

Growing Global Migration and Its Implications for the United States

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**This Estimate was approved for publication by the
National Foreign Intelligence Board under the
authority of the Director of Central Intelligence.**

March 2001

Preface

Growing Global Migration and Its Implications for the United States

I am pleased to share with you this unclassified version of a new National Intelligence Estimate on the growing global movement of people and its implications for the United States. It is a follow-on study to our special publication, *Global Trends 2015: A Dialogue About the Future With Non-government Experts*, published in December 2000.¹ *Global Trends 2015* examined the broad features of the changing security environment and identified key global drivers and their likely impact over the next 15 years—including demography and natural resources, technology, globalization and governance, likely conflicts and prospects for cooperation, and the role of the United States. It is intended to help senior US leaders recognize and deal with longer term problems and uncertainties—and to inform the broader debate on these important issues.

Migration will move higher on the policy agendas of many countries—including the United States—as new waves of legal and illegal migrants, asylum-seekers, and refugees flee poverty, conflict, and persecution in their native lands. The latest US census underscored this trend in the United States, and it is undoubtedly taking place elsewhere, as well. Rising migration will provide **challenges** and **opportunities** to both sending and receiving countries. Sending countries will benefit from emigrant remittances, for example, but they will lose some of their more industrious people, while returning immigrants can play both constructive and disruptive political roles. In the richer receiving countries, migration will alleviate demographic and labor force shortfalls, but it also will add to social and cultural tensions.

This National Intelligence Estimate focuses on:

- The causes and likely social, economic, political, and security consequences of global migration of all types on key sending and receiving regions and countries.

¹ Other papers in the series include *The Global Infectious Disease Threat* (published in January 2000), and projects underway: *Global Trends 2015: Future Technologies*, *Global Trends 2015: Future of Military Power*, *Global Trends 2015: Geopolitics of Energy*, *Global Trends 2015: Democratization*, and *Global Trends 2015: Terrorism*. These papers will be published in the course of the next year.

- The willingness and ability of governments to control migration.
- The scale of direct migration pressures on the United States; the impact of other countries' migration policies on such pressures; and the extent to which some countries may try to use migration as leverage in bilateral relations.
- The broader implications for the United States of migration trends and the migration policies of other countries.

The Estimate was produced under the auspices of Dr. David F. Gordon, National Intelligence Officer for Economics and Global Issues. It was drafted principally by Deputy NIO, George C. Fidas. The Estimate especially benefited from a contribution by Dr. Demetrios Papademetriou, Co-Director of the International Migration Policy Program at the Carnegie Endowment for International Peace, and a related conference at Carnegie, as well as from critiques by experts at the American Enterprise Institute, RAND Corporation, and the Alfred P. Sloan Foundation. Comments and inquiries may be directed to Dr. Gordon at (703) 482-4128 or by e-mail at davidfg@nic.odci.gov. This and other papers in this series can be found at http://www.odci.gov/nic/nic_homepage/nic/publications/index.htm.

A handwritten signature in black ink, appearing to read "John C. Gannon". The signature is written in a cursive style with a long, sweeping horizontal line at the end.

John C. Gannon
Chairman, National Intelligence Council

Key Judgments

Growing Global Migration and Its Implications for the United States

During the next 15 years, globalization, demographic imbalances between OECD and developing countries, and interstate and civil conflicts will fuel increasing international migration, much of it illegal. Migration will have positive and negative consequences for sending and receiving countries alike. Other countries' responses to migration issues will affect migration pressures on the United States and a broad range of US economic and security interests.

Growing Migration

Today, more than 140 million people live outside their countries of birth and migrants comprise more than 15 percent of the population in over 50 countries. These numbers will grow as demographic “push” and “pull” factors intensify:

- Some 45 million people in developing countries will enter the job market each year through 2015; many will fail to find work and some will emigrate, whether legally or illegally.
- Illegal migration—facilitated increasingly by alien-smuggling syndicates and corrupt government officials—will grow dramatically, matching or exceeding other forms of migration into many countries in Europe and in the more developed countries of Asia, Africa, and Latin America.
- Violent conflicts, economic crises, and natural disasters in developing countries will often trigger mass migrations.
- By contrast, Europe and Japan face rapidly aging populations and shrinking labor forces, threatening the solvency of pension systems and constraining economic growth in the absence of greater migration or other compensatory measures such as pension reform and increases in productivity.

- A wide range of constraints—many of them resulting from recent globalization and democratization trends—will limit most countries’ willingness and ability to control migration flows across their borders.

Migration’s Mixed Impact

For sending countries, emigration will relieve pressures from their unemployed youth, generate substantial remittances, and often provide them with leverage on receiving countries. Returning immigrants often will be agents of economic modernization and political liberalization. But emigration also will result in the loss of skilled personnel—especially in Sub-Saharan Africa, South and East Asia, and Russia—while ethnic diasporas will sometimes be agents of extremism or separatism, as in the Balkans.

For most receiving countries, immigration will provide demographic and economic vitality for those with aging populations—even as it raises complex political and social integration challenges.

- Migration will ameliorate labor force and military manpower shortfalls and expand tax and consumer bases in developed countries.
- Immigrants’ initial strain on social, educational, and health services and their differing languages, cultures, and religious practices will evoke discrimination and hamper their further assimilation.
- The negative impact of large illegal or mass migration will be greatest in less developed receiving countries, straining local infrastructures, contributing to the spread of infectious diseases, and sometimes upsetting ethnic balances and contributing to conflict or violent regime change.

Key Regional Trends

Americas. Legal and illegal migration to the United States and within the region will continue to rise. Despite declining population growth and strong economic prospects in Mexico, persistent poverty and large wage differentials will further fuel large-scale emigration to the United States. Central America will remain the second-largest source of illegal migrants and its large alien-smuggling infrastructure also will make it a gateway for other US-bound immigrants, especially from South America and Asia. Political instability or economic decay in Cuba or Haiti could again lead to mass migration to the United States. Growing illegal migration within Latin America also will become a more contentious issue among governments.

In **Russia and other Eurasian states**, weak immigration control regimes, fitful economic development, ethnic conflicts, and discrimination against minorities will sustain migration pressures that already have produced more than 10 million—mostly Russian—migrants since the Soviet Union’s breakup. Migration into Russia will partially compensate for but not offset labor force shortfalls and declining population. It also will add to welfare costs and may generate friction with other FSU states and with China over illegal immigration into the Russian Far East.

The **Middle East and Sub-Saharan Africa** are the principal sources and places of refuge to some 7 million refugees—including Palestinians, Afghans, and Rwandan Hutus—who will remain a source of instability and political polarization throughout these regions. The status of Palestinian refugees will continue to confound efforts toward a peace settlement. Intraregional migration will play a key role in the economies of more developed states, but these regions also will be a major source of migration to developed countries.

In the **European Union**, countries will attempt to reconcile protection of national borders and cultural identity with the need to relieve growing demographic and labor market imbalances. Most EU countries are unlikely to opt for large numbers of new immigrants, while legal constraints against discrimination and laws favoring family reunification also preclude a “fortress” approach. Instead, most are likely to opt for “targeted migration” in an effort to meet labor shortages in selected sectors while not unduly burdening national health and welfare systems or provoking a political backlash.

In **Asia**, populous countries such as China and India will be the source of growing regional and global migration flows. The advanced countries in the region—with the exception of Australia and New Zealand—will strongly resist integrating migrants socially and politically. Japan, which faces the greatest demographic imbalances, nonetheless will attempt to retain its current, highly cautious approach to immigration. Japan’s premium on ethnic homogeneity, few legal constraints against discrimination, high population density, and geographic insularity will reinforce this approach absent a sustained economic recovery. Should a recovery take hold, however, labor shortfalls may become so acute that Japan may shift eventually to a more open, targeted migration approach.

Hesitant Japanese and EU Responses Portend Problems. Because temporary workers are likely to find ways to remain indefinitely, shifting to the “targeted migration” course may not significantly curtail social and political tensions. Nor would it substantially expand European and Japanese labor forces or tax bases or provide relief for shrinking military recruitment pools, since temporary workers are excluded from military service and many illegal workers evade taxes.

Implications of Global Migration Pressures for the United States. Foreign born residents now comprise nearly 11 percent of the US population, up from 6 percent in 1980, and immigration will continue to climb during the next 15 years. It will be driven by the attraction of the strong US economy and political and economic difficulties in many developing and former Communist countries. Most experts believe that migration will continue to contribute significantly to noninflationary economic growth and demographic balance, despite some initially higher welfare costs and some downward pressure on wages in relevant sectors. Difficult issues will nonetheless arise:

- Manmade humanitarian emergencies and natural disasters, especially in Latin America, will challenge US immigration control efforts.
- The United States will remain vulnerable to attempts by some foreign governments to use the threat of mass migration as leverage in bilateral relations or to relieve domestic pressures.
- Attempts by other countries to prevent or sharply limit immigration will tend to channel migration pressures toward the United States.
- Transnational terrorist, narcotrafficking, and organized crime groups will seek to blend into and recruit among coethnic immigrant communities and exploit gaps in migration control efforts to ply their trades.

On a broader level, the reluctance of key US economic partners and allies to substantially liberalize migration policies will place them at a competitive disadvantage with the United States in strategically important sectors such as information technology. According to the OECD, differing demographic trends are a major factor in Europe’s and Japan’s weaker economic outlook in comparison with the United States during the next five years.

- Restrictive migration policies, by limiting economic growth in Europe and Japan, may undermine efforts to overcome the imbalances among the advanced economies.
- Such policies also may skew the “guns versus butter” debate in these countries toward maintaining social expenditures at the expense of defense spending, weakening burden-sharing and the alliance system.

Contents

	<i>Page</i>
Preface	1
Key Judgments	3
Discussion	11
The Demographics of International Migration	11
Enduring Push and Pull Factors Driving Migration	13
The Impact of Migration	18
The EU and Japan: Responding to the Migration Dilemma	27
Implications for the United States	28

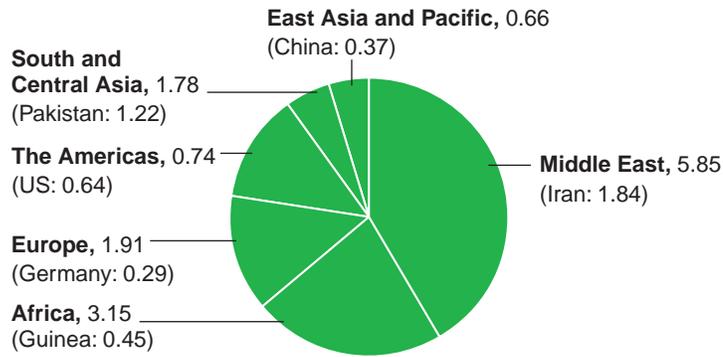
Annex

Regional Migration Profiles	33
The Americas	33
Russia and the Other FSU States	33
Middle East and North Africa	34
Sub-Saharan Africa	37
Asia/Pacific	37
European Union	38

Figure 1
Refugees and Asylum-Seekers by Host Region and Origin

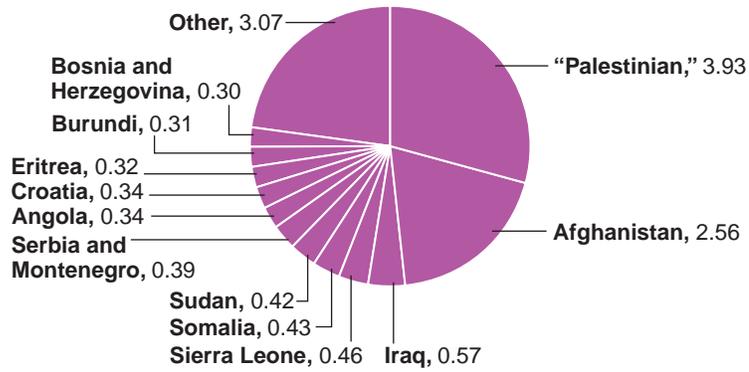
Refugees and Asylum-Seekers, by Host Region, 1999

