

Etymology of “Virtual Immigration”

Posted By [Rob Sanchez](#) On 25 January 2010 @ 9:55 In [General](#) | [Comments Disabled](#)

The Dallas Federal Reserve and the [Wall Street Journal](#) created quite an internet buzz when they used the term “**virtual immigration**” to describe the offshoring of jobs. The following excerpts were copied from the published article on the Dallas Federal Reserve Bank website. The first two quotes merely define what “**virtual immigration**” and seem innocent enough, but the next two are very elitist in tone as immigration and offshore outsourcing are reduced to commoditized financial transactions.

[Labor Market Globalization in the Recession and Beyond](#)

by W. Michael Cox, Richard Alm and Justyna Dymerska
December 2009

- **Today’s computer and telecommunications technologies have provided a way to circumvent barriers to labor market globalization’s traditional mode — the physical immigration that brings the workers to the work. This virtual immigration moves the work rather than the workers, and it typically involves the long-distance delivery of services.**
- **Both physical and virtual immigration have contributed to globalization of the labor force over the past quarter century. This integration has largely taken place in good times, where unemployment has been low and the number of jobs has been increasing, particularly in the U.S. Recessions have been brief and shallow.**
- **Virtual immigration is an intuitively satisfying concept for the Information Age, but no country’s labor market reports measure it explicitly. So how can we track it? Much of virtual immigrants’ work involves importing or exporting specialized knowledge and information — just the kind of intangibles that distinguish services from goods in international trade.**
- **For U.S. companies and entrepreneurs, virtual immigration creates opportunities. Offshoring cuts production costs and enhances global competitiveness, and U.S. services firms grow and profit by expanding overseas. For workers, virtual immigration brings competition. U.S. computer programmers vie with lower-wage rivals in India, while U.S. lawyers, architects and consultants take on foreign countries’ homegrown firms.**

I was curious enough about the term “**virtual immigration**” that I decided to research its etymology in order to gain insight on what it meant, how it has been used in the past, and to hopefully discover who invented the term. As it turns out, the term has been in use for quite awhile, mainly among economists. The following essay is a summary of what I found, followed by a conclusion.

Economist [Diane Coyle](#) published a paper in the UK in 1996 and in the U.S. in 1997 titled, “[The Weightless World, Strategies for Managing the Digital Economy](#)”. The book had an entire chapter devoted to the subject:

Virtual immigration

Barriers to migrants are rising, not falling, these days. But technology will make borders futile. The combination of computer technology and cheap telecommunications means the industrial world has “virtual” immigration. Any direct investment by a Western company in the third world is a partial substitute for importing cheap labour, but the benefits are offset to some extent by the cost of transporting the goods . whether Nike shoes or Motorola printed circuit boards . back to the country in which they will be sold. When British Airways bases its ticket sales operation in India, when American computer companies like IBM employ programmers there, the transportation problem is negligible. The economic effects will be just the same as if the companies brought thousands of Indian workers to the UK or US.

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Virtual immigration is therefore cutting the wages of some groups of workers in the industrial countries — not just the nannies and domestics, but employees in manufacturing and traded services.

Coyle came up with the novel idea of equating the immigration of foreign workers with offshoring. In her view they are all manifestations of the same thing. Coyle didn't seem to think that the wage stagnation that follows the offshoring of U.S. jobs and industries was necessarily a negative thing. She said there may be benefits, like for instance the workers in youthful countries could help fund the pensions of older workers in the U.S. In retrospect I'm sure she would agree that idea didn't work out too well!

Coyle heavily references Paul Krugman in her book and her ideas on world trade and immigration seems to be from the Krugman school of globalism. Economists with this mindset seem to be concerned more with the aggregate effect of offshoring instead of the local effects on individual workers. It's a cold way of looking at the world but not uncommon in academic circles.

Coyle used the term **"virtual immigration"** in several different books and essays. On December 27, 2000 she published the book ["Governing the world economy"](#). On page 42 she wrote she connected virtual immigration with the use of cheap labor.

These shifts in production are controversial. Jobs in manufacturing are axed in the home country while the company is suspected of exploitation in the locations to which it has shifted to reduce costs. It is sort of virtual immigration — the work goes to the source of cheap labour, enabled by information technology and communications, if the cheap labour cannot come to the work.

Bill Gates and many other global corporatists have used the idea that immigration and offshoring are equivalent. In his [testimony in March 2008](#) to the U.S. House Committee on Science and Technology he made the threat that if he can't get enough H-1B visas he will send the work to other countries. What Gates did wasn't without precedent because international trade agreements equate the movement of people with goods and services (read more about [Mode 4 of GATS](#) agreement).

