

Chapter 10

Resurrection: World Migration Since World War II

Although intercontinental migration resumed its pre-WWI pattern by source right after WWII, it did not last long. Nor were the magnitudes the same since the restrictive immigration policies introduced two or three decades earlier persisted. Yet, these policies were to change sharply in the 1960s with a shift in the United States away from the quotas that had so strongly favored immigrants from western Europe since they were introduced in the 1920s.

Annual immigration to North America and Oceania rose gradually to the mid 1970s before surging to a million per year in the 1990s (Figure 10.1). The absolute numbers were by then similar to those reached during the age of mass migration about a century earlier, but they were much smaller relative to the host country populations that had to absorb them. Thus, the US annual immigration rate fell from 11.6 immigrants per thousand in the 1900s to 0.4 immigrants per thousand in the 1940s, before rising again to 4 immigrants per thousand in the 1990s. Most Americans are aware of the fact that there has been a surge in US immigration over the past three or four decades, but the *rate* of immigration in the 1990s was still only a third of what it was in the 1900s. Still, even a relatively low immigration rate can generate very fast growth in foreign-born population shares when it starts from a low base, and a faster growing foreign-born population combines with a slower-growing host population. The proportion of the US population foreign born had fallen from a 1910 peak of 15 percent to an all-century low of 4.7 percent in 1970. The postwar immigration boom increased the foreign-born share to more

than 8 percent in 1990 and more than 10 percent in 2000.¹ Thus, the US has come two-thirds of the way back to reclaiming the title “a nation of immigrants” after a half-century retreat. While the immigration rate is now only a third of that achieved at its peak in the first decade of the 20th century, the contribution of immigration to population and labor force growth is similar because the rate of natural increase has also declined.

What happened to the United States after World War II also happened world wide. Table 10.1 reports trends in the foreign-born around the world over the thirty-five years since the mid 1960s. The data are based on country censuses, sources that are likely to be of higher quality than those that report annual immigrant flows, and they deal with unambiguous net permanent moves. The most revealing entries appear in the last three rows of the table. There we see that the foreign-born share in the total population increased by about third in Oceania between 1965 and 2000 – from 14.4 to 19.1 percent, more than doubled in North America – from 6 to 13 percent, and more than tripled in Europe – from 2.2 to 7.7 percent. The original source of the data in Table 10.1 makes it clear that North America is defined to exclude emigrating Mexico, so in this case we are talking exclusively about a high-wage immigrant-absorbing region. Alas, the same is not true of Europe since the source also makes it clear that the latter is defined to include eastern Europe and the former Soviet Union, two net emigrating regions and, increasingly, a significant source of migrants for the European Union. The foreign-born share in *western* Europe rose much more dramatically in the late 20th century than it did for Europe as a whole. While Table 1 does not report it, here are the figures for western Europe: the foreign-born share rose from 2.2 percent in 1965 to 10.3 percent in 2000, an increase of *five times*, even bigger than for North America.

Most of the OECD rise in the foreign-born share took place in the 1990s: two-thirds of the increase in the North American foreign-born share and four-fifths of the increase in the European foreign-born share took place in the 1990s. Thus, immigration into the OECD accelerated after 1965, and especially recently.

Next, consider where the migrants have gone. Europe and North America combined increased their share of the total world foreign-born from 36.5 to 55.4 percent over the thirty-five years. Asia accounted for most of the rest, 28.6 percent in 2000, and almost half of that Asian share can be claimed by the Persian Gulf region. Thus, three-quarters of the world's foreign-born are now located in western Europe, North America, Oceania and the Persian Gulf.

The source regions are, of course, Africa, Asia, eastern Europe, Latin America and the Caribbean. Foreign-born shares are low and falling in all of these emigrating regions. As the first major Third World source of immigrants, Asia underwent a decline in its foreign-born share first, between 1965 and 1975 – sending rather than receiving migrants -- and its share has stabilized since. Latin America has undergone two big drops in its foreign-born share, between 1965 and 1975 and then again across the 1990s. Africa underwent its decline later, but again in two steps, 1975-85 and 1990-2000. Although it is not shown in the table, eastern Europe has also undergone a steady fall in its foreign-born share throughout the thirty-five years.

Where Have the World Migrants Come From? Five Seismic Changes

World migration patterns by source and destination have undergone five seismic shifts over the half-century since World War II.

The first seismic shift involved Europe's decline as an emigrant source: European emigration to North America and Oceania collapsed from 400,000 per annum in the early 1950s to less than 100,000 per annum in the early 1990s (Figure 10.1). Part of this drop can be explained by the resurgence of migration *within* Europe.

