley et al (2011)
n/a	Migration increases to achieve destination workforce growth of between 3-8% over 2010-20 (income gains)	\$58-\$136 bn	\$0.6-\$1.5 tn	van der Mensbrugghe and Roland-Holst (2009)
Diaspora Savings				
n/a	Migration increases to achieve destination workforce growth of between 3-8% over 2010-20 (remittance gains)	\$75-\$183 bn	n/a	van der Mensbrugghe and Roland-Holst (2009)
Measures to reduce remittance costs to encourage remittance flows	Reducing the cost of sending remittances by 5 percentage points	\$16 bn	..	World Bank (undated)
Diaspora bonds issuance	Sub-Saharan countries issue Diaspora bonds	\$5-\$10 bn (SSA only)	..	Ratha et al (2008)

Note: Clemens (2011) is based on the work of Hamilton and Whalley (1984), Moses and Letnes (2004, 2005), Iregui (2005), Klein and Ventura (2007), Walmsley and Winters (2005), and van der Mensbrugghe and Roland-Holst (2009).

⁶ These values are already included in the calculation of the overall benefits from greater migration flows.

3 Trade and Investment

3.1 Barriers to Trade

Studies assessing the potential impact of international trade reforms also tend to be focused on global efficiency gains – which are intrinsically linked to the negotiations that take place at the World Trade Organization. However, it is important to note that these welfare impacts are likely to be highly asymmetrical – both across and within countries – probably more so than for migration. For instance, it has been argued that richer countries are likely to benefit the most from some of the proposed trade reforms, while the poorest countries would either not gain from further multilateral liberalisation or even suffer negative welfare impacts (Fosu and Mold, 2007). Moreover, even if on the whole a country stands to gain from trade reforms, it is likely that some sectors, regions or population groups might be worse off and compensatory measures would need to be implemented. Therefore, it is important to interpret these values with great caution.

Based on a review of six empirical studies, Clemens (2011) argues that the elimination of all barriers to merchandise trade (i.e. trade in goods) could generate efficiency gains ranging between \$0.2 trillion and \$2.9 trillion – i.e. 0.3 per cent and 4.1 per cent of world GDP, respectively. Similarly, Laborde et al (2011) estimate that the elimination of agricultural and NAMA tariffs could generate global welfare gains of about \$496-\$725 billion, of which \$111-\$241 billion would accrue to developing countries. The lower range uses weighted-average tariffs, while the upper bound uses an alternative tariff aggregation approach. Nonetheless, ‘full liberalisation’ is an extreme scenario that is unlikely to be politically palatable – especially since its uneven distributional impacts may actually entail losses for some (groups of) countries.

Laborde et al (2011) also estimate the impact of a less radical scenario, whereby agricultural and NAMA tariffs are reduced according to a Swiss formula. These Doha formula cuts could generate global gains of about \$163-\$202 billion, while adding flexibilities would still entail a global gain of \$94-\$121 billion. For developing countries, the benefits would be considerably smaller – estimated to be \$47-\$62 billion and \$22-\$31 billion, respectively.

The IMF (2011a) provides estimates on the potential gains from the 2008 Doha package, which are partly based on a few empirical studies. A reduction of agricultural and NAMA tariffs is expected to generate global gains of about \$50-\$250 billion (due to increased market access), while measures that improve trade facilitation (e.g. customs procedures) could create welfare gains of about \$100-\$400 billion.⁷ The abolition of fisheries subsidies would tackle the depletion of global fish stocks and therefore generate benefits of about \$50 billion. Finally, eliminating tariffs on NAMA sectorals (i.e. chemical, electronic and electrical, and environmental goods) is estimated to induce benefits ranging between \$50 billion and \$200 billion. While there is no indication of the distribution of these gains across countries, it can be assumed that the majority would accrue to developed countries – either because of higher traded volumes or a better ability to take advantage of those opportunities.

⁷ These estimates do not include the gains that would accrue from the reduction or elimination of agricultural subsidies (especially in OECD countries), which can be considerable.

