

# Population Review

Volume 50, Number 2, 2011

Type: Article pp. 90-108

## The Efficiency of Immigration and Integration Policies

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### Abstract

In this paper we present a brief comparative analysis of the various immigration and integration policies adopted over the last decades by the main countries of immigration. This analysis is conducted from the point of view of the efficiency of these policies, that is, by relating the objectives and the means of the various immigration policies to the results they produced. Besides possible political objectives, three main types of objectives may be considered: economic, demographic and humanitarian (family reunification and providing a shelter to refugees). The discussion on the means refers to the capacity to control the level and the structure of immigration flows, and therefore to the opportunity of adopting a system allowing for the selection of immigrants (quotas, point system). Reviewing the literature devoted to the economic and demographic consequences of immigration, one is led to the conclusion that these consequences are marginal. The assumptions on which most immigration policies are based, namely that immigration is beneficial to the economy and may solve the demographic problems of the receiving country, are not empirically validated. Immigration policies should focus on humanitarian objectives and on the integration of immigrants.

### Keywords

Immigration policies, integration, objectives, means, consequences, efficiency, North America, Western Europe.

\*This article is a revised version of a paper presented at the XXXVth Chaire Quetelet, Population Policies in Europe and in North America, Louvain-la-Neuve (Belgium), 18-20 November 2009. The author is grateful to Pau Baizan and to an anonymous referee for their most helpful comments and suggestions.

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## Overview

In this paper we present a brief comparative analysis of the various immigration and integration policies adopted over the last decades in the main immigration countries of North America and Western Europe. As integration policies are for the most part a function of immigration policies, focus will be put on the latter. Our analysis will mainly be based on a review of the literature, and will be conducted from the point of view of the efficiency of these policies, that is, by relating their objectives and means to their consequences.

## Objectives

An immigration policy may pursue four types of objectives, namely demographic, economic, humanitarian and political.

- a) *Demographic objectives* mainly consist in acting on the size of the population (in most cases, in order to prevent an anticipated decrease or to maintain an observed increase) and on the structure of the population (in most cases, on the age structure, in order to reduce or prevent its ageing, and on the educational and occupational structure, in order to reduce or prevent specific labor shortages).
- b) *Economic objectives* are traditionally based on the postulate that immigration contributes to economic growth and to the increase of the receiving country's per capita income. Immigration policies in most European immigration countries have for a long time been pursuing this objective. The best known example of this type of approach has been the policy of the *gastarbeiter*, which considers that an immigrant is essentially a worker invited (*gast*) on a temporary basis. Within the framework of the European Union, member countries have progressively abandoned this purely economic approach, which is still adopted in some Asian immigration countries, among others.
- c) *Humanitarian objectives* mainly consist in allowing family reunification and in providing a shelter to persons suffering from persecution or natural disasters. These types of objectives are currently characterizing the immigration policy of most receiving countries, but profound differences are observed when it comes to defining the extent of family reunification and the nature and level of "persecution".
- d) *Political objectives* may be various: increasing the political weight of the receiving country on the international scene, occupying the territory, insuring some territorial balance within the national space, and maintaining national identity. These types of objectives are rarely explicitly stated, except in Canada. Historically, political objectives were, however, dominant during colonization.

These various objectives are all in some way interrelated. For example, demographic and humanitarian objectives have economic implications. An increase in the number of inhabitants through immigration leads to an increase in the demand for goods and services and therefore to an increase in the demand for workers in the sectors producing these goods and services. Moreover, demographic growth possibly allows for positive scale effects (to some extent) given that producing in larger quantities tends to reduce costs. Economic objectives may also have demographic implications. For example, if the objective of an immigration policy is to reduce manpower shortages, the number of immigrants who will be admitted will

probably be limited and these immigrants will have a specific age, sex and qualification structure. However, if the objective of an immigration policy is to contribute to the overall economic growth, the immigration country will probably receive a larger number of immigrants and these immigrants will have a less specific profile.

All immigration countries simultaneously pursue, more or less explicitly, a wide range of objectives. The relative importance given to each of these objectives may vary over time and from one country to another. Historically, one of the main objectives of colonial powers was to settle and occupy the territory of their colonies and bring “civilization”, as some have stated: “with a view...to the wider extension of civilization” (see Malthus, 1798). This political objective, in the colonies, was connected to an economic objective, in the metropolis. For the home country, colonization was a way to obtain natural resources and the emigration it implied allowed fighting against the so-called law of decreasing returns (to land and to capital). As John Stuart Mill (1848) stated: “the more capital we send away, the more we shall possess and be able to retain at home”. For most of the 18<sup>th</sup> and 19<sup>th</sup> centuries, the debate over the efficiency of international migration policy was focused on the positive consequences for the emigration country, with only marginal attention being given to the impact of migration on the receiving country. Today, the situation seems to have been totally reversed.

The relative importance given to each of the possible objectives of an immigration policy may also vary in the short run. Depending on the economic context, the demographic context, the intensity of hunger crises, and military conflicts all over the world, the “prioritization” of objectives will be modified. For example, the recent economic crisis has led to a reinforcement of protectionist behavior, and to a redefinition of the objectives of some countries’ immigration policy. Similarly, the increase in the fertility level observed over recent years in many immigration countries may lead to lower priority being given to demographic objectives.