Emigration from southern Europe has a long tradition going back to pre-19th century colonization, but it involved migrations between continents. Toward the 1950s, this more traditional outflow was replaced by migration heading north within Europe, led by Italy, Greece, Portugal and Spain, later joined by Turkey (Venturini 2004: 13). To take only one example, the share of Portuguese emigrants moving *within* Europe rose from a tiny minority of 1.5 percent in 1950-54 to a large majority of 57.1 percent in 1970-74 (United Nations 1979). Migration *within* Europe (including Turkey) grew rapidly in the early postwar years through guestworker arrangements, particularly in Germany where the share of workers foreign-born rose from 0.6 to 11.2 percent between 1957 and 1972. This European south-north migration came to an end in 1973

due to economic recession and to social problems arising from immigration

The flows from southern [Europe decreased], but [they] were replaced by immigrants from other countries. (Venturini 2004: 13)

Foreign nationals increased from 1.3 percent of the western European population in 1950 to 4.5 percent in 1990. The 1990 figure would easily double if it included the foreign-born that had become naturalized (Stalker 1994: 189-90).

More recently, western and southern Europe have become destinations for immigrants from Asia, the Middle East and Africa, and since the demise of the Soviet Union in the 1990s western Europe has also absorbed immigrants from the east including the former Soviet republics. As a result, annual net immigration into the European Union (EU) rose from 200,000 in the 1980s to over a million in 1989-93, before falling again to 640,000 in 1994-98: over the decade between the 1980s and 1990s, EU immigration more than tripled. Indeed, EU immigration now surpasses that of the US and would exceed it by even more if (estimated) illegal immigrants were included.

The second seismic shift involved the transformation of Latin America from a major migrant destination to a major migrant source. The Latin American evolution is a mirror image of the European transformation from a major source to a major destination, and it appears to be unique. The 19th century mass migration experience reported in Part II shows that poor, low-wage and agrarian countries send out few emigrants at first, but that the numbers surge during early industrialization, before falling off during late industrialization. The late 20th century illustrates how at some point these countries start to receive immigrants as they get rich, labor scarce and high-wage. Latin America is the sole exception to this secular pattern, and the explanation for its exception appears to be that the region has an even richer and faster growing neighbor to the north. Since the 1920s, Latin America has never been able to catch up with North American living standards, or even to reduce the gap. Thus, it is hardly surprising that the stock of immigrants in Latin America and the Caribbean who were born outside the region fell from 3.7 million in 1960 to 3 million in 1980, while Latin Americans and Caribbeans residing outside the region increased from 1.9 million to 4.8 million over the same two

decades. The magnitude of this change has been really quite phenomenal: Latin America underwent a secular regime switch from hosting (net) 1.8 million foreign-born, to having (net) 1.8 million Latin Americans hosted abroad, a regime switch adding up to a net change of 3.6 million over only two decades!

The changing source of United States immigrants is particularly instructive in illustrating this Latin American migration revolution (Table 10.2). Whereas only about a fifth (22.2 percent) of all US immigrants came from south of the border in the 1950s, almost half (47.2 percent) did so in the 1990s, the latter about equally split between Mexico and the rest of Latin America plus the Caribbean. Mexicans themselves increased their share of US (legal) immigration from almost 12 percent in the 1950s to almost 25 percent in the 1990s. No doubt the measured share would have increased even more had it included illegals.

The third seismic shift during the post-war decades involved Asian and African immigrants, whose numbers rose from negligible to a very large flow. Asian migrants to the US have come mainly from India, Pakistan, China, Korea, the Philippines and Vietnam. Europe has undergone the same surge in Asian immigration as well as a surge from Africa and the Middle East. Annual immigration from the developing world into five major European destination countries -- Belgium, Germany, the Netherlands, Sweden and the United Kingdom -- rose from 97,000 in 1975-79 to 225,000 in 1990-93 (United Nations 1997: 32-3). For Germany alone, annual immigration from North Africa and western Asia more than tripled from 20,000 in 1975-79 to 67,000 in 1990-93, while the numbers from Sub-Saharan Africa rose from 1,200 to 22,000.

The fourth seismic shift involved the Persian Gulf. The development of oil production and exports in the countries bordering the Persian Gulf – particularly, thinly populated Saudi Arabia, Kuwait, Bahrain and the United Arab Emirates -- led to a large labor demand boom which spilled over in to an increasing demand for foreign workers. The rapid job creation appeared in construction, trade and low-skilled service industries, as well as in occupations requiring more highly educated workers, such as teachers, engineers, and doctors. Initially, the rising excess demand for labor was satisfied by importing temporary contract workers from nearby parts of the Arab world, like Egypt, Palestine and Yemen. With the formation of the Organization of Petroleum Exporting Countries (OPEC) cartel and with the continuing increase in world demand for oil, crude oil prices reached unprecedented heights. OPEC revenues tripled over about five years, from less than \$200 billion in 1971-75 to over \$600 billion in 1976-80 (Abella 1995: 418). The increase was much bigger if calculated over the decades following the late 1960s.