Million
 (data in parentheses indicate country drawing largest number)



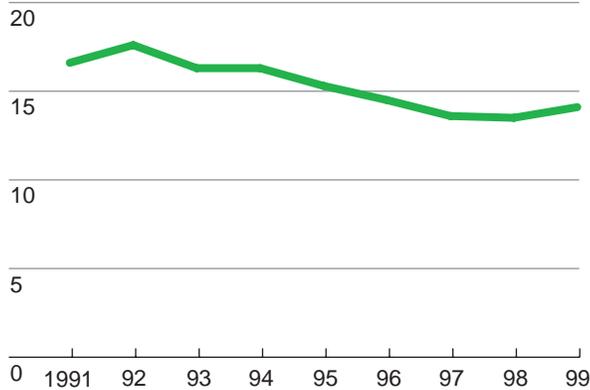
Refugees and Asylum-Seekers, by Origin, 1999

Million



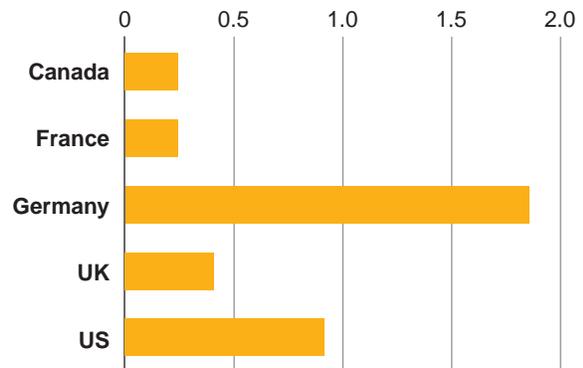
Refugees and Asylum-Seekers Worldwide in Need of Protection

Million



Asylum-Seekers in Selected Countries

Million (filing claims during 1991-99)



Source: US Committee for Refugees, *World Refugee Survey 2000*.

Discussion

Growing Global Migration and Its Implications for the United States

Globalization, population growth, and demographic imbalances between OECD and developing countries, and interstate and civil conflicts are fueling increased international migration, much of it illegal. During the next 15 years, migrants will seek to move to a growing number of countries in both the industrialized and the developing world:

- To the United States and Canada primarily from Latin America, the Caribbean, and Asia.
- To Europe primarily from North Africa, the Middle East, Asia, and the post-Communist states of Eastern Europe and Eurasia.
- From the less to the more developed countries in Sub-Saharan Africa, the Middle East, Latin America, Asia and the Pacific, and the former Communist world.

This large-scale movement of people in search of a better life will benefit most sending countries and those receiving countries that manage it effectively. At the same time, migration flows will exacerbate social and political fissures in many countries. As a major country of immigration, the United States will be significantly affected by growing global migration and the difficulties other countries will face in coping with it.

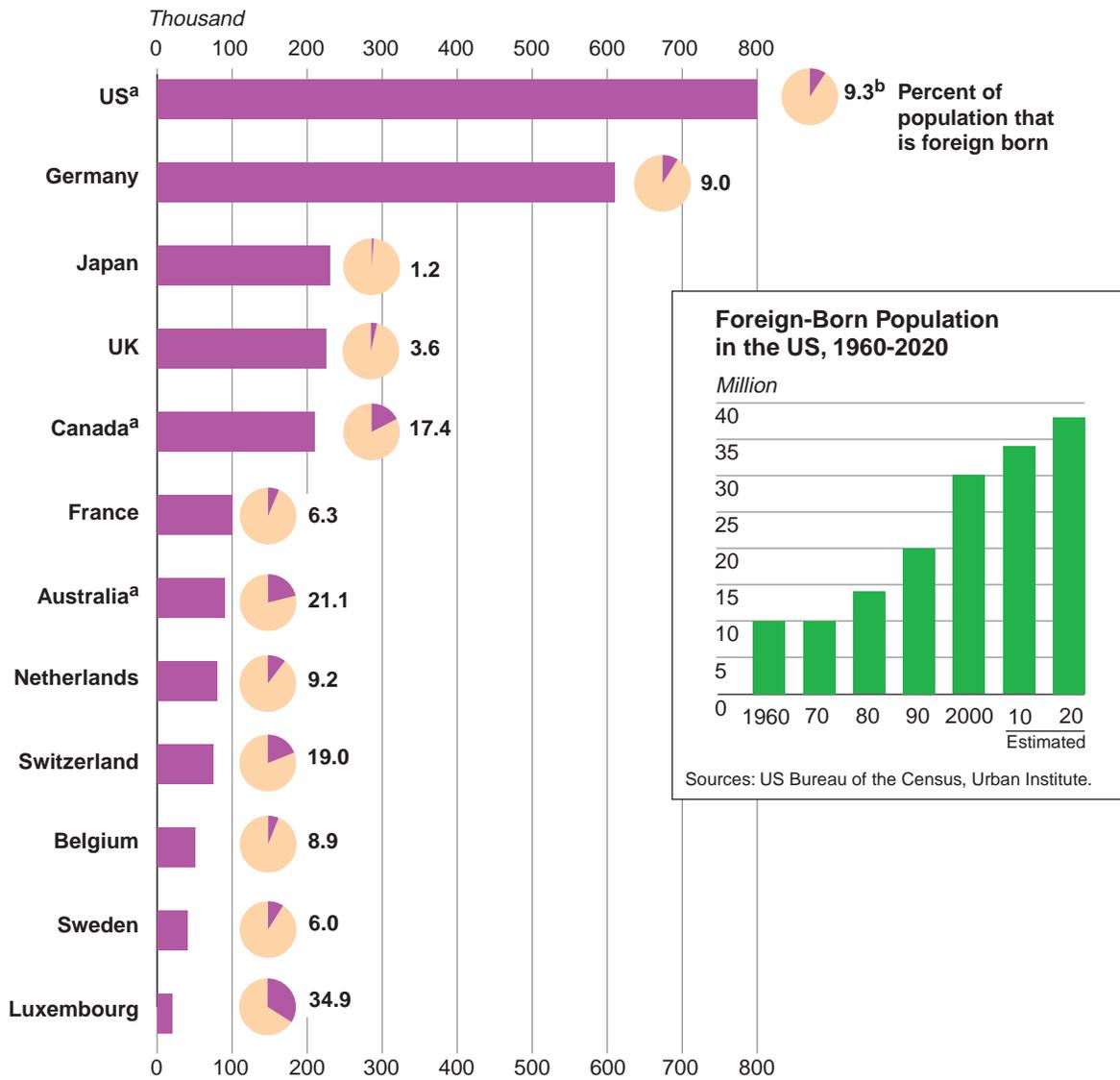
The Demographics of International Migration

More than 140 million people—nearly 1 in 40 of the world’s population—are migrants, including legal immigrants and temporary workers, other visa-holders, illegal immigrants, asylum-seekers, and refugees. Legal immigrants admitted as temporary workers or to promote family reunification comprise the largest portion, but illegal immigrants—including asylum-seekers and visa-overstayers—are increasing dramatically.

Immigrants currently account for about 65 percent of the population growth in most OECD countries, compared to 45 percent during the 1990-95 period. This share is likely to grow through 2015, as continued migration and the initially higher fertility rates of immigrant populations outpace those of native-born populations, most of which have fallen below replacement levels.

Immigration to the United States has been on a steep upward climb for the past two decades, with the current foreign-born population more than doubling to nearly 30 million or almost 11 percent of the US population. Immigrants from the Americas and Asia account for about one-half and one-third, respectively, of the

Figure 2
Legal Immigration in Selected OECD Countries, 1997



^aIncludes naturalized citizens. The European countries do not include estimates of illegal aliens.

^bData for 2000: 11 percent.

Sources: OECD, US Bureau of the Census, Urban Institute.

total. Immigration from EU countries has declined from 30 percent in the 1960s to 15 percent in the last two decades and may drop even further.

Surging Illegal Migration

Most forms of international migration are on the rise, but illegal migration is growing the most rapidly. As emigration pressures intensify in sending countries, many receiving countries are tightening admissions requirements for legal migrants and asylum-seekers, while lacking the ability and, in some cases, the willingness to stop many, if not most, of those entering or staying on illegally.

- Indicators suggest that illegal migrants now comprise one-third to one-half of new entrants to most developed countries, including the United States—up from about 20 percent a decade ago. In some of the recent immigrant-receiving countries in Southern Europe and the more developed countries in South America and Sub-Saharan Africa, illegal immigrants probably comprise up to half or more of both entrants and stock.
- Despite stepped-up border security measures, the United States will remain hard-pressed to staunch the flow of illegal immigrants. More than 1.5 million aliens are arrested on the US-Mexico border annually—many of them repeatedly—and there were some 250,000 apprehensions of aliens from other key source countries in 1999 alone. Up to 800,000 initially manage to enter the United States and some 300,000 to 500,000 stay on indefinitely. Data from the 2000 US census suggest that the stock of illegal immigrants may total 9-11 million—nearly double earlier estimates.

Sharply lower approval rates for asylum-seekers, especially in the EU where some 400,000 sought asylum in 2000, prompt more to attempt the illegal migration route. Moreover, most of the 60 to 90 percent that are rejected go underground.

Large numbers of illegal immigrants emerge from hiding to apply for the periodic amnesties that receiving countries are increasingly offering to deal with the deluge of illegal immigrants.

- Nearly 1 million have surfaced in southern European countries during the last five years to accept such amnesties. In the United States, nearly 3 million emerged to accept a 1986 amnesty and a more limited one in 1997.

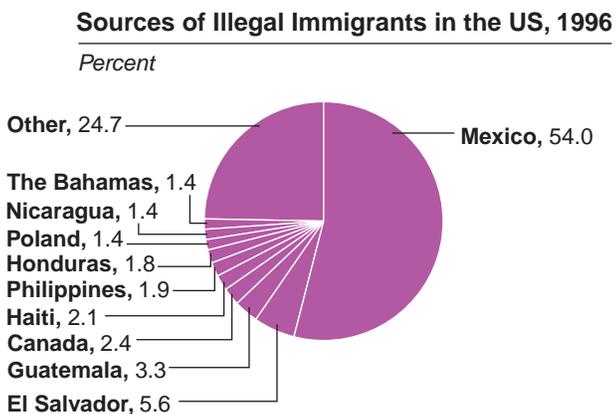
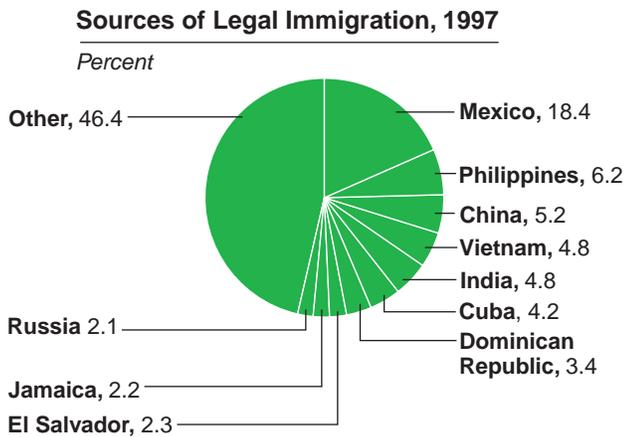
Enduring Push and Pull Factors Driving Migration

Both the push factors from migrant-sending countries and the pull factors from those receiving migrants look set to persist and some will intensify—even as many governments attempt to limit most forms of immigration. Despite such attempts, states will become less able to control migration flows across their borders.

Push Factors Driving Migration

Pressures to emigrate from developing countries will remain intense, fueled by continued poverty, lack of jobs, population growth, political upheavals, and/or conflicts in much of the developing world. At the same time, globalization will increase access to information about lifestyles and opportunities in industrialized

Figure 3
Top Ten Sources of Legal and
Illegal Migration to the US



Source: US Immigration and Naturalization Service, 1997, 1998.

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countries abroad, while ongoing democratization will further loosen state restrictions on emigration.

