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**Conference Paper**

## Designing immigration policy

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## Growth: Benefiting from Globalization

# Designing Immigration Policy

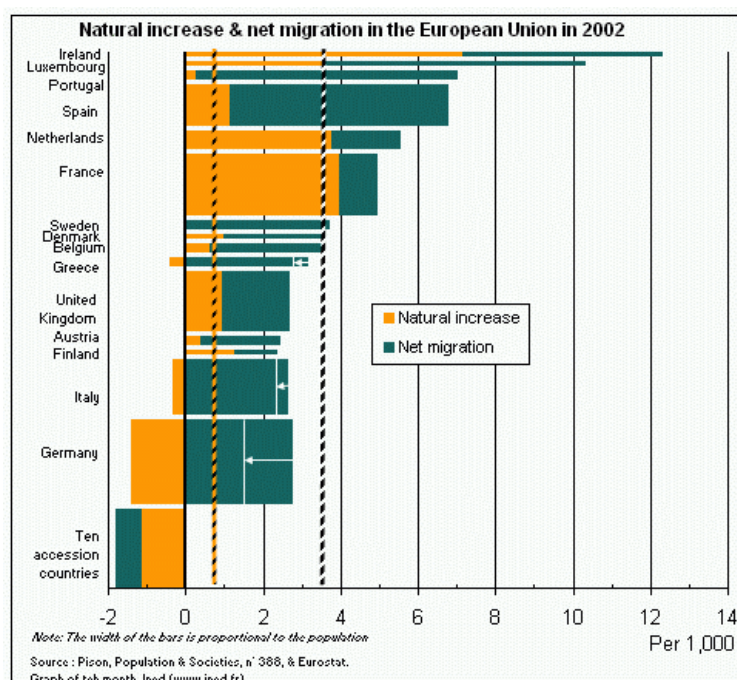
### Summary

While the world is becoming more integrated through cheaper transport and communication, large income differences persist between rich and poor countries. As a result, the pressures to migrate from poor to rich countries are rising. Migration among rich countries and among poor countries is also on the rise.

There are potential conflicts of interest between the migrants and the destination population, as well as between migrants and the source population.

The session focuses on the European Union as an instructive case. What reasonable policy guidelines should governments follow? What business strategies are useful in helping migration lead to prosperity and equality of opportunity?

This session will identify options for policy makers in the EU as they strive to make Europe more attractive and open to high-skilled, internationally mobile individuals. The focus will be on recent proposals to issue a large number of "Blue Cards" that would give suitably qualified card holders access to the single European labour market. The session will discuss the choice of admission criteria as well as possible conflicts of interest with migrants' home countries that might suffer a brain drain.





## **Proposed Solutions**

### **Expert Opinion**

#### ***Who Benefits from International Labor Migration?***

Above all, the benefits are distributed unevenly. If migration is successful, migrants themselves benefit substantially from higher wages, and recipients of remittances enjoy higher disposable incomes. Other home country households may benefit indirectly, for example through higher government spending financed from higher tax revenue on growing imports. On the downside, skilled emigration may lead to a brain drain that impedes economic development.

The benefits of immigration to host country natives less clear. GDP will increase, but the additional income will be earned mostly by the migrants themselves. Net benefits are likely if immigrants possess scarce skills that are complementary to natives' skills, or perform work that natives are not willing to do. At the same time, if immigrants compete with particular groups of natives in the labor market, the relative incomes of these groups may suffer.

#### ***Whose Interests (Should) Determine the Design of Immigration Policies?***

Since immigration policies are decided by elected politicians, viable reforms need to win majority political support among host country native voters. How does this limit policymakers' options? Are positive net gains to natives, combined with the absence of significant income losses for any organized social group, a necessary political condition for reform?

Although these requirements appear plausible, they may be too stringent. There are examples of policies without short-term benefits to native voters that are nevertheless tolerated by electorates. Much current immigration is based on legal (often constitutional) rights of family unification and attracts low-skilled individuals who will face foreseeable difficulties integrating into the host country labor market and society at large. Similarly, development assistance to poor countries may not be universally popular among donor country voters, but it takes place nevertheless.