This price boom raised local income and generated an extraordinary increase in the demand for labor, an excess demand that spilled over in to a demand for foreign workers. While contract workers from other Arab states continued to move to the Persian Gulf, they were soon far outnumbered by the millions of temporary workers from nearly all parts of Asia. The annual flow of Asian workers to the Middle East increased from less than 100,000 in 1975 to nearly one million in 1991, with the sources moved eastward as time went on. The share from Pakistan and India decreased from 97 percent in 1975 to 36 percent in 1991. To take their place, the share from Bangladesh and Sri Lanka increased to 22 percent while that from Southeast and East Asia increased to 42 percent.

By 1990 the stock of Asian workers had grown to about 400,000 in Kuwait, to nearly one-half million in the United Arab Emirates, to over 1.5 million in Saudi Arabia and to over 3.5 million in the Gulf region as a whole (Abella 1995; United Nations 2000). The shift from Arab to Asian foreign labor arose in part because of the lower Asian reservation wage, but also because the receiving countries wanted foreign labor that would not settle permanently and who would be less of a cultural or political threat to the indigenous population than other Arabs would be. The eastward movement in the recruitment of Asian migrant workers reflected an attempt to diversify origins and prevent any one group from dominating the region.

Asian workers came to the Persian Gulf under short-term contracts (generally only one to two years). To facilitate the transfer, private agencies were established in the sending countries early on, and some governments (e.g. South Korea and the Philippines) actively promoted labor contracts for their construction workers. After all, the arrangement provided benefits in the form of higher-paying jobs for many of their nationals, profitable contracts for their construction firms, and substantial foreign exchange earnings from remittances and repatriated wages and profits (Amjad 1989).

The fifth seismic shift involved emigration from eastern Europe. The movement of European labor from the less industrial and poor east to the more industrial and rich west has a long history that goes back to the industrial revolution almost two centuries ago. Even during the troubled interwar years, migration from Poland and Czechoslovakia to Belgium and France was extensive.² In the five years following the end of WWII, something like 12 million ethnic Germans returned to Austria or Germany from Poland, Czechoslovakia and the Soviet Union. When the Soviet Union annexed eastern parts of

Poland at the end of the war, some 1.5 million Poles emigrated. In addition, there was migration “churning” within eastern Europe associated with postwar political readjustment.

This traditional east-west flow of European migrants was stopped cold by postwar emigration policy in the centrally planned economies:

By 1950, the newly established communist regimes imposed strict emigration controls. Migration to countries with established market economies was practically forbidden. Migration between centrally-planned economies occurred on a very limited scale (United Nations 2002a: 12)

Thus, a historically important world migration flow almost ceased for those three or four decades after 1950. Almost, but not quite. There were important exceptions: reunification of Jews with their families in Israel were allowed by the Soviet regime after the mid-1960s; in 1963, the Yugoslav constitution recognized explicitly the right of its citizens to emigrate, making the guestworker flow to Germany a possibility for about a half million; and the political events in Hungary (1956) and Czechoslovakia (1968) drove out two bursts of refugees.

Things changed dramatically in the 1980s when Poland and Romania opened up, and they changed even more dramatically when the Berlin Wall fell in November of 1989. Emigration from what came to be called the transition economies increased by five times between 1985 and 1989, from about 240,000 to about 1.2 million. The annual outflows stayed at those high levels until 1993, when they eased off a bit, averaging around 700,000 in 1997 and 1998 (United Nations 2002a: Tables 3 and 5). At the start of a new century, Europe seems to have re-established its old east-west migration tradition.

World Migration Trends Since 1950 – Legal and Illegal

Legal Migration

The same fundamentals that drove mass migration in the late 19th century also help explain world migration more recently, especially its changing composition by source. During its so-called golden age of growth from 1950 to 1973, the dramatic convergence of income and earnings within Europe, and between Europe and the overseas countries, contributed hugely to the sharp decline in the share of Europeans in New World immigrant totals (Figure 10.1, Table 10.2). The rise in Asian immigration to a peak in the 1980s coincides with *their* growth miracle too, thus producing that life cycle pattern which was so common to 19th century European emigrations. Secular booms and busts in the growth of the emigration-age cohorts also contributed to secular changes in the composition of migration (Table 10.3), as precocious East Asia, then imitating Southeast Asia, and finally lagging South Asia passed through their own demographic transitions (Bloom and Williamson 1998). In Europe, Asia, and Latin America, the growth of populations aged 20-29 slowed down after 1975, although much less so in Latin America. By contrast, African populations in this emigration-age group continued to surge, a fact that clearly influenced migration out of Africa, a topic to which we return at length in Chapter 12.

