

The Economic Case for an Immigration Moratorium

Part 1

We are a nation of immigrants. As presidents frequently remind us, except for American Indians, we or our ancestors left other countries for a better life in the United States.

For much of our history, immigration strengthened the nation's economy. Compared to Europe, the U.S. was well endowed with land and capital, but relatively short of labor. By populating the frontier, increasing the size of the market economy, and adding valuable skills and expertise to the native workforce, successive waves of foreign workers enhanced the living standards of earlier immigrants as well as their U.S.-born children.

In economic terms, immigration was a win-win proposition — benefiting immigrants as well as natives. Our immigration policy reflected this: From the founding of the republic in 1789 until the 1920s, there were no quantitative limits on immigration. Federal, state, and local governments, private employers, railroads, and churches all promoted immigration to the United States. Early infrastructure projects — canals and railroads, for example — recruited immigrant workers. In those pre-globalization days high tariffs kept out imports, thus creating a demand for more workers in American factories. Even the army relied on immigrants — immigrants were about a third of the regular soldiers in the 1840s, and an even higher proportion of many state militias.¹

The earliest restrictions were qualitative. Mass immigration from eastern and southern Europe aroused fear and hostility among the overwhelmingly Protestant and rural population. Writing in 1901, future Democratic President Woodrow Wilson shared the fear and hostility:

Immigrants poured in as before, but...now there came multitudes of men of lowest class from the south of Italy and men of the meanest sort out of Hungary and Poland, men out of the ranks where there was neither skill nor energy nor any initiative of quick intelligence; and they came in numbers which increased from year to year, as if the coun-

tries of the south of Europe were disburdening themselves of the more sordid and hapless elements of their population.²

Congress responded to these anti-immigrant attitudes with qualitative restrictions, passing laws to institute literacy tests and prevent paupers — public charges — from entering the U.S.

Eventually the frontier vanished and American cities became overcrowded. Our physical capacity to absorb new arrivals eroded. While America's industrial economy boomed, millions of the new jobs went to immigrants who poured into the country between 1890 and 1920. These men and women enriched our culture, but they also moved ahead of and displaced native workers — minority and non-minority alike.



Woodrow Wilson

Immigration became a zero-sum game: the economic gains accruing to immigrants were more than offset by losses suffered by natives.

In 1921 Congress responded with the first quantitative restrictions on immigration, limiting arrivals to 3 percent of the foreign-born population. In 1924 immigration was cut again, to 160,000 a year. By the late 1920s, it was down to 50,000 a year.

Amazingly, only about 500,000 legal immigrants entered the U.S. during the whole of the 1930s. And only about a million entered in the 1940s — including World War II refugees. The post-war era saw a return to the 156,700 per year cap on legal immigration.

The restrictionist policies remained in effect until 1965. That year's Immigration and Nationality Act switched priority for entry from people with particular national origins to those with relatives living in the

United States. The result was a pronounced shift in origins of individuals admitted to the U.S. While about 60 percent of the immigrant visas issued between 1924 and 1965 went to nationals of Germany and the United Kingdom, subsequent entrants were mostly Latin American and Asian immigrants.

While latter-day pundits have characterized the 1920s immigration policy as “racist,” liberals and people of color were among its most ardent supporters. Black civil rights leader A. Phillip Randolph, then a Socialist, complained that the Harding-Coolidge era quotas did not go far enough:

We favor reducing [immigration] to nothing...shutting out the Germans...Italians...Hindus...Chinese...and even the Negroes from the West Indies. The country is suffering from immigration indigestion...excessive immigration is against the masses of all races and nationalities in the country.³

The American Federation of Labor’s Samuel Gompers, himself an immigrant, saw restrictionist legislation as a necessary antidote to the 1890-1920 Great Wave. “*We immediately realized that immigration is, in its fundamental aspects, a labor problem,*” Gompers said in 1925.⁴

Even *The New York Times* saw the benefits of an immigration timeout:

It is both natural and wise that the American race wishes to preserve its unity and does not wish to see its present blend greatly changed [because it] prefers immigrants who will be easily absorbed and...it strenuously objects to the formation of alien colonies here [and not because it] adheres to silly notions of “superior” and “inferior” races.⁵

Not until immigration was curtailed did the labor movement lift its members out of shabby poverty to middle-class respectability. When immigration stopped, native-born minorities and whites advanced, just as A. Phillip Randolph and Samuel Gompers said they would.