In order to bring the benefits to migrants and home countries into the host country policy maker's calculus, could forward-looking policy-makers argue for greater coherence between immigration policy and foreign policy, including development assistance? Arguably, remittances by migrant workers are more effective, globally, in improving livelihoods than most development aid.

#### ***Possible Guideposts for Politically Feasible Immigration Reform***

- Reforms should focus on liberalizing access for those immigrants who do not compete directly with vulnerable groups in the host country. Since unemployment in the EU falls heavily on the low-skilled, there should be minimum skill requirements for immigrants.
- There is an intense global competition for talent among high-income countries. Therefore the EU labor market should be wide open to internationally mobile, high-skilled individuals whose skills are complementary to the less internationally mobile resident population.
- Immigration policy should be determined at the EU rather than the national level, because in the single European labor market admission into one country will have repercussions for the rest. A future "Blue Card" should permit full labor mobility across EU countries.

- Host countries should seek to avoid fiscal losses from immigration, for example by promoting the social integration of immigrants and requiring a minimum knowledge of the national language as a precondition for admission.
- If low-skilled immigrants are admitted independently of family ties, their admission should be tied to employment opportunities for which there is little supply from EU residents.
- In practice, there is little risk of a brain drain that seriously impedes home country economic development. Those skilled people that do leave poor countries would often not have been employed productively in the first place.

## Strategy Perspectives

### *Strategy Perspectives*

Aart de Geus

*Deputy Secretary-General, OECD*

### *Key Findings*

- Needs are not only for highly skilled but also for lesser skilled migrants (most of the movements as a result of EU enlargement have been for lesser skilled jobs; a Canadian survey of SMEs revealed that most labour needs for these enterprises were not for university graduates for lower skill levels – trades and technical but also labourers; labour migration into southern Europe has been largely into lesser skilled jobs)
- Some high-educated migrants arriving without jobs, as in the supply-driven skilled migration systems of Australia and Canada, have difficulty finding jobs in occupations corresponding to their education level. This is also the case for highly educated family and humanitarian migrants. Some of this is due to language difficulties, some to a discounting of foreign qualifications and work experience. Data from one Canadian province (Quebec) show that only one third of skilled migrants with education in regulated professions got full recognition, half got partial recognition and the rest were considered to have non-transferable/non-equivalent qualifications.
- Low educated migration of past in some European countries was very low educated – in some countries (France, Germany, Netherlands) over 40 % of PISA participants who had immigrant parents had mothers who had at best a primary education (i.e. at most five years of schooling). Low education is a handicap not only for the immigrants themselves, but also for their children.
- Many irregular immigrants are arriving legally as tourists or family visitors and over-staying, because they are able to find work. Two-thirds to three quarters of irregular migrants in Italy have been overstayers. Similar proportions have held for Spain, with many arriving from South America.

### *Importance of Labour Migration in the Context of Economic Growth*

- Despite highest levels ever of tertiary graduation in many countries (more than 40% – Australia, Canada, Netherlands, Nordics, UK –, see Education at a Glance), shortages are appearing in certain occupations in some countries (sciences, medicine, engineering, ICT). Mismatch between output of educational institutions and labour market needs.



- With higher attainment levels among young people, reluctance to take on lesser skilled or 3-D jobs (construction, hospitality, food processing, cleaning, child and elderly care). Immigrants can provide much needed services, as they have in southern Europe in household sector, in UK in food processing, in Ireland and Spain in construction, in France in hospitality).
- As more baby-boomers retire, there will be a volume problem, that is, more exits than entries into the labour force, while population (at least initially) maintains itself. Immigrants needed to help maintain production levels and avoid decline in living standards.

### **Recommendations**

- Admitting lesser skilled labour migrants does not necessarily mean accepting the poorly educated (primary, illiterate) which have been the source of many integration problems in the past, sometimes for themselves and sometimes for their children. A minimum education level should be required, certainly at least compulsory (10 years).
- Irregular migration cannot be addressed only through border control measures. A recognition of labour market needs that cannot be satisfied domestically, the availability of sufficient work permits to satisfy these, their expeditious delivery, adequate recruitment mechanisms, appropriate means for of verifying permit validity and workplace enforcement measures to ensure employer but-in – all of these are required to re-direct irregular migration into legal channels. Spain has come the closest to implementing this panoply of measures.
- Foreign student numbers could be increased, providing both a source of pre-integrated high-skilled migrants for the destination country and higher returns to origin countries of persons educated in OECD countries than is currently the case. Australia is now getting more than 40 percent of its skilled migrants (principal applicants) from international students.