3.2 Trade Mispricing

The manipulation of transfer pricing occurs when a company charges an artificially high (or low) price for goods or services to another part of the same company in a different tax jurisdiction with the objective of minimising its overall tax payments (e.g. taxable profits). Trade mispricing is a more general concept, which also includes trade between (seemingly) unrelated parties – thus capturing re-invoicing and false invoicing (or mis-invoicing). These practices undermine the tax base in countries where the value added is generated, thus depriving them of their fair share of proceeds (UNCTAD, 2013). The implied tax revenue loss due to trade mispricing is considerable, especially given the rise of intra-company trade. Global value chains (through the fragmentation of production) and the growing importance of trade in services (which are harder to price) have increased the opportunities for cross-border pricing manipulation.

Kar and Freitas (2012) estimate that trade mispricing amounted to \$552 billion in 2010, with the bulk of this value referring to Asia – about \$444 billion. Hollingshead (2010) uses country-specific corporate tax rates to calculate implicit revenue losses on a country-by-country basis. The author estimates that, in 2006, total revenue losses due to re-invoicing amounted to \$125-\$132 billion in developing countries. In addition, Christian Aid (2008) calculates that transfer mispricing and false invoicing accounted for an average tax loss of about \$160 billion in developing countries – over the period 2000-2006. This value is higher than Hollingshead (2010) mostly because it includes 'same-invoice faking'. Overall, the scale of these implied tax losses is considerable.

3.3 FDI Income Repatriation

Foreign direct investment (FDI) income earned by multinationals in developing countries grew from \$238 billion in 2005 to \$555 billion in 2011 (UNCTAD, 2013).⁸ In 2010, 44 per cent of FDI equity income was repatriated from developing countries, although this value reached 68 per cent in Africa. In 2011, about \$214 billion were retained in developing countries (49 per cent of FDI earnings), while a slightly higher value was repatriated (UNCTAD, 2013). While retained earnings financed 39 per cent of inward FDI in developing countries in 2011 (i.e. reinvestment), retained earnings can also be used to increase cash reserves (and sometimes finance speculative activities).

Policies that lead to greater retention of FDI profits could generate significant resources for host countries. For instance, a 10 per cent increase in FDI income retention could generate about \$22 billion of new (productive) investments in developing countries. This could be achieved by providing greater incentives for domestic re-investment of earnings or by formally establishing a minimum level of re-investment (through the appropriate regulatory framework). Profit repatriation could also be minimised through measures to tackle transfer mispricing and other abusive practices (such as large royalty payments, re-invoicing, etc.).

3.4 Summary

The table below offers a brief summary of the estimated impacts of key international trade and investment reforms. The MDGs did include some market access issues, such as duty-free quota-free (DFQF) market access to the least development countries. While some progress has been achieved in this area, non-tariff barriers and the lack of productive capacities often undermine the ability of poor countries to participate and benefit from the international trade system. Including some of the issues

⁸ FDI income includes earnings (profits) on equity investments and interest income on debt. In 2005-2011, FDI earnings accounted for 89 per cent of total inward FDI income – 33 per cent was retained in the host economy and 56 per cent was repatriated – while interest accounted for 11 per cent of FDI income (UNCTAD, 2013).

below – such as subsidies and trade mispricing – in a post-2015 framework could provide a much needed impetus to advance on (at least) some aspects of the Doha Development Round.

Table 2: Estimated Impact of Trade and Investment Reforms

Reform	Scenario	Estimated Impact		Source
		Developing	World	
Trade Flows				
Full liberalisation of merchandise trade	Elimination of all barriers to merchandise trade	..	\$0.2-\$2.9 tn	Clemens (2011)
	Elimination of agricultural & NAMA tariffs	\$111-\$241 bn	\$496-\$725 bn	Laborde et al (2011)
Implementation of Doha Formula Cuts	Swiss formula cuts in agricultural & NAMA tariffs	\$47-\$62 bn	\$163-\$202 bn	Laborde et al (2011)
Implementation of Doha with Flexibility	Flexible agricultural and NAMA tariff cuts	\$22-\$31 bn	\$94-\$121 bn	
Implementation of 2008 Doha Package (draft negotiation texts)	Agriculture and NAMA (tariff cuts)	..	\$50-\$250 bn	IMF (2011a)
	Trade Facilitation (customs procedures)	..	\$100-\$400 bn	
	Rules (abolition of fisheries subsidies)	..	\$50 bn	
	NAMA sectorals (tariffs eliminated)	..	\$50-\$200 bn	
Trade Mispricing				
Tackling trade mispricing	Seizing the implied tax revenue loss due to re-invoicing	\$125-\$132 bn	..	Hollingshead (2010)
	Seizing the implied tax revenue loss due to trade mispricing	\$160 bn	..	Christian Aid (2008)
FDI Income Repatriation				
Improving FDI income retention	Increase FDI income retention by 10 per cent	\$22 bn	..	Own calculations

