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## **Policy Challenges in International Migration**

Chad C. Haddal Congressional Research Service

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#### **Policy Challenges in International Migration**

#### Abstract

[Excerpt] Immigration is a leading policy concern for many countries around the world, including the United States. Members of Congress have for several years had immigration policy as one of their main legislative issues. Yet, determining an optimal immigration policy has grown increasingly complex as economic, cultural, and security pressures all compete for political consideration. In an effort to tackle some of this complexity, this report serves as a broad overview of the standard theory of international migration and offers a brief synopsis of the major immigration-related policy challenges potentially involved in the legislative debates in Congress. The overview examines several possible issues for Congress as it considers new legislation on immigration reform, including (1) how new immigration legislation might affect migratory behavior and (2) the possible effects of increased or decreased migration on related policy issues.

In addressing these issues, this report lays out a basic theoretical foundation for migration, as well as the mitigating role of laws and regulations on migratory behavior. With the exception of certain trafficking circumstances, all migration is based on a decision-making process by the individual migrant (or in some cases by the migrant's household). The decision-making elements are commonly referred to as "push/pull" factors. Essentially, while some factors appeal to potential migrants to "pull" them toward another country, other circumstances tend to "push" them away from their place of residence. If the perceived benefits of these push/pull factors outweigh the perceived cost, an individual is expected to migrate.

Despite there being several possible motivations to migrate, the range of choices available for an individual to migrate are limited. Limitations occur in part because of the constraints placed on human behavior by institutions—or "rules of the game"—such as laws, regulations, or even cultural expectations. Policy makers can actively modify a number of institutions to both deter some forms of migration and facilitate others, thereby mitigating the impact of push/pull factors to the policy maker's advantage. Consequently, institutional manipulation plays a key role in addressing numerous immigration-related policy challenges, because it can be used to facilitate the migration of some potential migrants and deter the migration of others.

The increasingly global migration of individuals has created both challenges and opportunities for advanced industrial countries. Despite the idiosyncrasies and unique policies of certain countries, a string of commonalities underlies the pressures all open economies face. Several of the themes partially mirror debates and efforts occurring in the United States. Perhaps most prominent of these is integration, that is, efforts to peaceably adjust society to accommodate any new demographic dynamics. A second recurring theme is the alleged burden placed by some immigrants on the state, including acts of violence, threats to security, crime, and supposed net non-contributors to the welfare state. A final theme concerns how international migration may provide numerous benefits, including alleviating labor shortages, addressing an aging society, and otherwise providing cultural diversity.

This report will not be updated.

#### **Keywords**

immigration, public policy, Congress, immigration reform, legislation

#### Comments

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## **Policy Challenges in International Migration**

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## Summary

Immigration is a leading policy concern for many countries around the world, including the United States. Members of Congress have for several years had immigration policy as one of their main legislative issues. Yet, determining an optimal immigration policy has grown increasingly complex as economic, cultural, and security pressures all compete for political consideration. In an effort to tackle some of this complexity, this report serves as a broad overview of the standard theory of international migration and offers a brief synopsis of the major immigration-related policy challenges potentially involved in the legislative debates in Congress. The overview examines several possible issues for Congress as it considers new legislation on immigration reform, including (1) how new immigration legislation might affect migratory behavior and (2) the possible effects of increased or decreased migration on related policy issues.

In addressing these issues, this report lays out a basic theoretical foundation for migration, as well as the mitigating role of laws and regulations on migratory behavior. With the exception of certain trafficking circumstances, all migration is based on a decision-making process by the individual migrant (or in some cases by the migrant's household). The decision-making elements are commonly referred to as "push/pull" factors. Essentially, while some factors appeal to potential migrants to "pull" them toward another country, other circumstances tend to "push" them away from their place of residence. If the perceived benefits of these push/pull factors outweigh the perceived cost, an individual is expected to migrate.

Despite there being several possible motivations to migrate, the range of choices available for an individual to migrate are limited. Limitations occur in part because of the constraints placed on human behavior by institutions—or "rules of the game"—such as laws, regulations, or even cultural expectations. Policy makers can actively modify a number of institutions to both deter some forms of migration and facilitate others, thereby mitigating the impact of push/pull factors to the policy maker's advantage. Consequently, institutional manipulation plays a key role in addressing numerous immigration-related policy challenges, because it can be used to facilitate the migration of some potential migrants and deter the migration of others.

The increasingly global migration of individuals has created both challenges and opportunities for advanced industrial countries. Despite the idiosyncrasies and unique policies of certain countries, a string of commonalities underlies the pressures all open economies face. Several of the themes partially mirror debates and efforts occurring in the United States. Perhaps most prominent of these is integration, that is, efforts to peaceably adjust society to accommodate any new demographic dynamics. A second recurring theme is the alleged burden placed by some immigrants on the state, including acts of violence, threats to security, crime, and supposed net non-contributors to the welfare state. A final theme concerns how international migration may provide numerous benefits, including alleviating labor shortages, addressing an aging society, and otherwise providing cultural diversity.

This report will not be updated.

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Immigration is a leading policy concern for many countries around the world. Improvements in technology, the fluidity of capital, increases in foreign direct investments, and other economic developments have increased the economic interdependence among countries. Lower-cost transportation and faster communication have facilitated globalization of the world's economies, as well as increased exposure to foreign languages, culture, and social networks. Furthermore, globalization has brought about greater awareness of economic opportunities that exist in other parts of the world. As such, more affluent countries face high levels of demand for participation in their economies by potential international migrants. And while political opinions regarding immigrants are frequently polarized, the transnational flow of migrants also creates numerous policy challenges, as well as opportunities, for receiving countries.

For Members of Congress, immigration policy has been one of the main legislative issues for several years. With a near-consensus view that the current system is broken, legislators have introduced numerous pieces of legislation—from incremental to comprehensive—intended to provide solutions. Crafting policies to establish a politically acceptable migration level, in addition to attracting the most desirable migrants, remains a coveted goal in migration management. Yet, determining an optimal immigration policy has grown increasingly complex as economic, cultural, and security pressures all compete for political consideration. Thus, as Congress works to develop legislation that would provide incentives and deterrents for and against migration, it becomes important to have a foundation for understanding migratory behavior, as well as the major policy challenges linked to international migration.

This report serves as a broad overview of the standard theory of international migration and offers a brief synopsis of the major immigration-related policy challenges relative to the legislative debates in Congress. The overview provides several possible issues for Congress as it considers new legislation on immigration reform, including (1) how new immigration legislation might affect migratory behavior and (2) the possible effects of increased or decreased migration on related policy issues. Distributive questions, including the domestic cost of international migration, lie outside the scope of the present analysis.