### **Report of the Independent Task Force on Immigration and America's Future**

Demetrios Papademetriou (Doris Meissner, Deborah W. Meyers, Micheal Fix)

*President, Migration Policy Institute*

#### **Executive Summary**

Immigration is the oldest and newest story of the American experience. The same dreams of freedom and opportunity that galvanized people to cross the ocean hundreds of years ago draw people to America today. Immigration has enabled America's growth and prosperity, and helped shape our dynamic American society. Yet just as it has been a vital ingredient in America's success, immigration generates changes that can be unsettling and divisive. Immigration is essential to advancing vital American interests in the 21st century. To maximize the benefits and mitigate the strains caused by immigration, the United States needs a new immigration policy and system for a new era. Three times in our history, the United States has experienced "peak periods" of large-scale immigration that coincided with transformative economic change. Today, we are living through a fourth peak period, as globalization prompts the United States to complete the transformation from a manufacturing to a knowledge-based economy. With over 14 million newcomers, legal and illegal, the 1990s ranks numerically as the highest immigration decade in American history; the current decade will almost certainly surpass it. As with previous peak periods, immigration is helping the United States respond to shifting economic realities, while also enriching American society. At the same time, communities across the country are experiencing rapid change and new



challenges in integrating diverse new populations. In particular, the United States is faced with an unprecedented level of illegal immigration. Demands for greater border control, an immigration system that can meet neither workforce requirements nor the need for families to unify, and government agencies at all levels that are struggling to manage immigration mandates are all signs that our policy is broken and outdated. The American people are deeply divided about whether immigration helps or hurts the country. They recognize the imperative for change, but often give contradictory answers when asked to choose among various policy options. Legislative action has mirrored this division. The House of Representatives passed a bill in December 2005 that focused on tough new enforcement measures at the border and in the interior of the country. The Senate passed a bill in May 2006 that complements stringent enforcement measures with substantially expanded opportunities for legal immigration and earned legal status with a “path to citizenship” for unauthorized immigrants. The Independent Task Force on Immigration and America’s Future welcomes the national dialogue on immigration. We applaud Congress for taking action, but believe that both the House and Senate bills are insufficient. The House bill will not fix the problem because it fails to address the economic forces driving immigration. The Senate bill is preferable because it is more comprehensive and bipartisan, but the bill is overly complex to implement and fails to correct systemic problems in immigration law and policy. The Task Force report is based upon a careful analysis of the economic, social, and demographic factors driving today’s large-scale immigration. In crafting recommendations, we sought to design a new and simplified system that averts illegal immigration, while also harnessing the benefits of immigration for the future.

### ***The Benefits of Immigration***

Immigration offers the United States unique benefits that will allow us to be a more productive, competitive, and successful nation in the 21st century.

### ***Productivity***

Immigration augments and complements the workforce exceptionally well because the US economy is creating more jobs than can be filled by native-born workers. In the 1990s, half of the growth in the US labor force came from new immigrants. That share is projected to grow. This demand for foreign labor is evident across the skills spectrum. At a time when Japan and most European countries are less competitive and face mounting social welfare costs because of declining working-age populations, infusions of young, taxpaying immigrants are helping the United States overcome worker, skills, and entitlement program shortfalls. Without immigration, we cannot sustain the growth and prosperity to which we have become accustomed.

### ***Competitiveness***

Immigrants are helping the United States maintain a competitive edge. In the critical fields of science and engineering, immigrants play a pivotal role. To take just one example, in 2004, 50 percent of students enrolled in engineering graduate programs in the US higher education system were foreign-born. At a time when China and India are increasingly competitive, the United States must continue to attract the world’s best and brightest – or risk losing an important resource to other nations. Immigration also propels entrepreneurship. Immigrants are more likely to be self-employed than native-born Americans. The number of Hispanic-owned businesses has grown at three times the national average. And one quarter of Silicon Valley start-ups were established at least in part by immigrants, including Intel, Sun Microsystems, and Google. These and countless immigrant-owned businesses across the country are creating jobs, revitalizing neighborhoods, and helping the US economy adapt to changing global market conditions.



