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Abstract

[Excerpt] Throughout the ascendancy of mankind, migration has been among the most distinguishing behavioral characteristics of the human species. The noted historian William McNeill, in describing the premodern experience, has written that "it is safe to assume that when our ancestors first became fully human they were already migratory" because they were already hunters and, he adds, that "no dominant species ever spread so far so fast" as have human beings.1 From these early times until the modern era, there was little concern about how migrants might be received wherever they arrived. If the land area was unoccupied, the migrants simply settled it; if it was occupied, the newcomers might be absorbed if they came as individuals but, if they came in numbers, they often had to fight to displace those already there with the outcome of the struggle often being death, enslavement, or exile for the losers. Indeed, much of the recorded history of mankind is a story of repeated invasions of one people by another. Looked at from this long run perspective, all existing countries are "nations of immigrants". It is only a matter of the length of the time frame that is being examined.

Keywords

economic, social, goal, immigration, policy, country, admission, United States, human capital, employment, nation, state

Comments

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International Migration and Labor Mobility: The Receiving Countries

Vernon M. Briggs, Jr.

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Throughout the ascendancy of mankind, migration has been among the most distinguishing behavioral characteristics of the human species. The noted historian William McNeill, in describing the pre-modern experience, has written that "it is safe to assume that when our ancestors first became fully human they were already migratory" because they were already hunters and, he adds, that "no dominant species ever spread so far so fast" as have human beings. From these early times until the modern era, there was little concern about how migrants might be received wherever they arrived. If the land area was unoccupied, the migrants simply settled it; if it was occupied, the newcomers might be absorbed if they came as individuals but, if they came in numbers, they often had to fight to displace those already there with the outcome of the struggle often being death, enslavement, or exile for the losers. Indeed, much of the recorded history of mankind is a story of repeated invasions of one people by another. Looked at from this long run perspective, all existing countries are "nations of immigrants". It is only a matter of the length of the time frame that is being examined.

But in a finite spatial world that, in modern times, has been politically demarcated into nation states and economically organized by industrialization and urbanization pressures, the movement of people and workers was destined to encounter both natural limitations and man-made institutional barriers. Indeed, the confrontation between the urge to migrate by millions of people and the mounting resistance to their efforts in the late 20th Century has, according to the United Nations Population Fund, the likelihood of becoming the "human crisis of our age." For unlike the general experiences of earlier epochs, "today's migrants are pushing into territory already occupied by others" and "the recipient areas and countries are already under stress."

As of 1992, it is estimated that the available labor force of the world is about 2.5 billion workers (who are either employed or unemployed at any given time). Of this number about 100 million persons are estimated to be international migrants who are living in a country other than their country of origin. To the receiving countries, these persons are the sum of the legal immigrants; refugees; asylum seekers; illegal immigrants, and temporary (i.e., non-immigrant) workers (who are foreign nationals legally permitted to work in the receiving country for a specified period). Although precise data are unavailable and definitions of residency status differ between nations, it is conservatively estimated that this stock is increasing by about 2 million international migrants a year. Due to the prevalence of uncounted illegal immigrants, the actual number is far higher. There is every reason to believe that the annual flow will grow throughout the foreseeable future.

While the number of international migrants is substantial, it is important from the outset to keep the issue in perspective. The vast preponderance of the world's labor force is not involved. This remains true despite what would seem to be, given the magnitudes of the disparities and the nature of the pressures involved, overpowering reasons for many more to do so. Moreover, only a few nations serve as receiving countries on a regular basis. Most do not. But it is precisely because there are so few countries that are the destinations of most migrants that the numbers of those who do migrate assume significance and the impact of their presence becomes of consequence. It is also the case that most receiving countries are confronted with numerous other domestic issues that the presence of immigrants can sometimes improve but more often make worse.

The Causes of Increasing World Migration

Before proceeding with the specific objective of examining the effects of contemporary migration on receiving nations, it is essential to mention the major forces that are responsible for propelling so many persons annually into the international migrant streams. For these forces form the context in which the phenomena takes place and, in part, explain the scale and the character of the immigrant flow to which the receiving countries must react.

Paramount among the "push" factors is the population explosion that is occurring primarily in the less economically developed nations of the world. The world's population of about 5.5 billion people in 1993 is growing by about 98 million persons a year. Of this number, 93 percent of the growth in 1990 occurred in the less developed nations of the world (it is projected to be 95 percent by 2000).⁶

The world's population is also rapidly urbanizing. By the beginning of the 21st Century, it is estimated that over half the world's population will live in cities. In the 1 990s, 83 percent of the growth in the world's population is projected to occur in cities. One-third of the world's urban population currently live in cities of more than one million people. The movement from rural to urban population centers is a characteristic of virtually all national economies. But the shift is most acute, in terms of the numbers of people involved, in the less developed nations where their "cities' capacity to provide economic opportunities and even modest levels of support services to newcomers [from their rural sectors] is declining rather than increasing."

There is also the issue of refugee movements. In 1991 the United Nations estimated that there were 17 million refugees outside of their native countries in the world with 87 percent of them being located in less developed nations.⁸ The instability of the governments in many less developed nations is frequently cited as the cause of these

refugee outflows. The instability is caused as much by social and economic conditions as it is by political factors themselves. Sometimes the ensuing violence is the result of ethnic and religious differences between factions within countries. But more often than not, the root cause of the political instability stems from the soaring population growth rate in these countries that serves as persistent negative influence on any efforts to achieve sustainable economic growth and development. The growth in population is directly linked to the inability of governments to provide adequate health, housing, and education. It also instigates conflicts over land use and ownership. Without population controls, emigration becomes an ever-appealing option. For some it appears to be a Hobson's Choice.

Lastly, of course, there is the fact that migration pressures are spawned by the mounting economic inequities between those who live in "have" countries and those who live in "have not" countries. Between 1950 and 1993, "per capita income in the rich countries has almost tripled while in the poorer countries there has been no improvement." Enhanced communication systems in the world now enable those in poorer countries to see what they do not have and improved transportation systems now provide the means by which many persons in these countries may actually avail themselves of opportunities for a better life. Once the process begins, information networks quickly develop among families and friends that seek to perpetuate and expand the movements if the chances to so are available.

While international migration cannot possibly resolve the dilemmas posed by the magnitude of these aforementioned pressures, it is viewed by many individuals as a remedy to their specific plight. But such migration can only occur if there is a place to go.

The Theoretical Effects of Immigration on Receiving Nations

If standard economic theory of labor market operations (i.e., neoclassical economic theory) is applied to the analysis of the migration process, the effects of immigration on receiving nations are the same as any other exogenous increase in the supply of labor. If unrestricted by governmental policies, the operation of supply-and-demand forces will lead to the establishment of an equilibrium position between the sending and receiving nations. Those countries with a slow rate of economic growth and a surplus of labor will witness out-migration to those countries with higher economic growth rates and labor shortages. A self-adjusting process will occur. Spatial differences between the demand for and the supply of labor will automatically be reconciled between the sending and the receiving nations. Any effort by a receiving nation to protect its labor force from the adverse competitive effects of mass immigration are viewed a self-defeating. For in the absence of market forces to reduce wages and to lower work standards (i.e., costs), businesses will invest in capital-intensive rather than

labor intensive forms of technology in order to compete in an increasingly internationally competitive market place. Restrictions on immigration, therefore, would cause unemployment in any country that sought to impose them. They would be a cause of inefficiency. Trade union or government policies that seek to protect prevailing wages, employment standards, and working conditions by restricting immigration would, in turn, be blamed for the ensuing unemployment that is the result of their actions that inhibit what would otherwise be a self-equilibrating adjusting process that, theoretically, provides full employment.

Conceptually, the arguments used to support free trade between nations (by eliminating tariffs and quotas on imports and government subsidies on exports) are identical to those that provide the theoretical rationale for the unimpeded movement of labor between nations (by eliminating immigration and emigration restrictions on the entry and exit of labor). Ultimately, the result of the application of this theoretical paradigm can only be that wage rates in high wage countries (e.g., the advanced industrial democracies) are reduced and in low wage countries (e.g., Third World nations) they are raised. The same can be said for other labor and employment standards (i.e., occupational health, safety, child labor, wage, and working hours laws) that exist between nations. There will be pressures toward equalization which means lower labor standards in the industrial democracies but, theoretically, improvement in employment conditions in the less developed world.