The economic, demographic and socio-political context being different from one immigration country to another, the objectives of an immigration policy may vary over both time and space. Countries like the United States and France, where fertility is close to replacement, will quite normally give priority to economic and humanitarian objectives, and devote less attention to demographic objectives. In contrast, countries like Canada and many European countries, faced with rapid population ageing and an observed or anticipated decline in natural growth, will give priority to demographic objectives.

As far as defining the objectives of an immigration and integration policy is concerned, an important dimension, often neglected, is the spatial one. More precisely, in analyzing immigration policies, one has to take into account the location of the immigration country and the spatial distribution of its population. For example, countries such as Canada and Australia, which are geographically isolated, and where population density is low, will be led to pursue higher demographic objectives than densely populated countries that are located close to the center of gravity of large demographic and economic aggregates.

Finally, it should be underlined that any immigration policy, whatever its objectives may be, necessarily implies an integration policy. The definition of an integration policy is the corollary of the objectives of the immigration policy. Countries that give a high priority to demographic objectives will be led to adopt a multidimensional integration policy that covers nearly all dimensions of social life. This may imply total assimilation and easier conditions to obtain citizenship (e.g. a shorter required duration of stay). Immigration policies that are designed to resolve manpower shortages are often limited to integration into

the labor market (with severe conditions for political integration). An analysis of the efficiency of immigration policies, therefore, necessarily implies an analysis of immigrants' integration process. This paper is mainly devoted to analyzing the efficiency of immigration policies, and will discuss (through a review of the literature on the economic consequences of immigration) only one dimension of integration: economic integration. As shown by Koopmans et al. (2005), social, cultural, linguistic, and political dimensions of integration vary widely among countries, much too widely to be seriously discussed in a single paper.

## Means

No country exists that allows non-citizens to freely and permanently settle on its territory. Immigration policies of the various immigration countries of North America and Europe may well be converging as far as objectives are concerned (more or less explicitly they all simultaneously are pursuing demographic, economic and humanitarian objectives), but they differ significantly as far as the means adopted for reaching these objectives. Immigration policies in the United States and Canada focus on receiving permanent immigrants who have to be integrated or assimilated. In contrast, the European approach to immigration focuses on creating a European space of free movement and settlement between and among member countries (international migration within this European space may then be considered as internal migration), and promoting a common approach with regard to receiving immigrants from countries that are not member of the European Union.

Historical and geographical factors may help to explain the differences between these two approaches. Because of their location and low population density, the United States and Canada have no interest in receiving *gastarbeiter* immigrants (except for States located in the South, close to the Mexican border), and therefore have based their immigration policy on accepting mainly permanent immigrants and on integrating (as fast as possible) these immigrants. Moreover, for a long time, these two countries have experienced freedom of internal movement and settlement (between the States and the provinces), while member countries of the European Union have only recently (and partially) reached this stage, and are still far from having adopted a common policy with regard to receiving and integrating immigrants from non-members countries. The multiplicity of bilateral and multilateral agreements between former colonial powers and their previous colonies does not help in adopting a common European immigration policy. Finally, Canada's location makes it much easier to control immigration flows (the same may be said with regard to Australia and New Zealand). Taking these different conditions into account, what are the means used for regulating immigration flows according to the objectives pursued by an immigration policy? As far as the level of these flows is concerned, all immigration countries more or less explicitly (through immigrant visas and residence permits) attempt to limit the number of immigrants over a given period of time, a number that varies according to the evolution of the economic, demographic and political situations of the host country. This obviously is not the place to discuss current levels of immigration in each country. This type of analysis would be rather vain, considering the large differences among countries in terms of conditions and types of immigrants received. For example, France's definition of an "immigrant" is not the same as the one adopted in the United States or Canada. Moreover, how should one treat illegal immigration when comparing two country's immigration levels?

Also, it is difficult to compare immigration levels between countries that have pre-determined (sometimes by law) these levels and countries where the number of immigrants is the result of more "volatile"

conditions. Transparency with regard to the number of immigrants to be accepted is not the same among immigration countries. Research conducted by OECD has repeatedly insisted on the necessity to distinguish between European countries (where the temporary permit system is commonly used) and other OECD immigration countries (mainly Canada and the USA, where the permanent resident system has been adopted): “While there are common features found in all OECD countries’ immigration policies, the institutional arrangements used for their application and the relative importance of their features vary widely. In European countries, most entrants arrive via family reunification or as asylum seekers. [...] In contrast, settlement systems are typically based on specific selection criteria and usually managed through a single government body, which typically provides a more holistic – and perhaps transparent – policy” (Coppel et al., 2011, p.5).

An international comparison of the number of immigrants is thus disputable. Something may however be said about immigration rates, that is the number of immigrants related to the population receiving these immigrants. From this point of view, it appears that Canada is much more an immigration country than are the United States and European countries. With an annual inflow of 250 000 legal immigrants, Canada has an immigration rate of 0,75 %, while the United States, which receives half a million legal immigrants a year, has a rate of only 0,15 %. According to Eurostat, the European Union (EU) as a whole (27 countries) shows an immigration rate of 0.4 % (2006 data). In order to compare with the United States and Canada, when considering the immigration rate of individual countries of the EU, one should not take into account migrants arriving from another country of the EU, such migrants being assimilated to internal migrants. When doing so, one observes that the main European immigration countries have lower rates than the one observed for Canada: the yearly rate is about 0.2 % for France, 0.3 % for Germany, 0.5 % for Italy and the United Kingdom, Spain being the main exception, with a rate of 1.1 % (2006 data).

