

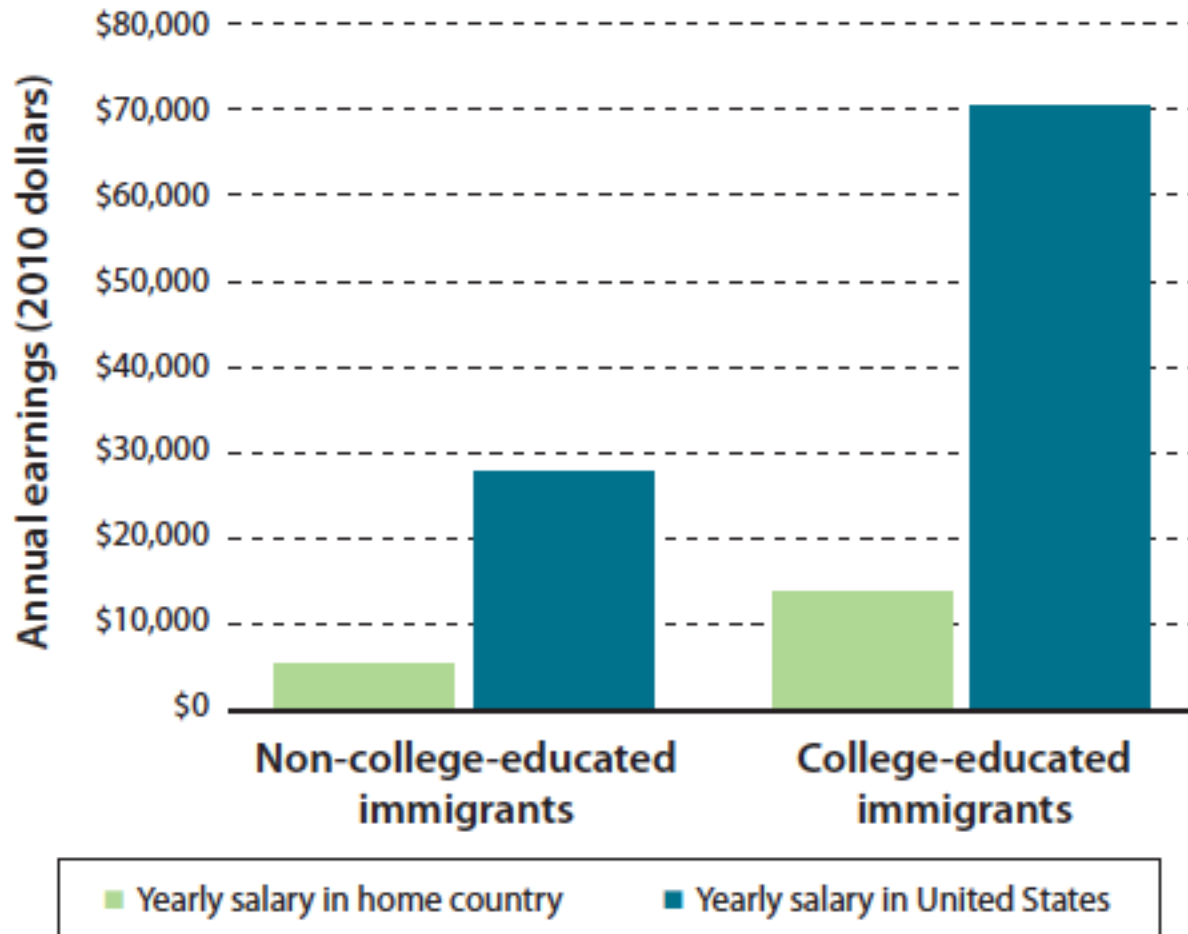
Rationalizing U.S. Immigration Policy: Reforms for Simplicity, Fairness, and Economic Growth

A Hamilton Project Discussion Paper

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Economic Surplus per Worker from Immigration to the United States



Note: Average increase in earnings for a non-European immigrant.

Benefits and *Failures*

- Highly-educated immigrants contribute to innovation, entrepreneurship, and productivity.
 - *Arbitrary quotas on temporary visas*
 - *Inefficient allocation*
 - *No clear path to permanent visas*
- Less-educated immigrants fill high-demand jobs, complement skills, and lower prices of services.
 - *Strict quotas on temporary visas*
 - *Cumbersome requirements*
- Positive net fiscal contribution overall.
 - *Fiscal costs are local and highly visible*

Incremental Phases

Phase 1: Introduce a market system for temporary work visas

Phase 2: Extend the auction to all employment visas

Phase 3: Expand the scope of market-based reforms

Concurrent Steps

Phase 1:

Introduce a market system for temporary work visas

- Employer auctions allocate high-skilled (H-1B) and low-skilled (H-2) temporary work permits. They sponsor corresponding visas.
 - Encourages efficient visa allocation
 - Signals demand
 - Simplification eliminates waits and uncertainty
 - Surplus is directed to local communities
 - Portability and Competition promote fair treatment

Phase 2:

Extend the auction to all employment visas

- Temporary visa categories consolidated into three categories:
 - College
 - Non-college
 - Seasonal
- Separate auction for provisional work permits/visas with path to permanent residence.
- Reward work performance and encourage return to country of origin.

Phase 3:

Expand the scope of market-based reforms

- Rebalance labor-sponsored visas and family-based visas.
 - Emphasize immediate family.
 - Attract extended family with employment-based visas.
- Congress uses price signal to adjust the number of permits.
- U.S.-college-educated immigrants obtain a provisional visa if they have a job offer.

Concurrent Phases

- Demanding but clear path to earned legal residence for undocumented immigrants with a working history in the United States.
- Increased enforcement efforts, using technology (i.e. e-Verify). Focus on work-place enforcement.

Conclusions

Incremental steps.

Initial emphasis on the economic value of immigrants.

Market-based mechanism reveals the value of immigration.

Bottom Line: Simplicity, fairness, and flexibility go beyond economic efficiency to produce a system that is better for employers, immigrants, and U.S. citizens.