

International Union for the Scientific Study of Population.
XXIV General Population Conference, Salvador da Bahia, Brazil
Plenary Debate no 4. Friday 24 August 2001

Why borders cannot be open

1. A more moderate position.

Let us start with something on which we can all agree. That is that some degree of international migration, in both directions, variable over time and space, is normal for any modern society in peacetime. In free societies, borders are never totally closed. Neither have they ever been in peacetime; the caricature of 'Fortress Europe' exists only in the imagination of migration enthusiasts. No fortress lets out a million people per year, or lets in up to two million each year, as Western Europe has over the last decade.

People wish to move, for their own benefit, for all sorts of reasons; for better pay, to join a spouse or a parent, to benefit from more welfare or security. Receiving societies can benefit. For example, demand for labour may indeed be more easily satisfied if people can be recruited from abroad. At other times, however, the same country will export labour rather than import it. Most developed countries do both at once. That is natural in view of the ups and downs of economic cycles, international differences in economies and labour markets, and frictional forces in economic systems.

Whether migrants always benefit the population that is expected to receive them is quite another matter, however. The only unequivocal beneficiary of migration is the migrant. Whether their movement benefits the people in the country of destination all depends on circumstances. That is why borders cannot be fully open, just as in peacetime they cannot be fully closed. Most legal international migrants both to the US and to Europe in recent decades have not been labour migrants but spouses, dependants, relatives, students, asylum claimants, for whom demand is less clear. Many enter illegally or on various short-term pretexts seeking to stay and improve their position by any available means. And even the economic benefits of labour migration, once uncritically acclaimed, are less clear than they were (Borjas 1996, Wardenjo 1999) and may well in some cases be negative when all costs are considered. Too

easy an access to immigrant labour can create distortion and dependency in an economy. Any large modern society which finds that it in some way 'needs' constant flows of immigrants, always inwards, over a long time, is suffering from problems with its society or labour market or economy which it ought to rectify by reforming itself, not depending on the rest of the world.

More generally, the idea of fully open borders is hardly compatible with the principle of the nation state or the coherent identity of its society, the existence of which depends on controlling its membership and its boundaries. The level of migration must be for each society and for its electorate to decide, rather than some uniform international migration order, for social and political reasons even more than economic ones. In this respect it is like any other major measure affecting a society and its well-being. Let those who want open borders open theirs. Others who take a different view can then see what happens.

2. Open borders an extreme proposition; a kind of free market fundamentalism..

'Open borders' is urged as a parallel to 'free trade', as though people were goods. But goods do not go where they are unwanted, goods have no rights or feelings, goods do not reproduce or vote, goods can be sent back or scrapped when no longer needed. Immigration concerns people, not objects, and consequently (depending on its scale) its political and social importance is potentially much greater than any economic effects it may have. The inability of economic models to accommodate political, social and cultural effects underlines the fact that immigration policy is far too important a matter to be left to economists.

All areas of human activity have safeguards and regulations because markets are imperfect. It would be a very harsh world without them. Absolutely free movement of people is no more possible than absolute free trade. Trade is never free, only free-er, and 'free trade' always depends on negotiated conditions. 'Free markets' in goods are very far from a free-for all. All trade and open markets are limited by conditions on labour and quality and safety in order to protect citizens, workers and customers: health and safety regulations, environmental regulations, consumer protection legislation. Throughout society freedom of action is constrained by considerations of welfare and the rights of others, to protect citizens from the imperfections of markets. That is why we have insurance for health and unemployment and welfare arrangements to protect people from old age, illness, hazards, misfortune, and forces

to maintain the law and security. Similar conditions must apply to migration to protect citizens and society in general from its adverse effects.

3. Argument should not be dominated by economics or the interests of business.

Liberal arguments in favour of uncontrolled migration tend to give first place to business interests and economic criteria, even though on other matters liberal critics are usually in the forefront of attempts to control the excesses of capitalism. In no other area of public policy are we urged to believe without doubting whatever business has revealed about its supposed labour needs, and to give it all it wants. Business interests however are short-term. Easy immediate access to labour will always be preferred to the costs of training and capital investment for the longer term. In the nature of economic cycles, yesterday's essential labour can often become, as the defunct factories and mills of Europe have shown, today's unemployed. Employers who demanded immigrant labour are not held to account for this or required to contribute to subsequent costs of their unemployed former workers. Few things are more permanent than temporary worker from a poor country. If business were made responsible for the lifetime costs of their migrant labour in the same way as they must now deal with the lifetime environmental costs of their products, perhaps enthusiasm for labour migration might be moderated and make way for longer-term investment in capital-intensive restructuring.