If comparing the levels of the inflows raises many difficulties, a comparison of the structure (by age, geographical origin, level of education, etc.) of these inflows, and of the means used in determining this structure, seems much more appropriate. In this respect, the range is quite large, extending from the quasi-absence of any selection (a rule close to the “first arrived, first served” principle), to a more or less refined selection system.

The most simple selection system assigns a given quota to each country of origin. The *United States* used such a system until the *Immigration Act* of 1965, when family reunification became the cornerstone of this country’s immigration policy. This law created two admission categories, one without quotas, and one with quotas. The spouse, younger children and parents of persons who are US citizens were in the first category and were allowed without quantitative restriction. Immigrants admitted in this category represented the main part of the total legal inflow (excluding refugees). For instance, in 1986 spouses counted close to 40 % of all adults having received the status of permanent resident. In the second category (with quotas), 80 % were reserved for adult children, brothers and sisters, as well as to their spouse and children, of persons who are US citizens; the spouse and children of persons who already were granted the status of permanent resident were also in this category. In other words, only 20 % of all visas delivered under the quota system did not fall in the family reunification process and were reserved to persons asking to be admitted on the basis of their professional skills. Even if ulterior legislation markedly increased the number of visas delivered to persons having particular skills, this kind of selection based on family ties implies a cumulative reinforcement of the geographic and ethnic structure

inherited from the past. This is the main reason why the US system has been completed by a lottery, the well-known green card lottery (green referring to the color of the card of permanent resident delivered to immigrants). Each year, some 50 000 visas are assigned by drawing among candidates who, all over the world, have registered (nowadays electronically) for this lottery. This number represents about 10 % of all immigrants legally admitted, a percentage too low for counterbalancing the geographically cumulative effect of family reunification.

Until 1967, *Canada* also had adopted a selection system based on the country of origin, but with a rather obvious discriminatory dimension. While in the United States, at least until 1965, quotas assigned to each country of origin were more or less a function of the country's population level, the Canadian selection system made a distinction between "preferred" countries (the United Kingdom, the United States, France and some Commonwealth countries) and not-preferred countries. Citizens of preferred countries were able to immigrate almost without any restriction, while very strong conditions limited the number of immigrants from all other countries. In 1967, this system was totally revised by abandoning the country-of-origin criterion and introducing a selection system based on a quantitative weighting of a set of so-called objective criteria. Three immigration categories were considered: immigrants admitted on the basis of family reunification, sponsored immigrants, and independent immigrants. The latter two types of immigrants were selected through a point system (age, level and domain of education, professional experience, matching of national and regional labor demand with candidate's qualifications, etc.), but the number of required points differed. Independent immigrants had to obtain 50 points out of 100, while only 20 points were needed for immigrants sponsored by a Canadian citizen and 25 for immigrants sponsored by a person having the status of permanent resident.

For the most part, this selection system is still used today (Simmons, 1999). The only major modification was introduced in 1978, when a fourth category of immigrants was added, namely refugees. Before 1978, Canada did accept refugees only for specific events (Hungary's 1956 upheaval and the invasion of Czechoslovakia in 1968, for instance). Since 1978, Canada has had a real refugee policy, with a yearly planning of the number of refugees to be admitted (a number that may however be modified when a major crisis occurs). As refugees are received on a priority basis, out of any selection, it is clear that the planned number of refugees has a negative impact on the percentage of immigrants admitted under the point system. Moreover, since 1971 the province of Quebec obtained from the federal government the right to select its own independent immigrants (who represent about half the total yearly inflow); since 1971, Quebec also has the responsibility of receiving and integrating all immigrants, including refugees and sponsored immigrants, whose number remains determined by the federal government.

The set of criteria used in the Canadian point system, the weight assigned to each criterion, and the total number of points required, have been modified over time. The present selection system for "independent" immigrants goes as follows. Out of a maximum of 100 points, the domain of education<sup>1</sup> combined with the level of schooling allow for a maximum of 25 points; knowledge of the two official languages (English and French) a maximum of 24 points; age, a work contract in Canada and "adaptability" (evaluated on a more or less subjective way) allow each for a maximum of 10 points. The threshold level is presently 67 points, down from 75 points some years ago. The spouse and minor children of a person admitted in this category are also admitted as "independent immigrants". This point-based selection

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<sup>1</sup> Demography, economy, sociology, and social sciences, do not produce one single point; a statistician, a biochemist, a butcher and a baker receive the highest number of points (12).

system is therefore applied to only a small part of the total flow of immigrants, namely to singles or household heads admitted as independent immigrants (the spouse – legal or *de facto* – may however contribute for a few points to the total score).

Besides the four categories of immigrants discussed above, a fifth group should be mentioned: immigrant investors. Canada, as well as Australia, receives a small number (about 5 % of the total inflow) of immigrant investors. For instance, a person who has for 1 600 000 CAN \$ assets (on its own or with his spouse), who may prove “experience in management”, whose “intended” destination is Quebec, and who is ready to invest at least 800 000 CAN \$ in this province, will qualify for an immigrant visa. One may discuss the ethical foundations of this type of selection, but conditions for obtaining a residence permit in some European micro-States are similar. Some of the immigration experts of the United States (Becker, Chiswick, Friedman, Rosenzweig, Simon, Sullivan) have suggested that residence permits should be auctioned (see X, author unknown, in Zimmermann and Bauer, 2002).