One advocate in the United States for the pursuit of this policy of free movement of international labor is the editorial staff of the influential business publication, <u>The Wall Street Journal</u>. In a widely cited editorial in 1988 that was critical of U.S. governmental efforts to legislate against illegal immigration, it stated "if Washington still wants to do something about immigration, we propose a five word Constitutional Amendment: 'There shall be open borders.'" Julian Simon, who is associated with the libertarian-oriented Cato Institute, is also an outspoken advocate of the pursuit of this open door policy for the United States.¹¹

Ironically, it has been various members of the Department of Economics at the University of Chicago over the years -- who are otherwise known throughout the economics profession as the champions of the pursuit of free market economic policies - who have spoken out most forcefully against the neoclassical position calling for no restrictions by receiving countries on the international movement of labor. Henry Simons, one of the intellectual founders of the "Chicago School," bluntly stated that:

Wholly free immigration, however, is neither attainable or desirable. To insist that a free trade program is logically or practically incomplete without free migration is either disingenuous or stupid. Free trade may and should raise living standards everywhereFree immigration would level standards, perhaps without raising them anywhere.¹²

It is Henry Simons' recommendation, therefore, that "as regards immigration policy, the less said the better." Milton Freidman, Simons' intellectual heir at Chicago, has taken Simons' advice to heart. Although Friedman is known to share Simons' views on the topic, he completely ignored immigration policy in his famous book, Capitalism and Freedom, in which he outlines the role of government policy in a market-oriented society. 14 The same can be said for his treatment of immigration in his subsequent best seller, Free to Choose. In it, only a few positive anecdotes are made about the adjustment experience of a few immigrants at the turn of the 20th Century but the overall impact of immigration on the U.S. economy is ignored. 15 Much of the advancement in real wages and expanded job opportunities that Friedman attributes to the free market economic system for U.S. workers in general and black workers in particular over the middle decades of the 20th Century took place during the years when the U.S. had highly restrictive immigration policies in place and immigration levels were rapidly declining. But the positive labor market outcomes of these governmental interventions to restrict immigration in the United States are simply ignored. It is also bewildering that the praise Freidman heaps upon Margaret Thatcher for the free market policies she championed as Prime Minister of Great Britain during the 1980s does not mention the highly restrictive immigration policies she put in place during her tenure. To this day, Britain's immigration policies remain the most restrictive in Western Europe. 16

Likewise, Melvin Reder -- also of the Chicago economics' faculty -- has pointed out that "free immigration would cause a rapid equalization of per capita income across countries accomplished primarily by leveling downward the income of the more affluent" and, for this reason, he concluded that "I resist this proposal." Earlier Reder had written in 1963 -- before mass immigration to the United States resumed later in that same decade -- that "a great flow of immigration will injure labor market competitors with immigrants; these are, predominately Negroes, Puerto Ricans, unskilled immigrants presently able to enter the country, and native rural-urban migrants (Negro and White). "18 He also noted that the employment and income opportunities of "married women, youth, and aged persons" would be adversely affected by substantial increases in immigration. Reder also points out that the United States and other "Western democracies" had, prior to the 1960s, made substantial progress toward improving the inequalities in income distribution within these nations as the result of "deliberate state action" to

restrict immigration over the prior 50 years."²⁰ Thus, there are significant equity issues that arise for receiving nations when immigration occurs -- especially for multi-racial and multi-ethnic nations like the United States and Canada.

On the very day that it was announced that Gary Becker, another member of the Chicago economics' faculty, had won the 1992 Nobel Memorial Prize in Economics, he published a commentary in The Wall Street Journal that explained why restrictive immigration policies were essential for the contemporary United States experience and for the other industrialized democracies who are would-be destinations for millions of immigrants from the Third World. He contrasted the economic setting of the large scale the immigration experience of the United States at the beginning of the 20th Century with the economic setting at the end of the Century. He observed:

But the world is now a very different place. Because of the expanded welfare state, immigration is no longer a practical policy. These days open immigration would merely induce people in poorer countries to emigrate to the United States and other developed countries to collect generous transfer payments.²¹

Hence, there are historical realities associated with the differential development of social policies between nations that may be affected by immigration.

Given these views, it is not surprising that the role of immigration as a potential influence on the supply of labor to would-be receiving nations is one of the least examined features of contemporary mainstream economic analysis. The leading advocates of the neoclassical paradigm of labor market operations have essentially agreed to say as little as possible on the subject. This posture clearly reflects a normative judgment on their part that such equilibrating adjustments are not in the national interests of these receiving nations despite the alleged benefits that this model usually propounds for those who adopt its non-interventionist principles. In other words, immigration is a time-sensitive topic. Its merits depend on past historical events as well as prevailing institutional arrangements and present circumstances -- not theoretical dogma. As the renowned scholar of the history of economic analysis, Joseph Schumpeter, has stated, unless the examination of a particular economic issue "presents a minimum of historical aspects, no amount of correctness, originality, rigor, or elegance will prevent a sense of lacking direction and meaning" to what is being examined.²² Such is certainly the case with the study of immigration.

Thus, the standard neoclassical model, the bulwark of free market economic analysis, has an Achilles Heel. It is immigration. Even the strongest intellectual advocates of the application of free market economics have made immigration the exception to the belief that neoclassical economic model should be the universal paradigm for the design of national and

international economic policies. For in this realm of economic concerns, even neoclassicalists seem willing to concede that support for international labor migration is a relative concept.

The efficacy of international labor immigration, therefore, depends upon a pragmatic assessment of both the institutional arrangements and the prevailing economic context in the receiving countries at a given time. Some times, immigration may be a desirable public policy option; other times it may not be. The unrestricted movement of international labor, therefore, is not a universal principle to be pursed simply for the sake of seeking enhanced efficiency in the worldwide labor market. There are other factors associated with perceived national interests to be considered which may be far more influential and beneficial to receiving nations than any theoretical or real loss in labor utilization that might result as a consequence of restricting international labor mobility. As Reder has eloquently written, "immigration policy inevitably reflects a kind of national selfishness of which the major beneficiaries are the least fortunate among us. We could not completely abandon this policy even if we desired to do so."²³

Hence, the alleged benefits of enhanced labor mobility in free market economies is limited by the existence of international political boundaries. In the present era of nation states, only in special cases has the domestic labor market of countries been opened to workers from other nations to enter. Even in these cases, changing circumstances can and usually do lead to changes in receptivity attitudes over time.

The Receiving Countries and the Circumstances Under Which Immigrants Are Admitted

Aside from the political asylum issue (which is a special case that disproportionately affects entry into neighboring nations to any country beset by political turmoil), there are essentially three geographic clusters of nations that, from a numerical standpoint, currently receive most of the world's immigrants (see Table 1). Each reflects a particular set of historical circumstances and institutional arrangements that have shaped their individual attitudes. There is no overarching pattern to explain why a few countries permit significant numbers of workers from other countries to enter their countries while the vast preponderance of nations in the world do not. Each case is, therefore, time sensitive. As conditions change, so does the degree of receptivity of these receiving nations. For the same reason, nations who do not presently receive immigrants may in the future elect to do. There are no universal principles involved in the process that are true for all times and for all countries.

The North America Case

As Philip Martin has noted "the United States and Canada [currently]... accept about 1 million immigrants annually, or about 90 percent of all the immigrants that the industrial

democracies plan to accept" in the early 1990s.²⁴ Both countries also experience significant additional inflows of illegal immigration which they have sought to combat but not with much success. Each country, however, has taken an entirely different policy approach to immigrant admissions.

In the case of the United States, immigration played a major role in the pre-industrialization era of the emergence of the nation as the world's economic super power. Following the end of its colonial era in 1776, the new nation expanded geographically across the North American continent to embrace a vast land area that encompassed an enormous amount of natural resources, rich soil, large quantities of fresh water, and a temperate climate but relatively few people (the small indigenous population which resisted incorporation has never been included in the economic development of the nation).

Created as an independent nation at exactly the same time that the Industrial Revolution occurred in England and in parts of Continental Europe, the United States was "born running" with these new technological developments. But it needed a vast urban labor force to capitalize on the productive capabilities of machine technology. To make a long story short, immigrants in the 19th and early 20th centuries became the source of the needed urban labor supply during these crucial formative years of the U.S. economy. As Stanley Lebergott has observed in his epic study of the development of the U.S. labor force, "somewhat surprisingly, the greatest beneficiaries of the flow of immigrant labor [in the 19th Century] was never agriculture though farming was our primary industry."²⁶ Rather, it was the urban economy in general and the manufacturing, mining, construction, and transportation industries in particular that expanded by their presence. But when the frontiers of the country were overcome at the turn of the 20th Century, it was not long before immigration was sharply restricted -- beginning in 1914. In part the restrictions reflected legitimate economic concerns that the mass immigration of the previous three decades had depressed wages, hampered unionization, and caused unemployment; in part they also reflected nativist social reactions to the ethnic, racial, and religious diversity that the mass immigration of that era also brought.²⁷ For the next 60 years, the significance of immigration rapidly receded and the expansion of the economy turned to the utilization of domestic labor reserves -- most specifically those in the nation's vast rural areas where workers were being displaced by this time by the rapid mechanization of agriculture that had begun in earnest in the 1880s and which continues to this day. One of the major beneficiaries of the cessation of mass immigration was the nation's black population who, since being freed from slavery in 1865, were still concentrated in the rural South. It was not until mass

immigration ended in 1914 that "the Great Migration" of blacks to the North and the West could commence.²⁸