Note: IMF (2011a) is based on the work of Bouet and Laborde (2009), Decreux and Fontagne (2009), Hoekman et al (2009), Hufbauer et al (2010), Laborde et al (2009), and Balistreri et al (2011).

4 Development Finance

4.1 Illicit Financial Flows

Illicit financial flows stem from tax evasion, corruption, crime, and other illicit activities. This is a fairly broad category used to describe all financial flows that are illegally earned, transferred or spent. These outflows undermine domestic investment and government's revenue efforts in developing countries. Kar and Freitas (2012) estimate that illicit financial flows from developing countries reached \$859 billion in 2010 – including \$552 billion of trade mispricing.⁹

Fitzgerald (2012) estimates that tax revenue losses associated with unregistered ('illicit') outflows of profits and undeclared income from overseas assets were equivalent to \$215 billion in 2006. Although nearly half of this value would accrue to Asia (a quarter to China alone), the gains for sub-Saharan Africa could still be sizeable – between \$3 billion and \$6 billion. Hence, combating tax evasion (from corporations and individuals) could generate about \$200 billion per year in additional fiscal resources for developing countries. Oxfam (2009) focuses on the tax revenue lost due to assets being held offshore (in tax havens) by individuals from developing countries – arriving at an estimate of \$64-\$124 billion.

The term 'stolen assets' usually refers to the international transfer of proceeds from bribery, misappropriation of funds, and other corrupt practices. It is estimated that about \$20-\$40 billion of these moneys are transferred every year from developing countries to overseas bank accounts or used to purchase foreign assets (UNODC and World Bank, 2007). Over the period 1995-2010, only about \$5 billion of stolen assets have been recovered (StAR website).

4.2 Global taxes

A global carbon tax could be levied on the use of fossil fuels or other emission sources. Such a tax would raise substantial financial resources to tackle climate change as well as provide an incentive for the use of cleaner energy sources – thus reducing emissions. It is estimated that a tax of \$25 per ton of carbon dioxide (CO₂) emitted by developed countries could raise \$250 billion to finance climate change mitigation and adaptation (UNDESA, 2012).¹⁰ However, an international agreement would be needed to establish what is taxed (e.g. types of emissions), who to tax (e.g. consumers or producers), by how much, and how to use the tax proceeds. Moreover, this global carbon tax would be in addition to taxes already levied at the national level (on emission or fuels).

A financial transaction tax (FTT) is a tax levied on transactions such as equity trades, bonds, currencies and derivatives. FTTs could be implemented at the national, regional or global levels, and could be a significant source of development finance if countries allocate (at least a share of) the proceeds towards development expenditures. The Leading Group (2010) suggests that a global FTT could generate between \$70 billion and \$661 billion – depending on how derivatives are taxed. UNDESA (2012) calculates that a stamp duty on the transaction of securities could raise \$15-\$75

⁹ Since it is intrinsically difficult to estimate the size of illicit flows, these values should be considered with some caution.

¹⁰ Although the estimates presented here mainly relate to developed economies, it is important to note that both developed and developing countries have an important role to play in mobilising finance for development.

billion, depending on the number of participating countries. The lower-bound value of \$15 billion relates to a scenario where France, Germany and Spain impose a stamp duty of 0.5 per cent on equity transactions, of 0.1 per cent on long-dated bond transactions and of 0.05 per cent on short-dated bond, swap or futures transactions. Moreover, the European Commission estimates that an EU tax of 0.1 per cent on securities and of 0.01 per cent on derivatives could generate €57 billion (about \$76 billion).¹¹

A currency transaction tax (CTT) is a type of FTT that is levied on foreign currency transactions. Schmidt and Bhushan (2011) estimate that a 0.005% tax on four major currency foreign exchange transactions could generate \$40 billion (i.e. USD, EUR, GBP and YEN), while a unilateral CTT on Euro-denominated transactions could yield \$16 billion.