Countries are, after all, not just a set of economic levers. We no longer accept the argument that 'what is good for General Motors is good for the United States' in any other area of policy and should not in respect of migration either. Societies are not workshops where anyone can drop in, do some work, if they like, do nothing if they like. They are, however loosely, communities of people with shared values, commitments, identities, origins and aspirations.

4. Economic arguments for the general benefits of a no- borders world are unsatisfactory

Let us set aside these broader issues for a moment and consider the economic arguments. According to elementary economic theory, uncontrolled migration is always beneficial because labour is then enabled to flow from countries with abundant cheap labour and little capital to high wage areas where labour is scarce but capital abundant. Free migration is expected to equalise the ratio of capital to labour everywhere, until an equilibrium is reached

where wages have equalised and capital efficiency is maximised. Net migration then ceases. In the process wage inflation has been checked and output maximised and global average income raised.

However these simple assumptions are seldom satisfied. Poor countries with population to spare greatly outweigh destination countries. Compared with the latter, their populations are effectively infinitely large. The equalization of wages expected from this process means lower wages in the receiving countries. Elementary political theory and practice tells us the wage reductions so welcome to economists and employers are distinctly unattractive to employees and electorates. Most migrants do not bring capital with them, in addition many move for reasons little connected with the labour market. So instead, the votaries of migration now spend much effort assuring us that the theoretically 'desirable' macro-economic deflationary consequences of migration (i.e. reducing wages) cannot actually arise, but that all can benefit from higher incomes. The latter argument is looking increasingly threadbare as evidence mounts that the effect is divisive. Previous immigrants, and the poorer sections of society, suffer adverse consequences while the middle class may enjoy cheaper services from migrant labour.

The 'segmented labour market' (e.g. Cain 1976) provides another escape clause; that some jobs will not be done by locals and must be done by immigrants. However one of the reasons why locals will find some jobs unattractive is because it is mostly immigrants who perform them. If employers can pay immigrant, not local wages, they thereby become dependent on perpetual immigrant labour, in some cases illegal. The concept of segmented labour markets finds little empirical support on a large scale. Where such segmented markets do exist they tend to be a function of excessively low wages, insufficient capitalisation of the function in question or excessive levels of employment protection in the regular economy running hand in hand with illegal immigrant employment. The suggestion that some unattractive jobs must in future be done by foreigners implies a permanent ethnically distinct underclass. That notion should be contrary to the principles of any society which favours equality of opportunity and opposes ethnic or racial discrimination.

5. Conventional economic assessments of migration are incomplete

Theory apart, what can empirical analyses of the economic effects of migration tell us? Quite often these analyses come to favourable conclusions about the economic consequences of

large- scale migration or at least of the absence of serious deleterious effects. Benefits are particularly obvious in specific new growing sectors of the economy, usually involving high-skill professional or managerial workers. But the process is often two-way, between countries in the developed world. The overall net effect of all migration is usually judged to be relatively weak compared with other economic factors. For example a recent careful but limited analysis of the fiscal effect of immigration in the UK (Gott and Johnson 2002) concluded that the costs were £28.8 billion, the benefits £31.2 billion and the net benefit was the difference between these two large numbers, namely £2.5 billion. This marginal benefit however explicitly excluded various costs which are known to be higher than average for immigrants; the additional costs of education, of crime and prisons, and the fiscal drain of remittances, the sums (well over £1 billion) spent on asylum claimants. A recent Danish study (Schultz-Nielsen 2001) distinguished between Western and non-Western immigrants, estimating a net cost for the latter.

Whether net cost or benefit, the effects amount to only a small percent of GDP either way, which must be discounted on a *per caput* basis by the increase in population occasioned by immigration. For example even if the results of the UK study noted above are taken at face value, the £2.5 billion fiscal gain from immigration comprises just 0.25% of the 2000 GDP of £944.7 billion. Furthermore this is actually less than the contribution of net immigration to UK population growth (0.31%), so that *per caput* GDP is apparently made lower as a consequence of immigration. The US National Research Council (Smith and Edmonston 1997) concluded that all immigration (legal and illegal) added between \$1 billion and \$10 billion per year to a US economy growing at \$400 billion per year, and of course also adding about 0.5% per year to population growth. All studies point to the differential impact of immigration on the poorer and richer elements of the host society, and the benefits arising from highly educated immigrants compared to the costs of those with little education.