## The Immigrant Dilemma

For most advanced industrialized countries (AICs)—a term that generally refers to the member states of the Organisation for Economic Co-operation and Development (OECD)<sup>1</sup>—the admission of international migrants constitutes something of a dilemma. On one hand, the admission of migrants is a desirable course of action because it mitigates labor shortages, imports human capital, and increases revenues through a broader income tax base and higher levels of consumption. On the other hand, from a political perspective, the admission of migrants may potentially result in a host of undesirable byproducts, such as the displacement from jobs of home country nationals, potential increases in crime and crime networks, cultural tensions, the increased risk of terrorist exposure, and, for some domestic groups, a lower standard of living.

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<sup>&</sup>lt;sup>1</sup> There are currently 30 full members of the OECD: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

In most countries, a balance is struck between open or closed borders. Competing interests lobby for changing immigration laws and institutions in order to better suit their economic, cultural, and political preferences. In the United States, for example, the groups advocating restricted immigration flows frequently lobby legislators in an attempt to tighten border security and prevent the inflow of illegal immigrants, which these groups perceive as important to protect both the U.S. economy and security. Some groups, however, view these inflows as cultural threats. Higher education institutions, in contrast, tend to lobby for the admission of highly skilled foreign nationals who may serve as faculty members or as students—thereby embracing both immigrant labor and dynamic multiculturalism. Moreover, the business community frequently advocates for the admission of certain types of immigrants who may provide needed skill sets or lower-cost labor. Policy makers must weigh these considerations and many others in determining who should be admitted and who should be restricted.

#### **Broad Themes of Admission**

In OECD countries, a common strain that runs among the countries is an emphasis on three different areas: family connection, economic desirability, and humanitarian support. Numerous countries will allow for the reunification of immediate family, thus making family connections a common form of legal permanent entry. As shown in **Table 1**, the family-based migration category represented more than half of all migrants in at least four OECD countries in 2006. When combined with the family admission of employment-based workers, family migration accounted for the majority of migrants in at least seven of the OECD countries in **Table 1**—a total that does not include potentially family-related migration under the free movement regime of the European Economic Area. In terms of humanitarian admissions, these migrants tend to include asylees, refugees, and other migrants with protected status. In general, these groups have experienced declining admissions to OECD countries in recent years. **Table 1** shows that this category tends to represent the smallest of the major admission groups.

Table 1. Permanent Immigration Flow, by Category of Entry in Select OECD Countries, 2006

Percentage of Total Entries

Country	Work	Accompanying Family of Workers	Family	Humanitarian	Othera	Free Movement <sup>b</sup>
United States	5.6	6.9	63.4	17.1	7.0	0.0
Australia	25.9	25.7	25.4	7.4	0.9	14.8
Austria	1.5	0.7	40.2	11.1	0.3	46.2
Belgium	8.2	0.0	35.4	6.6	0.0	49.8
Canada	22.1	32.8	28.0	17.0	0.1	_
Denmark	15.2	5.7	18.1	5.0	5.5	50.5
Finland	9.1	_	35.9	12.4	3.9	38.7
France	6.1	0.0	59.0	4.4	10.5	20.0
Germany	6.1	0.0	23.3	2.8	3.6	64.2
Italy	30.8	1.7	40.0	3.1	2.0	22.4

Country	Work	Accompanying Family of Workers	Family	Humanitarian	Othera	Free Movement <sup>b</sup>
Japan	29.8	0.0	31.3	0.1	38.8	0.0
Netherlands	5.4	0.0	46.6	24.3	0.0	23.6
New Zealand	23.6	31.1	26.8	9.6	0.0	9.0
Norway	7.6	0.0	50.0	12.0	0.0	30.4
Portugal	28.7	0.0	62. I	0.0	0.4	8.8
Sweden	0.5	0.0	37. I	27.9	0.0	34.5
Switzerland	1.9	0.0	20.9	5.0	2.4	69.9
United Kingdom	28.9	14.1	17.7	8.9	6.0	24.3

Source: CRS Presentation of statistics from the OECD, International Migration Outlook, 2008.

**Notes:** The countries included in this table are those for which data were available in the source publication. Statistics are standardized. "—" indicates that either the category does not exist for the given country or no immigrants were admitted under the category.

- a. The "other" category refers to immigration flows not captured by the other listed categories. For example, the United States immigration law includes a provision for a "diversity visa," which is essentially a lottery that allows a limited number of applicants to receive a visa, independent of family or employment criteria.
- The Free Movement refers to person migrating under the free movement regime of the European Economic Area.

A group that has been the focus of many policymaking efforts in the United States in recent decades has been economically based migrants. While there may be demand for any number of occupations in an advanced economy, policy concerns often dictate that there be as little displacement or wage depression of native workers as possible. Although economists often decry such concerns as producing inefficiencies, it is frequently regarded by political scientists as politically prudent. In large part due to political forces, most countries have a relatively permissive policy toward highly skilled individuals, while the policy toward less-skilled individuals tends to be more restrictive. Furthermore, there are usually additional requirements placed on an applicant, such as an employment offer from a domestic employer. These requirements are generally placed on individuals to ensure that foreign nationals contribute to the domestic government's revenues rather than costs, and in this regard, higher-skilled individuals are perceived as being lower-risk admissions.

## **Push/Pull Factors in International Migration**

With the exception of certain trafficking circumstances, all migration is based on a decision-making process by the individual migrant (or in some cases by the migrant's household).<sup>2</sup> Even when migration is forced—as is the case with refugees—or takes place as a mass activity, some

<sup>&</sup>lt;sup>2</sup> Not all immigration theories focus on individuals. Indeed, a number of studies have pointed to the household as the decision-making unit, whereby the calculation is what type of individual migration would best serve the needs of the household group. These forms of analysis are particularly prevalent in studies conducted on remittance payments and the existence of diasporas. The results and propositions of these studies illuminate observed migration tendencies and behaviors, and are discussed in subsequent sections on remittance payments. Yet, in a broader context, most scholars chose to employ individual-based analysis.

set of choices will generally occur. "If," "when," "where," and "how" questions of migration are commonly referred to as "push/pull" factors. Essentially, while some factors appeal to potential migrants to "pull" them toward another country, other circumstances tend to "push" them away from their place of residence. These factors are generally distinguishable in that the push factors are normally domestic circumstances (e.g., home country unemployment, poverty, limited opportunity, cultural oppression), while the pull factors are circumstances occurring outside the domestic arena (e.g., employment opportunities, family resettlement abroad, educational pursuits, social opportunities).