Indicative of the declining significance of immigration on American life following the restrictions imposed in the 1920s is the fact that the percentage of the U.S. population that was foreign born consistently fell from 13.2 percent in 1920 to 4.7 percent in 1970. During this period from 1920 to 1970, the U.S. economy sustained the greatest increases in real wages, employment levels, and production output in its entire economic history. It was also the time period when the nation adopted an extensive array of progressive social policies pertaining to labor standards, collective bargaining and civil rights.²⁹

It was not until the mid-1960s that the mass immigration phenomenon was accidentally revived as a result of domestic political events and immigration once again became a significant feature of the U.S. economy.³⁰ A new admission system was put into place in 1965 which provided that family reunification would be the primary criterion for the admission of legal immigrants. This change inadvertently opened the door of immigration priority to persons of the Western Hemisphere (from Mexico and various Caribbean countries in particular) who had not been covered by the earlier legislative efforts to restrict Eastern Hemisphere immigration and who, by the 1960s, had established significant immigrant communities in selected urban areas of the U.S. Originally family admissions were allocated 74 percent of all available visas. In 1980, when refugee admissions were separated from the legal admission categories, the percentage of visas for family members rose to 80 percent. It is also important to note that many of the refugees who were admitted during the post-1965 era were from Southeast Asia (as a result of the Vietnam war debacle in which the United States had become ensnared). These refugees, in turn, were able to use their admission as an opportunity to secure the subsequent admission of their extended family members. In 1990, a new category of "diversity immigrants" was added to the nation's immigration system. It is supposed to correct the inadvertent effect caused by the adoption of the family admission system in 1965 which greatly favored immigration from Asia and Latin America (during the 1980s, about 85 percent of immigrants to the United States came from these two regions). The diversity admission category is supposed to increase the flow of immigrants from the traditional pre1965 source countries in Europe and Africa. With the Immigration Act of 1990, therefore, the percentage of admission visas allocated on criteria other than actual labor market needs remained at 80 percent (it will be 79 percent beginning in 1995). Thus, only about 20 percent of the available visas (i.e., 140,000 visas) each year are allocated on the basis of actual labor market needs (and even this 20 percent figure overstates the actual number admitted for this economic purpose since all accompanying family members -- spouses

and children -- of employment-based immigrants are counted as part of the 140,000 visa figure). Thus, the legal admission system which, since 1990, provides for the annual admission of 700,000 immigrants a year (it declines to 675,000 immigrants beginning in 1995) is designed primarily to serve political goals despite the fact that annual immigrant flows of this aggregate magnitude have significant economic implications. It is also important to note when considering the overall effect of immigration on the U.S. labor market and economy to remember that the figures do not include the annual admission of about 130,000 refugees; 10,000 asylees (with a backlog of about 300,000 asylee applicants pending in mid-1994); about 450,000 non-immigrant workers permitted to work legally in the U.S. each year; or an estimated 300,000 illegal immigrants who enter each year to join about 4 million illegal immigrants already in the country). It is also the case that the United States granted an amnesty to about 3 million former illegal aliens in 1986 which permitted them to begin the process of legally adjusting their status over the following several years (i.e., different categories of illegal immigrants were given different time periods in which to begin and to complete the legal adjustment process). As a result, it is estimated that over 10 million immigrants entered the United States in the 1980s (not counting non-immigrant workers whose numbers were also increased by the 1990 legislation) which made it the highest number of immigrants admitted in any single decade in the country's history. By 1990, the foreign born officially accounted for 7.9 percent of the population (with the real rate undoubtedly higher due to uncounted illegal immigrants). Moreover, in 1991, over 1.8 million persons entered the country or adjusted their status to become permanent resident aliens -- the highest number of immigrants to do so in any single year in the country's history. Hence, the decade of the 1 990s should set yet a new record. It is not surprising, therefore, that an international social science research team, Oxford Analytica, observed in its comprehensive study of American life that "America's biggest import is people" and concluded that "at a time when attention is directed to the general decline in American exceptionalism, American immigration continues to flow at a rate unknown elsewhere in the world."31

In addition to the United States, Canada has been a net receiver immigrants for permanent settlement every year since 1950. In the process, its population has doubled and, by 1990, its foreign born residents had soared to 16.2 percent of the country's population. The post-World War II decision to open Canada to immigration was prompted by the nation's business sector in response to a perceived labor shortage at that time. The admission system that has evolved contrasts sharply with that of the United States. As David Reimers and Harold Tropper have written, "economic issues have been far more important to Canadians than to Americans." Consequently, the Canadian system does not have a fixed annual ceiling but

rather one that allows the number to be admitted to be annually determined by administrative decisions. The three admission categories – family reunification, economic, and humanitarian -- can also be adjusted annually to respond to evolving circumstances. In practice, family reunification has been used far less in Canada than in the United States (in 1989, for example, only 32 percent of the admitted immigrants came under family reunification provisions while 49 percent were admitted on the basis of actual employment needs of business) with the remainder being admitted on humanitarian grounds. A point system that rewards human capital attributes and labor market needs is used to determine those who are admitted for economic purposes. Although the annual number of admissions fluctuate, it has been tending to rise in recent years (from 84,000 in 1985 to almost 250,000 in 1992.

Western Europe

The United Nations Population Fund estimates that "some 15 million people entered Western Europe as migrants between 1980 and 1992."³⁴ They have joined an almost equal number of foreign born persons already living in these countries. The former West Germany has been the principle recipient of the immigrant flow. By 1990 the foreign resident population of the country was 5.2 million (or 8.4 percent -- a figure that does not include foreign born persons who have already been naturalized). The second largest receiver of immigrants has been France. In 1990, "foreign residents" made up 6.4 percent of the French population while there were more than one million additional foreign born persons who had already acquired citizenship and another half million French citizens living in the country who were born in the various French overseas territories and departments.

For much of the 19th and early 20th Centuries, Western Europe was an area of emigration. But with the events associated with World War II, this pattern unexpectantly changed. The story has been extensively told elsewhere.³⁵ In brief, the physical rebuilding of Western Europe in the aftermath of the extensive destruction of the war led to an increase in the demand for labor. The enormous loss of human life during the war, however, meant that the supply of labor in these countries was unable to respond in the short run. Chronic labor shortages developed and inflationary wage pressures were triggered. As a result, most Western European countries entered into a program of importing non-immigrant workers under contractual agreements from the less developed regions around the Mediterranean Basin. There was never any intention that these "temporary workers" would remain or that they would bring their families with them for settlement purposes. These workers were supposed to be regularly rotated so that they would not become attached to the Western European labor market. Typically, the rotation did not occur. When the Arab oil boycott of 1973 caused both

prices and unemployment to soar in Western Europe, the reaction was to cause these countries to abandon (or greatly reduce) their reliance on the use of non-immigrant labor. But starting such a labor importation program proved to be much easier than stopping it.³⁶ By 1973, many of the so-called "guest-workers" had established deep roots in the receiving countries and indicated they would not leave voluntarily.³⁷ Many employers had become addicted to their availability. Hence, the foreign born population of Western Europe has continued to grow since 1973 because most European nations have permitted subsequent family reunification to take place; illegal immigration has flourished; and a large wave of asylum seekers have fled the political turmoil of this era in Eastern Europe, the Near East, and parts of Northern Africa to most European nations but to Germany in particular.

In response to the unanticipated growth in the foreign born population and in conjunction with the coterminous formation of the European Economic Community (EEC), Western European countries have moved to create uniform as well as restrictive immigration and refugee policies for persons from non-member nations while simultaneously easing restrictions on the movement of people and workers between EEC member nations. Germany and France, in particular, have taken steps in the early 1990s to significantly restrict immigrant inflows. In July 1993, Germany overhauled its hitherto liberal political asylum policies in favor of a much more restrictive policy and France announced in 1993 a new "zero-net immigration policy." Most other countries in Western Europe have also taken steps to tighten their policies pertaining to illegal immigration and to limit political asylum eligibility.

The Oil Producing Nations of the Near East

Several of the oil producing countries of the Near East have, collectively, become major receivers of non immigrant workers for work in their petroleum and construction industries as well as to perform household service. These countries have small native-born populations but, because of the accumulation of wealth derived from their oil exports in the 20th Century, they have had difficulty finding native-born workers willing to fill jobs that require physical effort or that are of a menial nature. It is estimated that 45 percent of the non-immigrant workers in the region are employed in Saudi Arabia. Libya, the United Arab Emigrates, and Iraq also being major recipients of such foreign workers. Most of these workers have been drawn from Third World nations (such as Pakistan, Korea, the Philippines, Bangladesh, Egypt, Sri Lanka, and Thailand). It is estimated that nonimmigrant workers account for as much as 36 percent of the labor force in Saudi Arabia and 55 percent in Libya. There is little prospect that many of these workers will have the opportunity to remain permanently in these countries nor are they free to work in occupations or industries other than those to which they have been contracted.

Other Receiving Nations

There are several other receiver countries that deserve brief mention even though the scale of the respective flows into these countries is small when compared to the situations in the aforementioned primary receiver countries. In some instances, their experiences are similar to those of the major receivers but in others they differ significantly.