Immigration has, of course, been heavily constrained by quotas and other regulations since the Second World War. Thus, the underlying fundamentals driving world migration are harder to identify since immigration flows and patterns by source will reflect immigration policy as well. The next chapter will have far more to say about

this, but some introduction to the role of policy in the postwar decades might be useful at this point.

When in the 1960's North America and Oceania eliminated their European country quotas based on national origin and their virtual ban on Asian immigration, those policy changes broke the pre-existing link between allocated quotas and 19th century European immigration and opened the door to immigration from the Third World, Asia in particular. Subsequent legislation further altered the country composition of the quotas and the rules governing employment-based immigration. Where these constraints were absent, economic and demographic fundamentals clearly shaped the pattern of immigration. For example, spouses of US citizens are not subject to numerical restriction, and when their experience is examined for the years between 1972 and 1990, origin country per capita income has the expected negative effect on the number admitted, while origin country education has the expected positive effect (Jasso, Rosenzweig and Smith 2000: 219). To take another example, when an *ex ante* measure of immigration -- applications for skilled immigration visas -- is examined for Australia, real GDP ratios as well as relative unemployment rates between home and destination countries determined the flow of applicants as predicted (Cobb-Clark and Connolly 1997).

Economic forces also explain *ex post* (policy constrained) outcomes. A study of post-war immigration into Germany (1964-1988) has demonstrated that migrant flows were determined by short-term cyclical factors, as measured by unemployment rates, and by long-term forces as measured by income per capita in Germany and the sending countries (Karras and Chiswick 1999). The lagged net migration rate, representing chain migration effects, was also important. Income, unemployment, and a variety of other

economic and demographic variables have been shown to influence US and Canadian immigration rates, across source countries and through time (Kamemera et. al. 2000). Other evidence points to the US immigrant stock as the single most important determinant of the country composition of US immigration (Yang 1995: 119). This finding suggests that the relationship of a potential immigrant to a US citizen or resident alien has been the single most important channel of entry since 1965, a result consistent with 19th century experience.

The famines, revolutions and pogroms that augmented 19th century emigration magnitudes, influenced its timing, and often changed its source (Chapter 4), have also left their mark on postwar mass migrations. As we shall see in Chapter 12, civil wars in Africa displaced annually across international borders 64 per thousand of the population, while government crises, coups d'etat and guerilla warfare had similar, although somewhat smaller, effects (Hatton and Williamson 2003). Some really massive political upheavals have generated even larger migrant flows to the developed world. The fall of Saigon in April 1975 produced a large scale refugee exodus to the United States from Vietnam, Laos and Cambodia, and, twenty years later, the disintegration of Yugoslavia generated a large exodus to the European Union. Yet the numbers seeking asylum in developed countries are also influenced by economic fundamentals, as we shall see in Chapter 13. German asylum applications from the Third World were, between 1984 and 1995, influenced by relative incomes and by the existing migrant stock, as well as by terror and armed conflict (Rotte, Vogler and Zimmermann 1997). Thus, asylum seekers also respond to economic conditions and asylum policies, suggesting that even they compare the economic advantages and disadvantages of alternative destinations.

While the same variables may have influenced world migration before 1914 and after 1950, the size of their impact may well have been different. There are really two issues here. First, we need to know whether the *unconstrained* effects are the same now as then. Net emigration from African countries, largely across the porous borders within the region, provides one benchmark (Hatton and Williamson 2003). Chapter 12 will show that a ten percent rise in the foreign to home wage ratio increased net African out-migration by 0.9 per thousand, roughly comparable to the 1.3 per thousand recorded for late 19th century Europe. Demographic effects also appear to be just as powerful in modern Africa as they were in late 19th century Europe. Thus, it appears that the relevant elasticities characterizing *unconstrained* emigration may not have changed very much over the last two centuries.

Second, we need to know how much difference policy makes. The effects of immigration policy in attenuating economic effects can be illustrated by comparing estimates for UK emigrants after 1975, when they faced immigration controls, with those for UK emigrants before 1914, when they did not (Hatton and Williamson 1998: 65; Hatton 2004). The friends and relatives or chain migration effect operates even more powerfully now than in the late 19th century since it has been reinforced by family reunification policies. Each thousand added to the migrant stock in the host country generates between 50 and 100 percent more new migrants per year in the postwar period compared with before 1914.³ By contrast, the effect of source country unemployment is only a fifth to a third as large and relative income only a tenth to a fifth as large in recent times compared with a century ago. Thus, immigration policy acts as a filter that

enhances immigrant stock effects but mutes wage and employment effects on international migration.

