Efficiency Gains from the Elimination of Global Restrictions on Labour Mobility: An Analysis Using a Multiregional CGE Model

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We compute the world-wide efficiency gains from the elimination of global restrictions on labour mobility using a multiregional CGE model. A distinctive feature of our analysis is the introduction of a segmented labour market, as two types of labour are considered: skilled and unskilled. According to our results, when labour is a homogeneous factor, the elimination of global restrictions on labour mobility generates world-wide efficiency gains that could be of considerable magnitude. When the labour market is segmented and both skilled and unskilled labour migrate, welfare gains reduce since the benefits and losses of migration are not evenly distributed within each region. When only skilled labour migrates, the world-wide efficiency gains are smaller, since this type of labour represents a small fraction of the labour force in developing regions.

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