Finally, a tax of 1 per cent on individual wealth holdings of \$1 billion or more – an international billionaire's tax – could generate about \$40-\$50 billion that could be used to finance global public goods (UNDESA, 2012).¹² However, establishing an international agreement for the collection of the tax and the use of the proceeds could prove to be difficult, while the tax could also provide incentives for tax evasion.

4.3 Other Sources

The Special Drawing Right (SDR) is an international reserve asset composed of a basket of currencies that is used as a unit of account of the IMF. Issuing new SDRs and allocating them to developing countries would reduce their need to accumulate foreign-exchange reserves for self-insurance and thus release considerable resources for development (Erten and Ocampo, 2012). Alternatively, 'idle' SDR holdings of reserve-rich countries could be used as guarantees to leverage additional development finance in international capital markets. A global issuance of SDR 150-250 billion per year coupled with an increase in the developing countries' allocation share from 42 per cent to 67 per cent would generate about \$160-\$270 billion (UNDESA, 2012).¹³ Moreover, the estimated \$100 billion of 'idle' SDRs could be used to back the issuance of \$1 trillion in bonds (e.g. for a global fund to fight climate change).

4.4 Summary

The table below summarises the estimates on the effects of key reforms relating to development finance. While official development assistance (ODA) will still play an important role in the poorest countries, a post-2015 framework will certainly require new sources of development finance. Not only are recent ODA trends worrying, with recent declines for several traditional donors, but the scale of the needs (and ambition) will require a significant increase in the volume of development resources. The High-Level Panel report provided an important step in this direction by suggesting a target on illicit flows.

¹¹ http://ec.europa.eu/taxation_customs/resources/documents/taxation/other_taxes/financial_sector/fact_sheet/revenue-estimates.pdf

¹² According to the Forbes magazine, there were 1,426 billionaires in 2013 (442 in the US alone), with a combined net worth of \$5.4 trillion.

¹³ However, changing the SDR allocation shares would require an amendment to the IMF Articles of Agreement.

Table 3: Estimated Impact of Development Finance Reforms

Reform	Scenario	Estimated Impact		Source
		Developing	World	
Illicit Financial Flows				
Tackling corporate and individual tax evasion	Unregistered corporate and personal income taxed at 20%.	\$215 bn	\$692 bn	FitzGerald (2012)
Tackling offshore assets of individuals from developing countries	Taxing offshore assets (in tax havens) of individuals from developing countries	\$64-\$124 bn	..	Oxfam (2009)
Full recovery of stolen assets	Global measures to freeze and return stolen assets to developing countries	\$20-\$40 bn	..	UNODC and World Bank (2007)
Global Taxes				
Carbon Tax	A tax of \$15-\$50 per ton of CO ₂ emissions (developed countries)	..	\$155-\$450 bn	IMF (2011b)
	A tax of \$25 per ton of CO ₂ emissions (developed countries)	..	\$250 bn	UNDESA (2012)
Financial Transaction Tax (FTT)	Tax levied on all non-retail markets (especially derivatives)	..	\$70- \$661 bn	Leading Group (2010)
	Stamp duty on securities transactions (excluding CTT)	..	\$15-\$75 bn	UNDESA (2012)
Currency transaction tax (CTT)	A 0.005% tax on major currency foreign exchange transactions (USD, EUR, GBP and YEN)	..	\$40 bn	Schmidt and Bhushan (2011)
International Billionaire's Tax	Tax of 1 % on individual wealth holdings of \$1 billion or more	..	40-50 bn	UNDESA (2012)
Other Sources				
Special Drawing Rights (SDRs)	New issuance of SDRs with regular annual allocations in favour of developing countries	\$160-\$270 bn	..	UNDESA (2012)
	Leveraging idle SDRs of reserve-rich countries for investment in development	\$100 bn	..	