## ***Dynamism***

Immigration remains a driving force behind the dynamism of American society. The impact of immigration on daily life is evident in the food we eat, the entertainment we watch, the houses of worship we attend, and the sports we play.

Prominent immigrants have won Nobel Prizes, built soaring skyscrapers, written or performed masterpieces, and served at the highest levels of government. Classic indicators such as employment, education, military service, intermarriage, and home ownership show that today's immigrants are successfully integrating into American society.

In an age of globalization, America's openness to immigrants is also an important foreign policy asset. Those who live, study, or emigrate to the United States learn first-hand about our values of freedom, opportunity, individual rights, and the rule of law. And in a global economy that increasingly demands global interaction, exposure to a diversity of people and experiences is a unique resource for Americans.

## ***The Challenges of Immigration***

Despite these substantial benefits, America's immigration system has been overwhelmed by myriad challenges. Many of these challenges are tied to illegal immigration and the resulting population of unauthorized immigrants in the United States.

### ***Illegal Immigration***

The most dramatic manifestation of the breakdown of America's immigration system is that a large and growing share of today's immigration is illegal. According to recent estimates, 11.5 to 12 million unauthorized immigrants are in the United States – nearly one-third of the country's foreign-born population. For a nation of immigrants that is also a nation of laws, this level of illegal immigration is unacceptable. Illegal immigration generates insecurity about America's borders, carries economic and fiscal costs, and risks the creation of an isolated underclass. The prevalence of illegal immigration also generates disturbing social and cultural tensions, and causes a decline in Americans' support for immigration more generally.

### ***Temporary Immigration***

Along with illegal immigration, non-immigrant (temporary) immigration programs constitute the primary ways immigration has adapted to new conditions and labor market demands. Temporary immigration programs have increasingly been used as a step to permanent immigration and are filling standing, ongoing labor market needs. The result is that illegal immigration is meeting the nation's low-skill demands, and temporary visa programs are meeting the demands for mostly high-skilled immigration.

### ***An Over-burdened System***

Illegal immigration occurs within the bounds of a broader immigration system that is over-burdened and no longer serves the nation's needs. The primary engines of immigration – family unification and employment – generate far more demand than the immigration system can meet. Individuals who apply to immigrate legally – on a temporary or permanent basis – face overly complex procedures, unreasonable delays, and inflexible statutory ceilings that dictate levels of immigration to the United States.

### ***Native-born Workforce***

Immigration – particularly illegal immigration – also presents challenges to the native-born workforce. While the net economic impact of immigration is beneficial to the US economy,



today's immigration also has some troubling consequences. Illegal immigration can have negative impacts on wages at the bottom end of the pay scale. And immigrant labor, particularly of unauthorized immigrants, can lead to declining labor standards that undercut the position of native-born workers.

### ***Integration***

The sheer number of today's immigrants – and the fact that many are unauthorized – presents substantial integration challenges. Many of the costs and responsibilities associated with integration are borne by states and localities. Large numbers of immigrants are now settling in states such as Georgia, North Carolina, and Nebraska that do not have recent traditions of immigrant integration. Unauthorized immigrants by definition cannot be integrated into American society, complicating integration further. And at the local level, communities are often faced with demands for services from unauthorized immigrants, particularly for education and health care, which are costly and engender resentment.

### ***Security***

Despite more than a decade of unprecedented growth in resources for border security, the number of unauthorized immigrants residing in the United States has led to a sense that the government lacks the ability and will to secure its borders. Many border communities feel besieged, and citizens across the country are calling increasingly for strengthened border enforcement. Within the country, rules against employers hiring unauthorized immigrants are easily broken, manipulated, or simply under-enforced. While the overwhelming majority of migrants entering the United States do not represent a threat to national security, the borders must be the front line for security. In a post-9/11 environment, Americans are particularly concerned about terrorists crossing a permeable border or fraudulently gaining admittance to the country at legal ports of entry. In addition, increases in smuggling, dangerous border crossing patterns that have led to tragic migrant deaths, and vigilantism all pose risks to migrants and border communities alike.