Such orders of magnitude are only very rough approximations of the effect of policy, and the next chapter will try to make them sharper. Nevertheless, they clearly suggest that liberalizing barriers to migration would dramatically alter the demographic landscape, partly because of the increased responsiveness to incentives that would occur in the absence of barriers, and partly because the magnitude of those migration incentives are now *much* bigger. New World real wages were double those in western Europe in the late 19th century, while today real wages in the OECD are five to ten times those in the Third World. Chapter 11 will elaborate on research findings that estimate that an EU expansion to include the ten central and east European accession candidate countries (with income levels 40 percent of those in the EU), would trigger a westward movement of 3 million people into the existing EU within just fifteen years (Bauer and Zimmermann 1999). Liberalizing immigration from the Third World would produce *much* larger effects, both relatively and absolutely, effects which would cumulate as rising immigrant stocks in the destination and rising real wages at home both served to relax the poverty constraint on emigration.

Illegal Migration

Restrictive immigration policy has caused the demand for visas by potential immigrants to outstrip the supply made available by host countries. The result has been queues for visas of increasing length in those host countries that ration, and a growing population of illegal aliens already residing in the host countries, illegal immigrants that ignore the

queue entirely. Since there were few restrictions on entry a century ago, illegal immigration was not a significant issue then. The first illegal aliens to appear in the United States were Chinese in the 1880s since they were the first group to be excluded by law (1882). The second illegal aliens to appear were those who crossed porous Canadian and Mexican borders in the 1920s, evading the new quotas (Chapter 9). Illegal aliens include persons for whom the cost of obtaining a legal visa is very high, or who cannot obtain a visa at all, or who are jumping ahead in the queue. While some of the host countries experiencing large illegal immigration are New World countries of overseas settlement -- such as Australia, the United States and Canada, others are countries of tradition emigration that only recently have experienced rising immigration pressure -- like southern Europe and Japan (Weiner and Hanami 1998; OECD 2000; Venturini 2004).

The estimated illegal immigrant magnitudes are very large. Even conservative estimates set the stock of foreign-born living illegally in host countries at 10 million (Skeldon 2000). One source estimates that half of all new OECD immigrants are now illegal, and that the vast majority of these gain entrance by the purchase of smuggler services (IOM 2003). Descriptions of human smuggling “contracts” prevailing today (Friebel and Guriev 2004) sound remarkably like the contract labor and indentured servitude arrangements that were so common in the 18th and 19th centuries, except that they were made illegal a century ago (Chapters 2 and 7). Today’s smugglers can serve two functions, to get the immigrant illegally under the wire, and also to finance the move:

Smugglers and other intermediaries finance the costs of undocumented entry, and the debt repayment is taken out of migrants' wages in sweatshops and restaurants that are related to these intermediaries. (Friebel and Guriev 2004: 1)

Furthermore, theory can be used to show how a crack down on illegals – deportation, not stricter border controls -- can increase, not decrease, the inflow of illegals and also make them even more unskilled and negatively selected (Friebel and Guriev 2004). Everything hinges on the debt contract and the ability and incentive of the indebted illegal to escape into the legal sector.

Illegal workers tend to be very low-skilled (Chiswick 2001). This fact is explained only in small part by the fact that immigration policy favors high-skilled applicants. A more important influence has been the increase in income and labor market information at home, both of which have made it easier even for low-skilled workers in poor sending developing countries (now with higher income due to development at home) to purchase professional illegal migration services (now cheaper due to increased experience and volume). Another reason why illegal workers tend to be low-skilled is that high-skilled workers find it much harder to mask their illegal status and to secure illegal employment which fully exploits their skills. Low skilled jobs are less likely to require licenses, certifications and other documentation that might reveal legal status. Limited transferability of skills acquired in the origin country is far more relevant for skilled workers than for unskilled workers. Illegal aliens are also less likely to bring dependent family members with them as this would increase the probability of their illegal status being detected. As a result, they are more likely to move back and forth between the origin and destination. Repeated migration is costly for skilled workers since

location-specific skills depreciate when they are transferred to another location. Finally, the wage differential between the origin and destination is much larger for low-skilled than for high-skilled potential illegal migrants. Thus, there is no shortage of economic explanations for the common observation that illegal migrants are disproportionately low-skill.

Policy response to illegal migration has taken three forms (OECD 2000; Chiswick 2001). One has been to increase border enforcement. Although this certainly has reduced the flow of illegal alien workers, borders remain porous, and thus the impact has been modest. Our guess is that border enforcement has done more to raise the cost of illegal migrant services than to reduce the flow of illegals, much like attempts to limit the drug trade. Even island nations, such as the United Kingdom and Japan, have discovered that liberal democracies cannot seal their borders. A second response has been to improve the effectiveness of interior enforcement, mainly by imposing penalties on employers of illegal aliens. Although employer sanctions have been adopted in many countries, including the United States in the 1986 Immigration Reform and Control Act, they have been weakly enforced at best, as have other instruments intended to enforce immigration law away from the borders. Obviously, there are good political economy reasons for the weak enforcement.