A "push/pull" framework is rooted in a basic economic model of international migration. Under this model, at a very basic level, each individual is seen as performing a cost/benefit calculation based on the information he or she has available on the various push/pull factors to determine whether migration will provide a net gain or loss. Assuming that migration will provide a net gain (or a sufficient net gain), that individual may choose to migrate.<sup>3</sup> The basic premise of economic models of migration can be expanded to include the concept of deriving utility from such diverse actions as family reunification and cultural change, for example. Neoclassical economics generally predicts that labor flows from low-wage/labor-rich states to higher-wage/labor-poor states.<sup>4</sup>

Broadly, individuals engage in *economic migration* (including educational pursuits), *social migration* (such as family reunification or alternative cultural pursuits), or *political migration* (such as asylees and refugees). For each of these categories, the more important push/pull elements to decision making vary, although the categories are not mutually exclusive and multimotivational behavior and migration type overlap may occur. Moreover, some push/pull factors will serve as broad predictors for migration, while others will likely matter only for individuals engaging in a certain type of migration.

#### Institutions and Behavior

Despite there being several possible motivations to migrate, the range of choices available for an individual to migrate are limited. Limitations occur in part because of the constraints placed on human behavior by institutions. The link between the behavior of individuals and the rules that govern them make up what economists and political scientists refer to as *institutionalism*. Institutions, as defined by economist and Nobel Laureate Douglass C. North, "are the humanly devised constraints that shape human interaction." In other words, institutions are the so-called "rules of the game." Institutions are not merely the formal rules (meaning those rules that are written down, such as laws and regulations), but also the informal rules (such as norms and

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<sup>&</sup>lt;sup>3</sup> In economic terms, when the returns to labor are sufficiently high in foreign markets, such that the expected increase in wages exceeds the cost of migration, rational individuals choose migration.

<sup>&</sup>lt;sup>4</sup> Wayne A. Cornelius and Marc R. Rosenblum, "Immigration and Politics," *Annual Review of Political Science*, vol. 8 (June 2005), pp. 99-119, and George J. Borjas, "Economic Theory and International Migration," *International Migration Review*, vol. 23, no. 3 (Autumn 1989), pp. 457-485.

<sup>&</sup>lt;sup>5</sup> For example, while an individual may have an employment opportunity serve as a migratory motivation, that individual may also be drawn by the presence of family in the receiving country. Migration that takes place because of multiple motivational factors is commonly referred to as *mixed migration*.

<sup>&</sup>lt;sup>6</sup> Douglass C. North, *Institutions, Institutional Change and Economic Performance*, (New York: Cambridge University Press, 1990), p. 1.

<sup>&</sup>lt;sup>7</sup> Ibid.

values). While most observers recognize that formal institutions may modify migratory behavior, informal institutions may do so as well. Consequently, it is important for policy makers to recognize the effects of informal institutions, such as cultural expectations and traditions, on different migrant groups.

Institutions, both formal and informal, are important not only because they constrain behavior, but also because they may facilitate behavior. Policy makers have long employed this principle in developing taxation policies whereby individuals or corporations receive tax reductions or write-offs in exchange for certain behaviors that are deemed socially beneficial (e.g., reduced pollution, community activities). For example, incentives may be developed that would reduce the tax burden for workers willing to migrate to remote geographic regions that contain valuable natural resources. Typically, these manipulations will affect formal institutions (because norms and values are much more difficult to alter). The resulting questions for policy makers in terms of developing migration policy are therefore as follows:

- Whose migration do they wish to facilitate?
- Whose migration do they wish to constrain?
- By what method do they wish to go about facilitating and/or constraining the movement of people?<sup>8</sup>

The first two questions are largely a matter of economic needs and cultural values, and are therefore determined through political forces in each country. Once the targeted migrants are identified by a government, the third question comes into play. The government approach to migration policy normally develops into a dual-pronged set of institutions built on constraining policies and facilitating policies.<sup>9</sup>

Constraining policies are mechanisms put in place by governments to *restrict* the migratory flows of certain groups or types of individuals. These policies can target both inbound and outbound flows, and may vary depending on numerous factors, including selection criteria, methodology, and level of restriction. Two of the more common methodologies are preference systems and point systems. Countries such as the United States employ a preference system that organizes immigrants by broad categories (type of family member, type of economic migrant, etc.) and creates an overall admission level and preference order for each category. Some countries select certain migrants based on what is commonly referred to as a "point system." A point system is a list of criteria for immigration wherein each criterion is assigned a certain number of points. In

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<sup>&</sup>lt;sup>8</sup> Although the idea of constraining some forms of behavior and facilitating others is theoretically straightforward, it should not be inferred that application of the principles involved will yield perfectly predictable results. As experienced observers of public policy are well aware, public policies tend to have unexpected consequences and produce inefficiencies to some degree, even when the policy is implemented in the exact manner conceived. For example, natural disasters or foreign political developments have historically produced large migration waves that challenge the operational control of even the most well-protected border. Thus, in a democratic system like the United States, achieving an exact flow of migrants as a result of a public policy is virtually impossible, since unforeseen consequences or outside factors will produce some margin of error.

<sup>&</sup>lt;sup>9</sup> Although enforcement actions also serve as constraining institutions, they are not considered in the immediate discussion.

<sup>&</sup>lt;sup>10</sup> Level of restriction could include numerical caps and quotas, or the lack thereof.

<sup>&</sup>lt;sup>11</sup> CRS Report RL32235, U.S. Immigration Policy on Permanent Admissions, by Ruth Ellen Wasem

<sup>&</sup>lt;sup>12</sup> CRS Report RL34030, Point Systems for Immigrant Selection: Options and Issues, by Ruth Ellen Wasem and Chad C. Haddal.

order to qualify, or "pass," an applicant must achieve or surpass a predetermined point level. <sup>13</sup> Those qualities in an applicant that are valued more highly, or are more sought after, are given a higher point value, thereby increasing that applicant's likelihood of qualifying. In countries where point systems are used—most notably New Zealand, Australia, Canada, and the United Kingdom—they are most frequently used for selecting skilled economic migrants, while a preference system is used for selecting other migrants.

Facilitating policies, on the other hand, are mechanisms put in place by governments to enable the migratory flows of certain groups or types of individuals. These policies can also target both inbound and outbound flows. Some evidence suggests that facilitating policies are not mutually exclusive from constraining policies; a few studies have concluded that countries with point systems may attract a higher rate of skilled migrants than countries with preference selection systems. <sup>14</sup> Generally, however, facilitating policies are developed when the supply of the desired type of immigrant is so low that constraining criteria are almost unnecessary. Facilitating policies may consist, among other things, of recruitment programs, flexible admission criteria for specific immigrants, fiscal incentives for migration, or expedited access to permanent settlement in exchange for economic investments. <sup>15</sup> In recent years, such facilitation policies have included policies for return migration. Countries such as the Philippines have seen increasing levels of remittance payments from migrant workers. As a means of ensuring that income earned abroad flows into the Philippine economy, the government of the Philippines has promoted policies that promote the temporary outward migration of labor and ease of return migration. Consequently, facilitating and constraining policies can be used for both the inflow and outflow of international migrants.