It seems perverse to imagine that the economic dynamism of the US is somehow mostly due to immigration, as enthusiasts for migration to Europe have claimed. The reverse seems closer to the truth. Immigration to the US is high because it has one of the most dynamic economies in the world, with low levels of welfare and regulation and a high tolerance of inequality, plenty of space, and relatively open to immigration (most of which is non-economic).

6. Externalities of immigration

On the whole, economic analysis only considers factors which economists can easily measure. Externalities which may be difficult to measure, politically embarrassing or politically incorrect tend to be ignored: the Home Office report cited above is a typical case. The easier elements are the level of income and of taxes paid set against welfare, unemployment and pension costs; The more difficult elements include the costs of education (often complicated by language difficulties and novel cultural needs), the costs of regeneration of urban areas or of new building for immigrant populations, which otherwise could have been demolished. In general in Europe, crime levels and public order problems are more severe among the ethnic minority populations of recent immigrant origin (Smith 1994), particularly in respect of street crime, and syndicates involved in drugs, prostitution and the trafficking of illegal immigrants in which asylum claimants appear to be particularly involved. Statistics on offences and on incarceration make this reasonably clear but the associated costs are never included in cost-benefit analyses. Particularly in the English-speaking world a large and pervasive 'race relations industry' has grown up employing in the UK tens of thousands of people and consuming the time of many more others, concerned with integration and re-training programmes, of equal opportunities and ethnic target enforcement, numerous legal proceedings, ethnic monitoring. This too has seldom if ever been costed; it is a counterpart of the even bigger 'migration industry' (Salt 2001).

More strategically, migration distorts economies and creates dependence on further migration. It allows obsolete low-wage, low-productivity enterprises to continue in poor conditions, which otherwise would have to raise the wages of their workers, introduce more capital intensive processes or export the function to the countries where it could be performed more cheaply for everyone's benefit. For example the textile mill towns and foundry towns of Northern England, unmodernised and failing in the 1960s, which were able to struggle on for a further decade before finally and inevitably closing, thanks to the availability of immigrant labour. Those towns now have substantial and fast-growing badly-integrated ethnic minority populations with high levels of unemployment and segregation, and in 2001 suffered serious race riots. Britain's inadequate nationalised National Health Service has depended for decades, uniquely in Europe, on foreign doctors and nurses. Their availability has permitted it to survive as Europe's most under-funded and inadequate health service offering poor conditions to its staff and a poor service to its patients. As a result of this dependence on the supply of medical personnel from overseas, UK medical training has accordingly fallen to a

level quite inadequate to supply medical personnel from domestic resources, and necessary radical reform has been deferred.

7. Empirical record of immigration

In Europe, the long-term record of immigration is not very encouraging. High skill workers recruited through work permit or moved by inter-company transfers bring undoubted benefits (Dobson et al. 2001). Otherwise the record of mass migration is very mixed. Most immigrants, to Europe or to the US are not workers; up to 80% of immigrants to Europe in recent years and about 75% of those to the US. Many who do not enter as workers may nonetheless work, of course, but they do not do so as a result of any evaluation of the needs of the labour market and their skills are usually of a low level. Consequently the level of unemployment of foreign (continental Europe) or ethnic minority populations (in the UK), in the second as well as in the first generation, is usually at least double the national average. Furthermore, workforce participation rates are typically lower than the national average: at the extreme just 20% and 30% among Bangladeshi and Pakistani women in the UK (Sly and Thair 1999). Although there are a number of successful ethnic minority and foreign populations, in general their skill and workforce situation leads to a concentration of poverty and other negative measures among these groups. Traditional cultural norms - variously large family size, non-working wives, lone-parent households, high teenage fertility can make the solution of poverty more intractable (Berthoud 1998) .