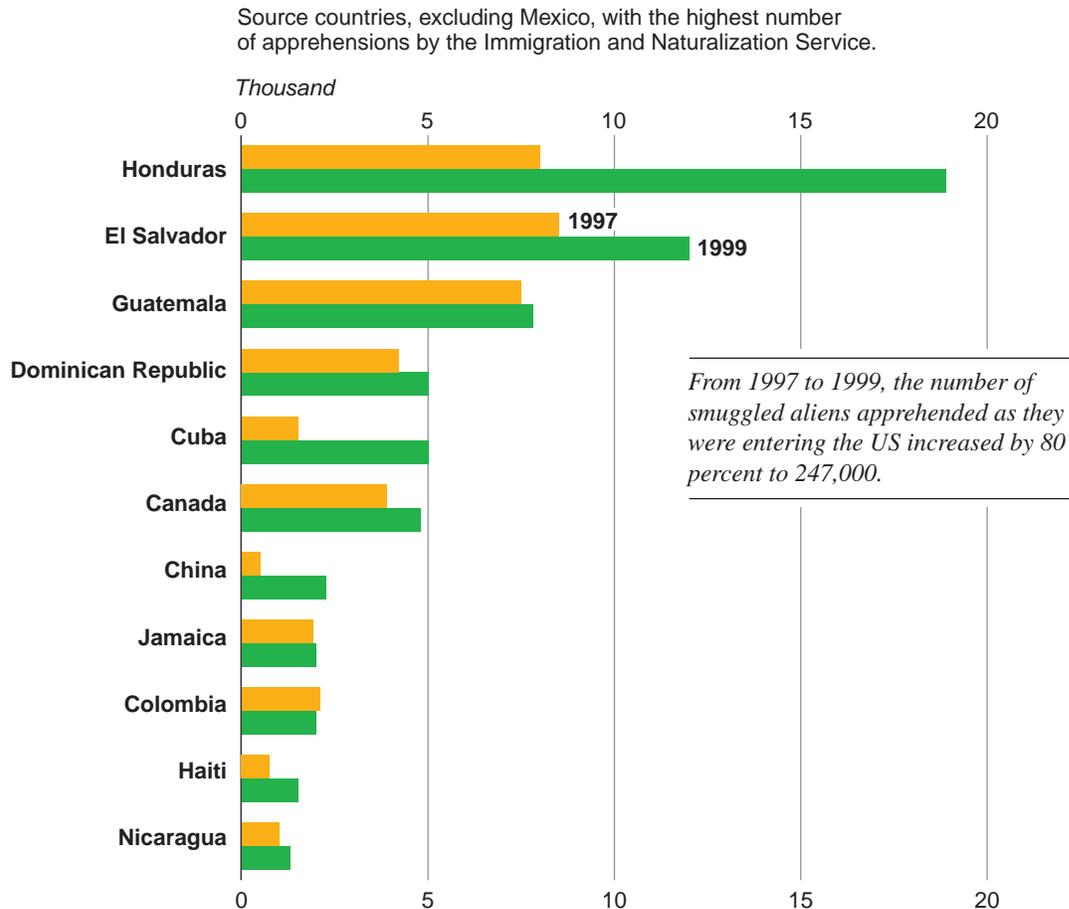
Some 45 million new working age people in developing countries will enter the job market annually during the next 15 years; many will fail to find work and some will emigrate.

- Mexico, for example, will need to substantially increase its 700,000 annual new job creation rate to accommodate new labor force entrants totaling nearly 1 million annually.
- North African countries must create more than 500,000 new jobs to absorb new entrants.
- The new states in the Caucasus also will need to create large numbers of new jobs to keep their young people from migrating in large numbers to Russia and elsewhere in Europe, where their job prospects are better.

During the short- to medium-term, even rising wages in those developing countries experiencing economic growth will not be sufficient to substantially attenuate migration pressures, given continuing wage differentials with industrialized countries. A recent ILO-sponsored study noted that in the mid-1990s:

- Mexican migrants earned nine times as much in the United States as in their last job in Mexico.
- Polish construction workers earned over three times as much in Germany as in Poland.
- Indonesian laborers in Malaysia earned nearly eight times as much as in Indonesia.

Figure 4
Alien Smuggling Into the United States



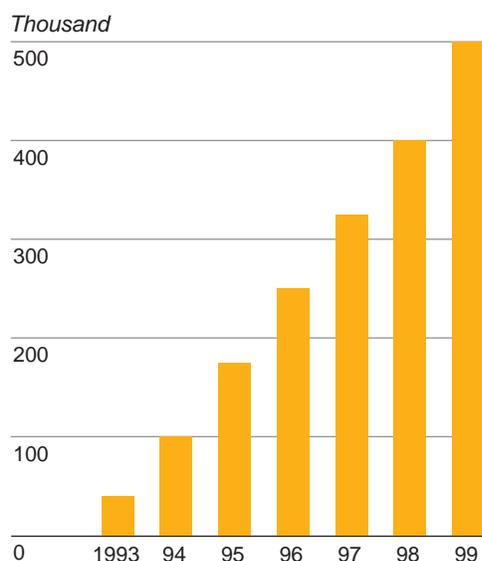
Sources: General Accounting Office, US Immigration and Naturalization Service.

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Mass migrations will also continue to be triggered by civil conflicts and related economic uncertainty, such as in Colombia; deterioration of ecosystems and renewable resources so severe that it makes life unsustainable, such as in the Sahel region of Africa and parts of Central Asia; and the flight from various forms of

natural and manmade humanitarian disasters, such as Hurricane Mitch in Central America and ethnic cleansing in the former Yugoslavia, respectively.

Figure 5
Illegal Migration Into the EU, 1993-99



Sources: International Center for Migration Policy Development; *The Economist* estimates.

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Pull Factors Driving Migration

With their own populations aging, labor forces shrinking, and globalization eroding their ability to police their borders, the OECD countries—particularly Japan and an increasingly integrating EU—will face daunting demographic, economic, and political dilemmas over immigration.

Demographic and Economic Factors. The old-age dependency ratios of OECD countries—which reflect the ratio of the working age population to those aged 65 or older—will decline dramatically, according to US Census Bureau projections: from nearly 7 to 1 in 2000

Alien Smuggling on the Rise

Alien smuggling is now a \$10 billion to \$12 billion-a-year growth industry for migrant-smuggling groups that entails the transport of more than 50 percent of illegal immigrants globally, often with the help of corrupt government officials, according to International Labor Organization (ILO) and other estimates. Smugglers charge as little as \$500 for short trips across single borders, such as between Morocco and Spain, to as much as \$70,000 for complex journeys from Asia to Western Europe and North America. Although apprehension rates at major entry points into many developed countries have increased several fold in recent years, police and immigration officials in several countries believe that the majority manage to gain entry.

- *Trafficking in women and children for purposes of labor and sexual exploitation also is increasing dramatically, with some 700,000 trafficked globally in 1997, including some 50,000 to the United States, according to an US Intelligence Community-sponsored study.*

Alien smuggling will have a corrosive effect on the political institutions of many countries as many of their law enforcement officials succumb to bribery and contribute to a public perception that their governments are losing their capacity to control their countries' borders and ensure public order.

Figure 6
The Wing Fung Ling Incident

On 9 December 1999, the US Coast Guard took custody of the antiquated fishing boat, the Wing Fung Ling, which carried 230 Chinese aliens and eight crewmembers, about 200 miles off Guatemala's Pacific coast. Some 30,000 to 40,000 Chinese aliens entered the US illegally in 1999.



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to nearly 5 to 1 by 2015. In the EU and Japan combined, the ratio will fall from 5 to 1 in 2000 to 3 to 1 in 2015.

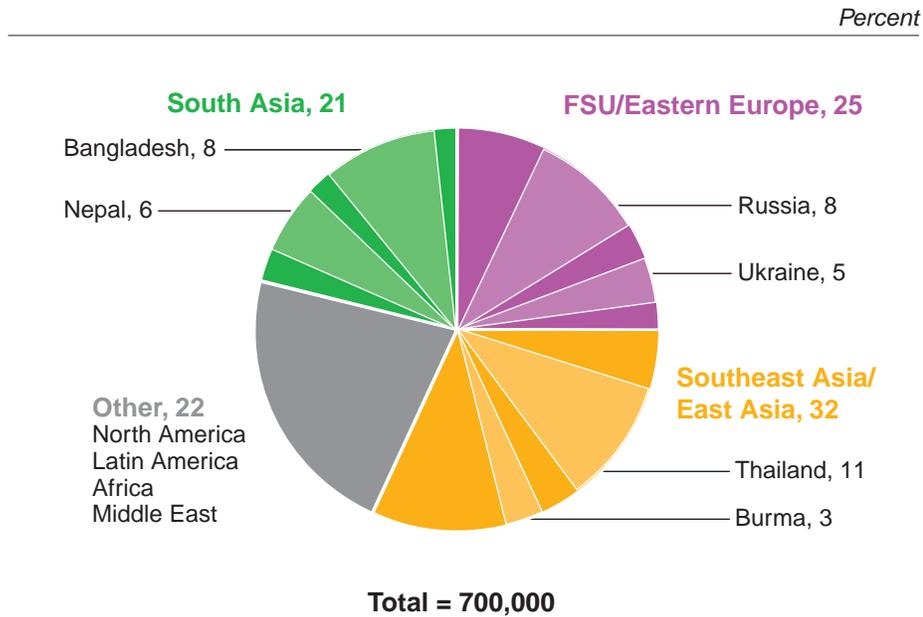
Thus, OECD countries will face pressures to rely on immigrants to fill a major portion of their labor market shortfalls, in addition to exploiting technology for greater productivity and the skills of women and older citizens. Aging populations will require substantially more spending for pensions and health care, ensuring that already large unfunded public pension deficits will require more public borrowing in the absence of robust economic growth and an expanding tax base.

Political Factors. A wide range of political and legal constraints will limit the extent to which most OECD countries will be able or willing to

adopt harsh measures against illegal or other would-be immigrants.

- The reduction of controls over cross-border economic transactions will limit the ability of states to shape migration flows. Within the EU in particular, the Schengen Agreement generally allows for unhindered travel across internal EU borders after initial entry into a Schengen member country.
- Attempts to expel short-term or illegal migrants, while appealing to antimigrant elements in the local population, would incur opposition from the local business community and human rights groups, as well as risk damaging relations with governments of the sending countries.

Figure 7
Global Trafficking in Women and Children in 1997, by Source



Source: US Government.

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- Once established in receiving countries, immigrant communities will serve as magnets for additional members of their national or ethnic groups. The priority that immigration laws give to family reunification will reinforce this process and make it difficult for governments to shift to alternative migration streams from other countries and regions.
- The increasing ease of travel, communication, and access to ethnic media, moreover, will enable those who do emigrate to maintain strong ties with their countries of origin, generating further flows.

The Impact of Migration

Migration will have both positive and negative consequences for sending and receiving states alike, but on balance the benefits will outweigh the costs for most countries.