Australia is a country that significantly revised its immigration policy in 1958 away from its restrictive past (with respect to whom and how many immigrants it would admit). In the 1970s, the government initiated an "active" immigration policy. In 1970-1, for example, immigration reached a high for a single year of 174,000 immigration admissions. Like Canada, Australia has an administrative policy that allows the level of immigration to vary annually as determined by administrative priorities. Annual immigration ceilings in the 1 980s were around 120,000 a year but in 1992 the figure was set at 80,000. The numerical importance of immigration to Australia can be gauged from the fact that in 1987, the foreign born population accounted for over 21 percent of its total population.

For many of the years after its immigration policy was revised in 1958, the basis for admission was primarily economic. It was designed essentially to meet labor market needs -- both for low skilled and highly skilled workers. But by late 1975 the political decision to raise immigration levels was matched by changes in the selection criteria. Family reunification emerged as the first priority of the admission system. The decisions were the products of domestic political factors associated with efforts "to appease" ethnic minorities (both Southern Europeans and Asians). In 1992, over 55 percent of the available visas were allocated to family migrants. Most of the remainder were reserved for skilled immigrants 138 percent) whose entry eligibility is determined on a point system that rewards human capital attributes. Humanitarian admissions and a small "special eligibility" group make up the balance.

Israel has been a significant receiver of immigrants since it became an independent state in 1948. Immigration, however, plays such a unique role in Israel that its role as a receiver is mentioned only for the sake of completeness of coverage. At the time of its inception, Israel found itself being a small land area surrounded by Arab nations hostile to its existence. It also had a significant Arab (i.e., Palestinians population living within its borders. Hence, its pro-immigration policy has been based firmly on national security considerations. Its immigration policy also has unique religious overtones. The country was created on the principle that it sought to "regather" the descendants of the lost tribes of biblical times. The Law of Return of 1950 guarantees people of the Jewish faith throughout the world the right to immigrate. There are, therefore, no numerical limits on Jewish immigration. Over 2.2 million immigrants have

entered Israel since 1948 with 418,000 entering between 1989 and 1992. The surge in immigration since 1989 has been the consequence of the breakup of the former Soviet Union -- Soviet emigres accounting for 88 percent of post-1989 arrivals. Unemployment in Israel has been high during this recent period and there is extensive evidence of underemployment in its labor force as many of the recent immigrants have been highly educated, skilled, and talented. Nonetheless, labor force considerations play no appreciable role in immigration decisions. Non-Jews may immigrate but relatively few (less than 20 percent) of those who apply are admitted. Hence, the Israeli experience is not really appropriate to a discussion of labor mobility despite the fact that it is a major immigrant receiver.

Japan, of course, has been the exception to the rule in the post-World War II era with regard to its policies on immigration. It too was devastated by the war and it also suffered a shortage of labor as the result of extensive casualties. But, it conscientiously pursued a policy of not seeking immigrants to augment its labor force. Instead it followed a reconstruction policy that was based on capital intensive investments that substituted machines for labor and an active human resource development strategy designed to enhance upward job mobility for its work force through educational attainment and skill acquisition. In the process, it has emerged as the only large advanced industrial economy in Asia. Throughout most of the postwar era, Japan has consistently had a low unemployment economy -- even in the early 1990s when unemployment soared in most other advanced industrialized countries.

Despite these tight labor market conditions, Japan has shown no interest in supplementing its labor force through the use of immigration for the purpose of permanent settlement. It is the only industrialized democracy to consistently adhere to "a zero immigration policy. It is even reported that official "Japanese entry statistics don't seem to recognize the concept of an immigrant as opposed to a visitor." The tight labor market of the mid-1980s, however, has led to limited use of non-immigrant workers (despite government actions to reduce the incidence of their usage) and to a mounting problem of illegal immigration due to visa "overstayers" from other Asian nations. 48

There are also some other Asian countries that do not formally encourage immigration but which have experienced significant economic growth which are also turning to the use of non-immigrant workers and are experiencing growing problems with illegal immigration due to visa "overstayers". Among these countries are Taiwan and Singapore. It is also reported that the subject of allowing non-immigrant workers to be employed in Korea has been the subject of "major debate" within government circles and with the business sector in 1994.⁴⁹

In Africa, there is also regional migration. As of the early 1990s, Libya, Ivory Coast, Nigeria, and South Africa have been the significant receiving countries. The extensive use of contract workers in Libya has already been discussed in the context of the experiences of the oil exporting nations. In terms of percentage of its population, the Ivory Coast has the largest number of foreign born residents (30 percent) in 1990. Most of these immigrants are believed to be illegal entrants. The same can be said for Nigeria. As for South Africa, a substantial portion of its foreign born population are also believed to be illegal immigrants although the country has made substantial use of non-immigrant foreign workers for unskilled jobs in certain industries.

The Effects on the Receiving Nations

While most countries permit foreigners to visit their lands, there is no legal obligation nor is any international human right that requires such countries to allow foreigners to reside or to work within their borders. There is usually a perceived national interest objective at a particular time that explains those decisions to do so. Enabling legislation is required that set forth the explicit intentions of the receiving nation. But politics being what it is -- "the art of compromise," the legislative mandates often include multiple objectives (e.g., to reunify families; to settle unoccupied land; to meet labor shortages; to accomplish humanitarian goals; or to accommodate special interest groups). Moreover, despite the best of intentions in drafting immigration legislation, experience has vividly demonstrated that there are often unintended consequences associated with whatever is ultimately enacted. Hence, rather than attempt to evaluate such complex policies on the basis of their expressed objectives, it is preferable to examine the three issues raised earlier: the effect of immigration on efficiency, equity, and social policy development.

Efficiency

The clearest rationale for the promotion of labor mobility through the use of immigration is to increase efficiency in their labor markets. As noted earlier in the theoretical discussion, immigration can be used as a way to reduce costs (i.e., to become more efficient). But even members of the "Chicago School" have resisted such an explicit rationale for the use of such policies. Indeed, the Immigration and Nationality Act of 1952 specifically forbids the entry of non-family related immigrants (refugees are not covered) into the United States if qualified citizens are available, able, and willing to the work or if their presence will adversely affect prevailing wages and/or working conditions. ⁵¹ Thus, the U.S. Secretary of Labor must certify that such results will not occur before employment-based immigrants may enter. ⁵² No receiving

country is willing to explicitly endorse the notion that immigration policy be used to reduce wages or to worsen working conditions.

But the United States and Canada – the principle receiving countries for planned immigration – are willing to use immigration as a means of filling existing job vacancies and of forestalling potential increases in wages or improvements in working conditions for certain categories of workers that might otherwise occur under conditions of full employment. Thus, United States and Canada are willing to admit skilled workers whose ranks are not easy to increase in the short run and whose numbers are costly to increase (because they require human capital expenditures in order to be prepared for such jobs) in the long run. In recent years examples of such workers are computer programmers, computer analysts, engineers, mathematicians, statisticians, university teachers, researchers in technical fields, nurses, and other health care workers (including doctors). In a sense, this is a way to "brain drain" and "skill drain" sending countries of their "best and their brightest" talents which may have serious overtones for the welfare of such sending countries over the long haul but it is obviously a benefit to the receiving countries.

It is worthy to note, as a corollary, that both the United States and Canada have recognized that receiving countries should not use immigration policy as a means of recruiting unskilled workers who are not familiarly related to citizens. Canada uses its point system to screen out most such unskilled workers while the United States has a specified legislative mandate since 1990 that no more than 10,000 visas for employment-based visas a year can be granted to unskilled workers. Despite charges of "elitism" from immigrant advocate groups and protest from wealthy persons seeking cheap nannies for child care purposes, the rationale for sharply restricting the entry of such unskilled workers is clear. Unlike skilled work, anyone can do unskilled work by definition. Hence, there is no reason for any advanced industrial nation to use immigration as a means of attracting unskilled workers for permanent settlement unless the country is at full employment. Skilled workers who are unemployed may not like to do unskilled work, but they can do it. The reverse, however, is not true. Unskilled workers cannot fill skilled jobs when such jobs are vacant. Hence, the welfare of unskilled workers, as Reder noted, requires governmental protection from immigrants.

The use of immigration policy to meet specific employment needs, however, is only one aspect of the overall immigration systems of countries like the United States and Canada. Hence, the actual labor market consequences of the immigration policies of these countries can be quite different than the aforementioned efforts that nominally seek to protect the domestic labor force from adverse economic competition. As all immigrants must ultimately work to

support themselves and their families (or to be supported by those who do), the ultimate concern is what is the effect of all immigrants on labor markets regardless of what legal admission criterion or illegal mode that they actually enter under.

