INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ECONOMIC DEPARTMENT

PRACTICAL PROBLEMS OF IMMIGRATION

Prepared by: Murray Ross

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Summary

1. The distinctive feature of post-World War II international migration has been its officially sponsored character.

2. The resort to this policy has been motivated by the fact that the sum total of all recent spontaneous migrations has failed to meet the specific manpower and demographic requirements of immigration countries.

3. Although officially sponsored migration holds out the promise of solving the manpower and population needs of some immigration countries, it raises a series of administrative, economic, psychological and financial problems.

4. The major innovation that this type of selective organized migration introduces is the shifting to government organs the most important costs and responsibilities associated with immigration and which were previously borne by the migrants themselves.

5. Chief among these costs are the present-day high capital requirements for the profitable employment of immigrant labor in industry and agriculture.

6. In the case of agriculture, the availability of desirable public lands for settlement has greatly diminished.

7. Most government lands are so inaccessible today that some countries, notably among them Canada, have concluded that it is cheaper to establish an immigrant farm family in an already developed area even if as much as $3,000 to $4,000 must be paid for the farm, which raises the total cost of settling there a family to $7,000.

8. In the case of many countries, the provision of land grants also raises the problems of policy with regard to small-scale independent farming versus a plantation economy; the difficulty of offering more favorable conditions to immigrants than to natives, etc.

9. The capital resources in the form of machinery, buildings, power, etc. now associated with the employment of industrial labor are also higher than ever before. In France they are equivalent to more than five years' work by an unskilled laborer; in most South American countries it is less but in a few it is more.

10. The costs of housing, social services and transportation are additional burdens which makes even the relatively rich countries realize that immigration, like any other productive investment costs money.

11. In the case of transoceanic transportation not only are the costs very high - it would probably take today about $50,000,000 in U.S. currency plus considerable amounts in domestic currencies to transport 200,000 Italians to Brazil - but the actual shortage of steamship passages would act as a serious bottleneck.

12. The solution of this problem would require the immediate conversion of a few troop transports and the construction of several special immigrant ships.

13. The working and living conditions of migrants present a series of problems. It appears that where migration takes place from areas of very low per capita income to those with relatively higher ones, a satisfactory adjustment may be achieved even
in the less desirable occupations for which the migrants are generally destined.

11. Whenever the migrants' aspirations for self-improvement are completely ignored, serious maladjustments may result vitiating the objectives and purposes of the entire migration scheme. Thus migrants brought in to raise the level of agricultural production and exports of a country may disappear to urban centers with their higher living standards, thus creating an unemployment problem there. In extreme instances, a serious repatriation problem may be engendered.

15. Another implication of unfavorable economic status for immigrants is that it precludes the possibility of savings and remittances back home.

16. Since immigration countries are frequently breaking up families because of housing and transportation shortages, absence of remittances raises serious problems of dependency in emigration countries.

17. Moreover, emigration countries make an investment in raising the immigrants and if they lose them just as they reach the productive age without some recompense in the way of foreign exchange earnings, the burden may prove too great for a relatively poor economy to endure long.

18. If earnings and savings are adequate for remittances, there is frequently still the problem of convertibility and transfer that needs to be resolved.

19. The problem of blocked assets and inconvertibility by emigration countries may also cause serious difficulty. Thus, Dutch farm immigrants in Canada are precluded from purchase of land because of their blocked guilders.

20. The entire question of how much capital an emigration country may permit to be exported with the migrants without seriously injuring its own economic and financial position requires careful examination.

21. On the administrative and organizational side, the emigration country must provide adequate guidance to prospective migrants; conduct recruitment efficiently; maintain well-run assembly centers; etc.

22. Similarly, the immigration countries have real administrative and organizational tasks to perform. They must satisfactorily determine their absorptive capacity; competently select the desirable migrants; advise the prospective migrants of what is expected of them and in turn what they may expect from the new country; establish adequate reception facilities and placement procedures; and integrate the migrants into the new environment.

23. Both emigration and immigration countries must constantly bear in mind that they are dealing with human material and the more individual initiative is curbed, the more the immigrant is entitled to become "difficult."