Subsequent to Coyle's writings the term **"virtual immigration"** gained traction in papers that discussed offshoring. The following are a few examples in a rough chronological order.

Economist Arnold Kling published an essay on March 9, 2001, ["Great Opportunities, No Bull"](#) that offers a rationale for offshoring that would definitely appeal to high rollers on Wall Street or Silicon Valley that want to reduce labor costs so that they can buy expensive apartments.

The cost of labor is very high in places like San Francisco and New York. However, for executives, it may be necessary to locate in an expensive area in order to stay in contact with critical business partners.

The Internet makes it possible for a firm with a high-cost headquarters location to reduce the cost of its routine labor. You can have clerical work, software development, or customer service done remotely, with no loss in turnaround time.

Some of the most striking reductions in cost come from moving work overseas, to countries like Ireland and India. Because immigration is restricted, both by cultural and legal factors, wages are much lower overseas for workers with comparable skills. The Internet makes possible *"virtual immigration,"* in which workers effectively join American firms without leaving their home country.

Many opportunities exist to facilitate and profit from virtual immigration. You need to have contacts with companies in the United States that have outsourcing opportunities as well as contacts with people overseas who can organize pools of workers.

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In, "[The rise of the global economy](#)", p. 294, by Michael Veseth, 2002, describes virtual immigration as a way to cut labor costs without the hassle of dealing with immigration. This excerpt from Kling's book is so callous it's almost funny:

Some companies bring the workers to the work, searching for computer specialists willing to come to the United States. But virtual immigration, where the workers stay put, has become far more common, and remains much cheaper. The software unit of a single company, Tata Sons Ltd. of India, has 5,000 developers, a *maquiladora of the mind* [emphasis added] that can immediately deploy 100 techies on an American corporation's mission.

A variation of the term "**virtual immigration**" is used by many universities and research organizations. It's a geeky phrase that they use to describe online resources used as libraries for forms and documents that are be used to obtain visas for the large numbers of foreign students and workers that come to these institutions. The usage of the term "virtual immigration" in this context would be considered a secondary definition. As an example, [UT Texas](#) says this on their website:

The Virtual Immigration Library contains all of the general handouts, flyers and forms from the International Students and Scholars section of the International Office.

The National Institutes of Health uses the term in a similar fashion to UT Texas.

[NIH FOREIGN SCIENTIST PROGRAM](#)

STUDY REPORT, April 4, 2001

The virtual immigration library that contains information sheets on each type of visa and their associated functions, such as work authorizations, etc., and policy and procedures manuals and documents.

In 2005 economist Paul Craig Roberts warned about virtual immigration. Roberts is a renegade because he is one of the few economists who considers replacing Americans with cheap labor overseas as a bad idea.

[The Problem of Virtual Immigration](#), By Paul Craig Roberts, November 28, 2005

Americans don't see virtual immigrants as they are working offshore in their home countries and communicating with their US employers via the Internet. Americans do not experience virtual immigration until their jobs are outsourced.

Moreover, virtual immigrants have massive sources of American support: corporations that maximize profits by arbitraging labor and the politicians that they control, libertarians and "free traders" who see freedom and the invisible hand of the market working through virtual immigration, and "one world" globalists.

In 2006 Aneesh Aneesh (that's his full name, not a typo on my part) published a book called "[Virtual Migration](#)". The picture on his [book cover](#) is worth a thousand words — it looks like a high-tech sweatshop with cuddly little cubicles that are manned with virtual migrants. If you like reading about all things virtual, this book is the one for you! Here is a sample excerpt:

The physical ways of performing work are not going to vanish; just as the theater did not disappear after the cinema turned acting bodies into moving picture, the embodied migration of labor will perhaps never be replaced by virtual labor flows, as some services can be performed only with the body. Virtual and physical migrations are drastically different species in their mode of global

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intergration, even if they tend to produce similar economic effects in terms of jobs and wages. They are as different as cyberspace is from physical space, despite court cases and metaphors to the contrary.

The rules of the road for virtual migration differ from those for physical migration such as body shopping. etc. etc.

CONCLUSION

I contacted Diane Coyle to inquire if she is the one who invented the term "virtual immigration". She replied back to me that she cannot be sure she was the first, but at the time she wrote the 1996 book she wasn't aware of the term being used in that context. So, until evidence proves otherwise, I declare Diane Coyle to be the person who coined the term "virtual immigration". I'll leave it to the readers of this overly long essay to decide whether Coyle's conception makes her deserving of fame or infamy.

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