The selection system used in the United States and Canada has been discussed in some detail in this paper not only to show the important differences between the North American approach and the European approach (the main, but also partial, exceptions being the United Kingdom, and France since 2005), but also to demonstrate the complexity of this system and its limited impact. Actually, only a minority of immigrants is selected, the vast majority of them being admitted as member of the family or as refugee. From this point of view, the situation is similar on both sides of the Atlantic. As noted by Coppel et al. (2001), in the U.S.A and Canada as well as in Europe, “economic migrants” (those who could be submitted to selection) do represent only a minor part of the total inflow: “In nearly all OECD countries, the majority of new arrivals are linked to family reunification [...] in the United States and France [...] accounting for some  $\frac{3}{4}$  of the overall number of new arrivals. Over the last decade, the volume of asylum seekers has increased [...] in 1998 (they) accounted for [...] just over 40 % in Sweden. The third main category of immigrants are those that come primarily to work” (op. cit. p. 8). One may thus conclude that the main difference between the U.S.A. and Canada, on one side, and European countries on the other side, is to be found in the way the inflow of this relatively small group of immigrants is managed, with a selection system being applied to some of them (the head of the household in Canada, the highly-skilled in the U.S.A.), and (almost) no selection in most European countries.

Having shown the limited quantitative impact of the point-based selection system, we now turn to its qualitative impact. The latter does not refer to the economic and demographic consequences of immigration and integration policies, and of choosing a peculiar selection (or non-selection) system (to be discussed in the forthcoming section), but rather to the question of the efficiency of a selection system in terms of immigration structure. In other words, does a point-based selection system produce an immigrant profile more favorable to (economic) integration than does a non-selection system? There is an abundant North American literature on this matter.

Duleep and Regets (1992) consider that the economic performance of immigrants “produced” by the Canadian selection system is not better than the one observed for immigrants to the United States, who for the main part are admitted in the “family reunification” category. In a later analysis (1996), they qualify this statement by adding that when educational level is taken into account family reunification immigrants do actually not perform as well (that is, have lower incomes) as selected immigrants, but that this income gap is significantly reduced in the long term. Borjas (1993) observes that Canadian

immigrants are slightly more educated than immigrants to the United States. Wright and Maxim (1993) for Canada and Borjas (1985) for the United States found that the “quality” of immigrants (“quality” being measured as the difference – after standardization – with respect to the income level of the receiving population) has significantly declined since the 1960’s. According to these authors, this negative trend is mainly due to an evolution shared by the two countries. For Canada and the United States, the geographic origin of immigrants has indeed been markedly modified (less immigrants from Europe, more from Third World countries). During the 1990’s and the 2000’s, the decline in the economic performance of immigrants continued for the same reason. In other words, the presence or not of a selection system has no impact on the trend in the “quality” of the immigrants.

Green and Green (1995) also have tried to estimate the efficiency of Canada’s point-based selection system. Their conclusion is clear: this system may influence the evolution of the profile of “independent” immigrants, but the share of the latter type of immigrants in the total inflow is too small for the selection system to be “efficient” in terms of educational and occupational profile. As noted before, about half of Canadian immigrants are members of the family or refugees, and among those admitted as “independent”, only the head of the household is subjected to the point-based selection process.

Most studies on the economic performance and on the integration of immigrants use transversal (period) data. In order to obtain a more rigorous comparison between the economic performance of selected immigrants and family reunification immigrants, longitudinal data are needed. Jasso and Rosenzweig (1995) have analyzed the economic trajectory over 13 years (between 1977 and 1990) of males aged between 21 and 59, who entered the United States in 1977. According to their results, the economic performance (measured through income level) of those admitted on the basis of their professional qualifications is not superior to the one observed for those admitted on the basis of family reunification. Differences are minor, even non-existent. The authors suggest three reasons for such a result: (1) family immigrants benefit from family networks; (2) economic immigrants are selected on the basis of their short term productivity, while citizens and permanent residents who are responsible for the arrival of members of their family are concerned with their long term future and continue to promote the latter’s economic success for a long time after they have entered the country (this is particularly valid for U.S. citizens who sponsored their spouse and children); (3) economic immigrants are penalized because their qualifications are underestimated (for instance, their diplomas are not considered equivalent), while family immigrants benefit from an overestimation of their qualifications (which often are evaluated within their own family network).

The main conclusion of this brief review of the literature devoted to the efficiency of the point-based selection system is clear: this system allows for some selection of the so-called economic (“independent”) immigrants but does not guarantee that the profile of these immigrants matches the needs of the labor market (the latter operates at the local and regional level, while selection criteria are defined at the national level). The system is pursuing simultaneously too many objectives: influence the educational and professional structure as well as the age structure, promote economic, social, linguistic, integration, a.s.o. Moreover, the share of selected immigrants in the total inflow is too small for the selection process to have a significant impact on the profile of the whole group of immigrants. Finally, immigrants’ professional trajectory after their arrival leads, in the long run, to an economic performance that is similar for selected and non-selected immigrants. A factor seldom taken into account should be added: the point-



based selection system is very costly, very “heavy”, leading to long delays in the treatment of immigration applications.

In the last analysis, discussing the means for regulating migration flows leads back to the basic question whether one should assign priority to humanitarian objectives (favoring family reunification and providing an asylum to refugees) or to demo-economic objectives. If the latter are given priority, this choice should be justified. In other words, to what extent is an immigration policy “efficient” in reaching its demographic and economic objectives? The next section is devoted to this question.