The third response has been to convert illegal workers into legal workers through amnesty, that is to “regularize” their status. The United States has implemented the largest amnesty program. Under the provisions in the Immigration Reform and Control Act, nearly three million individuals received legal status in 1986, primarily low-skilled workers from Latin America and their family members (Chiswick 1988). Although the

combination of amnesty and employer sanctions was supposed to “wipe the slate clean” (amnesty) and “keep it clean” (sanctions), illegal immigration to the United States has continued unabated: it has been estimated – after almost two decades since the 1986 amnesty – that there are something like five to seven million illegal aliens now living in the United States. In the late 1990s, the very tight labor market, the growing size of the illegal alien population, and the difficulty labor unions were having maintaining their membership base, all resulted in a call from many quarters for another amnesty. The political pressure for another large amnesty diminished with the economic slow-down in 2001 and the terrorist attack by aliens in September of that year.

Labor scarce liberal democracies are in a quandary. They offer wage opportunities that are very high by the standards of the sending countries. The increase in origin country wealth, the fall in transportation costs, the increased ease of staying in contact with families at home through ever-cheaper communication, and the emergence of new immigrant enclaves in host countries, have all spurred incentives and lowered costs associated with low-skilled migration. Immigration barriers are introduced in part to protect low-skilled native workers from this labor market competition, as well as to suppress public income transfers, low-cost housing demands, and added pressure on the social service delivery system. These immigration barriers and sanctions on the employment of illegals have never been fully effective. It appears that liberal democracies refuse to adopt the draconian measures that would be needed to prevent illegal migration or discourage its permanence once it occurs. Because of the negative externalities and social problems associated with an alien population living and working outside the law, amnesties are introduced.

Amnesties do not wipe the slate clean. Since amnesties do not address the causes of illegal immigration, they do not keep the slate clean either. Indeed, amnesties encourage others to become illegal immigrants since once instituted, amnesties offer the likely prospect of amnesties in the future as well.

The Evolution of Immigration Control

Early in the age of world mass migration, immigration controls were either absent or largely ineffective. But as the numbers mounted towards the end of the 19th century, host countries became increasingly interested in immigration control. As Chapter 8 has made clear, the door to immigrants was closed gradually rather than slammed shut over night as it is often supposed. The shift away from pro-immigration policies began with the removal of various subsidies. Cheap land at the frontier lost its value to potential immigrants to Brazil and the US. Argentina abandoned its subsidies in 1890, as did Chile in 1891. Australia and New Zealand progressively reduced their levels of assistance after the 1880s, policies that were revived only briefly with subsidies from the British Government under the Empire Settlement Act of 1922. The subsequent shift away even from neutral immigration policies began with the regulation of shipping companies dealing with the immigrant trade and with emigration agents, the ban on contract labor, the ban on those who were likely to become public charges, and the ban on those considered undesirable because of their race or origin.

The interwar story was told in Chapter 9, but it might be helpful to summarize it briefly here. The Chinese were excluded from the US by an Act of 1882 and the Japanese

by a “Gentlemen’s Agreement” in 1908. All Asians (other than those from the Middle East) were excluded under the “Asiatic Barred Zone” in 1917. After several attempts at legislation over a quarter century, the United States finally introduced the literacy test in 1917, although illiterate relatives (spouses and children) of an admitted literate immigrant were also given visas. As we have seen, the literacy test proved to be an ineffective barrier, so it was followed by quotas based on national origins in 1921 and 1924, legislation whose intent was to choke off immigrants from southern and eastern Europe. A literacy test was introduced in Natal in 1897 and it was followed by similar tests introduced in Australia in 1901 (the so-called ‘white Australia policy’), New Zealand in 1907 and Canada in 1910. Similar patterns of escalating restrictions were adopted in South Africa and Brazil, culminating in quota systems in the early 1930s. Even the British Dominions adopted severe restrictions limiting immigration from Britain in the 1930s.

Post-World War II immigration policies have been even more heterogeneous, but they can be roughly classified into four regimes. The first regime included the famous guestworker systems of the early post-war years. The best known is that of Germany where wartime forced labor was replaced first by inflows of ethnic Germans displaced from territories lost in the east, and then, through a series of bilateral agreements, with guestworkers from southern Europe and Turkey. Recruitment was abruptly stopped in 1973, but between 1960 and then about a million were recruited annually. Guestworker programs in France, Belgium and the Netherlands were less well known and on a smaller scale, but all of them were abruptly halted as a result of the oil price shock in 1974 and the recession that followed. Active recruitment of low-skilled temporary migrants took

place in North America too: the Bracero Program (1942-1964) was initiated in the United States during the tight labor markets of WWII, when labor, mainly Mexican, was recruited to work under short-term contract in agriculture. And, as we have seen, new guestworker streams were established in the Persian Gulf after the 1970s.