### ***An Immigration Policy for the 21st Century***

The Independent Task Force on Immigration and America's Future believes America has entered a new era of immigration, and thus needs a new framework for immigration policy. Our recommendations integrate economic, security, and social concerns. We make proposals that are comprehensive, and governed by rules that are simplified, fair, practical, and enforceable. Above all, we have sought to build for the future upon a firm foundation of America's values and traditions of successful immigration.

### ***Attracting the Immigrants the United States Wants and needs***

The Task Force recommends the simplification and fundamental redesign of the nation's immigration system to accomplish timely family unification and to attract the immigrant workers required for the United States to compete in a new economy.

### ***A Re-designed System***

Immigration should take place through three new streams: temporary, provisional, and permanent. Temporary visas would be issued for short-term stays and work assignments, such as seasonal employment. Provisional visas would allow employers to recruit foreign-born workers for permanent jobs and possible future immigration after a testing period of several years. A combination of such temporary and provisional visas, based on the nature of the job, is preferable to a bracero-like guest-worker program, which ties workers to





individual employers and provides no opportunity for permanent residence. Finally, permanent immigration would be available both to those who apply directly, and those who “graduate” from provisional status. The proposed system would initially set annual immigration levels at about 1.5 million, approximately 300,000 less than the actual annual number of immigrants – legal and illegal – being absorbed into the labor market and the country today. The system would simplify many visa categories and procedures, so that US immigration is better able to meet family unification and labor market goals. Special visa categories would be created, such as “strategic growth visas” for individuals in strategically important disciplines.

### ***Standing Commission***

An independent, federal agency called the Standing Commission on Immigration and Labor Markets should be created. The Standing Commission would make recommendations to Congress every two years for adjusting immigration levels.

Its recommendations would be based on analyses of labor market needs, unemployment patterns, and changing economic and demographic trends. In adjusting immigration levels to be flexible to changing market conditions and ongoing review, the Standing Commission would provide an important tool for policymaking, much as the Federal Reserve does for monetary policy.

### ***Executive Branch***

To bolster the government’s capacity to implement immigration policy, the president should:

- name a White House coordinator for immigration policy;
- issue an executive order establishing an interagency cabinet committee for immigration policy; and
- strengthen the capacity of executive branch agencies to implement major new immigration mandates.

### ***Enforcing the Rules***

People cross the border illegally or overstay their visas because of the availability of jobs in the United States and the absence of legal immigration opportunities. Any strategy to reduce illegal immigration must therefore increase the numbers of workers admitted legally, and then effectively and credibly punish employers who continue to hire unauthorized workers. The new bargain must be that with increased employment-based immigration, employers be given the tools to reliably hire only authorized workers, and be held to high standards of compliance with immigration and other labor standards laws.

### ***Employer Enforcement***

Mandatory employer verification and workplace enforcement should be at the center of more effective immigration enforcement reforms. Without them, other reforms – including border enforcement – cannot succeed. Electronic verification is a major undertaking that relies on upgrading several massive federal databases. Government agencies must be given sufficient, sustained resources and support to upgrade databases and establish privacy and anti-discrimination safeguards. To assist in the process, the Department of Homeland Security should create a Workplace Enforcement Advisory Board to help build support for new employer enforcement policies, and monitor the progress of new measures.



### **Secure Documents**

A secure Social Security card is necessary to combat fraud, enable individuals to establish their eligibility to work, and allow employers to easily verify the documents presented by legally authorized workers – US citizens and non-citizens alike. A secure, biometric Social Security card should be developed to replace existing non-secure cards. Along with “green” cards and immigration work authorization cards – which are already secure, biometric documents – the three cards should eventually be the only documents used to verify work eligibility.

### **Border Enforcement**

Border enforcement must accomplish a number of intertwined goals: restricting the illegal entry of people and goods; regulating the flows of people and goods that the United States wishes to admit; protecting against terrorism and other national security threats; and protecting against criminality, violence, and other threats to the quality of life.