# Future Challenges for Governments in a Global Economy

The increasingly global nature of the market economy, and the migration of individuals associated with the pursuit of growing or emerging labor needs, has created both challenges and opportunities for advanced industrial countries. Despite the idiosyncrasies and unique policies of certain countries, a string of commonalities underlies the pressures all open economies face. Several of the themes partially mirror debates occurring in the United States. Perhaps most prominent of these are integration efforts to peaceably adjust society to accommodate any new demographic dynamics. A second recurring theme is the alleged burden placed by some

faqs.html). The Canadian government additionally offers an entrepreneurial visa for foreign nationals with a net worth of \$300,000 (Cdn). These nationals are required to invest and participate in the management of a certain sized business, and they must produce at least one new full-time job for a non-family member.

<sup>&</sup>lt;sup>13</sup> The distribution itself is generally determined legislatively, wherein a national assembly will determine the point value of each criterion.

<sup>&</sup>lt;sup>14</sup> For example, see Migration Policy Institute, *Selecting Economic Stream Immigrants through Points Systems*, by Demetrios G. Papademetriou, May 2007.

<sup>&</sup>lt;sup>15</sup> One example of such a program is the Canadian investor visa, which, according to published accounts, was developed initially to attract investors from the British colony of Hong Kong (Denton, Herbert H., "Canada Lures Hong Kong Immigrants: Well-Off Businessmen Willing to Invest Are Granted Special Status," *The Washington Post*, March 8, 1986, pp. A11, A18). The Canadian program allows investors who have a net worth of at least \$800,000 (Cdn) to make a \$400,000 (Cdn) investment through Citizenship and Immigration Canada (CIC) (Citizenship and Immigration Canada, "Business Immigrant Links: FAQs," November 11, 2005, at http://www.cic.gc.ca/english/business/bi-

immigrants on the state, including acts of violence, threats to security, crime, and supposed net non-contributions to the welfare state. A final theme concerns how international migration may provide numerous benefits (particularly of an economic nature) that could be used to help alleviate labor shortages, address an aging society, and otherwise provide cultural diversity. These themes are addressed in greater depth in the sections below.

### **International Migration and Common Market Arrangements**

With an increased policy embrace of market liberalism (particularly by AICs and rapidly industrializing countries), an ever-growing number of countries are entering into super-national organizations or transnational agreements that, among other things, allow nationals of signatory countries unrestricted or less-restricted movement across the borders of other signatories. In some cases, such as the European Union (EU), this freedom of movement also includes work authorization and the right of residency in another member state for any member state national. Although the United States has also embraced globalization and more open economies, it has not yet gone so far as to embrace an international common market. More mobility-restricted free trade markets like the North American Free Trade Agreement (NAFTA) may limit the free movement criteria to certain types of business travelers (e.g., intra-company transferees, treaty traders and investors) and implement numerous conditions for residency. <sup>16</sup> In the case of NAFTA, both of these restrictions apply. Other prominent examples of common markets and free movement zones include, but are not limited to, the European Free Trade Area/European Economic Area (EFTA-EEA), <sup>17</sup> the Trans-Tasman Travel Arrangement, <sup>18</sup> the Nordic Council, <sup>19</sup> and the Schengen Agreement. <sup>20</sup>

The intent of developing such free movement areas is to facilitate economic growth and provide for the efficient distribution of skills and services. In essence, these arrangements make it easier to recruit both skilled and less-skilled workers. Yet, frequently the pursuit of such agreements prompts fear among groups in the host country that the domestic labor market will be flooded with migrant workers and native employment will be crowded out and wages depressed.

<sup>&</sup>lt;sup>16</sup> For additional discussion of immigration in NAFTA and other U.S. trade agreements, see CRS Report RL32982, *Immigration Issues in Trade Agreements*, by Ruth Ellen Wasem.

<sup>&</sup>lt;sup>17</sup> Iceland, Liechtenstein, Norway, and Switzerland are members of EFTA. The EFTA Convention established a free trade area among its Member States in 1960. The EEA was developed because of the wish of the EFTA countries (with the exception of Iceland) to participate in the EU's internal market, while not assuming the full responsibilities of EU membership. Thus, the EEA agreement gives these countries the right to be consulted by the EU during the formulation of EU legislation, but not the right to a vote in decision making.

<sup>&</sup>lt;sup>18</sup> Under the Trans-Tasman Travel Arrangement, citizens of Australia and New Zealand (who do not have certain criminal convictions) may visit, live, and work in the other country indefinitely.

<sup>&</sup>lt;sup>19</sup> The Nordic Council is a co-operation forum for the parliaments and governments of the Nordic countries (Norway, Sweden, Denmark, Finland, and Iceland). Established following World War II, it introduced a common labor market, social security, and free movement across borders without passports for the countries' citizens in 1952.

<sup>&</sup>lt;sup>20</sup> The 1985 Schengen Agreement allows for the abolition of systematic border controls between some European participating countries. It also includes provisions on common policy on the temporary entry of persons (including the Schengen Visa), the harmonization of external border controls, and cross-border police co-operation. Membership includes most countries in the European Union and three non-EU members: Iceland, Norway, and Switzerland. A total of 30 states have signed the agreement, and 15 have implemented it so far. Nine of the 10 countries that became EU members on May 1, 2004, will join the Schengen zone on December 31, 2007 (with Cyprus being the exception).

For policy makers in the United States, the growth and development of the EU is an experiment that is being closely observed. The EU member states face many of the same types of migratory pressures (e.g., unauthorized migration, establishing temporary worker programs, wage depression of native workers, terrorism concerns) that the United States does, as well as varying levels of economic affluence and education levels within their territories. From the perspective of the United States, the EU's development and challenges may provide valuable "lessons learned" for future policy choices about U.S. migration flows, should the United States ever choose to pursue a more common market arrangement with its neighbors. Alternatively, the EU experiment could provide evidence as to why such a pursuit might yield negative consequences. The sections below provide a brief discussion on a few of the major challenges the EU has faced.

#### The European Union

Within the European Union, labor groups' fears of displacement by migrants have constituted something of an ongoing concern. This fear of a migratory flood within the EU stems partly from the relative economic disparity between member states. For example, gross domestic product (GDP) per capita was purchasing power parity-adjusted (PPP)<sup>21</sup> \$29,000 in EU15<sup>22</sup> in 2005, compared with only PPP \$13,000 in Poland; similarly, the unemployment rate in EU15 was 8.3%, compared with 17.7% in Poland.<sup>23</sup> Despite the increasing consolidation of the EU institutions, the fears of migration influxes and external system shock to domestic markets have persisted. In recent years, some statistics have been published showing inflows to certain EU15 countries from eight Eastern European countries (known as the "A8")<sup>24</sup> since the accession of those states.<sup>25</sup> The information in **Table 2**, published by the Home Office in the United Kingdom, shows that inflows from the A8 countries to the UK nearly doubled in the three years immediately following the accession.