In the case of the United States, the assessment of the effect on the labor market is complicated by the fact that there are two sources of relevant data. One is the data on the foreign born population that is collected by the U.S. Bureau of the Census (on a population basis every 10 years and on a small sample basis as part of a special tabulation of the Current Population Survey which, since the 1980s, is conducted on 2 year intervals by the U.S. Bureau of the Census). The Census data, however, does not distinguish mode of entry. Legal immigrants, illegal immigrants (if they are counted as some are but many are not), refugees, asylees, and even non-immigrant workers with temporary residences who are employed in the U.S. are all lumped together. The other data source is the entry data published by the U.S. Immigration and Naturalization Service (INS) as a by-product of its administrative duties. The INS data does provide aggregate information on the occupations at the time that legal immigrants enter the country and refugees who adjust their status to become permanent resident aliens each year. There is also occupational information on the entry of non-immigrant workers. There is, however, no information in this series on the occupational characteristics of the annual flow illegal immigrants into the labor market or of refugees and asylees who have not yet adjusted their status to become permanent resident aliens.

As the criteria for admission of most immigrants (i.e., those who enter as family members, diversity immigrants or as refugees) to the United States has nothing to do with their human capital endowments nor whether there is any need for persons with their skills, talents, or educational achievements, or whether they are needed in the geographic locations where they settle, it is not surprising that the mounting tide of research has found a labor market mismatch. Despite the fact that some immigrants of the post-1965 era do meet the needs of the rapidly changing U.S. labor market, it is mostly accidental that they do. An increasing number -- more than the majority -- do not. Using Census data, studies have found that the immigrants of post-1965 era have less schooling, lower earnings, lower labor force participation rates, higher incidence of poverty, and higher unemployment rates than earlier waves of immigrants at similar stages of entry.⁵⁴ Using INS and Census data, studies also show that they are disproportionately concentrated in occupations and industries that are in decline and are located in the central cities of urban areas in six major states (California, New York, Texas, Florida, New Jersey, and Illinois) where unemployment is generally higher than it is in the state in which they live and of the nation as a whole.⁵⁵ Given the fact that U.S. immigration policy is essentially

designed to meet political objectives, it is not surprising that it fails to be consistent with the nations' evolving economic needs and, in fact, is substantially at odds with those needs. The 1990 Census disclosed, for instance, that 25 percent of all foreign-born adults (25 years and older) had less than a 9th grade education (compared to only 10 percent of native born adults). It also showed that only 58 percent of the foreign born had a high school degree whereas 77 percent of the native born did. Collectively, U.S. immigration policy is supplying a disproportionate number of poorly educated, unskilled, non-English speaking immigrants into the labor market at the very time when the labor market says that increasing numbers of such workers are not needed. Already having a substantial number of unskilled workers (e.g., the U.S. Department of Education estimates that half the adult population -- or 90 million people -- were not proficient in reading or arithmetic in 1992), it is impossible to justify adding to their numbers by immigration at this juncture in the nation's economic development. By no stretch of the imagination can such policy indifference be said to be an efficient way to expand the nation's labor supply in a service dominated, increasingly technologically-oriented, and internationally-competitive labor market.

As for Canada, the fact that a point system that rewards human capital factors is used as the primary entry device would seem to lessen the probability of there being a mismatch between the immigrant flow and the needs of its labor market. But, as noted earlier, immigration levels have been sharply rising in Canada and so have the absolute numbers of immigrants and refugees admitted by other criteria that are not related to actual labor market needs. The fact that immigration levels continue to rise at the same time that unemployment has also been increasing into double digit figures in the 1990s suggests that the Canadian immigration system has become more politically dominated and less concerned about possible incongruities with the nation's economic needs. To that degree, immigration is contributing to the inefficient use of labor and unemployment in Canada as it is doing in the United States.

In the case of Australia, the traditional use of labor market criteria to govern entry is also giving way to the more politically popular family reunification goals as the principle rationale for its immigration policy. But at least in the case of Australia, the increases in unemployment in the country in the 1990s have been matched by significant decreases in the annual levels of immigration which implies that economic considerations have not been entirely abandoned in the administration of its immigration policy.

As for Western Europe and the Middle East, it does not make any sense to try to assess their prevailing policies on efficiency grounds. In the case of Western Europe, family reunification, refugee accommodation and illegal immigration do not provide a means of

assuring that immigrants are being admitted on the basis of labor market needs. Indeed, with the high unemployment rates that most Western European nations have been experiencing in the 1990s, it would be difficult to say that their respective labor markets are sustaining any efficiency gains from immigration. A realistic appraisal would indicate that precisely the opposite is occurring.

Likewise, the extensive current usage of foreign contract workers in the Near East as a means of acquiring needed workers on an extended basis has been rejected by the past experiences of the United States and by Western Europe. ⁵⁶ As their is little prospect that such non-immigrant workers will ever be allowed to become permanent residents of these countries, it can be anticipated that illegal immigration will mount and, over time, there will be tendencies toward political instability in these nations as the economic and social distances between the "ins" and the "outs" widens.

Equity

One of the more significant social trends in the economic development of the advanced industrial nations in the 20th Century has been the incorporation of equity concerns into the formulation and evaluation of public policy initiatives. Who benefits and who loses by governmental interventions into labor market are questions that are crucial to any overall assessment of the merits of a particular undertaking.

Equity issues involve not only how immigration policy affects the short term state of affairs but how does it fit into longer term efforts by the present generation to correct inequities caused by the actions of past generations. Too much of contemporary economic analysis (i.e., the neo-classical paradigm in particular) is ahistorical in its quest to interpret and to quantify labor market happenings. But once equity considerations are raised, the rationale for policy actions shifts to including the relevant societal circumstances that exist at a specific time.

As previously noted, the traditional use of immigration by most nations has been as a means to supply unskilled labor either as permanent settlers or as temporary workers. The oil exporting nations, as do some of the rapidly developing economies of small nations in Asia, still pursue this course. Since the revival of immigration by the United States, Canada and Australia in the post-1960s era and the termination of temporary worker programs in Western Europe in the mid-1970s, the explicit use of immigration to recruit unskilled workers by these nations has virtually ceased. The employment-based portions of their immigration systems tend to be restricted to admitting only more highly educated and skilled workers. But when allowances are made for the other aspects of their admission systems (family reunification and refugee provisions) as well as the toleration of the mass abuse of these systems by illegal immigration,

the picture quickly changes. The preponderance of the entrants resemble, in terms of their human capital characteristics, the traditional immigration pattern: unskilled and poorly educated persons, who often do not speak the native language, dominate the flows.

Thus, the equity dimension of contemporary immigration policy focuses on segment of the labor force that is most impacted by the overall flow of immigrants: the low skilled segment of the native born labor force who disproportionately hold or seek jobs in the secondary labor market who carry the accommodation burden. Many of these persons are women, youth, and minority group members for whom other public policy measures -especially in the United States -- ostensibly manifest a concern. The impact of immigration on the well-being of these groups, however, seldom enters the realm of debate over the effects of immigration.

In the United States real family incomes have been falling steadily since 1973 and they have fallen the most for low income families.⁵⁷ Real wages have also been declining over this same time span and they have declined the most for low skilled workers.⁵⁸ National unemployment has tended to remain high (when compared to previous periods of prosperity -- ranging in the low 6 percent level in late 1994). Sectorial unemployment rates in central cities and in the six states (California, New York, Texas, Florida, Illinois, and New Jersey) most heavily impacted by immigration regularly exceed the national rate. Unemployment rates are the highest for those with the lowest levels of educational attainment (the usual proxy used to measure skill). Thus, there is no indication of the existence of any general shortage of labor and absolutely no shortage of unskilled labor in particular that would warrant the level and type of immigration that the United States is sustaining.

Historically, the most adversely affected group in the United States by large scale immigration has been the black population. Given the legacy of slavery and of <u>de jure</u> segregation, the economic welfare of black Americans virtually defines the notion of equity when assessing the efficacy of any public policy initiative. Yet, somehow, immigration policy has been allowed to escape the imperative to meet this crucial test.

The black population was easily positioned to have been incorporated into the economic mainstream of the United States after being freed from slavery in 1865. The U.S. economy was just entering the phase of its industrialization in which a vast number and array of new industries and organizations were created. Most of these jobs in manufacturing, construction, mining and transportation were of an unskilled nature. The blacks were unskilled and they were already in the United States (albeit mostly in the South). The most influential spokesman for black America at the time was the noted educator, Booker T. Washington. In his famous Atlanta Exposition speech of 1895, he pleaded with the white industrialists of the nation to draw on the abundantly

available native born black population to fill these nation-building jobs in order to "make the interests of both races one." He warned in a Cassandra-like fashion that the failure to do so would cause the future black population of the nation to become "a veritable body of death, stagnating, depressing, retarding every effort to advance the body politic." His words were not heeded. Waves of immigrants from Eastern and Southern Europe were sought and they poured into the urban labor markets of the North and the West. It was not until this immigration ended in 1914 that the black population could finally begin to migrate out of the South. Every decade since, there was a positive net migration of blacks out of the South -- that is until the 1980s. As indicated earlier, the decade of the 1980s saw immigration soar to its highest level in the nation's history and it also witnessed a negative net migration of blacks out of the South for the first time in the 20th Century. Reflecting on the historical pattern, Raymond Frost has written that "there is a competitive relationship between immigration and black migration out of the South When the rate of immigration declines, black migration to the North and West increases; when the rate of immigration increases, black migration declines." In the present context, blacks are once more losing in the competition for jobs in the urban North and West.