24. Since no immigration can be successful without the active participation of the immigrant, a minimum of control and restriction upon him, commensurate with the requirements of efficient administration, is likely to prove most effective in the long run.
The distinctive feature of post-War II international migration movements has been its "organized" character. Countries desiring immigrants have not generally thrown their doors open to migratory streams in the hope of securing the quantity and quality of population they desire. Instead, they have formulated detailed immigration plans based on the specific requirements of domestic labor markets, on the proposed economic development plans or on their demographic aspirations in terms of national security. Equipped with this information they have entered into bilateral treaties with various emigration countries and the I.R.O. which have undertaken to supply them with the desirable migrants. These treaties have usually required the emigration countries to recruit the prospective migrants, to transport them to a central depot, to offer them temporary shelter and board, to administer preliminary medical and occupational tests, to furnish them with all the necessary documents, and to facilitate the export of limited amounts of personal and productive capital. The immigration countries have assumed responsibility for the selection of appropriate immigrants, for the administration of final medical, occupational and other eligibility tests, for transporting the migrants to the new countries, for their adequate reception, placement and training. They have also been generally required to provide housing facilities, jobs or land and equipment; to guarantee minimum standards of employment; and to permit the transfer of savings in the form of remittances back home. All these steps are costly and the costs must be borne by the respective governments since most immigrants are in no position to defray them.

Side by side with this new "organized" migration, a considerable number of persons continue to migrate on an individual basis as in the earlier times. These are generally "nominated" by their relatives or friends or by welfare organizations and the costs involved are borne by them or by the immigrants. Similarly, the provision of housing, the finding of jobs, etc. are all attended to by the individuals themselves with little or no cost to the governments of the two countries. Al-
though there is much to be said in favor of such arrangements, they suffer from serious limitations. At best, they affect only a small proportion of those desirous to migrate. Moreover, they fail to provide the immigration countries with the types of manpower they require for their economic reconstruction or development. After all the "nominated" migrants have arrived, France will still have need for coal miners, the United Kingdom for textile workers, Canada for woodcutters and Brazil for coffee workers. Most immigration countries are well aware of this situation and because of it have turned to selective "organized" migration as the only practical solution for their manpower and demographic needs. This approach has become so popular that it even found its way into the U.S. D.P. law which started out as a basically humanitarian measure and ended up by extending preferences to agricultural workers and to others whose supply is on the tight side in the domestic labor market. There seems to be no escape from the conclusion that at the present juncture in world history if successful large-scale migratory movements are to take place, they will have to be in the form of officially sponsored schemes.

While organized migration holds out the promise of solving the manpower and population problems of some immigration countries, it has created a host of new practical problems upon the solution of which will depend the success or failure of this entire new approach. These practical problems include administrative, economic, human and financial elements. The major innovation that selective organized migration introduces is the shifting to government organs the most important costs and responsibilities associated with immigration and which were previously borne by the migrants themselves.

The economic and financial problems that require solution are quite imposing. Paradoxically, the development of modern capitalism instead of easing the problem of financing immigration has actually rendered it more complex. The capital requirements for the profitable employment of labor have greatly increased. In the case of agriculture the clearing of land was never an easy task but the many hours of back
breaking work it formerly required were not paid for as they generally are today. The numerous difficulties the early pioneers encountered were liquidated by means of personal efforts not translated into money costs and by the wastage of human rather than of financial assets. Moreover, the availability of desirable public lands for settlement has greatly diminished. Most government lands are so inaccessible today that some countries, notably among them Canada, have concluded that it is cheaper to establish an immigrant farm family in a developed area even if as much as $3,000 to $4,000 must be paid for the farm. Since most immigrants do not possess the necessary capital, the governments of the immigration countries are faced with the problem of purchasing the lands for subsequent resale to the immigrant settlers or colonists at reasonable prices. For instance, Canadian authorities have calculated that on the average it takes $7,000 for the successful establishment of a farm family.

This substantial capital requirement raises a serious financial problem for all immigration countries. In the case of many countries, the provision of land grants also raises serious political and social issues regarding agrarian policy, i.e. small independent farming vs. plantations; the difficulty of offering more favorable treatment to immigrants than to natives, etc. The capital resources now associated with the employment of industrial labor are also higher than ever before. The successful intake of industrial manpower is predicated on the existence of adequate capital supplies in the form of machinery, equipment, etc. which can only become available by mobilizing domestic capital and inviting foreign investments. Alfred Sauvy, the eminent French demographer has estimated that the capital required per active worker in France is equivalent to more than five years' work by an unskilled laborer. In most South American countries it is less and in some it is more, but in all of them it is an item to contend with.