During that three-year time period, inflows of A8 nationals to the UK caused the population stock of such nationals in the UK to increase by 555,030. Moreover, the annual inflow of A8 nationals increased from 125,880 in 2004 to 224,195 in 2006—an increase of 78%. The vast majority of this increase stemmed from the elevated inflows of Polish nationals. In 2006, these Polish nationals accounted for 73% of A8 inflows to the United Kingdom. The cumulative inflow of 358,200 Polish migrants into the UK over these three years constitutes almost 1% of the entire

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<sup>&</sup>lt;sup>21</sup> Purchasing power parity is an economic technique used when attempting to determine the relative values of two currencies. It is useful because often the amount of goods a currency can purchase within two nations varies drastically, based on availability of goods, demand for the goods, and a number of other, difficult-to-determine factors. The simplest way to calculate purchasing power parity between two countries is to compare the price of a "standard" good that is in fact identical across countries. The most commonly used example is comparing the price of a McDonald's hamburger. This allows an observer to observe the relative purchasing power of different currencies. One of the key problems is that people in different countries consume very different sets of goods and services, making it difficult to compare the purchasing power between countries.

<sup>&</sup>lt;sup>22</sup> The EU15 were the 15 Member States in the European Union prior to the accession of 10 candidate countries on May 1, 2004. The EU15 comprised the following 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

<sup>&</sup>lt;sup>23</sup> This discrepancy existed despite the high level of educational attainment in Poland.

<sup>&</sup>lt;sup>24</sup> The A8 countries consisted of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

<sup>&</sup>lt;sup>25</sup> The expansion of the European Union on May 1, 2004, increased the membership by 10 countries: the A8, plus Malta and Cyprus. The A8 countries, however, were singled out by observers due to the fact that the per capita income in these countries was much lower than that of the other Member States. Consequently, it was feared that such an income discrepancy could cause a large-scale migration from Eastern Europe to Western Europe.

population of Poland. <sup>26</sup> On average, roughly three-quarters of 1% of the population in the A8 countries migrated to the UK following the EU accession. The cumulative inflow of a half million A8 nationals represents approximately 1% of the United Kingdom's 2006 population. Consequently, there is a likelihood that traditionally high-performing economies in the EU similar to that of the UK have also received increased inflows of nationals from A8 countries subsequent to the accession.

Table 2. Immigration from the A8 Countries to the United Kingdom, by Nationality of Approved Applicants

Data for 2004-2006

Country	2004	2005	2006	Total Inflows 2004-2006	Cumulative Inflows as a Percentage of the Origin Population (%)
Czech Republic	8,255	10,570	8,185	27,010	0.26
Estonia	1,860	2,560	1,460	5,880	0.44
Hungary	3,620	6,355	6,950	16,925	0.17
Latvia	8,670	12,960	9,380	31,010	1.35
Lithuania	19,270	22,985	16,810	59,065	1.74
Poland	71,025	127,320	159,855	358,200	0.94
Slovak Republic	13,020	22,035	21,370	56,425	1.05
Slovenia	160	170	180	510	0.03
Total	125,880	204,955	224,195	555,030	0.76

Source: Home Office, Accession and Monitoring Report, May 2004-December 2006.

**Notes:** Data refer to approved applicants rather than the total number of applications made. The figures refer to initial applications only (not multiple applications—i.e., an individual doing more than one job simultaneously—or re-registrations—i.e., case).

#### Sovereignty and Jurisdictional Tensions

One source of tension has been with the mobility of workers from EU accession states in Eastern Europe. Many labor groups were concerned prior to the accession that domestic labor markets would be flooded with cheap labor that would undercut the prevailing wages in various industries. Thus, when the EU added 10 new members on May 1, 2004, the old EU-15 countries were allowed to restrict the freedom of nationals of the A8 countries to seek jobs in their territory. In May 2007, the EU Advocate General ruled that unions could strike if firms from other EU countries attempted to operate in the union's territory at lower than prevailing union wages.

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<sup>&</sup>lt;sup>26</sup> By comparison, approximately 2% of the population of Lithuania flowed to the United Kingdom during this same time period.

<sup>&</sup>lt;sup>27</sup> Ireland, Sweden, and the UK imposed no restrictions in 2004, and Spain, Portugal, Finland, Greece, and Italy allowed freedom of movement in 2006. The Netherlands opened its labor market to A8 nationals on May 1, 2007, but Austria and Germany did not.

<sup>&</sup>lt;sup>28</sup> "EU: Air Passengers, Sanctions, Turkey," *Migration News*, vol. 14, no. 3, July 2007.

Issues of sovereignty have also affected common market policies on refugees. On June 6, 2007, the EU Commission released plans for harmonizing the criteria used to determine whether foreigners need protection and what that protection should be in order to minimize alleged "asylum shopping." Each EU country has previously had its own system for asylum determinations, its own appeal procedures, and its own system for supporting applicants while they await decisions. Under an EU agreement known as the Dublin convention, foreigners must apply for asylum in the first safe country they reach. As a result, migrants crossing the Mediterranean from the African continent wind up in Malta, Greece, Italy, and Spain. These countries have requested more help from other EU countries to manage the influx. In response, the European Commission has offered a legislative proposal whereby member countries would give recognized refugees a long-term secure residency status, including the right to move within the EU. This proposal is being resisted by some EU states, which say that determining who can enter and stay is a core prerogative of sovereignty. On the support of the suppor

#### **Other Common Market Arrangements**

The EU may be the most well-known of the common market agreements, but other groups of countries have adopted economic agreements that include provisions allowing for the free movement of workers. In some cases, countries may set up bilateral or multilateral agreements with other states specifically setting up rules for the free movement or settlement of its nationals. In the United States, the Visa Waiver Program allows for reciprocal agreements with countries, allowing each country's nationals to engage in visa-free travel for tourist or business purposes. In Scandinavia, the Nordic Council established an agreement in 1952 that allowed for the free movement of people across the borders of the signatory countries and for the settlement in each country of signatory country nationals.

## **Security and International Migration Policy**

One of the public policy issues increasingly linked to international migration, particularly in the wake of the terrorist attacks of September 11, 2001, and subsequent attacks in London and Madrid, has been domestic security. The connection between foreign nationals and terrorist attacks or arrests in countries such as the United States, the United Kingdom, Spain, Germany, and Italy has helped fuel a debate over the security threat that international migrants may pose to the receiving country. While most international migrants are law-abiding and net contributors to the host economy, much attention in advanced industrial countries has been placed on how to curb the migration of individuals with hostile intentions.