Impact On Sending Countries

On the positive side, emigration will help relieve some social and political pressures from the large, unemployed and restless youth cohorts of poor sending countries. Moreover,

Figure 8
Illegal Migration Flows and Trafficking in Women and Children

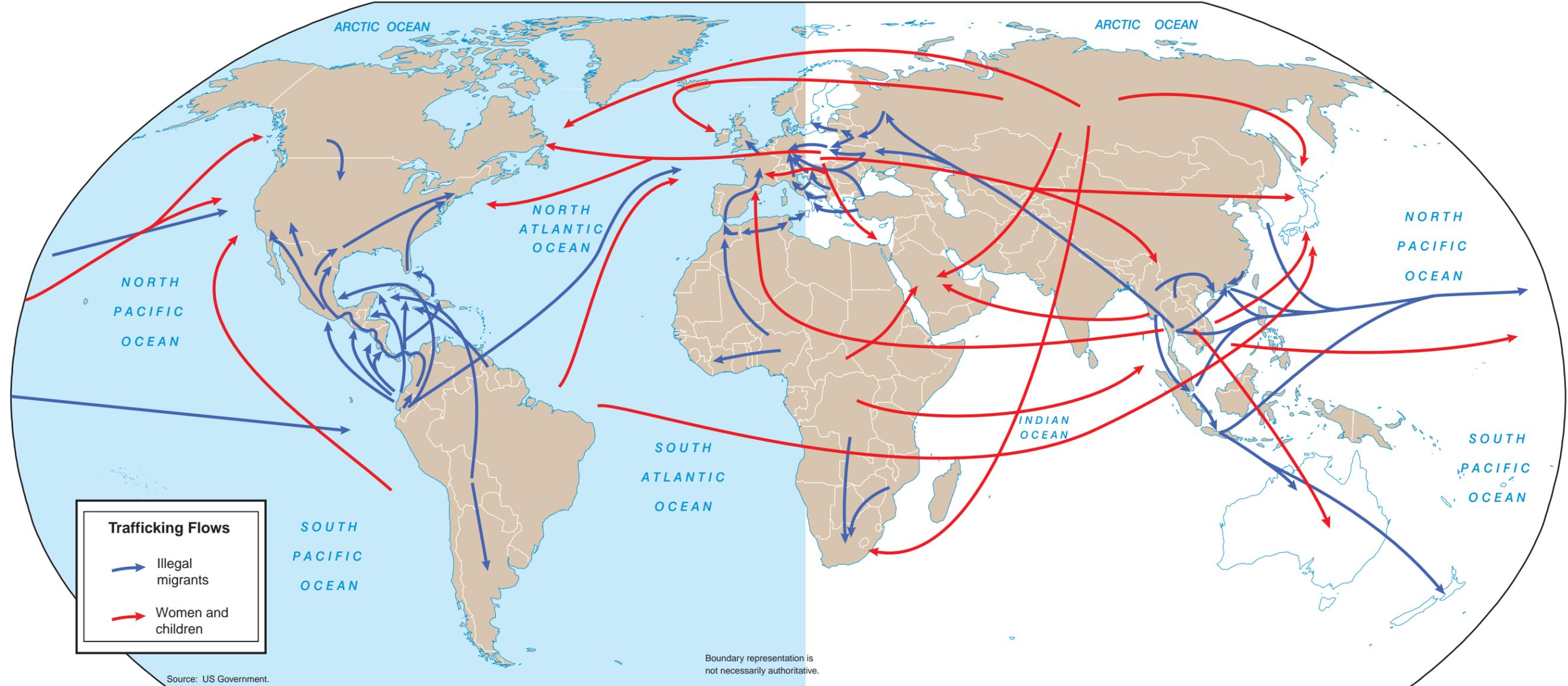
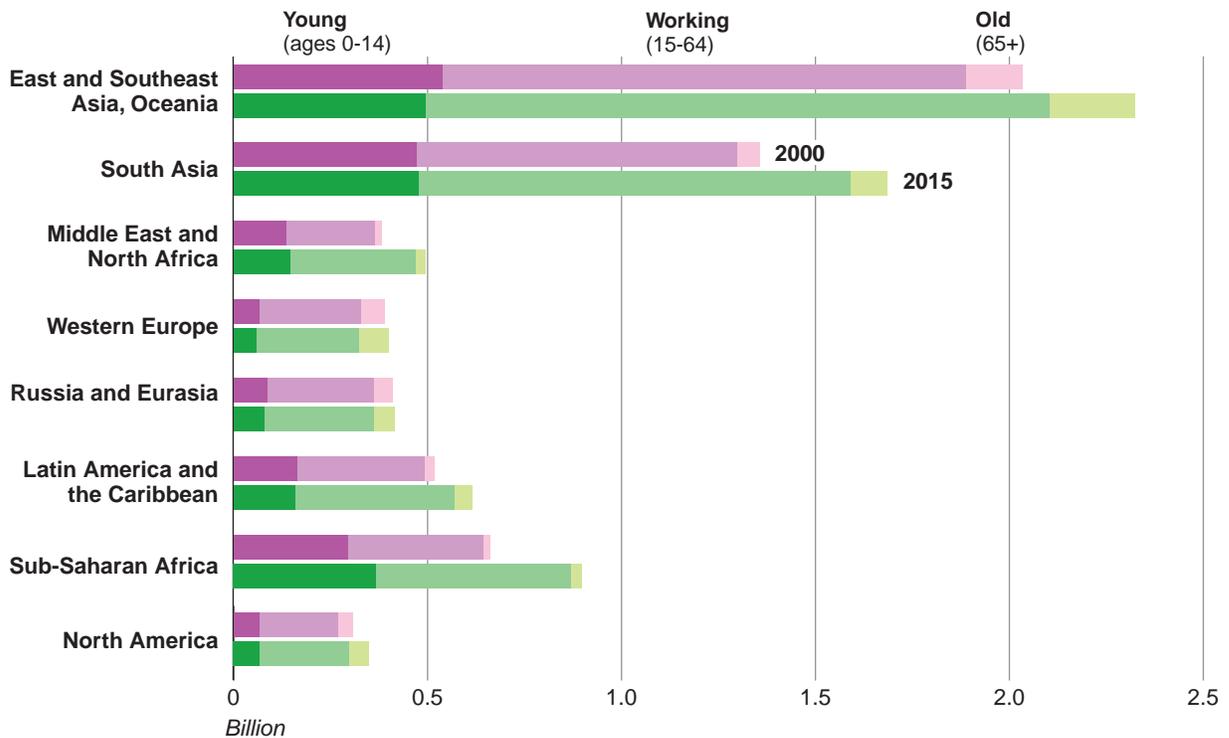


Figure 9
Regional Population by Age Group: 2000 and 2015



Source: US Bureau of the Census.

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immigrant remittances and returning immigrants will provide important balance of payments help, direct investments, and useful skills in their home countries.

- Among key sending countries, Mexico's population growth from 1990 to 1995 was 20 percent smaller than it would have been without the net emigration of 1.6 million people.
- The total value of registered immigrant remittances grew from nearly \$15 billion in 1980 to almost \$50 billion in 1999,

according to a World Bank study, and much higher if transfers through informal channels were included.

- Remittances exceed the value of foreign investment in many countries and have a multiplier effect on the broader economy. Mexican immigrant remittances from the United States to Mexico now total some \$7 billion annually and those from the Moroccan diaspora to Morocco some \$2 billion.

Table 1
(U) Hourly Labor Costs in
Manufacturing in Selected
Countries, 1985-95

US \$

Country	1985	1995
United States	13.01	17.20
Canada	10.94	16.03
Australia	8.20	14.40
Europe		
France	5.72	19.34
Germany	9.60	31.88
Italy	7.63	16.48
United Kingdom	6.27	13.77
Spain	4.66	12.70
Switzerland	9.66	29.28
Poland	NA	2.09
Russia	NA	0.60
Asia		
Japan	6.34	23.66
China	0.19	0.25
South Korea	1.23	7.40
Philippines	0.64	0.71
Indonesia	0.22	0.30
India	0.35	0.25

Note: Widely disparate wages are a principal driver of intraregional and global migration.

Source: Peter Stalker. *Workers Without Frontiers*. International Labor Organization. 2000.

Immigrant populations can often act as liberalizing and modernizing forces in their native lands, particularly at times of political transition.

- Returning expatriates from North America and the EU played a key role in the establishment and consolidation of democratic rule in southern Europe in the 1970s and 1980s.

- Since the Cold War's end, returning expatriates have played a similar role in several former Communist countries, most recently in Serbia, where the diaspora generally supported the opposition movement that ousted Slobodan Milosevic from power.

- Democratization and economic development in several Asian and Latin American countries similarly has been spearheaded by Western-educated leaders and elites.

For their part, most sending country governments will be reluctant to discourage emigration because of its many economic and political benefits, ranging from foreign remittances to influence in countries where they have growing diasporas. Such governments will also increasingly attempt to harness the political influence of these diasporas by encouraging them to lobby for their native country's interests.

- A growing number are offering dual citizenship to their diasporas in an effort to retain and strengthen ties with them.
- Ethnic politics and lobbying will loom increasingly large in the EU, as members' large immigrant communities become enfranchised and gain political and economic influence.

On the negative side, emigration will drain some sending countries of an increasing portion of their small, highly educated elites. There are at least 1.5 million skilled expatriates from developing countries employed in Western Europe, the United States, Australia, and Japan. More than 500,000 students from

Globalization Fueling Migration

Globalization—expanded international trade, finance, investment, and information flows—is likely to accentuate economic insecurity and migration pressures in many developing countries during the short- to mid-term. Sudden economic emergencies—such as the debt and energy crises of the 1970s and 1980s and the currency crises of the 1990s—resulted both in stepped-up migration to OECD countries and in large-scale expulsions of immigrants from the more advanced developing countries.

- *The Mexican peso crisis of 1995, for example, contributed to a surge in illegal immigration to the United States.*
- *In Asia, the 1997-98 financial crisis prompted Malaysia, Thailand, and South Korea, to expel substantial numbers of foreign workers.*

At the same time, globalization will continue to increase demand for high-tech and other professionals for whom developed countries will continue to compete in order to fuel their information technology and other strategic

sectors. The EU will face a shortage of several hundred thousand high-tech workers annually. Germany, alone, will need some 300,000 additional high-tech workers by 2005, according to the President of Siemens Corporation.

High-tech workers and entrepreneurs will be increasingly prepared to emigrate from countries such as India, those in East Asia, and Russia, provided that immigration laws in industrialized countries become sufficiently flexible to permit their entry.

- *Australia, Canada, the Nordic countries, and the UK are opening up to high-tech immigration, albeit oftentimes in the face of political and labor union resistance.*
- *Japan and continental Europe are more resistant; the German Government only recently succeeded in securing parliamentary approval for the admission of 20,000 high-tech workers annually after a lively debate.*

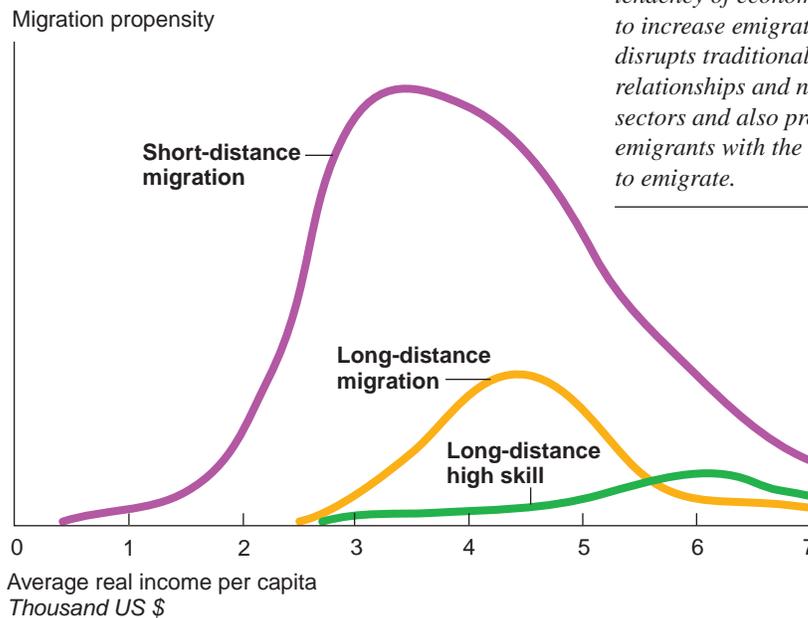
developing, Communist, and former Communist countries are studying overseas, roughly two-thirds of whom do not return.

- Although East Asia and South Asia are the principal sources for such professionals and students, Africa has been hardest hit proportionately, losing some 200,000 professionals and some 30,000 Ph.D.'s during the

last decade, according to the 1999 UN Human Development Report.

- The emigration of over 1.5 million generally well-educated Russian Jews to Israel, the EU, and North America over the last decade will continue to be a drag on Russia's economic recovery, while the trickle of Russian

Figure 10
The “Migration Hump”



The “migration hump” refers to the tendency of economic development to increase emigration initially. It disrupts traditional economic relationships and noncompetitive sectors and also provides prospective emigrants with the economic means to emigrate.