The second regime involved a dramatic policy shift in the major immigrant host countries from systems based on national origins to systems based on worldwide quotas. The 1965 Amendments to the US Immigration and Nationality Act broke the link between allocated quotas and past immigration, ended the virtual ban on immigration from Asia, and introduced a quota for the western hemisphere. Similarly, Canada abolished preferences for British, Irish and other western European immigrants in 1962. The 'white Australia policy' was abandoned, gradually in the 1960s, and then decisively in 1973, while New Zealand waited until 1987 to do the same.

It is not likely to be mere coincidence that the three major English-speaking countries of overseas settlement abandoned their pro-western European immigration policies at about the same time. Rapid economic growth and tight labor markets in these countries, plus the decline in emigration from western Europe due to the tight labor markets there, were both important factors. In addition, racist immigration policies in the United States, Canada and Australia did not sit well with the newly independent African and Asian countries that were to become increasingly important trading partners and neutrals or participants in the Cold War with communism.⁴ As if these forces were not enough, the growing Civil Rights movement in the United States also made the openly racist national origins quota system a political anomaly.

The third regime gave a more important role to humanitarian considerations. More refugee admissions were often followed by policies that made subsequent immigration through family reunification easier. These were underpinned by a growing body of international agreements aimed at protecting human rights.⁵ Humanitarian agreements such as the 1951 Geneva Convention on Refugees, to which a growing number of countries subscribed, also opened the door to an increasing number of asylum seekers from the 1980s onwards. Amnesties to illegal immigrants became more frequent, notably Italy (1977-78), France (1981-82), Argentina (1984), and the United States (1986), with a further wave among EU countries in the 1990s (Stalker 1994: 152). However, Chapter 13 will show how the EU has begun to tighten up on the conditions for family reunification and on the generosity towards asylum seekers and illegal immigrants.

In the fourth regime, OECD countries have increasingly sought to allocate visas on the basis of skill. A skills component was introduced into the Canadian points system in 1965, which was later given more weight. Australia and New Zealand also shifted away from specific occupations and more towards selection on the basis of education and experience (Winkleman 2001). These systems award points for education, experience, language skills and being in a prime age group, and also include categories for business migrants bringing capital or intending to start a business. The United States sharply increased its employment-related immigrant visas in 1990, more than doubling what had been a small skill-based employment visa program. Although a Canadian-style point system was seriously considered by US Congress in the late 1980s, the 1990 Immigration Act retained the employer-petition and job-targeting method of rationing skill-based

visas. Cumbersome administrative procedures have limited the use of the employment-based visas in the US, and the quotas have not been filled.

The Political Economy of Postwar Policy Regimes

Dramatic shifts in policy over time, and significant differences in policy between countries, are explained in the older literature typically on a purely *ad hoc* basis, but a newer literature has recently emerged which accounts systematically for policy formation. The idea is simple enough: If those who stand to gain by immigration are politically powerful, then immigration policy will be less restrictive. If instead those who stand to lose by immigration wield the strongest political muscle, then immigration policy will be more restrictive.

Chapter 8 explored the late 19th century evidence supporting this simple but powerful idea, and it did. However, that chapter also reported that economics did not always dominate since politics also mattered, and in several different ways. First, shifts in the political balance, either through the adoption of democratic institutions, or through the extension of the franchise, often tipped the balance in favor of immigration control. This shifting political balance implied a weakening of landed interests and the strengthening of labor interests, particularly unskilled labor, from the mid-19th century onwards, shifting the political balance against immigration. Second, changing attitudes towards immigrants and outright racial prejudice often mattered. Third, ethnic politics were often important, where members of an ethnic group sought to encourage the immigration of those who would add to the group's size and power, but limit that of

others. Fourth, the political elite were often captured by particular interest groups, or were sufficiently powerful (or impervious) to pursue strategic aims independent of their political mandate. The bottom line is that the same economic forces often translated into different policy outcomes across countries and over time.