For some observers, the security dilemma presented by migration is interlinked with unauthorized migration. According to this line of reasoning, individuals with harmful intentions are more likely to be detected in the adjudications process or denied a visa outright. Thus, an individual who is a

<sup>&</sup>lt;sup>29</sup> "Asylum shopping" is a term used to describe the activity of refugees moving from country to country in pursuit of the best state-provided benefits for refugees.

<sup>&</sup>lt;sup>30</sup> "EU: Air Passengers, Sanctions, Turkey," *Migration News*, vol. 14, no. 3, July 2007.

<sup>&</sup>lt;sup>31</sup> For more information on this program, see CRS Report RL32221, Visa Waiver Program, by Alison Siskin.

<sup>&</sup>lt;sup>32</sup> For more information, see CRS Report RS21899, *Border Security: Key Agencies and Their Missions*, by Chad C. Haddal, and CRS Report RL32564, *Immigration: Terrorist Grounds for Exclusion and Removal of Aliens*, by Michael John Garcia and Ruth Ellen Wasem.

security threat would be more likely to surreptitiously cross the border of a country or commit some form of identity and/or document fraud. Observers concerned with the possibility of such threats tend to advocate tightened border barriers, more restrictive admissions policies, tighter document requirements, and increased screening and monitoring activities. By doing so, advocates argue, future terrorist attacks and other criminal actions may be prevented or reduced.

While most observers do not disagree with the assertion that more restrictive migration measures may reduce the possibility of terrorist infiltration, some critics contend that many security-based efforts are more effective in terms of psychological impact. According to some academic research, the number of migrants involved in intentional hostilities toward a host country or its populations has not grown at all in the past three decades in proportion to the total number of international migrants.<sup>33</sup> Instead, what has changed in these years, according to these studies, has been the perceived threat that migrants pose to domestic security. This shift has occurred in spite of economic motivation still serving as the predominant explanatory factor for international migration. Certainly, the scope of terrorist attacks during this time period has contributed to the growth of perceived security threats. These studies in no way attempt to suggest that security threats are based only on perception: security threats are acknowledged to be very real and are not in dispute. Rather, what some of these studies question is the extent to which the empirical evidence of security violations actually matches the perceived threat to native populations in many advanced industrial countries. Security advocates, however, contend that such claims are flawed, because enforcement measures are meant in part as a deterrence, and there is no way to know how many hostile actions have been deterred as a result of increased security efforts.

The United States' response to security threats has been, in part, a reorganization of immigration enforcement agencies and an emphasis on security and enforcement measures to prevent future terrorist attacks. Such efforts have included expanding the identity verification of potentially unauthorized workers through federal databases. In OECD countries generally, anti-immigration political coalitions have strengthened and numerous countries have pursued or implemented more restrictive immigration policies. Moreover, the United States and other countries have signed agreements to facilitate greater information sharing on potential terrorists and other criminal aliens. In December 2001, the governments of the United States and Canada signed a declaration establishing a "smart-border." The declaration included a 30-point plan (with two additional points added later) to secure the border and facilitate the flow of low-risk travelers and goods. Other countries have also worked to facilitate information sharing through criminal databases and international organizations, such as INTERPOL.<sup>34</sup>

## **Unauthorized Migration and Legalization**

One of the more prominent international migration issues in recent years (certainly within the United States) has been the role of unauthorized migration<sup>35</sup> into the domestic economy.

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<sup>&</sup>lt;sup>33</sup> Mikhail A. Alexseev, *Immigration Phobia and the Security Dilemma: Russia, Europe, and the United States*, New York: Cambridge University Press, 2006, p. 5.

<sup>&</sup>lt;sup>34</sup> INTERPOL is the world's largest international police organization, with 187 member countries. Created in 1923, it facilitates cross-border police co-operation and supports and assists all organizations, authorities, and services whose mission is to prevent or combat international crime.

<sup>&</sup>lt;sup>35</sup> In general, the components of the unauthorized international migrant population in OECD countries are (1) aliens who overstay their temporary visas, (2) aliens who enter the country surreptitiously without inspection, and (3) aliens who are admitted on the basis of fraudulent documents.

Historically, unauthorized migration is generally attributed to the "push-pull" of prosperity-fueled job opportunities in the receiving country in contrast to limited or nonexistent job opportunities in the sending countries. In the United States, some observers maintain that lax enforcement of employer sanctions for hiring unauthorized aliens has facilitated this "push-pull," but it is difficult to demonstrate this element empirically. Political instability or civil unrest in the migrants' home countries are elements that traditionally have induced people to risk unauthorized migration, but the motives for such migrations are sometimes mixed with the economic hardships that tend to accompany political upheaval.

**Table 3.** which includes the most recent available estimates of the unauthorized immigrant population in select OECD countries, shows that the United States had a larger estimated population of unauthorized migrants than other OECD countries. <sup>36</sup> In 2008, the unauthorized population of the United States accounted for approximately 4.0% of the country's total population. In relative terms, Greece had a nearly similar rate of unauthorized migrants in 2001, because this group of 370,000 accounted for roughly 3.4% of the country's population. Two other European countries—Spain and Portugal—had unauthorized migrants composing almost 2% of their population in 2005 and 2001, respectively. One of the commonalities among the countries that have higher rates of unauthorized migrants is their close geographical proximity to countries with weaker-performing economies. While the United States shares a common border with Mexico, the Mediterranean countries of Southern Europe are situated in close proximity to the North African and Balkan countries.<sup>37</sup> As a result, these countries become appealing for potential migrants seeking better economic circumstances, even when doing so meant pursuing unauthorized visa status. Not surprisingly, these countries with higher levels of unauthorized migration tend to be the same countries that are the main recipients of smuggled and trafficked individuals. According to published reports, there are an estimated 4 to 8 million unauthorized foreigners in the EU, and the number is believed to be increasing by 500,000 a year.<sup>38</sup>

Table 3. Estimates of the Unauthorized Immigrant Population in Selected OECD Countries

Available Data for the Most Recent Year

Country	Number	% of total population	Year
United States	11,900,000	4.0	2008
Australia	50,000	0.2	2005
Japan	210,000	0.2	2005
Netherlands	125,000-230,000	0.8-1.4	2004
Switzerland	80,000-100,000	1.1-1.5	2005

<sup>&</sup>lt;sup>36</sup> **Table 3** is a CRS compilation of estimates from various sources. The estimates are the most recent available data; all fall within the period 2001-2008.

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<sup>&</sup>lt;sup>37</sup> Reportedly, France has set new quotas for the number of illegal immigrants authorities should arrest and deport each month. Brice Hortefeux, head of the Ministry of Immigration, Integration, National Identity and Co-Development, expressed a goal of 25,000 expulsions by the end of 2007, compared with 24,000 in 2006. He also expressed the desire to have 125,000 arrests for illegal entry or illegal residence by the end of the 2007. (Elaine Ganley, "France Sets Quotas for Immigrant Arrests," *Associated Press*, June 4, 2007).