Source: Peter Stalker. *Workers Without Frontiers*. International Labor Organization. 2000.

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scientists and engineers emigrating to countries such as Iran, Iraq, and North Korea will enable these countries to speed up their WMD efforts if it turns into a more substantial flow.

Although diasporas often pick up both democratic political attitudes and technical skills while abroad, some also have a nationalist bent that inclines them to support and finance ultra-nationalist causes, including armed conflict.

- In recent years, some Balkan and East African diasporas have stoked ethnic and nationalist passions that have prolonged conflict and made political resolution more difficult.

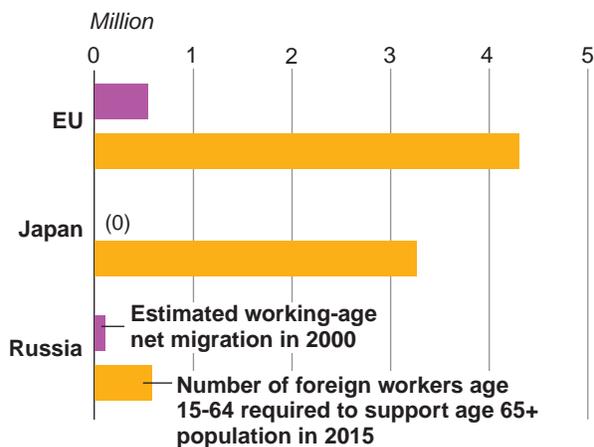
Impact on Receiving Countries

On the positive side, migration will offer a source of demographic and economic dynamism for aging developed countries that will replenish their youth cohorts and expand their shrinking labor and military recruitment pools. It also will expand their tax and consumer bases that are key to maintaining fiscal balance, the social contract, and economic growth.

- Immigrants in 10 EU countries earn at least \$461 billion annually and pay \$153 billion in taxes, compared to \$92 billion they receive in welfare, according to a European economic institute.

Figure 11
Annual Working-Age Migration Required To Maintain 2015 Old-Age Dependency Ratios for the EU, Japan, and Russia at 2000 Levels

Without this number of working-age immigrants, the number of working-age people supporting the elderly will decrease from an average of 5-to-1 in 2000, to 3-to-1 in 2015 in the EU and Japan. It will remain nearly constant at 5-to-1 in Russia owing to shorter lifespans.



Source: US Bureau of the Census.

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- During the last seven years, the number of self-employed immigrants in these countries has increased at two-and-a-half times the rate of those that are native born.
- A recent British Ministry of Defense study projects a substantial military recruitment pool shortfall during the next 30 years if present demographic trends persist.

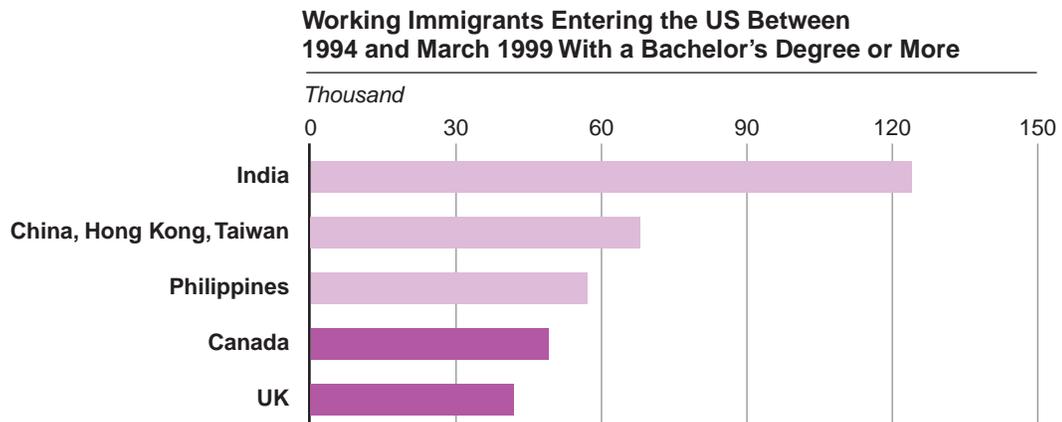
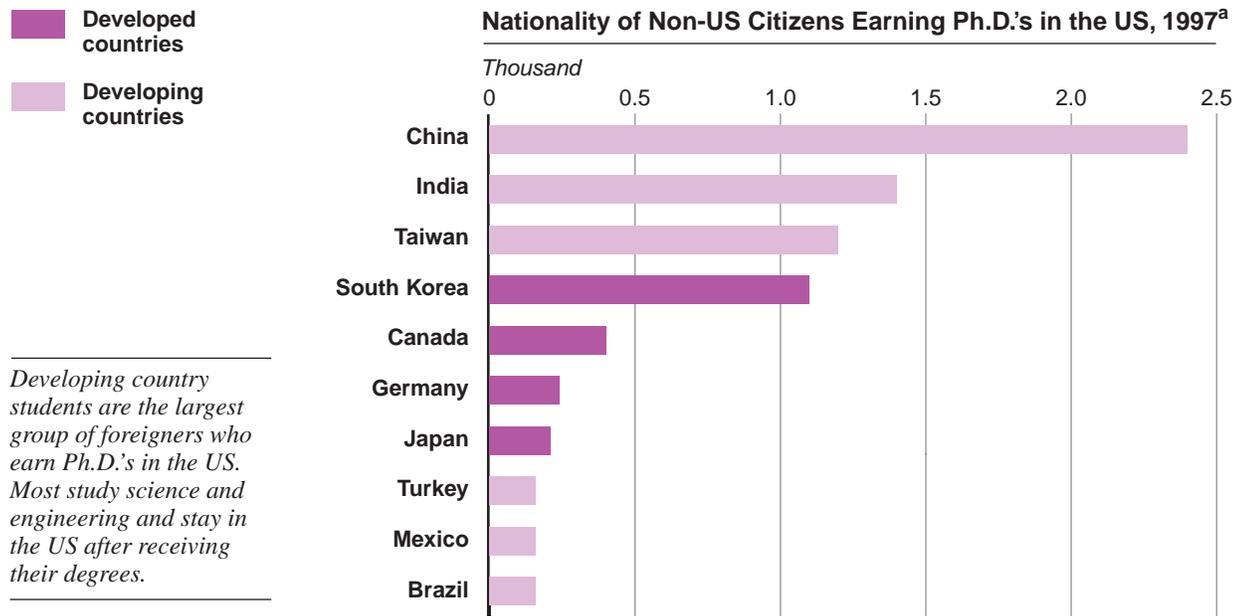
On the negative side, immigration and refugee flows sometimes will change the balance of ethnic and political power within and among nations, especially in developing countries. Large-scale flows of migrants and refugees—some recent, some decades old, and some yet to take place—will provoke political instability and conflict.

- The recent military interventions in Fiji and Cote d'Ivoire; ethnic conflicts in the former Yugoslavia, the former Soviet Union, eastern Indonesia, and Democratic Republic of the Congo; and the Arab-Israeli dispute have resulted in part from large-scale migration and refugee flows.

Migration will continue to pose particularly complex policy, management, and control challenges for OECD countries that many will be hard pressed to address. Immigrants will oftentimes strain social, educational, and health services in host countries, as well as challenge their political tolerance and cultural security, thereby accentuating social and political tensions.

- Unemployment among EU immigrants from outside of the EU is double that of immigrants from other EU countries, according to a European research institute.
- Such immigrants also will be increasingly difficult and probably less willing to assimilate, owing to wide-ranging language, cultural, and religious differences in relation to their host societies, and the ease of access to their countries and cultures of origin.

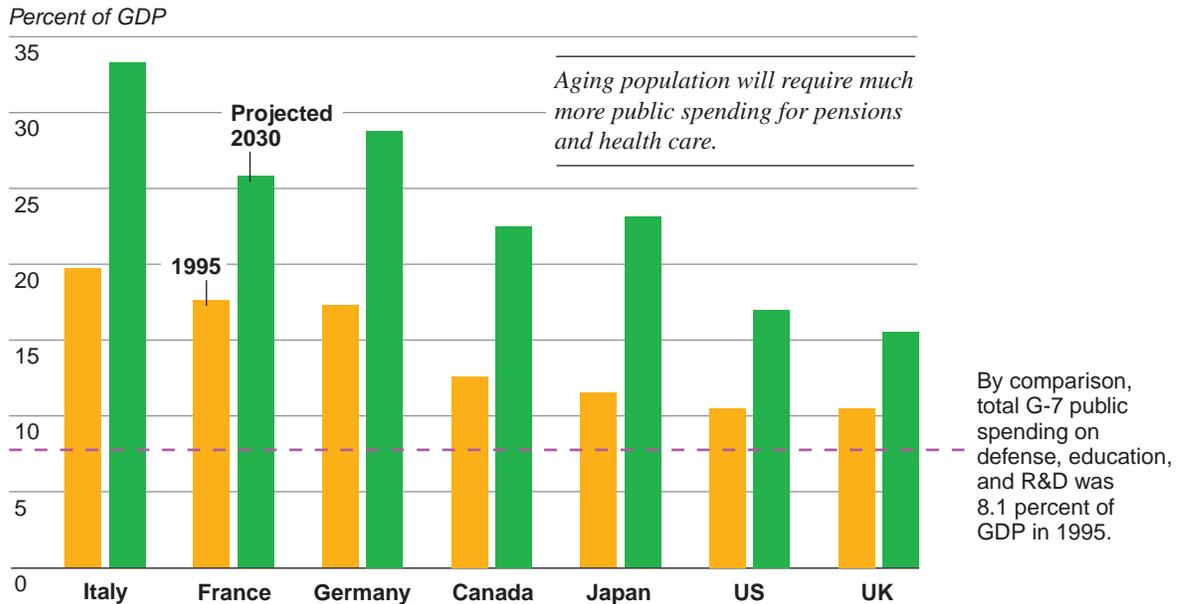
Figure 12
Developing Country “Brain Drain” to the United States



^aPercent of Ph.D. recipients reporting postdoctoral location as the US in 1997: China, 95; India, 91.

Sources: Institute of International Education and National Opinion Research Center, University of Chicago, Urban Institute, and US Bureau of the Census.

Figure 13
Public Spending on Pensions and Health Benefits,
1995 and 2030



Source: Peter G. Peterson. *Gray Down*. Random House. 1999.

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- Illegal immigrants often are willing to work long hours for lower pay, putting pressure on host countries' social and labor standards, even as immigrants meet the labor needs of these economies.

and pro-immigrant pressures from the business community against longstanding cultural traditions and the largely anti-immigrant sentiments of electorates and labor unions will pose daunting choices for Japan and many EU countries.

The EU and Japan: Responding to the Migration Dilemma

In the EU, concerns about cultural identity will weigh heavily on migration policies, but EU

Balancing the demographic and economic imperatives to replenish aging labor markets

members are unlikely to adopt a “fortress” approach entailing highly restrictive immigration and integration policies owing to legal constraints against discrimination, labor imbalances, and their reluctance and inability to prevent family reunification and illegal migration respectively. Instead, most EU countries are likely to move toward a targeted migration approach that would attempt to attenuate labor shortages in selected sectors such as high tech and services with modest increases in overall migration, while not unduly burdening national health and welfare systems.

Japan will attempt to retain its highly cautious approach to immigration. Although Japan faces the greatest need for workers, it places a premium on ethnic and cultural homogeneity, has few of the constraints against discrimination, and is highly conscious of its already high population density. Further, Japan’s geographic insularity better enables it to limit illegal immigration. Should Japan’s economy return to sustained growth, however, labor shortfalls may become so acute that Japan may shift eventually to a more open, targeted migration approach.

Implications for the United States

The rise in global migration will have both direct and indirect implications for the United States and for US national security. The attraction of a strong US economy and persistent political and economic difficulties in many places around the world will ensure that the United States continues to draw large migration flows. Moreover, how well other countries handle their own migration issues will affect subsequent migration pressures on the United States

and will also have broader implications for important US economic and security interests.