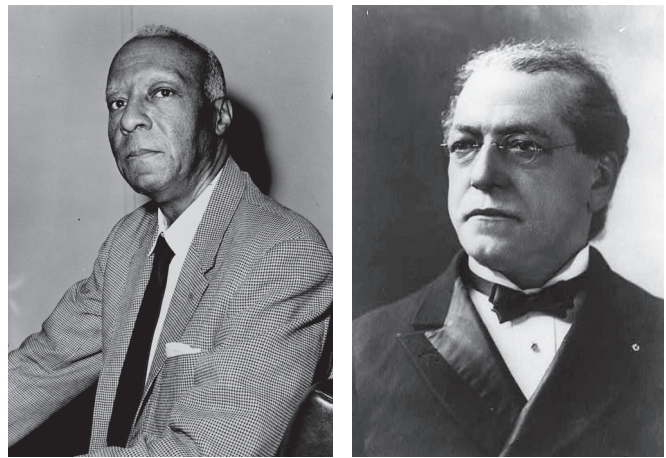
Blacks gain as immigration ebbs

The 1920s was the first decade in American history in which the rural population shrank. Over the course of the decade, 6 million persons moved from the rural to the urban sector of the economy. It was a start of a trend that continued for most of the remainder of the twentieth century. The historian Arthur Link has called the internal movement “*one of the most important changes in the American social fabric.*”⁶

Several factors pushed workers out of rural Amer-

ica during this time. The mechanization of farm implements reduced demand for agricultural workers as well as other workers in supporting industries. The contraction in rural employment was hastened by the collapse of most agricultural prices in the 1920s. The depression that hit the nation in 1929 had already begun in farm country.

The pull factor that attracted rural workers was the sharp increase in urban wages that occurred in urban industrial centers in the 1920s. In what has been described as “*the largest decennial increase up to that time,*” real wages tripled over the decade.⁷ Behind the wage hike: slower labor force growth due to the cessation of mass immigration, coupled with increased worker productivity as assembly line techniques spread from the automobile industry to home appliances, radios, and other industries.



A. Phillip Randolph (left) and Samuel Gompers (right)

Most of the new urban workers were native-born whites, but a sizable number of blacks came as well. In 1910 two-thirds of the nation’s black population of 9.8 million people lived in rural areas, almost exclusively in the South. During the decade 1910-20 there was net out-migration from the South of 454,000 blacks; during the 1920s it jumped to 749,000 blacks.

Southern blacks were among the poorest paid workers in the country. Many of them were share croppers, paid subsistence wages by white land owners. Those who migrated to nonagricultural jobs in the Northeast and Midwest and on the West Coast saw sharp increases in their income, often attaining middle-class status and stability.

“The significance of the black exodus,” writes Cornell economics professor Vernon Briggs, “lay not in its size (which was small compared to the parallel out-migration of rural whites), but rather in the fact that the departure of blacks from the South had finally begun.

This trend would continue until the mid-1980s and 1990s when...the return of mass immigration to urban labor markets of the North and West since 1965 led to the retreat of many blacks back to the South.”⁸

Would blacks have continued leaving the South for better-paying jobs in the North had immigrants not moved in? We don’t know. What is clear is that the large-scale movement of blacks out of the rural South — which began only after restrictive immigration legislation passed in the 1920s — was reversed in the 1980s for the first time in U.S. history:

...As Raymond Frost has found, ‘there is a competitive relationship between immigration and black migration out of the South.... [W]hen the rate of immigration increases, black migration declines.’ For the first decade in the twentieth century, black migration out of the South to the North was negative (-444,000 persons) during the 1980s (which meant there was a net outflow of blacks back to the South). The return migration continued at a record rate in the 1990s, with a net movement of 368,000 blacks back to the South between 1990 and 1995 over the number who moved out.⁹

Immigration may not be the only factor suppressing black incomes. Other possibilities include the decline in inner-city factory jobs, increasingly poor public education available to black youth, the rise of the welfare state, and discrimination. But when economists isolate the impact of immigration on blacks they invariably find what many of us have long believed: immigration hurts native-born blacks more than other minority groups.