## **Results**

### **a) Economic results**

Several studies have been devoted to the economic consequences of immigration for the receiving country. Before analyzing their conclusions, it is important to define more precisely the question to be studied. The purpose of this type of study should not be to evaluate the impact of immigration on the level of the country’s national product or national income. This impact is indeed necessarily positive, because adding production factors necessarily implies increasing the production level. The question to be answered is as follows: what should the per capita income of the receiving population have been without immigration? As stated by Marr and Percy (1985: 91), “The basic problem is that the various studies do not specify whether it is the natives’ well-being or the immigrants’ well-being that matters”.

Measuring the economic impact of immigration poses various conceptual and methodological problems (on this subject, see Termote 2002). However, whatever the method and the type of data used, whatever the period covered, whatever the country considered, all the results reach the same conclusion: immigration has only a marginal impact on the evolution of per capita income and on the unemployment rate. Such a result implies that one of the main foundations of immigration policies as applied in most immigration countries is actually not validated. A brief analysis of the main results obtained for various immigration countries will support this statement.

As far as *Canada* is concerned, a major study was made by the federal government’s economic think-tank, the *Economic Council of Canada* (ECC). The author start by verifying one of the main arguments used for assessing immigration’s positive economic impact, namely scale economies (a larger market is supposed to allow for lower production costs). Looking for scale economies in each main economic sector, he concludes that “for most part (about 70 %) of the national product, scale economies are non-existent [...], (and for the economy as a whole) we obtain a scale factor of 1.03, which means that an increase (in Canada’s population) of one million inhabitants through immigration increases the nation’s average productivity by 0.1 %” (ECC 1991: 32).

With scale economies being so low, it is not surprising to arrive at results close to those obtained in previous Canadian studies: “As far as per capita income (after taxes) is concerned, an increase in immigration’ level has a positive, but very small, impact. If immigration’s levels of the last 25 years were to be doubled, the yearly rate of increase in per capita income would raise by 0.06 %. [...] The impact of immigration on the rate of unemployment is also almost certainly negligible, at least in the long run. [...] The influence immigration may have by reducing manpower shortages [...] is almost certainly very small compared to an alternative solution consisting in adjustments within the domestic labor market” (ECC

1991: 145). The Council's final conclusion was straightforward: "Positive consequences are often attributed to immigration. There are however no theoretical arguments nor empirical results to sustain this point of view" (ECC 1991: 146). A few months after the Council's report was published, the federal government decided to dissolve the Council.

In *Australia*, the *Committee for Economic Development* had reached the same conclusion as the *Economic Council of Canada*: "This report [...] (is not able to state that) immigration may increase or not the average income level of Australians [...] If one may not with confidence expect that immigration improves Australians' economic situation, then the arrival of large number of immigrants on Australian territory is difficult to justify from the economic point of view" (Norman and Meikle 1985: 30).

In the *United States*, the literature on the economic consequences of immigration is quite extensive. All of these studies, despite the fact that they differ in terms of methodology, data and period covered, reach the same conclusion as the one obtained for Canada and Australia: the economic impact of immigration is marginal. Grossman (1982) made a distinction between the consequences for the population born in the country and the immigrant population: increasing by 10 % the immigration level has no significant influence on the per capita income and on the unemployment rate of the former, but leads to a small decrease (between 0.2 and 0.3 %) of the wage level of immigrants. Borjas (1987, 1989a, 1989b, 1994) obtains similar results, but adds an interesting dimension. He observes, for some subgroups of immigrants, a rather high sensitivity of immigrants' wages with respect to an increase of their numbers: a 10 % increase of the number of black immigrants leads to a 6 % decrease in their average wage, the decrease rising to 8 % for Asian immigrants, 11 % for white immigrants (Hispanics excluded), and 14 % for Hispanics. Competition on the labor market thus seems to be limited to within-group competition (in other words, between members who show some similarities, and not so much between immigrants and receiving population).

Among US studies on the impact of immigration, the work of Julian Simon (1989, 1990, 1992, 1995) has received much attention. One of Simon's merits lies in his concern for widening the debate beyond immigration as such, by comparing gains that may result from international trade to gains obtained from immigration. The benefit to the consumer is much larger through trade than through immigration. In the case of international trade, the difference in labor costs between the producing country and the importing country directly benefits the consumer, who will be able to buy at a lower price than if the same good had been produced at home. In the case of immigration, as seen before, the purchasing power and the level of economic well-being of the receiving population is not significantly influenced by the number of newcomers: those who benefit the most from immigration are the immigrants themselves (who usually are better-off than if they had remained in their origin country) and their employers (who, thanks to the immigrants' arrival, may exert some pressure on the wage level).

As noted by Coppel et al. (2001), few studies have been devoted to the economic impact of immigration in European countries. This may be due to the fact that for a long time these countries have considered immigrants as temporary residents. Such a context may lead to more emphasis being given to the short-term performance of immigrants on the labor market, rather than on the long-term macroeconomic consequences of immigration. A review of the literature on the macroeconomic impact of immigration in various OECD countries led the above-mentioned authors to conclude that "immigration *can* confer small net gains to the host country" (in terms of per capita output) (*italics are ours*).

