by Vittorio Borelli

*The third Venice Forum will be held on June 12 and 13. It is being sponsored by **east**, the City of Venice, the Venezia 2000 Foundation and the UniCredit Group. This year's theme: "Migration from a national, European and global perspective".*

The emotions and propaganda that inevitably form the backdrop of every election campaign are negatively affecting current analyses and proposals not only on the theme of migration, but also on the subject of globalization, which is its underlying framework. Since we do not always wish to denigrate Italy, let's discuss the American primaries. It is a well known fact that one of the standard issues discussed by Hillary Clinton and Senator Barack "Yes, we can" Obama is NAFTA, the free trade agreement between the United States, Mexico and Canada. Stipulated during Bill Clinton's presidency, the agreement (among other things) allows Americans to delocalize the production of many manufactured items, thus lowering production costs and, as a result, decreasing the prices paid by consumers. The United States mostly buys from Canada cheap energy to counterbalance the awesome power of OPEC. The advantage for Mexico and Canada, on the other hand, is to have a privileged outlet on the largest and (still) richest market in the world.
But if NAFTA is such a good thing, why is it becoming a hot election issue? A simple explanation is that agreements of this kind cause unemployment to increase, at least over the short term. And since the Democrats garner votes among workers more than Republicans do, even Republicans become champions of protectionism, customs duties and barriers at election time. Whether they really believe what they're saying is another matter altogether. Years ago, Obama wrote a book criticizing the "illusion of protectionism", and Hillary supported husband Bill when he promoted NAFTA. Both know very well that protectionism is to the economy what barbed wire and

vigilantes are to illegal immigration. Despite the installation of super-sophisticated barrier systems, ferocious dogs and trigger-happy rangers, an estimated one million illegals arrive in the United States from the Mexican border each year.
This should silence our own domestic neoprotectionists, who use the American example to rehash archaic proposals such as customs duties, quotas, correcting markets from above (by the State), etc. etc.

Globalization

What exactly are we talking about when we mention globalization? Everything and then some, of course, but basically we're discussing how the riches of the world are

_Hillary Clinton and Barack Obama are squabbling over Nafta, the free trade zone comprising the United States, Canada and Mexico set up during Bill Clinton's presidency. Do the two American candidates really think Nafta is bad for their country?

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created and distributed. The geography of economic power that came out of the two world wars remained virtually the same until 1985. 65% of the world's GNP came from the United States, Japan, Germany, France, Great Britain and Italy. The Soviet bloc accounted for about 15% of the total, while the remaining 20% came from the rest of the world. The turning point arrived in 1986, the year of the Big Bang – the liberalization of the London Stock Exchange – when capital began to move speedily from one part of the globe to another in search of opportunities, thanks to computer networks and more liberal laws.