Even a rich immigration country like Canada, which is not suffering from serious capital scarcity in direct contrast to most Latin American countries inter-
ested in immigration, still has to face the fact that any immigration, however advantageous, costs money like any other productive investment. For instance the provision of adequate housing both in urban and rural areas, especially in the former, seems to impose an economic strain on most immigration countries and in the case of some it actually serves as a limiting factor to the intake of essential manpower. Similarly, transportation costs, especially of the transoceanic variety, where they run between $250 and $500 per head and must be paid for in U.S. dollars constitute a serious financial and monetary problem. Except for D.P.'s, whose passage costs are met by the I.R.O., the immigration countries find it necessary to finance the transportation costs of the immigrants. In the case of large-scale migrations these costs become quite substantial. For example, the acquisition of some 200,000 Italian immigrants by Brazil, would require in the neighborhood of $50,000,000 for transoceanic passages. Both emigration and immigration countries also have to allow for substantial transportation expenses in local currencies as part of the cost of migration. The present scarcity of passenger shipping space constitutes an additional problem. The construction of special immigrant ships as Italy now proposes should both relieve the present tightness and also reduce the cost to a more reasonable figure than the present charge for regular passage. The completion of these ships will probably take a minimum of two years and in the meantime much would be contributed by the immediate conversion of several troop carriers into immigrant ships.

Another economic problem of immigration has to do with the working conditions and living standards in the immigration countries. By and large officially sponsored migration seeks to have the migrants perform those tasks which the native workers either can't or won't do. This frequently entails the migrants entering low paying or otherwise unattractive occupations which go begging for labor under conditions of full employment. Thus Brazil primarily wants farm hands for coffee fazendas, Canada loggers, railroad track workers, etc., France coal miners and the
United Kingdom foundry and textile workers. Since the chief motivation to migration lies in the opportunity it offers to better one's economic status, a conflict arises between the aspirations of immigrants for their economic and social betterment and the realities with which they have to contend in the new countries. In general, it appears that where migration takes place from areas of very low per capita income to those with relatively higher ones, a satisfactory adjustment may be achieved even in the less desirable occupations for which the migrants are destined. Thus, the integration of D.P.'s into the Canadian economy has been singularly successful. On the other hand, the settlement of former Dutch farmers in Canada as farm hands has led to considerable dissatisfaction. Similarly, Argentina and Brazil have found it difficult to keep Italian immigrants and D.P.'s, respectively, in farm work for which they were brought in. The lure of urban centers with their relatively higher living standards appears to have been irresistible.

This also raises the problem of working conditions and living standards in their relation to the goals which a country seeks to achieve through immigration. For instance, if Brazil seeks immigrants in the form of farm hands to assure an adequate exportable surplus of coffee, cotton and rice, what guarantees does she possess that these immigrants will not soon disappear into the cities and create a problem of industrial unemployment there? Are the conditions of work on the fazendas likely to appeal more to the immigrants than they did to the native workers who disappeared to the cities and brought about the need for immigrants to begin with? Even Canada with its high average per capita real income expects that between one-half and two-thirds of the 40,000 D.P. workers will move on to more lucrative occupations once their indenture for a year has been served and in order to retain even the few, their economic conditions will have to be improved substantially.

Although, the matter of working conditions is largely one of concern to the immigration country, the emigration countries cannot totally ignore it. Dissatisfaction with the new country may entail wholesale repatriation and this is something that
every emigration country wishes to avoid. Some guarantee of minimum working conditions must be provided for the protection of all concerned before a successful bilateral migration agreement can be concluded.