In *France*, a modeling approach (close to the one used by Borjas) has been applied to French data by Garson et al. (1987) and Tribalat (1991). They obtain regression coefficients not significantly different from zero, a result that (once more) shows that immigration does not influence the level of per capita income and unemployment. Results show that “foreign workers may be seen as working in complementarity with local workers and as substitutes between them” (Tribalat 1991: 216), a conclusion similar to the one obtained for the United States.

A report prepared for the *International Organization for Migration* concludes that in the case of the *United Kingdom* “The increase through immigration of the country’s labor resources has been shown to improve the total output. More debatable, is the extent to which (immigration) raised or lowered output per capita thereby affected general living standards in the host country” (Thomas-Hope 1994: 79). As mentioned before, total output necessarily increases when labor resources increase, so that the first part of this result does not come as a surprise. As far as *per capita* output is concerned, no significant impact of immigration has been observed in the case of the United Kingdom, a result similar to the one obtained for the other countries discussed before. A more recent study concludes however that this impact may have become negative: “The economic record of recent immigration does not seem impressive, and there is a growing body of evidence that its effects are more often negative” (Coleman and Rowthorn 2004).

The same conclusion has been reached with regard to *Switzerland*: “Therefore, we have to be content with the statement, that there has doubtlessly been an economic impact of immigration, but that it is neither absolutely clear whether it was positive or negative, nor how big it has really been” (Leimgruber 1992: 62).

We now turn to the consequences of immigration on the labor market. After reminding us that according to neoclassical economic theory immigration should lead to a decrease in the wage of natives, Borjas (2003), analyzing a wide sample of studies, observes that the estimated effects seem not to be negative, but rather cluster around zero. However, most of these results do not take into account differences in educational level and in work experience. After standardizing for these differences, and using U.S. 1960-2001 data, he obtains a negative effect on wages: an immigrant flow that increases the number of workers in a given skill (or work experience) group by 10 % reduces natives’ earnings by about 3 % to 4 %. Results do not change much over time. This allows Borjas to conclude that the labor demand curve is downward sloping, as assumed by neoclassical theory.

Longhi et al. (2005), using the results of 18 U.S. and European studies, conclude that, on the whole, the estimated average impact of a 10 % increase in the share of immigrants in the labor force is to lower natives wages by only 1%, and their employment rate by 2 %, but add that this negative impact tends to be larger in European countries than in the U.S. (where labor markets are more flexible). This negative impact is also larger on earlier immigrants than on natives, and stronger on low-skilled than on high-skilled workers. They later on (Longhi et al. 2006, and Longhi et al. 2010) note that most studies do not take into account endogeneity on the labor market (the relation between the size of immigration and the wage rate goes both ways) and conclude that those studies attempting to correct for endogeneity find a larger negative impact.

Reviewing the labor market impact of immigration in the various OECD countries, Jean et al. (2007) observe (p. 5) that “the labour market integration of immigrants is problematic in comparison to natives in numerous OECD countries, as illustrated by either lower wages or lower employment rates” (the

unemployment rate among immigrants is higher than among natives in virtually all OECD countries). Trying to explain immigrants' relatively poor economic performance when compared to natives, these authors conclude (p. 28) that "the evidence surveyed in this paper suggests that there are limits to this impact (of migration policies): non-discretionary immigration flows are substantial (e.g. family reunification, humanitarian and illegal), selective immigration policies are difficult to design and manage, and their outcomes do not always meet expectations".

One should however be cautious in interpreting results derived from this kind of comparison between natives and immigrants. Indeed, one should take into account cohort effects (the composition of immigrant flows, e.g. in terms of geographical origin, vary over time and space), period effects (economic conditions at the time of immigrants' arrival may vary) and duration of stay effects (on the whole, immigrants have a lower duration of stay than natives, and duration of stay widely varies among immigrants). As we have seen in this brief overview, most studies do not consider these various sources of bias.

The studies mentioned above, as well those we were not able to present for lack of space (for instance, studies on Sweden and Germany), all lead to the same conclusion: immigration has only a negligible impact on the level of per capita income, and as far as the labor market is concerned, its impact on wages and on the unemployment rate of the receiving country tends to be (slightly) negative. Immigration policies therefore do not appear to be efficient in reaching their economic objectives.

This conclusion should however be qualified, at least for two reasons. First, international trade should be taken into account. If a country's economy is highly dependent on its trade relations, an increase in the local demand for goods and services and in the "quality" of labor (two important levers as far as immigration's macroeconomic impact is concerned) will be able to produce only a minor contribution to the economic evolution of this country. This consideration seems quite relevant for countries like Canada, Australia and many European countries, but is much less meaningful for the United States. A second consideration should be introduced, namely that (almost) all studies on the economic impact of immigration have neglected the spatial dimension. Immigration is spatially highly concentrated. In all immigration countries, immigrants show a very strong propensity to settle in the major metropolitan areas (Spain and some States of the U.S.A close to the Mexican border, where a large share of immigrants settle in rural areas to do agricultural work, are partial exceptions). One may therefore dispute the relevance of analyzing at the national level a phenomenon that takes place at the local level: the effects of immigration are diluted by studying its impact at the national level.