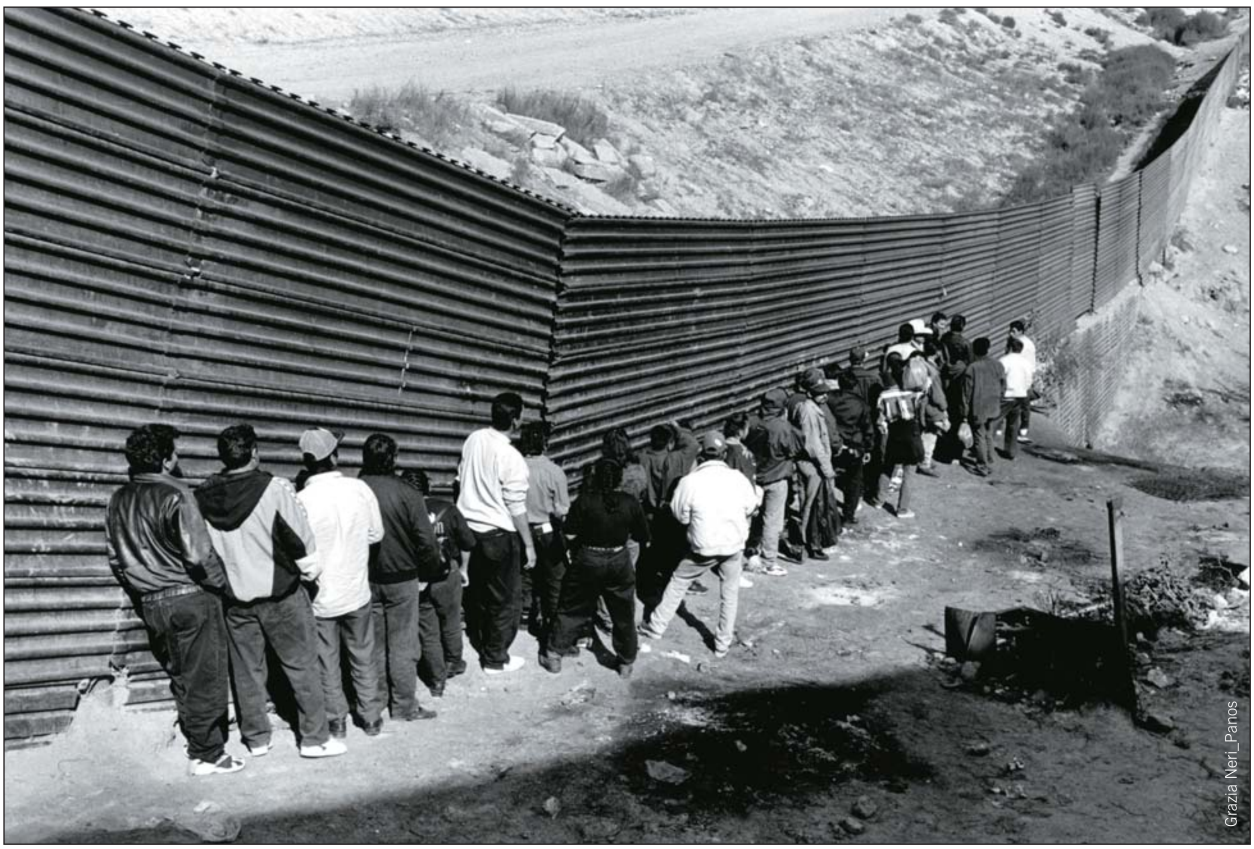
As early as 2005, the geography of economic power appeared very different. Albeit weakened, the US was still in first place with 28%, followed close behind by Europe. China came in third with 13% of world GNP, having overtaken Japan, whose share was unchanged at 9-10. China plus India plus the Asian Tigers (Vietnam, Singapore, Taiwan, etc.) made up about 25%, while the former Soviet bloc fell from 15% to 9 percent.

But this is a static picture of the situation. If you look at stocks instead of flows, you notice that almost 60% of new wealth in 2005 was created in the areas around the Pacific and Indian Oceans. The United States still produced 25%, and Europe accounted for 7 percent.

This gap has increased further over the years. In contrast with a slowdown in the American economy and modest growth in Europe, Asia has continued growing at a rate of 7 to 10% per year. If you throw in the fact that the United States continues to import twice as much as it exports and that the US has a huge deficit financed mainly by Japanese, Chinese and European investors, the question is no longer "whether" but "when" the US will be surpassed. Some say around 2015, and some believe it will occur between 2020 and 2030. In any event, authoritative sources predict that in 2030, countries such as Germany, France, the UK and Italy will no longer be members of the G8, the society of the world's largest economies. They'll have been replaced by China, India and other emerging economies, and only the European Union will have enough critical mass to belong to the G8 (or whatever it becomes).

The picture is the same if one looks at financial activity instead of the real economy. Today, 14 times more financial operations are performed in the world than in 1980, and their value is 3.5 times the world's GNP. The most active role in this growth has been played by Asian countries, countries that produce raw materials, private equity funds and hedge funds. These funds alone have tripled in value as compared with 2000, and it's predicted they will double again by 2011.
Also, former emerging countries have been exporting capital since 2002. In 2006, for example, China attracted 166 billion dollars worth of capital, but it invested over twice that amount (383 billion dollars) abroad. The crisis caused by subprime mortgages has only increased the advantage of these former emerging countries. Sovereign Funds now possess and can spend a treasure trove of 2,500 billion dollars, which is around half of the official reserves of the entire world. In 2010, these funds will amount to 5,000 billion and will reach

_Despite more sophisticated security systems and thousands of border guards armed to the teeth, it is estimated that a million illegal immigrants slip through the U.S.-Mexico border each year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15,000 billion in 2015. They allowed major American banks to deal with the subprime crisis by injecting large amounts of fresh capital. But this causes indigestion in Western politicians, who see that the new stockholders represent countries which do not meet even the minimum standards of Western democracies. Their fear is more than justified. Some of these countries are authoritarian and classist, violate human rights, and consider women to be third-class citizens.

No global?

So is it justified to accuse globalization of being negative? This is a useless debate. While it's true that globalization has not ensured equal opportunity for everyone (some places have grown a great deal, others less, still others – such as Africa – have not benefited at all from the boom), it's also true that (according to the World Bank) from 1990 to the present (less than 20 years), 450 million human beings have escaped "extreme poverty", and life expectancy in developing countries has risen to an average of 65.

Globalization must deal with its own internal contradictions rather than "no global" utopias and neoprotectionism.