5 Conclusion

This paper reviewed several studies that provide estimates on the potential gains of key global policy reforms. This section briefly summarises their results and analyses some of the main implications. However, it is important to note that these estimates may not be directly comparable, partly due to the use of different methodologies and assumptions. The estimates may also be intrinsically different, in the sense that they may use a different unit of analysis (e.g. welfare gains versus financial resources generated). Hence, a rigid ranking of policies exclusively based on these numbers would not be desirable. For instance, abolishing fisheries subsidies should not be preferred to a currency transaction tax simply because it is estimated to generate \$10 billion more (\$50 billion versus \$40 billion). Not only the figures might lack comparability (for the reasons noted above), but there is also significant uncertainty around these point estimates. This is evident from the very large estimate ranges that some studies provide.¹⁴

Error! Reference source not found. summarises the potential gains that could result from selected policy reforms. The overarching conclusion is that cross-border flows of people, goods and money can significantly improve global welfare and should therefore be part of the post-2015 discussions. In an increasingly interconnected world, it is vital to enable the relocation of human and financial resources to places where they will be more productive (in the medium- to long-term). We now take each of them in turn.

Perhaps surprisingly, several studies suggest that even small increases in labour migration flows can generate very large welfare gains – possibly to the tune of trillions of dollars. While these benefits will predominantly accrue to the migrants themselves, host and sending countries are also likely to benefit. In fact, the resultant remittance flows would be particularly important for developing countries. Moreover, measures to reduce remittance costs and the issuance of Diaspora bonds could also generate non-negligible amounts of resources.

Table 4: Summary of Estimated Impacts

Reform	Estimated Impact (USD billion)	
	Developing	World
Labour Migration		
Partial removal of migration barriers (income effects)	58-136	288-1,600
Partial removal of migration barriers (remittance effects)	75-183	n/a
Measures to reduce remittance costs	16	..
Diaspora bonds issuance (SSA only)	5-10	..
Trade and Investment		
Implementing Doha Formula Cuts	47-62	163-202
Implementing Doha with Flexibility	22-31	94-121
Tackling trade mispricing	125-160	..
Improving FDI income retention	22	..
Development Finance		
Tackling illicit capital inflows	20-215	692
Carbon tax	..	155-450
Financial Transaction Tax	..	70-661
International Billionaire's Tax	..	40-50

¹⁴ Nonetheless, it might be useful to compare some of these values with the \$126 billion of ODA that members of the OECD's Development Assistance Committee provided in 2012. While it is difficult to estimate ODA from non-DAC members, some studies suggest that this value may range from \$15 billion to about \$50 billion.

In terms of international trade and investment, concluding the Doha round of trade negotiations (or at least some aspects of it) could also bring significant benefits. These do not seem to be as large as the gains accruing from labour migration, partly because the liberalisation of labour movements has not kept pace with trade reforms. Nonetheless, developing countries could still stand to gain from tariff cuts, although it would be important to assess the potential asymmetric effects across and within countries. Perhaps more importantly, trade mispricing deprives developing countries of several billions of dollars in tax revenues. This is a critical area that requires global tax cooperation and certainly deserves more attention in post-2015 debates. Moreover, improving the impact of foreign investment on the domestic economy (e.g. through re-investment) would also be important.

Finally, new sources of development finance – such as global taxes – would be needed to complement traditional aid flows. In particular, carbon taxes and financial transaction taxes could generate substantial resources to finance much needed global public goods. In addition, tackling illicit capital flows would enable hundreds of billion dollars to be used more productively. In fact, the HLP report has recently proposed a target on illicit flows. Finally, a development-focused use of SDRs – either through the leveraging of idle reserves or the issuance of new SDRs could also release important volumes of finance for development purposes.

To conclude, it seems evident that there is significant scope to harness the magnitude of resources that would be required to support an (increasingly) ambitious post-2015 agenda. The key challenge, however, is to create a conducive political environment that would help advance these policy agendas. Based on the findings of this paper, policy-makers could focus their efforts on reaching agreement in a selected number of policy areas that are likely to deliver the greatest benefits.

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Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ
Tel +44 (0)20 7922 0300
Fax +44 (0)20 7922 0399



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