The question of working and living conditions is also related indirectly to the problem of remittances. Emigration countries look upon migration not only as a way of reducing their surplus population but also as an aid in their international economic relations. On the one hand, emigration may reduce the need to import food and other consumption items for the surplus population. Even more important, however, the remittances on the part of the emigrants frequently play an important role in the country's balance of payments. For instance, in the case of Italy such invisibles are believed to have accounted for between 5 and 10 percent of its foreign exchange earnings. If the conditions of work and living are very low, the chances of making substantial remittances are negligible. Under these circumstances the emigration country may exhibit a justifiable reluctance to encourage emigration. Since immigration countries prefer to take able bodied men, dependents who are left at home become a welfare problem unless adequate remittances are forthcoming. Moreover, an emigration country in raising the workers has invested some social capital in them and to lose them at a point when they are ready to make a productive contribution to the economy without some recompense in the form of remittances may turn out to be too great a burden on any relatively poor economy to sustain for long.

The earnings of immigrants may be quite adequate in many instances and yet remittances may be blocked because of rigid exchange controls, inconvertibility, etc., on the part of the immigration country. This is a thorny problem which must be settled between emigration and immigration countries to avoid future misunderstandings and serious hardships. The problem of blocked assets and inconvertibility by emigration countries may also cause serious hardship. A case in point is the migration of Dutch farmers to Canada. Most of them have sufficient guilders to purchase farms in Canada but their inability to convert their assets into Canadian
dollars has caused them to assume the status of farm hands much to their displeasure. In addition to the convertibility of savings and assets, the entire question of the transfer of the migrants' capital needs to be settled. Dutch farmers may be permitted to take cattle and even milk cans with them to Brazil without any serious adverse effect on the economy of Holland. However, won't the current shifting of some 26 factories and even shipyards from Italy to Argentina further intensify the Italian unemployment problem and more than offset the good which the departure of a few thousand surplus persons might otherwise bring about?

On the administrative side, a pattern of thoroughgoing cooperation must be developed between the governments of both immigration and emigration countries. Internally, each country must organize and administer efficiently its share of the scheme. The emigration country must evolve a clear-cut emigration policy based on an informed analysis of the domestic labor market and its demographic position. It must disseminate among its peoples reliable information regarding immigration prospects; provide adequate guidance to prospective migrants; establish facilities for their preliminary screening; and otherwise lay the basis for sound migration projects. The efficient administration of a recruitment program and maintenance of well organized assembly centers are additional tasks which emigration countries must perform. Since so much of present-day recruitment for migration is based on occupational qualifications, standardization of occupations is essential to avoid future disappointments. The emigration country must also administer preliminary medical and occupational tests; issue all the necessary documents without delay; and facilitate the export of personal belongings as well as limited amounts of working capital which may be vital to the immigrant in the new country but will not materially impair the emigration country's capital and financial position. It also devolves upon the emigration countries to recruit only those persons who are psychologically fit to cut their roots in the mother country and undertake the task of successful installation in the new country. This is a difficult task under the best
of circumstances and it is all the more vital today when immigration countries find it necessary to separate families, etc., because of housing and transportation shortages. Adequate attention to this human element is essential in order to minimize failures and avoid a serious repatriation problem.

In the administrative and organizational fields, the immigration country also has an important task to perform. Its decision to take immigrants must be based on a careful evaluation of the country's absorptive capacity. Such a survey should pay attention to the domestic labor market situation, to the broad demographic needs, to the political, economic and social impacts of immigration, etc. The services of a national employment service could be utilized to great advantage both in determining the magnitude and character of manpower requirements as well as in subsequently placing the immigrants. The immigration countries must also organize competent selection teams which could expeditiously determine the fitness of prospective migrants by administering medical, occupational, psychological and other tests; provide them with the necessary entry visas; and explain and interpret to the prospective migrants the general conditions under which they will be expected to work and live in the new country. Likewise, immigration countries must establish adequate reception centers where immigrants would be received and cared for prior to settlement. The reception center should maintain close liaison with placement authorities so that the immigrants may be placed in appropriate employment with a minimum of waste. Lastly, the immigration country should make adequate provision for the integration of the immigrants into new environment, acquaint them with the privileges and obligations of citizenship and facilitate their naturalization.

In performing all these administrative functions, both the emigration and immigration countries must never forget that they are dealing with human material and the more individual initiative is curbed, the more the immigrant is entitled to become "difficult", and the more he actually becomes so. Since no immigration can be successful without the active participation of the immigrant, a minimum of control
and restriction upon him, commensurate with the requirements of efficient administration, is likely to prove most effective in the long run.