<sup>&</sup>lt;sup>38</sup> "EU: Air Passengers, Sanctions, Turkey," *Migration News*, vol. 14, no. 3, July 2007.

Country	Number	% of total population	Year
Spain	690,000	1.6	2005
Italy	700,000	1.2	2002
Portugal	185,000	1.8	2001
Greece	370,000	3.4	2001

**Source:** OECD, *International Migration Outlook 2006*. OECD sources were for Australia, Japan, southern European countries: national SOPEMI reports. United States: Jeffrey S. Passel, *Trends in Unauthorized Immigration: Undocumented Inflow Now Trails Legal Inflow,* Pew Hispanic Center: Washington, DC, October 2, 2008; Netherlands: E. Snel, J. de Boom, G. Engbersen and A. Weltevrede, (2005), "SOPEMI Report for the Netherlands", Organisation for Economic Co-operation and Development Paris. Switzerland: GFS (2005), *Nombre de sans-papiers en Suisse*. Étude de l'Institut de Recherches GFS, Berne.

In the United States, the debate over comprehensive immigration reform has been complicated by proposals to enable unauthorized aliens residing in the United States to become legal permanent residents (LPRs) (e.g., "amnesty," cancellation of removal, or earned legalization). These options generally require the unauthorized aliens to meet specified conditions and terms, as well as pay penalty fees. Proposed requirements include documenting physical presence in the United States over a specified period, demonstrating employment for specified periods, showing payment of income taxes, or leaving the United States to obtain the legal status. Using a point system that credits aliens with equities in the United States (e.g., work history, tax records, and family ties) would be another possible avenue. A corollary option would be guest worker visas tailored for unauthorized aliens in the United States. There are also proposals (commonly referred to as the DREAM Act) that would enable some unauthorized alien students to become LPRs through an immigration procedure known as *cancellation of removal*.

## **Balancing Economic Interests and Security Concerns**

Globalization has been a significant consideration for policy makers in recent decades, and transformation of the world economy has played a particularly strong role in shaping immigration policies of open economies. Advocates of economic liberalism have praised the opening of economies and free movement of goods, services, and people as pathways to greater productivity and prosperity worldwide. Generally, AICs have embraced these changes through membership in the World Trade Organization, International Monetary Fund, and the like. Yet, despite the growth these more open markets have produced, globalization has generated numerous opponents. To some critics, the push for increased integration of nations' economies has provided greater incentives for low-cost, low-skilled labor to move across borders, leading to the potential for displacement of some native workers. While many countries attempt to counteract displacement and wage suppression by limiting the number of visas available to low-skilled workers, granting

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<sup>&</sup>lt;sup>39</sup> Senate action on comprehensive immigration reform legislation stalled at the end of June 2007 after several weeks of intensive debate. The bipartisan compromise was negotiated with George W. Bush Administration officials and introduced in the Senate on May 21, 2007. The bill included provisions aimed at strengthening employment eligibility verification and interior immigration enforcement, as well increasing border security. It would have substantially revised legal immigration with a point system and expanded temporary worker programs. Unauthorized aliens in the United States would have been able to become LPRs if they met certain requirements, paid penalty fees, and met other requirements. A modified version of that compromise (S. 1639) was introduced June 18, 2007, but failed a key cloture vote on June 28, 2007.

<sup>&</sup>lt;sup>40</sup> CRS Report RL33863, *Unauthorized Alien Students: Issues and "DREAM Act" Legislation*, by Andorra Bruno.

temporary work visas, and other measures, critics have frequently called for protectionist measures (i.e., to stem the inflows of workers—both legal and illegal). This criticism tends to be more pronounced during economic downturns when high unemployment rates in AICs raise the appeal of what some characterize as economic populism.

The greater challenge for governments in promoting free movement of individuals has been addressing the security concerns that have subsequently accelerated. For example, although transnational terrorism predates globalization, greater freedom of movement has allowed easier access to targets in AICs. The terrorist attacks of September 11, 2001, brought into sharp focus for the United States the human cost that could occur when transnational terrorist networks penetrate the borders of a target country. Yet, the days following that terrorist attack also revealed the markedly detrimental financial consequences of restricting free movement in favor of complete security screening and surveillance. The world airline industry is estimated to have lost \$1 billion per day as officials took unprecedented precautionary measures to protect the public.<sup>41</sup>

Subsequent large-scale attacks on Western-based targets such as London and Madrid have crystallized the security dilemma of international migration for policy makers in the United States and abroad. Although more stringent security measures decrease the risk of terrorism or transnational crime, they also decrease the potential for economic growth from transnational movement. Consequently, policy makers in every country are compelled to weigh the costs and benefits of immigration levels and enforcement, attempting to find the proper balance between risk to security and reward for the economy. In most cases, some form of compromise is made. As surveillance technology improves, behavioral targeting and strategies are learned, and security enforcement becomes more efficient, while the balance between market facilitation and securing the population becomes easier to achieve. But even while security technology and strategies improve, critics note, a trade-off of privacy and civil liberties will likely still occur.

## **Aging Societies and Migration**

In almost all advanced industrial countries, one of the most significant long-term concerns is the "aging society" phenomenon. AICs tend to provide many public benefits and services that are paid for with tax revenues. Under such arrangements, the contributors are normally individuals of working age, while individuals classified as "dependents" serve as a cost to the system (dependents are usually children not yet of working age and retirees). Essentially, through the education system, pensions, health care, and similar public systems, the latter group draws more out of the public coffers than it puts back in. In regards to children, this cost is not problematic because public expenditures constitute an investment in human capital: over the course of their lifetimes, they likely will reimburse the public purse many times over for the investment. In addition, public pensions do not constitute a problem when the length of pension receipt is relatively brief, thereby limiting total payments. However, in the last half century, the demographic patterns in AICs have changed and caused a dual-pronged dilemma: (1) birth rates are declining, and (2) retirees are living longer. Fewer workers and longer-lived retirees could mean less financial support for the public benefits system at the same time that demands on it are growing. The long-term impact of these developments remains unclear.

<sup>&</sup>lt;sup>41</sup> Dawna L. Rhoades, *Evolution of International Aviation: Phoenix Rising* (Aldershot, Hampshire, United Kingdom: Ashgate Publishing, 2008), p. 136.

<sup>&</sup>lt;sup>42</sup> For additional information, see CRS Report RL32981, *Age Dependency Ratios and Social Security Solvency*, by (continued...)