- Immigration will enable the United States to maintain a more balanced demographic profile than most EU states and Japan. Despite some initially higher social welfare costs and some downward pressure on wages, most experts believe that migration facilitates sustained, noninflationary growth. In the 1990s, nearly 40 percent of new US jobs—including those for software engineers—were filled by immigrants. According to the OECD, differing demographic trends are the main source of a rosier economic growth outlook for the United States during the next five years in comparison with the EU and Japan.
- Nonetheless, difficult issues will arise. Persistent poverty in Mexico and Central America—along with natural disasters and conflicts in Latin America more generally—will strain immigration control efforts; foreign governments such as in Cuba or Haiti will sometimes threaten to allow mass migration; and terrorists and narcotraffickers will look for ways to evade US immigration controls.

Forced or Large-Scale Migration

Civil conflicts and humanitarian or natural disasters, especially in neighboring countries, could generate sudden and large-scale migration flows into the United States. US immigration control efforts will be especially hard-pressed to staunch such flows.

- The civil conflict and economic uncertainty in Colombia that have displaced some 1 million people already have produced a near

Hesitant EU and Japanese Responses Portend Problems

In Europe and Japan the “targeted migration” option would ameliorate but would not resolve demographic and labor force imbalances or substantially curb immigration-related social and political tensions. Both EU members and Japan would also have to look to other politically controversial measures such as pension reform, additional social safety net cuts, and more substantial economic restructuring and improvements in productivity to sustain fiscal balance and promote economic growth.

- *Japan and EU members already spend twice as much on pensions as a share of GDP than does the United States. Yet pension reforms, such as supplementing public pay-as-you go pension programs with privately funded schemes, are only now being considered while politically controversial*

pension cuts and increased age requirements generally are being deferred.

- *Improvements in productivity to compensate for declining labor forces also may prove inadequate. The EU and Japan are investing in information technology at half the US rate.*
- *Because temporary workers in the EU and Japan are likely to find ways to remain indefinitely, moreover, this course would not substantially curtail social and political tension in the absence of better social and political integration of immigrant populations. It would also fail to provide relief to their demographically driven military manpower dilemma, since temporary workers and noncitizens in general are excluded from military service.*

doubling of visa applications that sometimes total 50,000 monthly. Illegal migration also will rise if the conflict and related economic problems intensify. Economic uncertainty in Ecuador, likewise, has contributed to a substantial increase in US-bound illegal immigrants in the last two years.

- If Mexico experiences another economic crisis, a further surge in migration to the United States would be likely.

- Almost any scenario involving a change of government in Cuba would have the potential to generate a substantial migration component—at least during its early phases.
- A dramatic deterioration of the political, human rights, and economic situation in Haiti could lead to a repeat of the immigration crises of the first half of the 1990s.

- Central America, the Caribbean, and much of the Andean region are highly prone to major natural disasters. The devastation in Central America caused by Hurricane Mitch in October 1998 caused an outflow of tens of thousands of people from the four affected countries to the United States within four months.

Emigration as a Political Tool

The United States will remain vulnerable to explicit or implicit threats by foreign governments to use illegal and especially mass emigration as leverage in bilateral relations or to reduce political pressures arising from domestic policy failures.

- Although a 1994-95 agreement granting up to 20,000 visas to Cubans annually has largely staunched the flow of illegal migration, fully 500,000 Cubans apply for visas annually, and Castro could again exploit this widespread desire by Cubans to emigrate as in 1980 and 1994.
- Pent-up migration pressures could rise even higher in Haiti, where the Aristide government could encourage mass migration should economic conditions deteriorate further and tensions with the United States grow over such issues as human rights.
- China is capable of facilitating the efforts of substantial numbers of potential emigrants, many of whose ultimate destination would be the United States to which some 30,000 to 40,000 already attempt to emigrate illegally each year.

Spillover From Other Regions

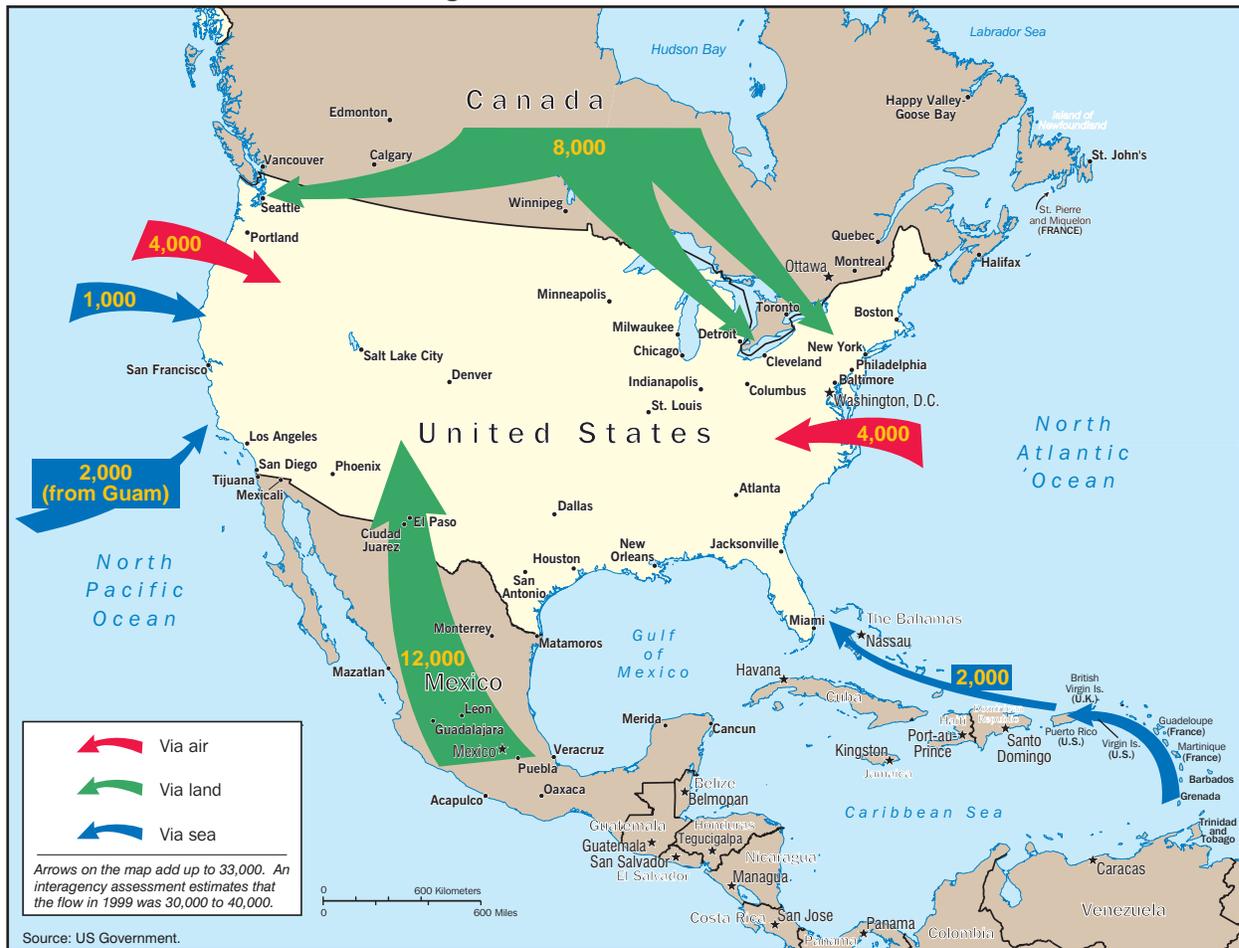
To a lesser extent, the United States also will remain vulnerable to at least some added migration pressures as a result of decisions by other immigrant-receiving countries to shut down or severely limit immigration. While legal and political constraints would prevent most OECD countries from taking draconian measures to stop or expel immigrants, many developing countries without such constraints have and may again take such actions in response to economic and other crises.

- Attempts by Asian countries and the more developed South American countries to prevent or sharply limit immigration from poorer neighbors will tend to channel migration pressures toward the United States.

Migration's Impact on Broader US Interests

The impact of other countries' likely migration policies on broader US interests will be mixed. The hesitancy of key US partners substantially to liberalize their immigration policies—especially if combined with continuing reluctance to undertake major reforms of their pension and social welfare systems—will place them at a competitive economic disadvantage with the United States. On the other hand, their hesitancy to undertake immigration and economic reforms will lead to wage-induced inflationary pressures and excessive borrowing to shore up budget deficits, raising interest rates and constraining economic growth. This, in turn, will undermine efforts to promote a sound world economy.

Figure 14
Estimated Annual Illicit Chinese Migration to the United States



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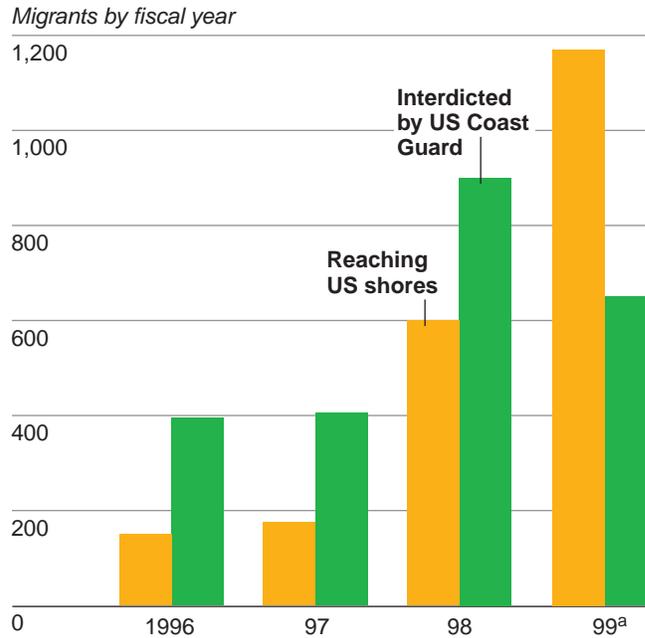
To the extent that key US allies and economic partners opt for maintaining greater social and cultural cohesion at the expense of immigration and more extensive economic and fiscal reform, these nations will turn inward, exacerbating internal tensions and skewing the “guns versus butter” debate toward greater social expenditures.

- Sudden or large-scale migration flows into US allies and economic partners would most likely strengthen extremist parties and could increase anti-immigrant violence.

- Reduced defense spending and shrinking military manpower pools may limit the willingness and ability of some US allies to share the defense burden.
- The same internal pressures would also constrain resources for foreign assistance and a wide range of international activities of interest to the United States.

Figure 15
Cuban Migration: Fewer Rafters, Increased Smuggling

The number of Cubans trying to reach the US through alien smuggling has increased steadily since Havana and Washington signed bilateral migration accords in 1994 and 1998 committing the Cuban Government to curb illegal migration in return for 20,000 visas annually for Cubans waiting to emigrate to the US.



^aOctober 1998 through April 1999 only.

Sources: US Coast Guard, and Immigration and Naturalization Service.

Other migration flows will directly or indirectly challenge US military forces, border defenses, and law enforcement capabilities.

- Authoritarian regimes will remain capable of ethnic cleansing and other forms of repression and economic mismanagement, leading to large and sudden population outflows that will create pressures for US diplomatic and possibly military involvement.
- As illegal migration increases, there will be increased demands on border control and other law enforcement agencies.
- Transnational terrorists, narcotics traffickers, and organized crime groups will seek to blend into and recruit among coethnic and other immigrant communities and exploit gaps in migration control efforts to ply their trades.
- Increased migration and variances in transit patterns will further exacerbate the threat from the spread of infectious diseases.

Annex

Regional Migration Profiles

The Americas

Migration pressures on the United States and within the region will continue to rise during the next 15 years. Differential rates of population growth, recurring political and economic crises and natural disasters, as well as personal insecurity caused by widespread poverty and increasing crime will propel more Latin Americans to attempt to emigrate.