This type of comment has been produced by the authors of a study devoted to the United States and commissioned by the *International Organization for Migration* (Weller et al. 1994). These authors first underline that, even if one had observed a positive impact of immigration on the economy of the receiving country, one should not neglect the micro-economic consequences: "(even if) the majority of the population was to benefit (from immigration), (this will be obtained) at the expense of a minority", this minority being the immigrants themselves, second-class workers, female workers who are single-parent, workers having permanently precarious jobs, etc). [...] "The same principle applies geographically. [...] Regions (of immigration) need to develop their infrastructure and their services. [...] This is costly and must be financed at the local level rather than at the federal level. Consequently, at the local level the difference between the economic benefits and the costs of immigration may be negative. Moreover, local

authorities are not able to determine the number of immigrants they receive. Immigration policies are determined at the federal level” (Weller et al. 1994: 116).

The relevance of the spatial dimension may be illustrated through the results of a comparative study of the economic performance of immigrants and non-immigrants in various major metropolitan areas of the United States. Clark (1998), after having noted that differences (between immigrants and non-immigrants) in income and unemployment are small at the national level, obtains large differences (after standardization, for age, etc.) at the regional level. More precisely, in most metropolitan areas of the North, the economic performance of immigrants is superior (higher wages, lower unemployment rates) to the one shown by non-immigrants, the reverse being valid for the metropolitan areas of the South. Of course, comparing wage levels and unemployment rates between immigrants and non-immigrants does not provide the whole measure of immigration’s economic impact, but it may produce a good approximation of regional differences in immigration’s economic consequences.

## **b) Demographic results**

At first sight, an immigration policy having as an objective the increase of population size appears to be “efficient”, since every immigrant, through his presence, contributes to an increase in the number of inhabitants. This efficiency in terms of *population size* should however be qualified. The basic question centers on whether an immigration policy is able to regulate the number of immigrants. For many countries, the answer to this question seems to be negative, as attested by their large number of illegal immigrants (in the United States, the yearly average number of illegal immigrants over the last decade is estimated to be about half a million, representing about half the total annual inflow; in the United Kingdom, for the 1997-2007 period these immigrants are estimated to account for about 25% to 30 % of the total yearly inflow). Canada, which has very few illegal immigrants, may be considered an exception in this respect, but most of the merits for controlling tightly the number of immigrants entering the country are to be given to Canada’s location and climate rather than to Canada’s immigration policy. In Europe, Italy and Spain are obvious examples of the importance of a country’s location in controlling the number of arrivals.

When evaluating the efficiency of an immigration policy with respect to population size, a second question should be asked, namely whether an immigration policy could be efficient in preventing an observed or anticipated population decline. Much will obviously depend on the fertility level of the immigration country. As the United Nations’ 2001 report on replacement migration as shown, in many low fertility countries the yearly number of immigrants needed to avoid population decline is much higher than present numbers, and in some cases the replacement level is totally unrealistic. In other words, for many countries, where fertility is particularly low, immigration may delay population decline, but will not prevent it.

In the end, one has to face a more fundamental question, namely whether each country should pursue an endless growth of its population size. Maybe a change of paradigm is in order. Such a question looks even more relevant when one considers that present population levels are the result of an historical “accident”, known as the baby boom. Asking such a question appears particularly meaningful when one considers the efficiency of immigration policies with respect not only to population size, but also to population structure.

In most immigration countries, immigration does not influence the *sex structure* of the population (some Middle East countries, where the bulk of immigrants are male workers admitted temporarily to carry on heavy labor, may be considered as exceptions). One of the most widely spread political myths relates to the efficiency of immigration policies with respect to *age structure*. All immigration policies are, more or less explicitly, based on the postulate that immigration will solve the “problems” due to population ageing. Some very simple arithmetic will demonstrate the frailty of this postulate. Let us assume an annual immigration rate of 1% (a level much higher than the one presently observed in the major immigration countries) with immigrants having on the average 30 years, compared to 40 years for the receiving population (these mean ages are close to the ones presently observed in Canada). In this case, the mean age of the population would decrease from 40 years to 39.9, a very marginal impact indeed. Of course, one should take into account that this is only the impact after a one-year inflow. A new 1 % inflow will follow, but then the population will also have aged during that year. The percentage of immigrants in the total population is too small (even when high immigration rates are assumed) and the differences in the age structure of immigrants and receiving population also are too small for immigration to exert a significant direct impact on the ageing of a population. Immigrants may, however, have an indirect influence on a population’s age structure, if their fertility is markedly higher than the one shown by the receiving population. This indirect impact should not be overestimated. Immigrants do rapidly adjust their reproductive behavior. For instance, Statistics Canada has estimated that after 5 to 6 years, immigrants’ fertility level is about halfway between the level observed in their country of origin and the Canadian level.

One should also consider the impact of immigration on the age structure of the working age population. This impact may be negative (as was observed for Canada), because even if the mean age of the inflow is inferior to the mean age of the receiving population, immigrants’ mean age is usually much higher than the receiving population’s age of entry on the labor market. In the case of Canada, for instance, immigrants enter the country and thus the Canadian labor market at 27 years of age, while the Canadian population’s mean age of entry into the labor market is about 20. The above mentioned report of the United Nations on replacement migration has clearly demonstrated that, in order to maintain the present age structure of most immigration countries, more precisely their dependency rates (the non-working population related to the working population), yearly inflows should reach totally unrealistic levels.