- Smart borders. To accomplish these goals, implementation of “smart border” measures that combine personnel, equipment, and technology should be accelerated. The administration should submit an annual report to Congress and the American people that establishes measures of effectiveness for border enforcement and reports progress in meeting them. Three particular areas that need to be closely monitored are Border Patrol staffing and support, the effectiveness of technology, and civil rights protections of migrants and border community residents. Border enforcement efforts have received substantial resources in recent years with uncertain results. In implementing border enforcement policies, Congress and the public need better information to assess the effectiveness of those investments.
- Ports of entry. Immigration enforcement in other areas of border security should continue to be strengthened, especially legal ports of entry and overseas visa issuance. As southwest border enforcement increases, incentives for individuals to use legal ports of entry to gain admittance to the United States will continue to grow. Legal immigration admissions procedures must not become “weak links” in border protection. Sustained attention to document security and vigilance in the issuance of overseas visas will continue to be of key importance. Meanwhile, security must be balanced with efficiency, as facilitating legitimate trade and travel are essential to economic prosperity and US engagement around the world.
- Counter-terrorism. Terrorist travel and transportation tactics should be aggressively targeted with the same depth and urgency as terrorist communications and finance. International terrorists depend upon mobility. Every time a terrorist crosses an international border, he must make contact with an enforcement official. This represents a significant vulnerability for terrorists, and a vital opportunity for counter-terrorism officials. The tracking and disruption of terrorist travel demands higher priority and resources. Border officials must have ready access to information, such as real-time intelligence and law enforcement watch-lists, to enable them to promptly identify terrorism suspects.

### **Labor Market Protections**

A re-designed immigration system must not diminish employment opportunities or wages of native-born US workers. Furthermore, increased levels of immigration must not be accompanied by declining labor standards – for US workers or for foreign-born workers.

- Labor certification. The existing case-by-case labor certification system should be replaced with a system that provides for pre-certified employers, designates shortage occupations for blanket certifications, and uses a streamlined individual certification



process for non-shortage occupations. Pre-certifications would require employers to file sworn attestations that no qualified US workers are available to do the job, that no striking workers are being replaced, and that prevailing wages will be paid.

- Worker flexibility. Temporary and provisional workers should have the right to change employers after an initial period without jeopardizing their immigration status, and to exercise labor rights comparable to those of similarly employed US workers.

### ***Immigrant Integration***

US immigration policies are specified in great detail in US laws, but integration policies are skeletal, ad hoc, and under-funded. Immigrant integration is an essential dimension of successful immigration, especially in a period of large scale immigration. Currently, there is no focal point for leadership in the federal government to promote immigrant integration. Individual, family, and state and local efforts accomplish a great deal, but they could be better leveraged to achieve important national goals.

### ***Office of Immigrant Integration***

A National Office on Immigrant Integration should be created to provide leadership, visibility, and a focal point at the federal level for integration policy. The office would establish goals for immigrant integration, and measure the degree to which these goals are met. The office would assess and coordinate federal policies and agencies related to integration, and serve as an intermediary with state and local governments. As a principal priority, the office should examine the supply of and demand for English-language instruction among limited Englishproficient groups, and provide leadership and expertise for public and private sector initiatives and resources to meet that demand.

### ***The Unauthorized Population***

An earned path to permanent legal status is the most urgent immigrant integration need at this time and should be provided for unauthorized immigrants currently in the United States. The requirements for earning legal status should be the same for all eligible applicants. A legalization process should be simple, with an eligibility date that is as recent as possible. The process should include registration for work eligibility in the United States, accompanied by a background security check, English-language requirements, and payment of a substantial fine for illegally entering the United States. Earned legal status should occur within the context of broad, comprehensive immigration reform.

### ***The Region***

Illegal migration is a regional issue. Nearly 80 percent of the unauthorized population in the United States is from Latin America, primarily from Mexico and Central America. The flow of remittance earnings from migrants in the United States to families and communities in their home countries has reached record amounts. The United States must engage Mexico and Canada in longer term initiatives that result in viable economies and higher standards of living throughout the region.

### ***Conclusion***

America's ability to effectively manage and take advantage of our current period of large-scale immigration constitutes a new chapter in the nation's immigration experiences that will play a large part in shaping our nation in the 21st century.

Will we be able to compete effectively? Will we be secure? Will we maintain our tradition of openness? The Task Force strongly believes that the United States can answer each of



these questions in the affirmative, but only if we adopt a simplified, comprehensive, and new approach to immigration that addresses the American people's sense of crisis about illegal immigration, as well as the opportunities that immigration provides for the United States in a new era.