Most countries will be unable to control the flow of people into the United States.

- Although declining population growth and strong economic prospects in Mexico will gradually diminish migration pressures, disparities in living standards, US demand for labor, and family ties will sustain Mexico's rank as the single largest source of legal and illegal immigration to the United States.
- Economic and demographic pressures in Central America and fitful migration management and control efforts ensure that the region also will remain a large source and transit point for illegal immigrants attempting to enter the United States.
- While Cuba generally has honored its obligation in the 1994-95 immigration accord with the United States to prevent illegal departures in return for a set legal quota of up to 20,000 annually, Castro could contemplate violating the accord during periods of increased tension.

- The long US-Canadian border will make it a major transit point for illegal, mainly Asian, immigrants bound for the United States, although close US-Canadian cooperation will limit such entries.

Illegal migration also will become a more contentious issue among Latin American governments.

The growth of alien-smuggling networks throughout the Americas will further complicate migration management and control efforts. It will exacerbate problems along US borders—as indicated by the near doubling of arrests of smuggled aliens in recent years—and elsewhere in the region and also will act as a corrupting influence on law enforcement officials.

Russia and the Other FSU States

Migration pressures have become more intense since the demise of the Soviet Union and resulting change in inter-ethnic balances and loosening of immigration controls. Migration flows into Russia will compensate somewhat for but will not offset Russia's labor force shortfalls and declining population. They also will add to social welfare costs and have the potential to generate further friction within Russia, with other FSU states, and possibly with China in the Russian Far East. Continuing

poor economic conditions and political instability also may lead to a more substantial exodus of FSU populations to EU and other developed states.

Well over 10 million people already have moved across the international boundaries between FSU states, often under duress. These include some 6 million ethnic Russians and non-Russian economic immigrants entering Russia from other FSU states and some 3.3 million non-Russians leaving Russia for such states. Over 3 million, often well-educated ethnic Germans and Russian Jews, have left the FSU for Germany, Israel, and elsewhere.

Although intra-FSU migration has peaked, migration strains and flows will persist, arising from a number of sources:

- Continued pressures on Russians in many states to emigrate or assimilate.
- A large-scale internal migration of Russians from Siberia and the Far East to European Russia.
- The illegal migration of ethnic Chinese into the Russian Far East, currently estimated to total nearly 500,000, which sets the stage for increased tensions.
- The integration of refugees escaping ethnic and religious conflicts in the Caucasus and Central Asia.
- An ecologically driven movement of people thus far numbering 700,000 escaping natural and manmade humanitarian disasters.

- A substantial movement of illegal immigrants into and out of the FSU totaling several hundred thousand annually, often with the help of alien-smugglers, women-traffickers, and corrupt government officials.

Migration's Mixed Impacts. The return to Russia of large numbers of ethnic Russians from the other former republics, together with the growing number of migrant workers from even more impoverished FSU states, has increased public disenchantment and added to the Russian Government's many woes by contributing to competition for scarce jobs and public resources. But over the longer term, Russia's aging and declining population will make it a net beneficiary of migration from within the FSU—which the Putin government looks set to encourage. The poorer FSU states in the Caucasus with younger and growing populations already are experiencing both the positive results of emigration, such as remittances, and negative ones, such as loss of skilled people, to Russia and elsewhere.

Middle East and North Africa

North Africa and the Middle East are both sending and receiving subregions. As a whole, the region is second only to Sub-Saharan Africa as a generator of refugees, who will remain a source of political instability and illegal migration.

North Africa is the principal source for the EU's Muslims, and its poor opportunity structure and continuing population growth ensure that it will remain so. Despite the relaxation of some EU exclusionary laws and \$6 billion in aid to North African countries since 1996 as

Table 2
Migration in the Former Soviet Union, 1989-99

	Net Migration, 1989-99		Net Migration of Russians, 1989-98	
	Thousands	Percentage of 1989 population	Thousands	Percentage of 1989 Russian population
Russia	3,282	2.2	2,910.2	11.5
Ukraine	77	0.1	-295.4	-2.6
Belarus	109	1.1	-18.0	-1.3
Moldova	-215	-5.0	-50.8	-9.0
Latvia	-141	-5.3	-92.5	-10.2
Lithuania	-19	-0.5	-45.1	-13.1
Estonia	-86	-5.5	-58.3	-12.3
Armenia	-2	0.0	-32.1	-62.2
Azerbaijan	-466	-6.6	-188.8	-48.1
Georgia	-251	-4.6	-153.0	-44.8
Kazakhstan	-2,196	-13.6	-1,031.9	-16.6
Kyrgyzstan	-290	-6.8	-215.0	-23.5
Tajikistan	-273	-5.4	-220.0	-56.6
Turkmenistan	536	15.2	-84.4	-25.3
Uzbekistan	-853	-4.3	-425.0	-25.7

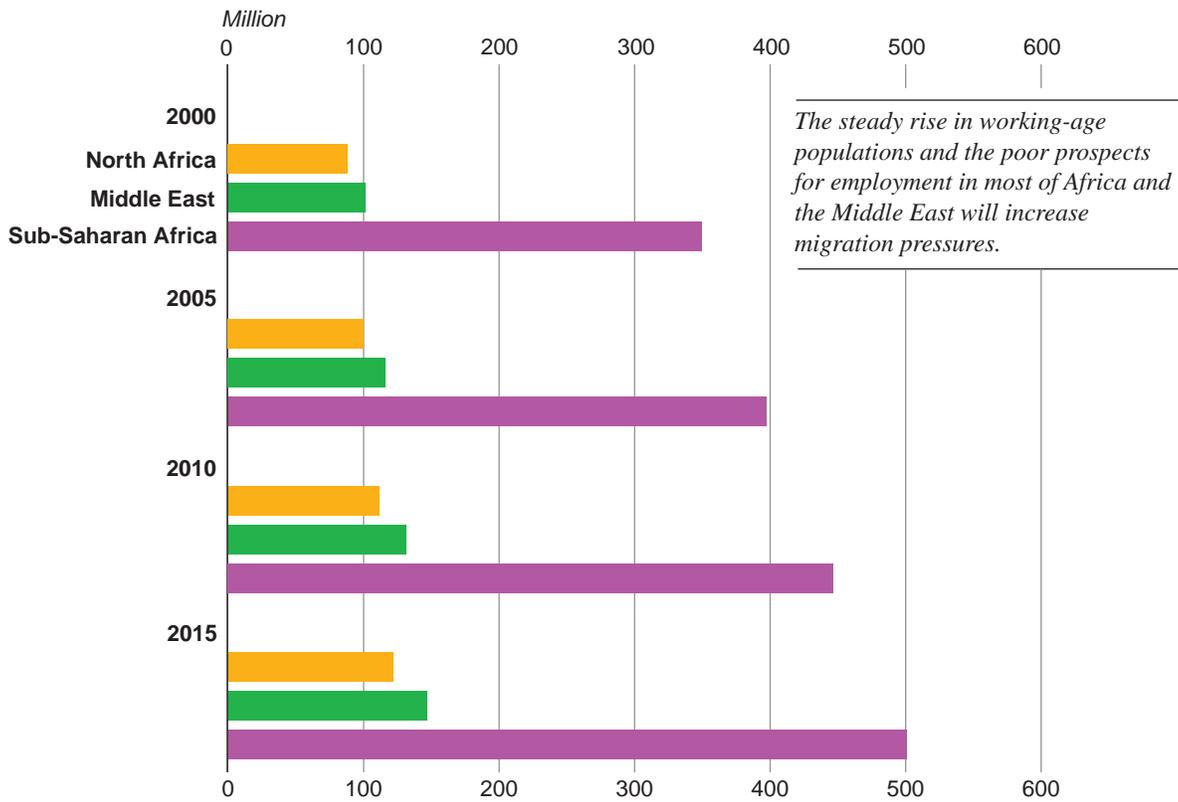
Source: Russian State Statistical Committee.

part of an initiative aimed at socioeconomic development and weakening migration pressures, these pressures will persist.

The Persian Gulf States. Intraregional migration, primarily in the form of contract laborers initially from Egypt—and more recently from the South Asian region—plays an instrumental role in the economies of the oil-producing Gulf states where they comprise nearly half the population. These contract laborers have virtually no access to social welfare and political participation or to permanent residence or citizenship.

Israel. In Israel, friction among European, non-European, and more recent Russian-Jewish immigrant populations will persist. The 1 million Russian Jews are a new source of economic dynamism; they also are inclined to caution in the peace process. Immigration to Israel will remain a neuralgic issue for Palestinians and Arab states in the region, who see it as fueling perceived Israeli territorial ambitions. Similarly, the prospect of Palestinian refugees returning to the region and the high fertility of

Figure 16
Working-Age Population in North Africa, Middle East,
and Sub-Saharan Africa, 2000-15



Source: US Bureau of the Census.

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Palestinians generally will increase Israeli concerns. The prospect of changed ethnic balances will remain a difficult issue in negotiating a settlement.

Surging Refugee Populations. The large refugee populations in the northern tier states of Iraq, Iran, and Afghanistan, along with the

longstanding Palestinian refugees scattered throughout the region, now total some 7 million. They will remain a source of instability and friction within and between states, while also providing recruits for terrorist groups in the region.

Sub-Saharan Africa

Migration in Sub-Saharan Africa is primarily intraregional and consists of a growing number of economic, primarily illegal, migrants and of refugees escaping the many civil conflicts and wars in the region. International migration to other regions, mainly the EU but also to North America, is likely to grow commensurate with Africa's youth bulge, poor economic prospects, and continuing ethnic and cross-border conflicts.

Refugees. There are several million refugees in Sub-Saharan Africa—concentrated in the western, central, and eastern regions—where they will further exacerbate ethnic and political polarization and provide recruits for the many conflicts in the region. They also will remain a strain on already meager host government capacities to sustain local populations.

Economic Migrants. Sub-Saharan Africa has long witnessed movements of migrant workers, particularly to Côte d'Ivoire and South Africa. The estimated 3 to 6 million foreign immigrants in Cote d'Ivoire, totaling one quarter to one-half of its population, are creating an anti-migrant backlash that contributed to the short-lived military coup in December 1999 and persistent political instability since then. The issue of ethnic origin and citizenship also is a destabilizing component in the politics of neighboring countries.

South Africa is home to some 3-8 million illegal immigrants from throughout Sub-Saharan Africa, a flow that is likely to continue and add to social and economic pressures—as well as to the spread of HIV/AIDS. South Africa also will be challenged to limit growing elite emigration to developed countries.

Asia/Pacific

Asian countries' vast populations and varying economic and demographic conditions ensure the region will confront intense intraregional migration pressures and also will contribute substantially to global migration. Populous countries, such as the Philippines, India, Bangladesh, Pakistan, Indonesia, Thailand, and China, account for the growing migrant flows within the region, which totaled at least 6.5 million in 1997, mainly to the fast growing economies of Hong Kong, Taiwan, South Korea, and Singapore. Thailand, Burma, and Malaysia are both sending and receiving countries. With China estimated to have more than 100 million underemployed urban workers and Indonesia facing growing civil and secessionist conflict, the potential for continued emigration—and potentially unsettling regional and global ramifications—remains substantial.

Increasingly, Australia and New Zealand are becoming destinations for large numbers of legal and illegal Asian immigrants in response to an earlier loosening of immigration laws and growing public tolerance for Asian immigrants.

More so than in other regions, Asian migration is a regulated "industry" that both sending and receiving country governments attempt to manage to their advantage. Many countries have imposed tight residency requirements and severe penalties on employers of illegal workers. Nonetheless, in Asia, too, illegal migration is on the rise and may soon approach levels in the EU and North America. Continued migration and minimal integration of immigrants will

Table 3
Legal and Illegal Foreign Workers in Asian
Labor-Importing Countries, 1998

Importing Country	Total Foreign Workers ^a (thousands)	Indonesia	Philippines	Thailand	China	Other Asia
Malaysia	2,500	755 (1,000)	100 (400)	79 (33)	NA	305
Thailand	1,260	NA	5	NA	60	944
Singapore	450	100	60	60	46	NA
Japan	1,354	NA	84 (43)	18 (39)	234 (38)	680 (88)
Hong Kong (China)	NA	50	120	18	NA	39
Taiwan	297	9	84	138	21	NA
South Korea	210	15	23 (15)	9 (6)	28 (49)	56 (20)

^a Number of workers by country of origin (thousands, latest year available, estimates of undocumented workers in parentheses).