Evidence for this includes the following:

The large-scale immigration of unskilled labor does impact the wages of the native-born unskilled. Since the labor pool of the unskilled is heavily structured by race, the main ‘loser’ would appear to be unskilled African-American male labor; though unskilled white labor is equally vulnerable, as are ‘the contingent of previous immigrants, who compete for much more similar jobs and occupations with new immigrants.’¹⁰ How big a loss is hard to quantify, because the general demand for such labor remains high and growing over time, and because the available supply of African-American labor has been significantly reduced of late by unprecedented levels of black incarceration....^{11,12}

The study focused primarily on workers employed in occupations that generally require only a high school degree or less — about 25 million workers. The results indicate that a 1 percent increase in the immigration composition of an occupation reduces the wages of natives in that occupation by 0.8 percent....

Not surprisingly, the study also found that, because native born minorities, especially African Americans, are heavily concentrated in the adversely affected occupations, a much higher percentage of them are negatively affected by immigration. Additionally, the wage loss resulting from immigration is likely to represent a more significant reduction in material prosperity for minorities because their wages are lower than those of white natives.¹³

Overall he [Bratsberg] found that young, less-skilled African-Americans and Hispanics are harmed by immigrant competition. Increasingly, his results suggest that there is an ‘optimal’ level of immigration. That is, as long as the level of immigration is not too high in a country (around 2 to 3 percent of the total population), immigrants either have no effect on wages or a positive effect.¹⁴

Many of the jobs that have a high representation of African-Americans and immigrants are lower-skilled, such as taxi driver, child-care worker, and cook. Comparisons of these occupations between 1980 and 1990 reveal that, as whites left these jobs, they were replaced by immigrants while the African-American percentage held relatively constant....

After comparing the concentration of immigrants and African-Americans across occupations, the authors attempted to measure the wage impact of immigrant competition on native-born African-Americans. By studying 1980 and 1990 separately, they found that in both 1980 and 1990, a 1 percent increase in the immigrant composition of an occupation lowered the average earnings of native born African-American men in that occupation by roughly 5 percent....

Overall, the findings of this study suggest

that the wage effects of immigration on native-born African-American men in New York City are substantial.¹⁵

A 1988 study of the Los Angeles hotel industry by the General Accounting Office found that jobs formerly held by African-Americans were now performed mainly by immigrants. Again, this study was not based on some econometric model. On the contrary, it was a direct report of the hotel owners' actions to break up the largely-black unions, and replacement by immigrant workers. Studies have shown a similar displacement of blacks in the restaurant industry, at airports, and so on....

Jack Miles of the *Los Angeles Times* has found that even black social workers are being displaced by Latinos. The blacks hope to keep their jobs by learning Spanish, but this may or may not succeed (*Atlantic Monthly*, October 1992). Ezola Foster, a black Los Angeles school teacher, describes a similar situation for teachers (*ABC Nightline*, March 24, 1995).¹⁶

In *Help or Hindrance? The Economic Implications of Immigration for African Americans*, Hamermesh and Bean claim: '[Various research projects] add up to more compelling documentation that the positive economic effects emphasized by the National Research Council are substantially less likely to extend to African Americans.' In *America's Newcomers and the Dynamics of Diversity*, Bean and Gillian Stevens claim: 'The racial and ethnic diversification...brought about by immigration...seems at least at this point in time not to have improved the overall economic status of African Americans.'

Though the NAS [National Academy of Sciences] report did not explicitly assess immigration's impact on native-born blacks directly, it did have findings that have clear implications. For example, a widely accepted result of the NAS study is their finding that those with high levels of financial and human capital benefited from immigration while those with low levels of financial and human capital were harmed by recent immigration. Native-born blacks are underrepresented

among the beneficiaries and overrepresented among those harmed. Extrapolating from these findings, Borjas estimated that native born blacks gain only \$3 billion from financial holdings but lose \$15 billion as workers, resulting in a per capita loss of about \$300 annually....¹⁷

Using data from 205 local area labor markets, Cordelia Reimers assessed the impact of the 1980s immigration of high school dropouts. The wages of native-born black male dropouts were more adversely affected by a growth of the immigrant share of dropouts in local labor markets in those cities where the immigration high school dropouts were already substantial. These adverse consequences were most noticeable for those native-born black dropouts who had the highest wages....¹⁸

Bottom line: immigrants are entering the U.S. faster than the economy can absorb them. The oversupply of low-wage immigrant workers has saturated the job market, depressed wages, and generated intense competition for jobs, no matter how poorly paid. Minorities in general — and blacks in particular — have been hurt.