The revival of mass immigration to the United States has had completely unexpected consequences on the development of the Civil Rights Movement in the United States. Beginning in ernest in the South in the late 1950s, the Movement reached its zenith with the passage of historic legislation in 1964 (regarding public accommodations and employment), in 1965 (regarding voting rights), and in 1968 (regarding fair housing). Although the impetus for these laws was directed toward the treatment of black Americans, the legislation broadened rights protection beyond race to include national origin, gender, religious belief, and color. But what is often overlooked in reviewing the evolution of the Civil Rights movement is that the pathbreaking laws of the 1960s were enacted at a time when immigration levels were still low and sharply restrictive. With regard to the employment implications of the civil rights laws of the 1960s, the assumption was that they would reduce future discriminatory practices and that they would also be accompanied by other human resource development policies designed to redress the past denial of opportunities for victim groups to be prepared to qualify for jobs. In the short run, this is, in fact, what occurred. Simultaneous legislation was adopted pertaining to education, training, health, housing, community development and poverty prevention. With unemployment declining in the mid-1960s, it was assumed that the newly protected groups -blacks in particular -- would soon become qualified to fill the available jobs that a tightening labor market was providing (unemployment rates in the mid-1960s were in the 3 percent range).

There was no recognition at the time that the parallel reforms in the nation's immigration system that were manifested the Immigration Act of 1965 were in anyway linked to the happenings in the civil rights arena. For as the floor manager of the legislation, Senator Edward M. Kennedy, stated during the final floor debate, "this bill is not concerned with increasing immigration to this country, nor will it lower any of the high standards we apply in selection of immigrants."62 Neither of his assertions proved valid. As indicated earlier, this legislation (and other expansive measures that followed) led to the largest increase in immigration in U.S. history and it is still going on. Moreover, most of the new immigrants have been unskilled, poorly educated, non-English speaking persons. In the process, policies designed to bring black America into the nation's economic mainstream were undermined. The new immigrants poured into many of the same urban centers where the black population was already concentrated. They became an alternative source of labor -- just as immigrants at the turn of the Century had been earlier. In the process, their presence has greatly lessened the need to address the economic plight of black Americans. It has also greatly increased the competition for jobs (especially in the secondary labor market) and for the scarce education and training funds available to improve the chronic human capital deficiencies of the needy people of all races concentrated in these urban centers.

Since the return of mass immigration in the mid-1960s, there are clear signs that the economic status of black Americans has deteriorated. Historically, the black male labor force participation rate consistently exceeded that of white males. Beginning in the late 1950s and accelerating in the 1960s, the white male rate has exceeded the black rate and the gap between the two has tended to widen. In 1990, the white male rate exceeded the black male rate by 6.8 percentage points (76.9 percent to 70.1 percent). The wide gap exists for every age sub-grouping. Indicative of the significance of this decline in black male participation is the fact that the absolute number of black women in the labor force in 1990s exceeds that of black men. Blacks are the only racial group in the U.S. labor force where this phenomenon occurs and the difference is projected by the U.S. Department of Labor to worsen throughout the 1990s. On the surface, there is to be no reason why white males should have a significantly higher participation rate for every age cohort than black males or that white males should have a considerably higher overall rate. Given that the black population is considerably younger than the white population, standard labor market analysis would predict that the black male labor force participation rate should be higher than the white rate. However, blacks are clustered disproportionately in the central cities of 12 major cities outside the South, in most central cities of the South, as well as being scattered throughout the large geographic area of the rural South.

Jobs in these specific locations are frequently scarce. Moreover, black male workers have been disproportionately displaced by the decline in manufacturing industries and production-related occupations that has occurred since the 1960s because they were disproportionately employed in these sectors.⁶³ In urban centers, therefore, unskilled immigrants and unskilled blacks have had to compete for the shrinking number of unskilled jobs that remain.

The low participation rate also reflects, in part, the fact that black male unemployment is about twice that of white males -- also a trend that has worsened since the mid-1950s. The combination of high unemployment and declining labor force participation means that a significant number of black males cannot find jobs and many have simply stopped actively seeking work. If these adult black males are not at work, or in school, or in the military, what are they doing to survive? The answer, of course, is that an urban subclass of adult black males who function outside the normal labor market has been formed and institutionalized. It survives through reliance on irregular activities such as casual "off the books" work and anti-social behavior such as crime. It also entails such self-destructive activity as disproportionate involvement with alcoholism, drug abuse, and violence.

The worsening economic plight of black males is also affecting black females in particular and black family structure in general. Up until the 1950s, black women married at higher proportions than did white women. By 1991, the proportion of black women who do not ever marry had reached an incredible figure of 25 percent of all black women (three times higher than the comparable percentage for white women). The explanation for this disparity rests with the fact that the pool of black men who are able to earn a living through work in the regular economy sufficient to support a family is rapidly shrinking. It is not only the negative effects of being disproportionately employed in low wage occupations, or the high incidence of unemployment, or the inordinately high incarceration rates of black men. It is also do to the soaring death rate -- especially from homicide -- of urban black males. The derivative effects on black family structure has been devastating. In 1990, 57.6 percent of all black births were out of wedlock (compared to 17.2 percent for whitest and 23.2 percent for Hispanics. Female heads of households with children, especially those who are from minorities groups, are usually condemned to lives of poverty as are their offspring.

Returning to the link between immigration and the economic well-being of blacks, it should be noted that 24 percent of the foreign born population of the nation in 1990 lived in only seven cities. These cities and the percentage of their respective populations who are foreign born in 1990 are as follows: New York (28 percent); Los Angeles (38 percent); Chicago 117 percent); Houston (18 percent); San Francisco (34 percent); San Diego (21 percent); and Miami

(60 percent). With the exception of San Diego, each of these cities also have substantial black populations.

Competition from immigrants is not the only factor to explain the high unemployment and the low labor force participation rates of black males but it must be included within any such list of negative influences. The adverse impact has been highlighted by studies of the 1992 urban riots in Los Angeles, California -- the worst race riots the country has ever sustained. For Specific case studies are rare but one such study in southern California clearly documented the situation whereby black janitorial workers, who had successfully built a strong union in the 1970s that provided high wages and good working conditions, were almost totally displaced by Hispanic immigrants in the 1980s who were willing to work for far lower pay and with few benefits.

Studies of the New York City labor market, which has the highest absolute number of foreign born persons of any city in the nation, have found that immigrant workers are clustered into only a few industries. Almost half (47 percent) of all post-1965 immigrants were employed in only 13 industries lout of over 200 for which Census data are collected). ⁶⁹ These 13 industries, however, accounted for an incredible 35 percent of all employed persons in the city. The preponderance of the post-1965 foreign born-workers were concentrated in generally low paying industries such as apparel manufacturing, hospitals, eating and drinking establishments, private household work, hotels, and nursing facilities.

There is also evidence that immigrants, who themselves become employers and who have opened their own businesses in urban cities, actively discriminate against native born workers -- especially blacks -- in their hiring practices. In her study of immigrants in New York City, Elizabeth Bogen candidly described the phenomenon: "there are tens of thousands of jobs in New York City for which the native born are not candidates."⁷⁰ The reasons she cites are that ethnic hiring networks and the proliferation of immigrant-owned small businesses in the city have cut off open-market competition for jobs" and that the blatant "discrimination against native workers is a matter for future monitoring."⁷¹ Even research in those rural labor markets where immigrant workers have become a significant factor (e.g., in the agriculture industry of the Southwest) has revealed the widespread use of ethnic networking which dominates the hiring process. 72 The negative effect of immigrant hiring networks on the employment of native born workers for these unskilled, rural jobs is the same in its consequences as it is in urban labor markets. The concept of networking is highly praised by many scholars who study the current immigrant experience.⁷³ But what is overlooked is that these hiring practices -- the use of national origin as a factor to favor or to deny employment opportunities -- is specifically banned by the Civil Rights Act of 1964. What was legally permissible at the beginning of the 20th

Century is illegal its end. So far, however, no government agency has been willing to pursue the issue of discrimination by immigrants against native born Americans -especially if they are black citizens.