Cultural diversity created by post-war immigration in societies formerly more homogeneous societies used to be regarded as a problem requiring a difficult process of acculturation or assimilation on the part of immigrants. Now, at least in the English-speaking world, multi-cultural policy requires such diversity to be (officially) 'celebrated' as a permanent cultural asset to which the host society must adapt, although its benefits beyond a wider range of ethnic restaurants for the middle classes, and new kinds of pop music for youth, appear to be rather hard to specify. Critics of multicultural policy, however, claim that it helps to preserve the isolation and segregation of immigrant populations and the perpetuation of new social divisions in Western society which may be associated with serious conflicts of interest and of loyalties.

8. Security problems

Problems of security have been highlighted since the atrocities of September 11th 2001, with the painful realisation from opinion surveys in some European countries that substantial proportions of immigrant populations, including the young of the second generation, do not side with their host society in recent conflicts, do not disapprove of the actions of al-Qaeda and that a minority even applaud them. Even before those events threw problems of security and national solidarity into such sharp focus, mass migration had already imported into Western countries conflicts from other parts of the world, with separatist and revolutionary movements (Kurds against Turks, Sikhs against Indians) complicating domestic and foreign policy in new ways.

9. Immigrants as demographic salvation?

What about the future labour force and the problems of population decline and population ageing in a developed world where birth rates are low and survival long? Surely it is convenient that immigration pressures should be so high just when, it is claimed, Europe's populations are beginning to 'need' more immigrants to rescue them from population ageing and preserve the 'potential support ratio' of people of working age to pensioners, as a UN report has recently suggested (UN 2000, 2001)?

In fact population ageing is inevitable; it has no 'solution' although with suitable reforms it can be managed as long as the birth rate does not fall too low. Longer lives and fewer babies will eventually give all mankind an older population structure, forever. Today's relatively favourable support ratios in the developed world are a passing inheritance of the 20th century (Coleman 2002). To preserve the present ratio of people of working age to pensioners in the European Union (about 4:1) up to 2050 would require an average of 13 million additional immigrants per year every year to 2050, by which time the population would have more than tripled to over 1,228 million (about that of China), with a further doubling before 2100. Even a rise in births to the replacement level of about 2.1 children, a more desirable outcome which would not inflate population, could only restore the ratio to about 3:1. However given a reasonable birth rate, much can be done to ameliorate the effects of an unavoidable decline in support ratio by non-demographic means; improving workforce participation, discouraging early retirement, reforming pensions schemes and productivity and above all by moving retirement age gradually upwards.

Turning to the labour force, reductions in the size of the working-age population are projected for the medium term for most European countries, and much sooner for some. However, the European Union has the lowest level of employment of persons of working age of any major economic group of countries world wide- scarcely 62%. In Spain and Italy only about 53% of the working age population is actually in work. There, rigid job protection, high unemployment and high levels of illegal immigration have co-existed for years. Reforming Europe's rigid labour markets. its excessive levels of 'social protection', its damaging pattern of early retirement and its vulnerable pay-as-you-go pension schemes is clearly politically very difficult. The future of the EU depends on becoming more productive, and easy access to the short-term expedient of additional migrant labour will only delay and further complicate essential reform. Given moderate rises in workforce participation expected by Eurostat, only Italy will show a smaller working age population in 2020 than in 2000 (Feld 2000). After that, other measures will need to be taken. Changing conditions so that women will feel able to produce the number of children which they consistently say they want (at least two) is first priority on grounds of welfare, gender equity and the long-term future of the population.

Immigration can 'preserve' population size if that is thought to be important, indeed at the moment immigration is so high that it has promoted population growth in some European countries to a level which some find undesirable, because of pressure on housing and land.

10. Long-term effects of mass migration - ethnic replacement.

In the end, any level of net immigration into a country with below-replacement fertility will eventually replace the original population with one of immigrant origin. Even with the United States' high fertility, white non-Hispanics are officially projected to become the minority shortly after 2050. Populations of immigrant origin of about 30% of the national total and rising are projected before that date in Denmark and in Germany. How far this ethnic replacement is thought to be a problem must reside with the electorates concerned. But on present trends that is the indicated outcome, and much sooner for some major cities with large immigrant settlement.