Lower immigration = Higher economic equality

The immigration ceilings in place from the late 1920s to the mid-1960s forced the nation to draw on unused and under-employed minorities to meet its internal labor force needs. Groups that had been previously underutilized, ignored, or purposely excluded from participation in the labor force were sought after, used, and saw their wages bid up in real terms. As a consequence, the distribution of income became less uneven and more egalitarian.

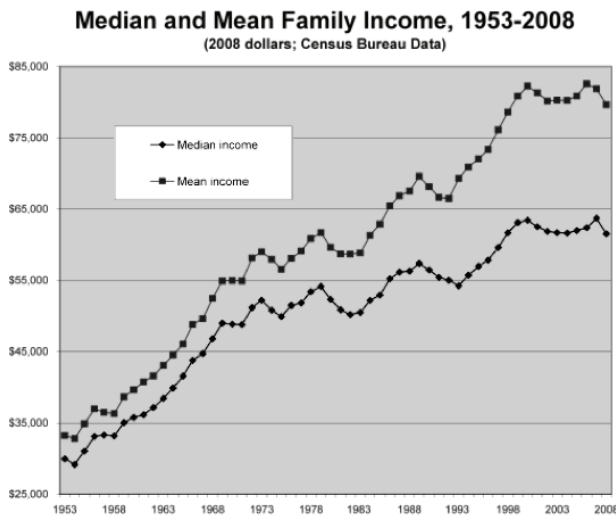
Economists have belatedly acknowledged the role of mass immigration in exacerbating income inequality in the United States. From the end of World War II until the late 1960s, the rich-poor divide was remarkably stable, even narrowing over long stretches. Things started to come apart around 1970, as can be seen by eyeballing the trend in median and mean family income:

Mean is the average income, calculated by dividing total income by the number of families. Median income is the mid-point of the income distribution. Half of all families have incomes above the median family income; half have income below it.

You may recall from Statistics 101 that if all the

objects (e.g., family incomes) in a sample grow at the same rate, its mean and median will move in lockstep. If, however, the top half grows faster (or falls more slowly) than the bottom half, the mean will pull away from the median.

Such pulling away is painfully evident in the graphic, especially — and we think, not coincidentally — in the years following the 1986 illegal alien amnesty. In 1986 mean family income was just 18.6 percent above median family income. By 2006, mean family income was a record 32.4 percent above median family income.



By contrast, from 1953 to 1967, the mean/median income differential stayed within a range of 10 percent to 12 percent. There was no appreciable widening of the income distribution during this period. This, of course, was a time of relatively low immigration.

No one should begrudge rich — or lucky — investors from receiving big capital gains or other investment income. But historically, investment income has played little or no role in either widening or narrowing the income gap.

Boring, ordinary wage and salary income is the culprit. And the supply and demand for labor is the key variable. This clearly was the case in the decades following the 1965 Immigration Act.

Economists Ian Dew-Becker and Robert Gordon have compared wage and salary growth within the richest 10 percent of American earners with that of the median-wage earner.

Here are their results, adjusted for inflation, for the years 1966 to 2001:

- Median wage and salary: +11 percent
- 90th percentile: +58 percent
- 99th percentile: +121 percent

- 99.9th percentile: +236 percent

This is pretax wage and salary income, not investment income. Since the mid 1970s, and especially since the mid-1990s, the dramatic rise in the fraction of national income earned by the super rich is due to their labor income, not their investments.

The extreme skewness is historically unprecedented — especially in a period of strong labor productivity growth. Traditionally, those gains are either passed on to consumers in the form of lower prices — thereby raising real incomes of a broad swath of workers — distributed to shareholders as capital gains and dividends, or used to raise the wages of most employees.

What happened? To answer this, Dew-Becker and Gordon take a long view of U.S. economic history:

To be convincing, a theory must fit the facts, and the basic facts to be explained about income equality are not one but two, that is, not only why inequality rose after the mid-1970s but why it declined from 1929 to the mid-1970s. Three events fit neatly into this U-shaped pattern, all of which influence the effective labor supply curve and the bargaining power of labor: (1) the rise and fall of unionization, (2) the decline and recovery of immigration, and (3) the decline and recovery in the importance of international trade and the share of imports....Partly as a result of restrictive legislation in the 1920s, and also the Great Depression and World War II, the share of immigration per year in the total population declined from 1.3 percent in 1914 to 0.02 percent in 1933, remained very low until a gradual recovery began in the late 1960s, reaching 0.48 percent (legal and illegal) in 2002. Competition for unskilled labor not only arrives in the form of immigration, but also in the form of imports, and the decline of the import share from the 1920s to the 1950s and its subsequent recovery is a basic fact of the national accounts.¹⁹