Immigration is also having another more subtle effect on equity issues in the United States. Namely, due to its scale and composition, immigration is rapidly changing the balance of political power in those cities and states that have been receiving most of the post-1965 immigrants. No racial group since the United States achieved its independence in 1783 has received fewer new members as immigrants than has the black population. When the 19th Century began, blacks constituted about 20 percent of the U.S. population. By the end of the 19th Century, the mass immigration of whites from Europe had led to the reduction in the proportion of the black population to about 10 percent. Throughout the 20th Century, there has been little increase in the black population as the result of immigration. As noted earlier, almost all of the post-1965 immigration to the United States has been of people who presently constitute other minority groups -- Hispanics and Asians. There have been relatively few blacks among their numbers. Thus, one of the most dramatic effects of post-1965 immigration has been to create a significant shift in the make-up of the nation's minority population. As Jeffrey Passel and Barry Edmonston have written,

The proportion of the minority population [of the United States] that is black has been dropping steadily. This trend passed a little-noticed threshold in the 1990 Census. For the first time, the black population now accounts for less than half of the minority population.⁷⁵

Looking ahead to the 21st Century, they state that "we can expect this shift to have profound implications for political and social relations among race/ethnic groups in the United States."⁷⁶

Under most circumstances, the fact that the racial and ethnic composition of the United States is changing would not warrant concern for policy changes to avoid such an outcome. But the economic welfare and the social status of blacks in the United States is a special case. The historical treatment of blacks has placed special obligations on succeeding generations of Americans to try to right the wrongs of the past. There may be legitimate disagreements among Americans over the extent to which such a correction can be achieved by public policy interventions into labor markets; but certainly no discretionary element of public policy should be allowed to inflict harm upon black Americans in their quest for equality of opportunity. Unfortunately, post-1965 immigration policy cannot pass that test. Indeed, it has been inimical. To be sure, this was not the goal of immigration reformers in the 1960s or of pro-immigration supporters over the subsequent years. But to allow the prevailing immigration system to continue to function without regard for its adverse effects on blacks can only lead to one

conclusion: immigration policy has once more become a form of institutional racism. It has provided a way to avoid addressing the dire economic plight of black Americans.

To date, equity considerations have been ignored in the design, and the assessment of the nation's post-1965 revival of mass immigration. The adverse consequences of this omission has fallen most severely on unskilled workers in general but on black workers in particular because they are, unfortunately, concentrated in the unskilled labor market and often in the same geographic labor markets most highly impacted by immigration.

In the case of Canada, the issue of equity is an issue but far less so than in the case of the United States. In the past, the use of the point system and the flexibility in the annual immigration ceiling has made its system more accountable for its economic consequences than in the United States. Nonetheless, as the number of immigrants admitted on the basis of family ties and as refugees has increased and with its immigration levels in the 1990s being allowed to reach unprecedented levels despite rising unemployment, equity concerns about the impact on unskilled workers bears careful monitoring in the coming years.⁷⁷ It is a latent issue.

Immigration has, at times, become ensnared in Canada's timeless dispute between its charter ethnic groups, the British and the French. But once Canada decided to adopt an active policy of recruitment of immigrants in the post-World War II era, it was not long before Canada followed the lead of the United States by enacting legislation in 1967 that removed discriminatory barriers from its entry system. In the succeeding years, the number of immigrants who are neither of British or French heritage has risen dramatically -especially with immigrants from Asia, Africa, and Latin America. But without the legacy of slavery and de jure segregation, Canada's immigration system has not been as plagued by the equity concerns about differential impacts on native born racial groups as has the United States.

As for the receiving countries in Western Europe, the major equity issues are far less obvious since the era of reliance on guestworkers has ended in 1973. The guestworker programs have been soundly criticized on equity grounds by W.R. Bohning who described their demise as being due to the fact that they were "not only morally offensive but politically less and less tenable" for Western European democracies. Ray Rist, for instance, contended that the program created a marginal segment of the labor force in the receiving countries of workers who were only useful as long as there was no attempt to improve their working and living conditions or to incorporate them into the economic mainstream of the respective host countries.

Since 1973, as discussed earlier, the member nations of the European Economic Community have sought to reduce immigration from non-member nations while increasing labor mobility between EEC members. The adoption of the Single European Act in December, 1985

(that became effective in 1993) sought to codify this position. Given the high unemployment that continues to characterize most EEC nations and the spread of long-term unemployment among its work force, this course of action is logical. The EEC countries no longer need an infusion of unskilled workers – from Africa, the Near East or anywhere else. Hence, when faced with a choice of a very restrictive immigration policy or ... a more liberal one which is racist [i.e., an employment-based policy that favors only immigrants who speak the native language of the receiving country and who already have needed skills, talents, and education], they have chosen the former. The EEC nations will, however, still be confronted with the legacy issues that are the residual effects of their guestworker programs – family reunification and illegal immigration. The associated equity issues, therefore, will center on equal access to jobs and job preparation for their foreign born populations as well as with citizenship rights and cultural assimilation issues. The entry question, it seems, has been decided: Western Europe no longer desires to be a receiving region. The dilemma of how Europe will handle continuing illegal immigration and the on-going surge of economic refugees masquerading as political asylum applicants, it seems, will determine the fate of access and treatment of future immigrants.

Effects on Social Policy

Western Europe has led the world in the development of social policies that are designed to smooth over the hard edges of free market economies for workers and their families. Competitive economic systems breed winners and losers, by definition. The maintenance of full employment for prolonged periods has proven to be difficult. Under these circumstances, most Western European countries have concluded that income guarantees for families with children, health care, school-to-work transition programs, support for unions, and liberal unemployment compensation programs are societal obligations that require societal responses. Public policy measures reflect these views. Canada has tended to resemble Europe in its adherence to these beliefs and the establishment of similar protective programs. As for the United States, it has been less willing to acknowledge the fact that free markets have problems that dictate social solutions. But, in fact, it has tended to follow Western European leadership in these vital areas of social policy but, usually, with great reluctance and considerable time lapses. Some social policies – such as the provision of universal health care and children allowances – are still resisted.

These social policies, however, are expensive. Their continuation and adequacy depends on the ability to keep their costs from becoming prohibitive. As long as immigration levels were low, the benefits of the welfare state were not threatened and the immigrants were usually included with a minimum of opposition. But as suggested by Becker, these social

programs can serve as a human magnet to poor people in less developed countries to emigrate from their homelands. Indeed, they may be as powerful in there attraction powers as are the opportunities for possible employment that emanate from the job market of the receiving nations. When immigration is perceived to be "out of control" (as a presidential commission in the United States has found it to be), the cost of providing human services to immigrants and refugees can undermine the tenuous support and possibly even the continuation of the social policies of these receiving nations. They can also hinder efforts to enhance these programs by providing higher benefits and wider coverage in response to worsening domestic economic conditions (in Western Europe and in Canada) and fiscal stress (in the United States) in the 1990s.

In the United States, support by special interest groups for higher levels of immigration and for weak deterrence measures against illegal immigration has been based on alleged benefits that accrue by these developments. They have conscientiously eschewed discussions of the associated costs. Immigration advocates had their way in the 1980s. But given the anomaly of the immigration policy process in the United States (whereby immigration policy is the exclusive prerogative of the federal government but most of the actual adjustment costs fall on local and state governments to bear), the issue of costs had to be faced eventually. The local and state governments where immigrants have congregated have manifested a groundswell of protest as they have struggled to pay the mounting financial obligations of immigration. In 1994, for example, the Governor of California charged that immigration was costing his state \$3 billion annually and he filed suit against the federal government for compensation of the cost of incarceration of criminal aliens (\$1.6 billion) and for providing health costs to illegal aliens (\$369) million); San Diego Country, California filed suit for an addition \$59 million to cover the costs of criminal incarceration; the Governor of Florida released a report claiming that the cost of illegal immigration was costing his state \$884 million to provide education, health, and incarceration costs; the New York State Senate released a report claiming that immigration was costing the state \$5.6 billion for social services, incarceration, and education and announced it would begin negotiations with the federal government for reimbursement of these expenses; a study in Texas placed the annual costs of legal and illegal immigrants at \$4.6 billion for its governmental services; and the Attorney General of Arizona filed a federal suite for \$121 million for reimbursement for the cost of criminal incarcerations.⁸³ Other states are considering similar actions. These suite are only the tip of the iceberg. The actual costs of mass immigrant accommodation have yet to be fully exposed. For example, it is estimated that two million immigrant youth enrolled in U.S. public schools in the 1980s. Studies of these immigrant

children indicate that they are "twice as likely to be poor as compared to all students, thereby straining local school resources." Moreover, "many immigrants, including those of high school age, have had little or no schooling and are illiterate even in their native languages." New demands for the creation of bilingual programs are special education classes have added to the costs of education had have frequently led to the diversion of funds from other important programs for other needy children. Overcrowding of urban schools, already confronting enormous education burdens, has frequently occurred with devastating impacts on the educational process. Other education costs to social policy are more subtle but equally significant as financial concerns. Namely, the societal goal of desegregated urban schools has been greatly retarded by the arrival of immigrant children because it has increased the racial isolation of inner-city black children.

Even the federal government itself has entered the fray over costs by reporting that elderly legal immigrants, who entered under family reunification provisions and who did not work in the United States so they do not qualify for Social Security benefits, are annually costing the federal government \$1.2 billion in food stamp and Supplemental Security Income benefits.⁸⁸ Research has also disclosed that immigrants in the 1980s made greater use of the federal-state welfare program for dependant children than did native born citizens.⁸⁹ In addition, the issue of coverage for illegal immigrants under the national health care program proposed by the Clinton Administration in 1994 has become a major point of contention to an already controversial proposal as has the issue of the eligibility of children of illegal immigrants under the Administration's proposed welfare reforms.⁹⁰

Thus, there is a quandary developing in each of the receiving nations. As the number of immigrants -- a disproportionate number of who are poor -- enter these countries, the cost of accommodating them in the social programs of these nations are disproportionately increased. In the wake of rising costs, there is pressure to exclude needy immigrants. But such actions would create an untenable two-tiered society that is likely to have intergenerational effects. Another alternative is to retain the existing programs but reduce benefit levels and restrict coverage for everyone but this too is arbitrary and cruel. It too would widen the income gap between "haves" and "have nots" and be socially divisive. This leaves only one remaining option: reform immigration policies by making them accountable for their economic and social consequences. Western Europe has chosen this last option. In the United States and Canada, the choice remains to be made but the day of reckoning does not seem far away.