The empirical evidence for demographic transformations generally indicates that the shift in population composition will become more acute in the coming years. 44 Life expectancy for 65year-old males in OECD countries ranges from 13 years in Turkey to almost 19 years in Japan. For females, this same measure ranges from 15 years in Turkey to more than 23 years in Japan. 45 In most cases, this range constitutes many years longer than the corresponding rate a half century ago, when a number of the public benefit systems were implemented, and with medical advances, the trend is expected to continue. By contrast, as shown in **Figure 1**, the working-age population in most countries is projected to experience a downward shift in most OECD countries over the next two decades. During the 2005-2010 time period, all countries except Germany, Japan, Italy, and Spain are expected to see an increase relative to each country's 2005 total working-age population. However, in the 2010-2015 time span, projections show that 20 OECD countries will experience declines in their population relative to 2005 levels. Finally, from 2015 to 2020, only four countries—Iceland, Ireland, New Zealand, and the United States—are projected to have a working-age population increase over their 2005 levels. Thus, policy makers have been weighing their options carefully across OECD countries to figure out how to address the issue of an aging workforce.

(...continued)

Laura B. Shrestha.

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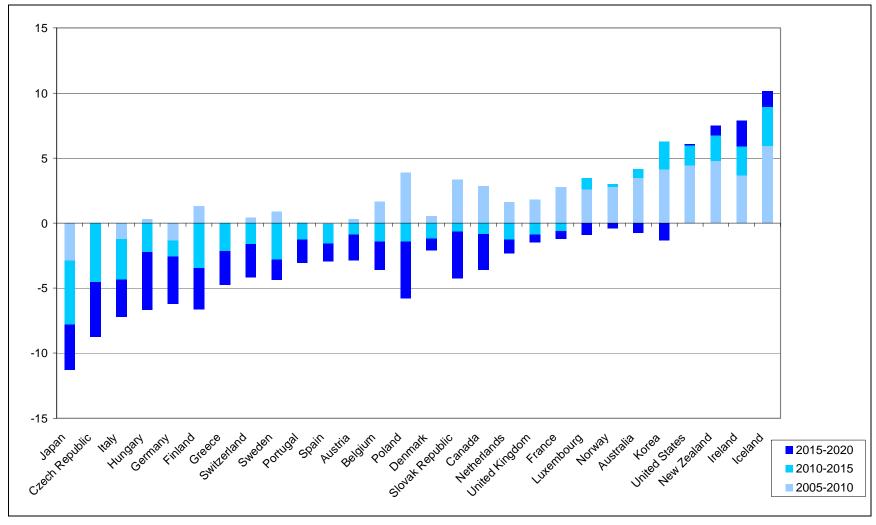
<sup>&</sup>lt;sup>43</sup> CRS Report RL32747, *The Economic Implications of the Long-Term Federal Budget Outlook*, by Marc Labonte.

<sup>&</sup>lt;sup>44</sup> See CRS Report RL32792, *Life Expectancy in the United States*, by Laura B. Shrestha.

<sup>&</sup>lt;sup>45</sup> In the United States, males aged 65 have a life expectancy of over 17 years, while females aged 65 have a life expectancy of 20 years (Organization for Economic Co-operation and Development, *OECD Health Data* 2008).

Figure 1. Expected Change in the Working-Age Population Assuming Zero Net Migration Over the Periods Indicated, 2005-2020

As a Percentage of the 2005 Population



**Source:** OECD, International Migration Outlook 2007.

One option that some policy makers advocate is using immigration to address revenue and labor market needs. Allowing a sufficient number of immigrants into the labor force might create a revenue base large enough to support the aging native population and fulfill employer demand for workers. <sup>46</sup> Furthermore, the rates of inflow (temporary admissions or permanent settlers) could hypothetically be regulated to adjust for labor force and revenue needs. This potential solution has drawn its share of proponents, because it offers a relatively simple solution. Yet, critics have expressed doubt whether such a solution represents the most advantageous option for native workers in both the short and long term. <sup>47</sup> Moreover, some studies have questioned the fiscal benefit immigration would provide. <sup>48</sup>

In addition to economic concerns, cultural and demographic criticism of using immigration as a tool for addressing the dilemmas of an aging society have surfaced, based on various assumptions of behavior. In the short term, some observers believe that a potentially large infusion of foreign nationals into a labor force could contribute to cultural tensions, xenophobia, and jingoism. Such reactions by native populations are historically common during periods of large population inflows around the world. Critics with a long-term view question whether new settlers would demonstrate any different patterns than the native population. They contend that new settlers would begin to mirror the same birth rates and life expectancy of the native population, thereby temporarily delaying the aging society problem, but not solving it.<sup>49</sup>

The principal objection to using immigration to address an aging society in many countries is that it tends to be politically unpopular. Consequently, despite having some potential for compensating labor market needs and revenue shortfalls, large-scale implementation often becomes a political liability. However, other solutions are often equally unpopular politically (e.g., raising the retirement age), and the dilemma of an aging society persists in most AICs.

## Conclusion

In a globalized economy, the motivations for migration are increasingly evident. Information about economic opportunities, family connections, and the like contributes to a set of push/pull factors wherein individuals or households calculate the cost and benefit of potential migration. Moreover, institutions put in place by policy makers mitigate these calculations by either constraining or facilitating the choices available for a potential migrant. The construction of such institutions is also relatively well understood, as policy makers can learn from both historical examples and changes implemented by other countries.

<sup>&</sup>lt;sup>46</sup> For additional discussion, see CRS Report RL33661, *Retiring Baby-Boomers = A Labor Shortage?* by Linda Levine.

<sup>&</sup>lt;sup>47</sup> For additional discussion, see CRS Report 95-408, *Immigration: The Effects on Low-Skilled and High-Skilled Native-Born Workers*, by Linda Levine.

<sup>&</sup>lt;sup>48</sup> For example, see Fehr, Hans, Jokisch, Sabine and Kotlikoff, Laurence J.,The Role of Immigration in Dealing with the Developed World's Demographic Transition (May 2004). NBER Working Paper No. W10512, available at SSRN: http://ssrn.com/abstract=552881.

<sup>&</sup>lt;sup>49</sup> For settlement countries like the United States, the use of temporary visas to build the workforce is particularly problematic for some policy makers because of the existence of birthright citizenship. Thus, if workers are allowed to bring their families with them, they could end up with children that are U.S. citizens. Such a citizenship connection, some policy makers argue, could lead to eventual permanent settlement of families that were intended to be admitted only temporarily. While some visas address this concern by allowing admission only to the principal applicant, opponents of such limitations contend that it provides a disincentive for foreign workers to seek temporary work visas.

Because these basic migration mechanisms are solidly established, the immigration-related policy challenges that arise are sometimes less about functional concerns and are instead more rooted in political realities. Decisions on how these policy challenges are addressed carry economic, cultural, and political consequences, depending on who migrates, how many people migrate, and when they are allowed to migrate. Ultimately, the concerns about what these consequences will be lie at the heart of the tensions over immigration, and the polarized perceptions that international migration generates among constituent groups will likely continue in the long term.

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