The Roaring Twenties ushered in a forty-year era during which ordinary workers got richer while the rich got relatively poorer. Americans found themselves sharing broadly similar lifestyles in a way not seen since before the Civil War. Economic historians Claudia Goldin and Robert Margo call this period of declining income disparities the “Great Compression.” The decline in labor supply brought on by lower immigration was key to this happy turn of economic events.²⁰

Perhaps the “Great Compression” would have occurred even without the end of mass immigration. The reality is that after immigration levels were cut, women, minorities, disabled persons, youth, and rural migrants entered occupations, industries, and parts of the country where they had not been significantly present before.

There was no need for immigrants in the depression economy of the 1930s. When labor demand tightened during World War II the nation met the challenge by developing the previously unutilized and underdeveloped skills of our domestic population. Black Americans, in particular, needed a chance to enter the workforce and develop their latent abilities. Which many did.

Likewise, it was in the national interest that the nation’s lengthy dependency on generally uneducated and unskilled immigrant labor came to an end. For on the horizon loomed the post-industrial economy where labor’s quality mattered more than its quantity.

Restrained immigration policies remained the law of the land for more than forty years. Not until the civil rights movement in the 1960s were they regarded as “discrimination” against non-whites.

1965: Re-opening the flood gates

President John Kennedy proposed eliminating the national origins quotas in the early 1960s. Congress complied with his wishes: The Immigration and Nationality Act Amendments of 1965 replaced numerical quotas with a system granting preferences for relatives of U.S. citizens and legal permanent residents.

A massive increase in immigration was never intended. Nor, apparently, was a change in the ethnic mix of individuals entering the country. Senator Edward Kennedy, the chairman of the subcommittee that conducted hearings on the bill, pledged:

[O]ur cities will not be flooded with a million immigrants annually. Under the proposed bill, the present level of immigration remains substantially the same Secondly, the ethnic mix of this country will not be upset.... Contrary to the charges in some quarters, S. 500 will not inundate America with immigrants from any other country or area, or the most populated and economically deprived nations of Africa and Asia....²¹

Only haters would make such assertions, Kennedy said. “The charges I have mentioned are highly emotional, irrational, and with little foundation in fact. They are out of line with the obligations of responsible citizenship. They breed hate of our heritage.”²²

What happened?

The 1965 law supposedly “capped” new immigration from Western Hemisphere countries. But there was a catch: close relatives of immigrants already here were admitted without limit. This loophole — little noticed at the time — triggered another Great Wave of immigration.

Average Annual Immigration, 1960-65 through 2000-05	
1960-65	300,000
1965-70	400,000
1970-75	700,000
1975-80	900,000
1980-85	900,000
1985-90	1,300,000
1990-95	1,400,000
1995-00	1,800,000
2000-05	1,500,000

Data: Pew Research Center, 2008. Includes legal and illegal immigration.

In the 45 years since the immigration act was passed, the United States has admitted at least 40 million legal immigrants. In 1965 the foreign-born population totaled 8.5 million people. Today (2010) the foreign-born population is estimated to exceed 39 million persons.

As the number of new immigrants rose, so did the immigration rate — new immigrants as a percent of population. In the five years prior to 1965 (1960-64), annual net immigration averaged 1.9 persons per 1,000 population. Steady increases followed, with the immigration rate hitting a high of 6.7 per 1,000 population in 1995-2000.²³

A sharp decline in the years following 9/11 pushed the rate down to 5.2 per 1,000 in 2000-05. Such short-term fluctuations are inevitable. The big story, however, is five decades of rising immigration rates.

Meanwhile, the ethnic mix of the country has been unalterably transformed. Before 1965 95 percent of new immigrants came from Europe. Since 1965, 95 percent have come from the Third World. If current immigration policy remains in place, the U.S. will become a minority/majority nation by mid-century, according to recent Census Bureau projections.

As these unintended consequences of the 1965 reforms began to emerge, the U.S. Congress did what it

always does when it wants to do nothing: it established commissions to study and make recommendations.