Until 2001, world development proceeded almost automatically and uniformly, in a great process that benefited everyone. But from 2001 to 2002, things began to change. Growth was no longer uniform. It was no longer like mayonnaise that only needs to be mixed to make it come out nice and compact and smooth. Growth tended to be lumpy, like mayonnaise that refuses to form. One of the first effects, according to Renato Ruggiero in **east**, who was among the first to notice this change, is that the WTO may cease to exist. The US, Mexico and Canada are tending to trade more and more among themselves (thanks to NAFTA); the EU and Eastern Europe, including Russia, are also uniting from the commercial standpoint (75% of exports in this area occur within the area itself); the SCO organization of countries revolving around China and India has formed in Asia; since 2003, Japan has sold more in and around China than in the US; attempts at consolidation are being

made in both Latin America and Africa; South Africa is now the focal point for Southern Africa; and countries in Eastern Africa plan to adopt a single currency.
Although a network of global relationships still continues to grow at the top, development at the lower levels is intensifying among the macro regions. Is this good? Is it bad? It's a fact of life: the world is moving from a single-center model to one with multiple centers.
The second contradiction is that the United States is no longer the driving force behind this "soft" type of globalization. The origins of today's world market date back to the early 1980s and the governments of Ronald Reagan and Margaret Thatcher, when it was thought that the US would always have much to offer, so industrialists and financial agents would always invest in the United States despite its trade deficit. This scenario ended in 2000-2001 with the conclusion of the American boom and the collapse of the Twin Towers. Suddenly, flows of capital toward the US became more doubtful, the

_Over 100,000 young graduates left Asia to move to the U.S. and Europe in the 1990s. Meanwhile, China sent a million students abroad for specialisation. Now, however, developing countries are trying to stem the brain drain


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deficit ballooned, the value of the dollar began to drop, and the regional lumps I mentioned earlier began to clump. In short, the United States was no longer the center of global finance. And finally, the subprime mortgage crisis has ended the paradox of an economy run by Americans who buy and sell houses with money loaned at a 1% rate – practically free of charge – by the Chinese and Japanese. It's as if the world has found itself without leadership. Nobody can tell what this will mean, not only in the more obvious economic terms, but also from the political, strategic and (unfortunately) military standpoints. It's no coincidence that global governance is being advocated more and more frequently.

The brain drain, and money sent back home

The phenomenon of migration within the above context is striking in its own right. It currently involves 10% of the world's population, as compared with 3% in 1900.
The situation will be thoroughly discussed at the 2008 Venice Forum. In this paper, I shall only discuss two aspects that are usually neglected: the brain drain, and money sent home by emigrants.
An investigation by the World Bank in 2006 revealed that in the 1990s, the brain drain in the New Europe and Asia displaced some 100,000 students (37,000 in Europe alone), which shows how a veritable hunt for the best intellectual resources available is underway worldwide. This search is also a strategic process in a world where competitiveness increasingly depends on knowledge and innovation. The UN estimates that 40% of the scientists and technicians who graduate in developing countries practice their professions in industrialized countries. For example, 25-40% of graduates from Central American countries work in the United States; the record is held by Jamaicans, with 80 percent.
In some cases, the brain drain has been deliberate. China sent 1 million young people to get specialized training in the finest Western universities, but when it became clear that many would not return, the country began offering incentives for coming home. The same thing occurred in

India, which for years exported young engineers all over the world; today, however, it does everything it can to hold on to them, given that the country is now the world's software house.
(A side note on Italy: newspapers report that several young scientists hailing from outside the EU threw in the towel and went to work elsewhere after struggling unsuccessfully with Italian bureaucracy, apathy, and the rules and regulations of the Bossi-Fini immigration law).
Finally, the amount of money sent home by emigrants illustrates the gradual interdependence of economies in the age of globalization. Stable emigrants (not merely the total number who have moved, which is much higher) constitute a population of 200 million persons, and the number increased by 15 million from 2000 to 2005. Although the brain drain is favoring advanced countries and penalizing developing nations, the phenomenon of sending money home ensures that entire regions survive on this financial aid to families. 167 billion dollars was forwarded through "formal" channels (banks, post offices, currency exchange offices, agencies specializing in money transfers) in 2005, an increase of 35% over the previous year and 89% as compared with 2002. This imposing figure represents 2.5% of the total GNP of developing countries. The flow of money sent home by emigrants is more than three times the amount of public aid to promote economic development and has now reached the level of direct private investments.
Isn't that a interesting paradox? Much is said about limiting immigration by investing in the development of the countries where immigrants come from. But while politicians are talking (usually into the wind), emigrants are already taking action. For the good of themselves, and for our own good, too.