Concluding Observations

From the vantage point of the receiving countries, the planned immigration component of international labor migration is limited and situation-specific. Few countries currently are willing to admit immigrants. Those that do, have been willing to do so under very proscribed terms and with set limits. The legal grounds are based largely on noneconomic, political considerations. But, as the economic consequences of these political policies have begun to surface and to be recognized as being significant, support for immigration for permanent settlement has waned. Contraction has already begun in Western Europe. In Canada and the United States, planned immigration remains high, but it has become a subject of contentious debate with the future outcome uncertain. In Australia, levels of immigration have been reduced while arguments over the proper admission criteria continue.

Faced with "stress" in their domestic economies that is symbolized by high unemployment and caused by the introduction of new labor-displacing technologies and the reduction of international trade barriers, employers are rapidly readjusting their production systems. The employment responses to these changes have revealed significant labor market mismatches between the types of skilled and educated workers that are needed and the supply of unskilled workers who are not. ⁹¹ Structural unemployment of this nature is not amenable to conventional fiscal and monetary remedies. In this economic environment, labor market policies come to the forefront. Immigration, which is a discretionary element of each nation's labor policies, has come under particular scrutiny. None of the receiving nations need more unskilled workers. But, given the political nature of their existing immigration policies (i.e., the admission of family reunification immigrants, diversity immigrants, and refugees), it is unskilled workers that dominate the overall inflow into their respective labor forces.

All of the countries that are receiving immigrants for permanent settlement have liberal welfare systems in place. This is especially the case in Western Europe, but the United States has been gradually adding to its inventory of social programs. Confronted with the imperative to create jobs for their unemployed while striving to protect the integrity of their social welfare policies, it is not surprising that there would be resistance to immigration policies that add to the eligibility pools; necessitate increased social expenditures; and add to the ranks of the unemployed.⁹²

But, aside from the direct cost issues, there is also the fact that the job competition impact of immigration is grossly uneven. It is not the better educated and highly skilled segments of the labor force that bears most of the effects of the competition. Rather, it is the low skilled and low paid workers of each country who bear these burdens. Disproportionately, these

workers tend to be youth, women, and minority group members. The result, therefore, is that immigration policy in its present form represents a societal imposition of hardship on precisely the segments of the population and labor force that are in the greatest of need of both assistance and protection.

To be sure, many of the immigrants and their families are fleeing circumstances that are often worse than the conditions confronting unskilled citizen workers and their families in the receiving nations. But, adding needy immigrants to the ranks of the needy citizens of these countries raises serious equity concerns. No policy that makes it more difficult to provide adequate job opportunities, health care, education, and housing for needy citizens can possibly be in the national interest of any nation -- even if the immigrants themselves are better-off in these countries than if they stayed in their homelands.

As for unplanned (i.e., illegal) immigration, all of these countries that are currently receiving immigrants are experiencing the phenomena -- be they unauthorized border crossers, visa "overstayers", or economic refugees claiming political asylum. The issue of unplanned immigration, however, is not restricted to the few nations who are admitting legal immigrants. It seems to occur on every continent, wherever any one country is better off than are its neighbors. But it is a special problem for the advanced industrial democracies because of the absolute number of people involved and because they attract illegal immigrants from multiple sources, not just neighboring countries. All of these industrial democracies have taken legislative steps to curtail illegal immigration. But still it continues and, in fact, it increases. David North has succinctly explained why: "I suggest that democracies do not control international migration well because they are reluctant to devote the needed financial, diplomatic, intellectual, and above all, emotional resources to the issue."93 Thus, while the industrial democracies do pass laws against illegal immigration, there "is an articulate and powerful set of interest groups which are not sympathetic to the enforcement of immigration law."94 Chief among these are certain business groups who hire large numbers of low skilled workers (e.g., agri-business in the United States). But the coalition also includes influential organizations of ethnic, racial, and religious groups who are largely concerned with increasing their numbers rather than the interests of the nation as a whole. They are joined by a growing number of powerful organizations that exist only to serve immigrants and refugees and whose institutional existence depends entirely on a continuation of immigrant flows. The collective influences of these entities keeps immigration enforcement a low priority issue. To be effective, as North indicates far more funds are needed to make the existing laws work than the governments of the receiving nation's are presently willing to appropriate; the topic must be given higher diplomatic priority even if the

result is an increase in ill-will generated by the governments of the sending countries; more attention needs to be given by immigration scholars to nitty-gritty issues pertaining to the actual means of law enforcement; and the receiving nations must overcome the feeling of emotional guilt about sending violators back to their homelands in order to discourage even a greater number from coming in the future. Although North is pessimistic about the prospects of the industrial democracies taking these steps, he clearly articulates the imperative for doing so:

The big losers are the disadvantaged legal workers, often of minority origin, who either lose their jobs to newcomers, or, more often, find their wages and working conditions depressed because of the presence of newcomers in a specific segment of the labor market If the State provides welfare benefits to the displaced domestic workers, then taxpayers are lesser losers as well.⁹⁵

Thus, there is an anomaly in any effort to appraise the international labor mobility aspects of global immigration on receiving nations. On the one hand, the planned immigration component of such movements is small and the future prospect is that it will diminish; on the other hand, unplanned immigration -- in all of its forms -- shows every sign of enlargement. Consequently, the magnitude of international migration is likely to increase despite formal efforts to reduce it.

The scale of international labor migration, therefore, will more likely be determined by what is happening in the sending countries than in the receiving nations. The economic problems confronting the sending countries, which cause so many of their people to leave, are immense and the prospect is that they will worsen. But, to the degree that humane solutions for their plight do exist, out-migration cannot be one of them. For aside from the adverse effects on the receiving countries, out-migration alone does nothing to resolve the fundamental causes of the problems in their homelands. Until they are addressed directly, the "push" factors in the sending countries will simply go on indefinitely. If the "have" countries of the world want to help, they must address the systemic causes of distress in those countries whose leaders themselves want to change these conditions. Fundamental to the success of any such effort are the acceptance of the need for population control measures. The "have" nations could provide the birth control information and the contraceptive means to limit family size and population growth. They can provide the technical and the economic assistance needed to develop the education and training of their work forces as well as the production expertise needed to diversify their existing industrial bases so as to introduce new industries and to expand domestic job opportunities. They can also adopt trade policies that provide access to the sending nations to export to their countries. The advanced industrial countries should link the provision of economic assistance and trade concessions to assurances by the governments of these

countries that they will strictly adhere to international human rights and human liberty standards. And, lastly, the receiving countries should resist the temptation to "brain drain" the sending countries of the talent they need to develop their economies. Pursuit of these international policies is far more preferable, in terms of probable outcomes, than is the option of expanding international labor migration itself.

Table 1: Gross Inflows of Foreign Population to Selected Countries, 1985-1990 (thousands)						
Country	1985	1986	1987	1988	1989	1990
Europe						
Belgium	37.5	39.3	40.1	38.2	43.5	52.3
Francea	43.4	38.3	39.0	44.0	53.2	63.1
Germany	324.4	378.6	414.9	545.4	649.5	NA
Netherlands	40.6	46.9	47.4	50.8	51.5	60.1
Norwayb	14.9	16.5	15.2	16.4	14.0	11.7
Swedenc	13.4	19.4	19.0	24.9	28.9	23.9
Switzerland ^d	59.4	66.8	71.5	76.1	80.4	101.4
United Kingdome	55.4	47.8	46.0	49.3	49.7	52.4
North America						
Canada ^f	84.3	99.2	152.1	161.9	192.0	213.6
United States ^f	570.0	601.7	601.5	643.0	1,090.9	1,536.5

SOURCE: Systeme d' Observation Permanente des Migration (SOPEMI) of the Organization for Economic Cooperation and Development (Paris), 1992. Asylum seekers excluded.

[Note: This table is taken from Beth J. Ash, <u>Emigration and Its Effects on the Sending Countries</u>, (Santa Monica: RAND, 1994). Table 1.1, p. 4].

^a Includes holders of provisional work permits and foreigners admitted on family reunification grounds. Does not include residents of EEC countries who have not been brought in by the International Migration Office.

b Entries of foreigners intending to stay longer than six months.

c Some short duration entries are not counted.

^d Entries of foreigners with annual permits and those with permanent permits who return after a temporary stay abroad. Seasonal and frontier workers are excluded.

Entries correspond to permanent settlers within the meaning of the 1971 Immigration Act and subsequent amendments.

f Permanent settlers only.

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