The Hesburgh Select Commission on Immigration and Refugee Policy (1978-81) endorsed border security, secure documents, employer sanctions, and deportation — paid for by the alien where possible. Ahead of its time, it recommended that a “fully automated system of nonimmigrant document control should be established in the Immigration and Naturalization Service to allow proper tracking of aliens and to verify their departure.”²⁴

Less than a decade later, the Jordan Commission on Immigration Reform (1990-97) started its work from the premise that: “The credibility of immigration policy can be measured by a simple yardstick: people who should get in, do get in; people who should not get in are kept out; and people who are judged deportable are required to leave.”

Barbara Jordan was not shy when it came to her views on the displacement of native workers by immigrants:

It has been well documented that reliance on foreign workers in low-wage, low-skill occupations, such as farm work, creates disincentives for employers to improve pay and working conditions for American workers. When employers fail to recruit domestically or to pay wages that meet industry-wide standards, the resulting dependence — even on professionals — may adversely affect both U.S. workers in that occupation and U.S. companies that adhere to appropriate labor standards.²⁵

Yet her commission’s recommendations focused primarily on illegal immigrants and guestworker programs. Neither commission advocated a moratorium on legal entrants. Even the modest reforms advocated by both of these commissions have largely gone unheeded, or been only half-heartedly enacted.

The political realities stymieing efforts to change immigration policy are summarized by Vernon Briggs:

Too often, if the United States’ experience with immigration reform is instructive, the rhetoric surrounding these discussions becomes hopelessly entangled in a confusion of intentions and motivations of the participants that serve to divert public attention from the national interest to what are but crass private efforts to extract gains for special-interest groups. Policy options are endlessly re-

hashed and re-debated as if they have never been discussed or tried before. Research dealing with experience with past endeavors is simply ignored. It often seems that no lessons are ever learned. The result, as one would expect, is usually stalemate in the legislative bodies as the politicians jockey for acceptable positions and widespread cynicism is generated among the populace because changes are not forthcoming while the failures of extant policies continue to fester in their local communities.²⁶

Today, in the worst economic downturn since the Great Depression, immigration policy is once again on the front burner. Federal troops have been sent to reinforce the southern border. Workplace enforcement has been ramped up. Talking heads debate amending the constitution so that citizenship is not automatically conferred on U.S.-born children of illegal aliens.

But the central problem is *not* illegal immigration. It is undesirably high levels of poor and low-skilled immigrants, legal and illegal, most of whom are Hispanic. Immigrants are not all the same. An engineer making \$75,000 annually contributes more to the American economy and society than a \$20,000 laborer. On average, the engineer will assimilate much more easily.

University of Illinois economist Barry Chiswick, a respected immigration scholar, says this of low-skilled immigrants:

Their presence in the labor market increases competition for low-skilled jobs, reducing the earnings of low-skilled native-born workers.... Because of their low earnings, low-skilled immigrants also tend to pay less in taxes than they receive in public benefits, such as income transfers (e.g., the Earned Income Tax Credit, food stamps), public schooling for their children, and publicly provided medical services. Thus while the presence of low-skilled immigrant workers may raise the profits of their employers, they tend to have a negative effect on the well-being of the low-skilled native-born population, and on the native economy as a whole.²⁷

Hardly anyone is discussing these issues candidly. It is politically inexpedient to do so. An immigration moratorium? No politician will touch it. Instead of reason there is denial: 10 percent unemployment has not stopped the demand for increased foreign work visas to

meet alleged labor “shortages.”

Hope yet remains that our study will bring the moratorium option into the political mainstream, and hope too that it will persuade the President and Congress to do the right thing.

**Immigration policy:
U.S. vs. other advanced countries**

Our experience is not unique. Other developed countries have seen rapid growth in their immigrant populations in recent decades. But our immigrant population is larger and accounts for a larger share of our population than those in most European countries and Japan (see table, “Foreign-born population of selected countries”).

The proportion of Americans who are foreign-born, at 13.6 percent, is higher than the rich-country average of 8.4 percent.²⁸ In absolute terms, the gulf is much wider. America’s foreign-born population — 41.1 million according to the OECD — is nearly four times larger than those of Russia or Germany, the nearest contenders. It dwarfs the number of migrants in Japan (2.2 million) or China (under 1 million).

Canada and Australia are the outliers. Their immigrant population shares are nearly twice ours. But the criteria for admission into those countries differ dramatically from our own, in ways that we should probably seek to emulate.

Until the early 1960s, Canadian immigration policy was based on a national origins preference system similar to the one in effect here prior to 1965. The system limited the entry of certain groups while facilitating the entry of others. Canada moved away from this system in 1962 and replaced it with a system that emphasizes the skills of visa applicants.