The late 19th and early 20th century restrictionist forces identified in Chapter 8 also seem relevant for the early postwar period, but in reverse. Rapid real wage growth, narrowing income distributions, diminishing skill differentials, and falling foreign-born shares all served to ease the pressure for restriction early in the postwar period. This was reflected by a broadening in the market and political access to previously excluded groups. European recruitment policies of the 1960s, the United States Immigration Amendments of 1965, and Australia's abandonment of its British-only policy were each preceded by a rising scarcity of the most desired immigrants. For example, Germany turned to southern European guestworkers only after the Berlin Wall went up and traditional sources of east German and central European immigrants dried up. The United States introduced its immigration reforms in 1965 only after two decades of impressive economic growth, increased labor scarcity and Soviet anti-emigration policy which stanching the traditionally large outflow of east European emigrants. Finally, Australia dismantled its ultra-pro-British policy only as the available immigrants fell far short of national targets for "population or perish" goals.

So much for underlying fundamentals. What about the timing of policy change? During times of high unemployment, immigrants augment the pool of the unemployed or push natives into the pool. All groups who fear social unrest have an interest in tightening immigration restrictions under such poor macroeconomic conditions. Thus,

unemployment has been found to have been a key determinant of the timing of restrictive immigration policy in the United States since the turn of the century, as reflected either in deportations or required departures relative to the immigrant flow (Shugart, et al. 1986; Timmer and Williamson 1996, 1998). Similarly, unemployment has been found to be the key variable explaining the timing of moves from less to more restrictive policy in OECD since the 1960s (Money 1999: Ch. 2). The abrupt termination of European guestworker policies in 1974 surely owes much to deteriorating economic conditions.⁶ In postwar Australia, the unemployment rate has been found to be the single most important determinant of the annually announced targets for immigrant intake (Wooden et. al. 1994: 304).⁷

Macroeconomic conditions have helped dictate the timing of OECD immigration policy change throughout the postwar period, just as they did a century ago in the New World.

An Agenda for What Remains

This survey suggests an agenda for the remainder of the book. The next chapter will explore exactly how the fundamentals driving immigration have interacted with policy over the past half century. Chapter 12 will dwell on the emigration experience of what should become the next major source of mass migration, Africa. Demography will turn out to matter in somewhat different ways as the AIDS epidemic races against the demographic transition in influencing emigration out of Africa. Asylum seeking rose dramatically after the 1980s, and Chapter 13 explores the reasons why. It will also try to

understand the political economy of reactions to the asylum seekers. Chapter 14 will return to a question that organized much of the discussion in Chapters 6, 8 and 9: Do immigrants crowd out unskilled residents and thus contribute to unequal incomes? The modern literature has tended to reach quite a different conclusion than has the historical literature, and this chapter will explore the reasons why. Chapter 15 will show how interconnected are the issues of immigrant assimilation in the destination countries and emigrant brain drain in the sending countries. Finally, we explore explanations for anti-immigrant feeling in Chapter 16 before concluding with a look to the future.

Endnotes Chapter 10

¹ The proportion of the foreign born in the population is influenced not only by immigration inflows but also by “exits,” whether through return migration or death.

² The rest of this section relies heavily on United Nations (2002a), a document devoted to across-border migration in the transition economies.

³ The coefficients estimated for the two periods are not strictly comparable due to differences in model specification. In particular, the pre-1914 model includes lags while the post-1974 model does not. The range of magnitudes reflects the difference between using short-run and long-run coefficients from the pre-1914 estimates.

⁴ In the United States, the 1965 Amendments replaced the national origins quota system with a system largely based on “kinship” to a US citizen or permanent resident alien. The intention was to replace an obviously racist system with one that would appear racially neutral, but yet would largely replicate the countries of origin of the immigrants who came to the US in the previous decades (Daniels and Graham 2001: 43-4 and 147-8). This was not to be the case, and Mexican and Asian immigrants, rather than European immigrants, have become the largest beneficiaries of the so-called kinship visas (Chiswick and Sullivan 1995).

⁵ The UN *Declaration on Human Rights* in 1948 and the *International Convention on the Elimination of All Forms of Racial Discrimination* in 1965 were followed by other agreements encouraging the protection of refugees and affirming the primacy of the family. From the 1960s onwards, a series of ILO conventions provided for equal treatment of non-nationals. Not all countries subscribed to these, but a number of regional associations such as the European Union, MERCOSUR (South America), NAFTA,

(North America) and ECOWAS (West Africa) enunciated rights for migrant workers. On these and other agreements, see UN (1997: 71-6).

⁶ Deteriorating labor market conditions may also explain why more than two-thirds of all German guestworkers had returned by the mid-1980s (Bellemare 2004: 2).

⁷ As in other countries, such as Canada, changes in Australian immigration targets have usually been implemented by administrative action rather than by legislation as in the United States. Even in the United States, administrative rules barring persons who were likely to become a public charge were tightened in the 1930s (and more stringently invoked to reduce the immigration of German Jews), and the requirements for labor certification for the employment-based visas in the post-WWII period can be shown to be counter-cyclical.