Source: Peter Stalker. *Workers Without Frontiers*. International Labor Organization, 2000.

remain a source of tension and conflict throughout Southeast Asia in particular.

Japan's Conundrum. Japan has the world's most pressing need for immigrants to address impending labor force shortfalls. It would need over 600,000 working age immigrants annually just to maintain its working age population at 2000 levels and some 3.2 million annually to maintain its old-age dependency ratio at 2000 levels, according to UN projections. The precipitous aging of Japan's population will generate severe fiscal strains; the OECD estimates that Japan's pension expenditures will nearly double from 1995 to 2020, compared to a growth of 25 percent for the United States. Such growth in social expenditures also will constrain defense spending and force modernization.

Japan continues to resist greater immigration, with basically no net immigration in 2000. Although it cautiously increased its immigrant population during the robust economic growth and severe labor shortages of the late 1980s, Japan has among the lowest number of

foreign-born among OECD countries at about 1 percent of the population. Japan's immigration regime makes naturalization almost impossible. Even work and study permits are difficult to secure and discourage prolonged stays, thereby encouraging a small but growing flow of illegal immigrants totaling some 270,000, according to ILO estimates.

Japan has turned to several alternative methods to defer a decision in favor of more open immigration or integration of current immigrants. Japanese efforts have focused on enticing the more than 2 million overseas Japanese, particularly in Latin America, to return; broadening opportunities for women somewhat; and "exporting" labor through foreign direct investment. These measures have produced only modest labor "gains."

European Union

With most EU members officially "closed" to most forms of legal immigration, illegal migration and the overstaying of asylum-seekers and visa-holders will loom increasingly large and

China's Migration Challenge

With an estimated 500,000 or more Chinese emigrating annually, as many as half of them illegally, and 100 million under-employed urban workers, China will remain a major uncertainty in the global migration picture.

Social, political, and economic developments in China have the potential to create a spontaneous mass migration emergency that could spiral out of control.

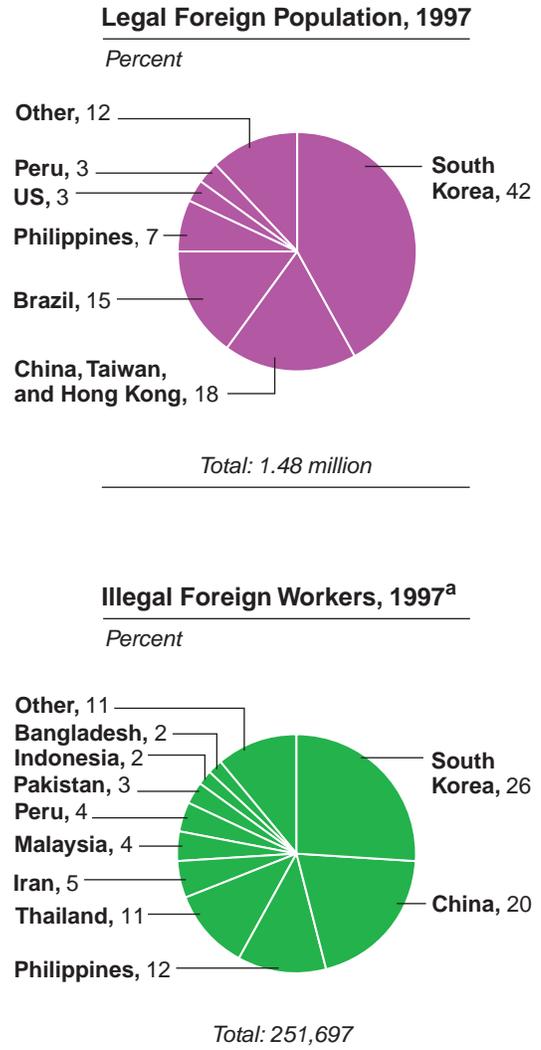
- Such an emergency could result from a sudden economic crisis caused by a failure of the banking system; continued free market reforms leading to massive unemployment and underemployment and a rapid influx to urban areas; or a crisis of legitimacy for the regime leading to widespread unrest.

China also could encourage migration to relieve socioeconomic and political pressures.

threaten to overwhelm the EU's emerging common immigration regime and member state regimes.

- Illegal immigration has grown ninefold in less than a decade—to some 500,000 in 1999, compared to less than 50,000 in 1993, according to one estimate by the International Center for Migration Policy Development. Asylum-seekers totaled nearly 400,000 in 2000.

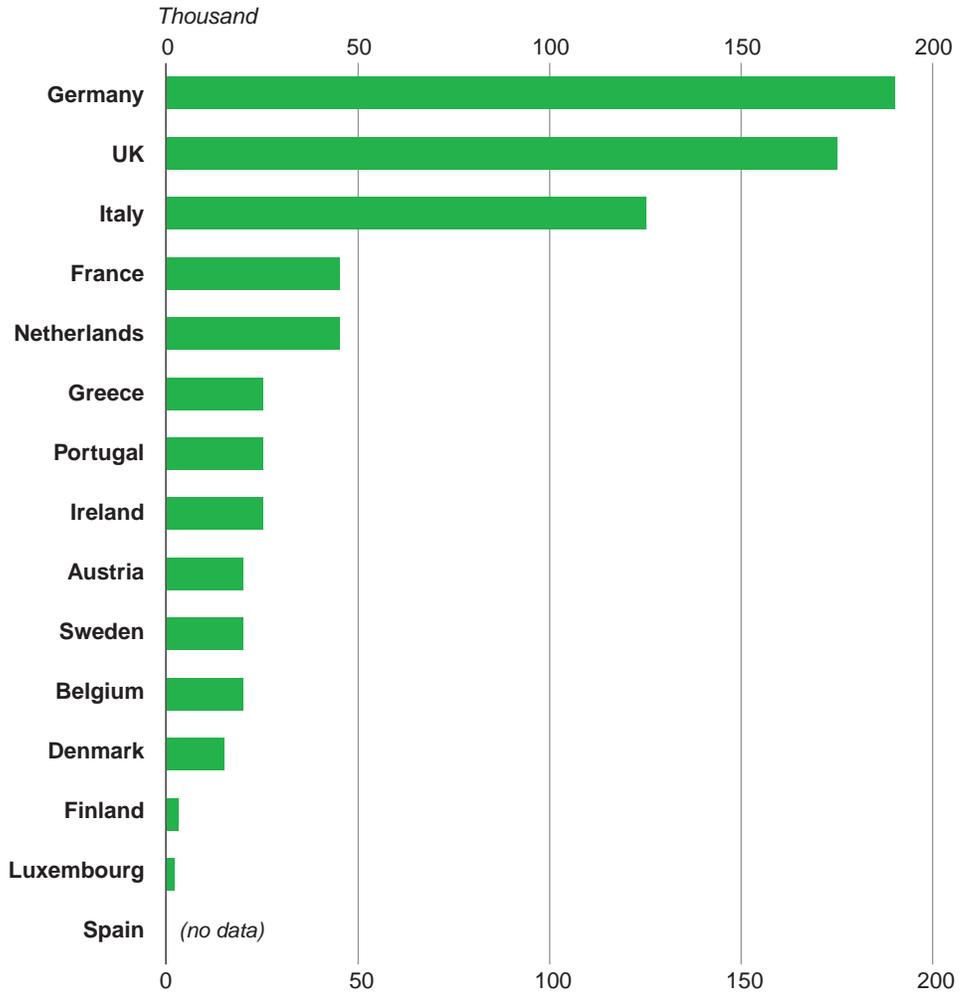
Figure 17
Legal and Illegal Foreigners in Japan by Country of Origin



^aNumbers represent workers against whom deportation procedures were initiated.

Source: Demetrios G. Papademetriou, and Kimberley A., Hamilton. *Reinventing Japan: Immigration's Role in Shaping Japan's Future*. Carnegie Endowment for International Peace. 2000.

Figure 18
Net Legal Migration Into EU Countries, 1999



Source: *Business Week*.

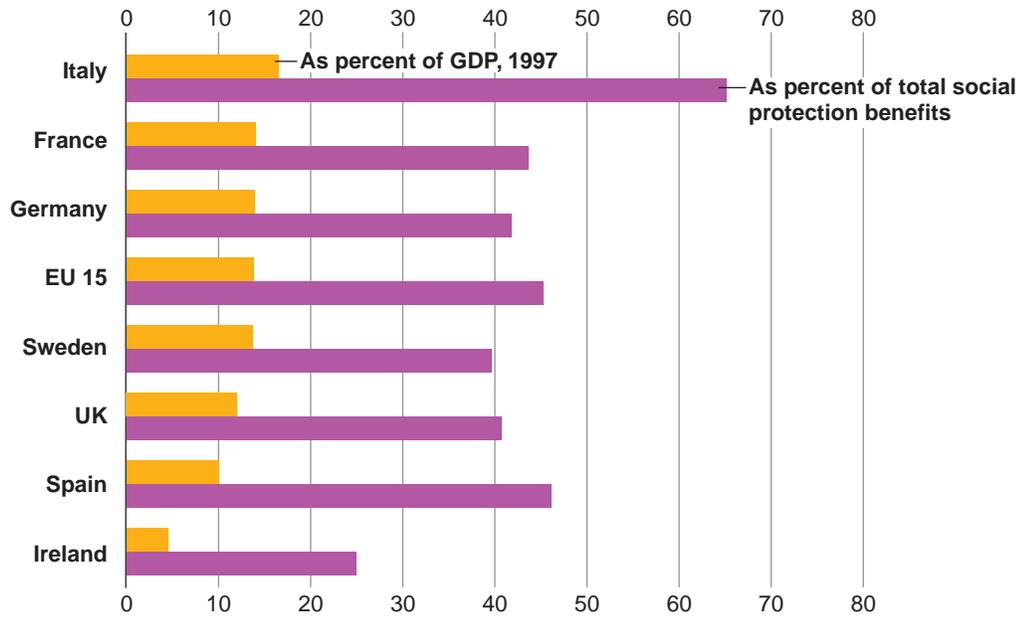
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Figure 19
Aging Trends and Pension Spending in the EU

People Over Age 64 as a Percent of Total Age 15 to 64



Pension Spending, 1997



Sources: US Bureau of the Census, and *The Economist*.

The EU will remain vulnerable geographically to mass migrations sparked by pervasive conflict and economic hardship in nearby regions. Such factors already have produced nearly a million refugees and asylum-seekers from the Balkans within EU borders and this flow likely will persist. Continuing economic pressures and political upheaval in parts of the FSU and North Africa also will produce a steady flow.

Difficult Choices Ahead. Most EU states will face politically painful dilemmas requiring them to choose among substantially more liberal immigration and integration policies or alternative economic and social policy remedies for their looming labor and fiscal shortfalls. A failure to permit substantially increased migration is likely to lead to growing labor and tax base shortfalls. It also threatens to undermine social safety nets and constrain defense spending and force modernization in the absence of other compensatory measures such as substantial pension reform and improvements in productivity.

The EU's looming demographic and labor force imbalances are beginning to generate a reappraisal of its restrictive immigration policies among the business community in particular. Segments of the media and political parties also support an expanded temporary worker and limited permanent immigrant programs. Most recently, the European Commission called for expanded immigration to ensure future growth and ensure the social contract. The beginnings of this trend are visible in the move by the German Government to loosen citizenship requirements and initiate a limited visa program for high-tech workers; the Swiss Government's success in defeating a referendum to limit immigrants to 18 percent of the population; and the British Government's loosening of requirements for some immigrant categories.