In 1967 Canada introduced a point system aimed at selecting immigrants with particular skills. The system ranks visa applicants on a range of socio-

economic characteristics, e.g., years of schooling and English or French language proficiency. Only applicants with enough points for a “passing grade” qualify for a visa.

Over this period, the immigrant share of all workers with post-graduate degrees in Canada increased; between 1986 and 2001 this share increased from 32.5 percent to 38.2 percent.²⁹

By contrast, American immigration policy over this period emphasized family reunification and has resulted in a disproportionate number of low-skilled immigrants.

Inevitably, Canada’s selectivity impacted the number of immigrants admitted. The immigrant share in Canada has been nearly stable for the past forty years, hovering at around 20 percent. By contrast the immigrant share of the male U.S. labor force, less than 5 percent in 1970, increased to almost 15 percent in 2000, and was 17.2 percent in 2009.³⁰

Although immigration is found to reduce wages in both the U.S. and Canada, the impact of foreign workers on the distribution of income is different:

In Canada, immigration has had a mitigating effect on wage inequality because immigrants to Canada tend to be disproportionately high skill. Immigration to the United States, on the

Foreign-born population of selected countries

	Number (millions)			% of total population	
	1998	2007	% increase	1998	2007
United States	29.893	41.100	37.5	10.8	13.6
Australia	4.332	5.254	21.3	23.2	25.0
Canada	5.166	6.332	22.6	17.8	20.1
France	4.306	5.228	21.4	7.3	8.5
Germany	10.002	10.621	6.2	12.2	12.9
Hungary	0.286	0.382	33.6	2.8	3.8
Italy	1.250	1.447	15.8	2.1	2.5
Japan	1.512	2.200	45.5	1.2	1.7
Mexico	0.407	0.435	6.9	0.3	0.4
Netherlands	1.514	1.751	15.7	9.6	10.7
Spain	1.259	5.996	376.3	3.2	13.4
United Kingdom	4.335	6.192	42.8	7.4	13.6

Sources: OECD, International Migration Data 2009, Table A.1.4 http://www.oecd.org/document/52/0,3343,en_2649_33931_42274676_1_1_1_37415,00.html ; OECD, Trends in Immigration and Economic Consequences, June 2001, Table 2. (Japan, 1998); Below the Surface: Japan’s Foreign Workforce, Japan, Inc., Spring 2009. (Japan, 2007)

other hand, has reinforced the growing wage inequality in that country as immigrants are disproportionately low in skill.³¹

With its vast Outback to fill up, Australia welcomed immigrants for most of this century. “Populate or perish” has been the country’s watchword. Initially this policy was characterized by a preference for immigrants of British stock, while excluding Africans and Asians. After 1965, however, this policy began to change. Australia abandoned the system of racial preferences, and immigration soared.

Today, with immigrants accounting for one-quarter of Australia’s population, the “populate or perish” cry is heard less. Immigration policy down under has changed in two particularly telling ways. First, racial preferences have been supplanted by preferences granted on the basis of an applicant’s education and skills.



A Lexus factory worker inspects vehicles on the assembly line in Japan.

Second, the yearly quota on permanent immigration is now adjusted to reflect economic conditions, rising when the unemployment rate falls, falling when it goes up. As a result, in the 2009 recession, 170,000 people applied to live and work permanently in Australia as skilled migrants, but only 108,100 were admitted.³²

In Australia mass immigration is now selective immigration.

At the other extreme is Japan. There were only 925,000 foreign workers among Japan’s 66.5 million workers in 2008 — less than 1.5 percent of the labor force. One would think, with its rapidly aging population, falling fertility, and shrinking working age population, Japan would be desperate for foreign workers. Think again. Japan’s immigration policy is based on two principles: admission exclusively of the highly skilled, and admission on a temporary basis.

The only exception to these rules: persons of Japanese descent living abroad. Instead of accepting low-skilled foreign workers, the government allowed the recruitment of ethnic Japanese Nikkeijin from Brazil and Peru; their number increased from 71,000 in 1990 to 370,000 in 2008.³³ These expats are allowed to enter Japan on long-term visas that include an unlimited work permit.³⁴

In prioritizing immigrant admissions, Japan puts ethnic and linguistic homogeneity on an equal footing with skills. Do they know something we don’t know — or forgot? ■

Endnotes

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