11. The long run

In the end we are all going to have to learn to do without the short-term expedient of large-scale migration and address instead the more difficult long-term solution of problems. In retrospect, the present situation will come to be regarded as highly transient. Today's

situation whereby a minority of receiving countries taking in surplus population from poor sending countries with high population growth may be typical of the first part of the 21st century but it will not long remain so (Lutz et al 2001). Towards the end of the century populations of more and more countries are likely to stabilise or even to decline and the world will start running out of potential migrants. We will have to learn then to live on limited labour supply in exactly the same way that we will have to learn to live on limited natural resources, and husband our own demographic resources, not depend on those from elsewhere. The closeness of the parable to sustainable development is clear. The world will not forgive the developed countries today, in the vanguard of the human experiment of living without population growth, if they throw away the chance to reform their society and productivity because of a preference for the short-term convenience of immigration

12. Conclusion

Migration has its place in every civilised society and can bring benefits to individuals and to the society as a whole. But like all other human activities it must be kept subject to law, not become a free-for-all, and organised or limited according to democratically-expressed preferences of the society being affected by it. Free movement of goods and free movement of people are not parallel cases. It is regrettable that some economic liberals appear to be incapable of seeing the difference between goods and people, and that some political liberals cannot acknowledge a distinction between citizens and foreigners. Those who promote large-scale migration seldom have to live with its consequences. Even Adam Smith admitted that people were the most difficult baggage to transport over borders. Only those in favour of unbridled capitalism, those who put the short-term interests of employers before anything else, those who cannot see that a society's boundaries must be protected, can be in favour of 'open borders'.

Selected references.

Berthoud, R, (1998) *The Incomes of Ethnic Minorities*, Essex, Institute for Social and Economic Research

Borjas, G. J. (1999). Heaven's Door: Immigration Policy and the American Economy. Princeton, Princeton University Press.

Cain, G. (1976). "The Challenge of segmented labor market theories to orthodox theories. A survey." Journal of Economic Literature: 1215 - 1257.

Coleman, D.A. (2002) Replacement Migration, or why everyone is going to have to live in Korea: a fable for our times from the United Nations. Philosophical Transactions of the Royal Society B 357, 583 - 598.

Dobson, J., Koser, K., McLaughlan, G. and J. Salt (2001) International Migration and the United Kingdom: Recent Patterns and Trends. London, Home Office.

European Commission (1998). Demographic Report 1997. Luxemburg, Office for Official Publications of the European Commission (Part 1 deals with future labour force matters).

Feld, S. (2000). "Active Population Growth and Immigration Hypotheses in Western Europe." European Journal of Population 16(3 - 40).

Gott, C. and K. Johnson (2002) The migrant population in the UK: fiscal effects. London, Home Office.

Lutz, W., Sanderson, W. and S. Scherbov (2001) The End of World Population Growth. Nature 412, 2 august 2001 543 - 545.

Martin, P. and J. Widgren (2002). "International Migration: Facing the Challenge." Population Bulletin 57(1): 3 - 40.

Salt, J. (2001). The Business of International Migration. International Migration into the 21st Century. Essays in honour of Reginald Appleyard. M. A. B. Siddique. Cheltenham, Edward Elgar: 86 - 108.

Schultz-Nielsen, M. L. (2001). The Integration of non-Western immigrants in a Scandinavian labour market: the Danish experience. Copenhagen, Statistics Denmark.

Smith, J.P. and B.Edmonston (eds) The New Americans: Economic, Demographic and Fiscal Effects of Immigration. Washington DC, National Academy Press.

Smith, D. J. (1994). Race, Crime and Criminal Justice. The Oxford Handbook of Criminology. M. Maguire, R. Morgan and R. Reiner. Oxford, Clarendon Press: 1041 - 1117.

Sly, F., T. Thair, et al. (1999). "Trends in the Labour Market Participation of Ethnic Groups." Labour Market Trends December 1999: 631 - 639.

United Nations (2000). Replacement Migration: Is it a Solution to Declining and Ageing Populations? New York, United Nations.

United Nations (2001). United Nations Expert Group Meeting on Policy Responses to Population Ageing and Population Decline, New York 16-18 October. New York, United Nations.

Wadensjö , E. (1999) Economic Effects of Immigration. in Coleman, D. A. and E. Wadensjö (1999). Immigration to Denmark: International and national perspectives. Aarhus, Aarhus University Press.

D.A. Coleman,

Department of Social Policy and Social Work
Barnett House, Wellington Square,
Oxford OX1 2ER United Kingdom
david.coleman@sores.ox.ac.uk
<http://www.apsoc.ox.ac.uk/oxpop/>