In a recent paper (Bijak et al. 2007) the results of population and labor force projections made for 27 European countries for the 2002-2052 period have been presented. The authors, focusing on the impact of international migration on population and labor force dynamics, conclude that “The results indicate that plausible immigration cannot offset the negative effects of population and labor force ageing”. The same conclusion is reached by Sobotka (2010): “Most studies show that any realistic level of migration cannot stop population ageing and can only have a relatively modest impact in slowing down this process”. It should however be underlined that this type of conclusion is valid at the national level. Results may be different at the local level. For instance, rural areas receiving large inflows of agricultural workers, and some urban centers (those where the major part of a country’s immigrants are concentrated), may experience a marked decrease in the rate of ageing of their population. When studying the demographic impact of immigration, one should consider the spatial dimension of this impact, and look for the consequences of immigration in the regions where these immigrants settle. By analyzing the demographic impact of a phenomenon that is spatially concentrated, one dilutes this impact. A similar conclusion was reached from our review of the literature on the economic impact of immigration.

In some countries (Canada, for instance), one of the objectives of immigration policy is to influence the *regional structure* of the population, by promoting the settlement of immigrants in peripheral areas, far from the large metropolitan areas where most immigrants reside. From this point of view, immigration policies also have failed. It is true that, by setting down some conditions on the immigrant's place of residence, an immigration policy may direct some immigrants (particularly refugees) towards non-metropolitan regions, but for most immigrants introducing this kind of conditions would be irrelevant: family immigrants settle where their family resides (that is, in the main metropolitan regions) and independent (economic) immigrants settle where the jobs are located (also in the main metropolitan regions). Moreover, Canadian data on the internal migration flows of immigrants show that a large percentage of those immigrants who at their arrival chose to settle in non-metropolitan areas move afterwards to the main metropolitan regions. When discussing the efficiency of immigration and integration policies, one should not underestimate the role of social networks: new immigrants tend to settle close to compatriots who preceded them.

Finally, as far as the impact of an immigration policy on the *educational and professional structure* of the population is concerned, we have seen above, when discussing the efficiency of the point-based selection system, that this impact is very limited because only a minority of immigrants are selected.

We may thus conclude that the demographic consequences of immigration are no less limited than their economic consequences: an immigration policy may influence only marginally the level and the composition (by age, educational level, region of destination, etc.) of immigration flows. The same conclusion has been reached by Coppel et al. (2001) in their analysis of the consequences of immigration in the various OECD countries. After noting (p. 2) that immigration “*can* partly offset slower growing or declining OECD populations” (our italics), they conclude (p. 24): “Even if [...] very large increases in migrants could be attracted to countries with ageing populations, immigration policy cannot easily be fine-tuned to reach precise demographic objectives. For instance, while policy may have control over the level of immigration, it has little or no control over emigration and hence net migration is difficult to influence. In addition, the existence of free circulation agreements, the persistence and difficulty of tackling illegal immigration and humanitarian commitments limits and complicate the ability to control the demographic composition of immigration. Realistically, therefore, while increased immigration can limit the adverse impact on living standards and government budgetary positions due to declining and ageing populations, it cannot on its own solve them”.

We will not discuss the efficiency of immigration policies with respect to the humanitarian objectives these policies may pursue. Reunite a family and provide a shelter to a refugee has not to be evaluated in terms of efficiency. The question here is rather to determine the weight that should be assigned to humanitarian objectives when defining an immigration policy.

## **Conclusion**

On the whole, it appears that the efficiency of immigration policies is very limited, at least as far as economic and demographic objectives are concerned. From the vast body of literature reviewed in this paper, one may indeed conclude that the effects of immigration on wages as well as on the unemployment rate cluster around zero. They seem to tend to be slightly negative when some methodological problems (heterogeneity within the labor force and endogeneity in the relation between immigration and wages) are taken into account. As far as demographic consequences are concerned, the same zero effects may be

observed: in most cases, immigration policies are not able to adequately regulate the number of arrivals and the composition of the inflows (by age, educational level, etc.). More specifically, contrary to popular myth, immigration does not significantly decrease the rate at which a population is ageing.

Such results demonstrate that two of the basic objectives of immigration policies are not met. It seems therefore justified to ask for a re-examination of the postulates on which immigration policies are based. Instead of justifying the level of immigration and the selection of immigrants by using fragile economic and demographic arguments, one should explicitly and strongly underline the humanitarian objectives of an immigration policy. A paradigm change (with respect to objectives as well as means) of the political philosophy on the basis of our immigration and integration policies, seems needed.

Whatever its objectives may be, an immigration policy necessarily implies an integration policy. An immigration policy of the *gastarbeiter* type, limited to admitting workers on a temporary basis, will be concerned mainly with the migrant's economic integration, while an immigration policy pursuing demographic and humanitarian objectives should attach more importance to the various dimensions of immigrant's integration process. The economic, social, linguistic, cultural, residential, political and civic (access to citizenship) dimensions of integration are all interrelated. Immigrants' integration should however be evaluated not only with respect to the immigration policy of the receiving country, but also by taking into account four principles well known to demographers: cohort, period, structure and attrition. The latter is often neglected. When evaluating immigrants' integration, considering those immigrants who reside in the receiving country is not sufficient: one should also take into account those immigrants who have left (through return migration or through migration to a third country). Those who left did, by definition, not integrate. By neglecting them, one overestimates a country's capacity to integrate. The attrition (or retention) rate of immigrants should be one of the major indicators of any analysis of the integration of immigrants. Integration is indeed a bipolar and dynamic process that evolves between the migrant and the society receiving this migrant.

In other words, evaluating immigration and integration policies should not be limited to looking to what happens at the borders of the country, but should also analyze what happens within these borders.



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