



12

New Immigration Reform Ideas for the 21st Century

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Grover Norquist • Justin Gest • Steve Kuhn • Nathan Smith • Robin Hanson

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Introduction

BY ALEX NOWRASTEH AND DAVID J. BIER

Congress has repeatedly considered and rejected comprehensive immigration reform legislation over the past few decades. The most bitter debates were in 2006, 2007, and 2013 when comprehensive bills passed one house of Congress and not the other. Those reforms each failed for particular reasons—groundswells of populist opposition, Democratic senators working with Republicans to remove guest worker provisions, or Republican failure to bring it to the floor in the House of Representatives—but the bills were all basically identical.

Those failed immigration reforms all included three policies: legalize illegal immigrants currently living in the United States, increase border and interior enforcement of the immigration laws, and liberalize legal permanent immigration and temporary migration through an expanded guest worker visa program for lower-skilled workers. A domestic amnesty for illegal immigrants was supposed to clear the black market and allow those who have made a life here to settle permanently; extra enforcement was supposed to reduce the potential for illegal immigrants to come in the future; liberalized immigration was supposed to boost U.S. economic prosperity *and* drive future would-be illegal immigrants into the legal market.

In theory, this comprehensive approach was supposed to make future amnesties unnecessary by fixing the laws that encouraged illegal immigration in the first place. The bill Congress considered in 2013, the last attempt at comprehensive immigration reform, followed the same model, which is

a major reason the bill failed. For instance, the guest worker provisions for lower-skilled workers were all clones and the result of negotiations between the same stakeholders.

Liberalizing legal immigration is the most important component of workable, long-term reform. The legal immigration system sets and regulates numbers, procedures, and the types of foreigners who can come to the United States from abroad to work, live, and in some cases eventually naturalize. Providing legal paths for more immigrants, either for temporary work or permanent citizenship, is the best way to secure the border and would help provide for the future prosperity of the United States. The government cannot regulate a black market of illegal immigrants, but it can regulate legal immigrants.

Expanding legal immigration is a worthy goal, but there are many ways to accomplish it. The mission of this collection of essays from policy analysts, economists, political scientists, journalists, and advocates from around the world is to provide new policy suggestions that future Congresses could use to liberalize the legal immigration system. We intentionally avoided seeking proposals from the usual stakeholders and included many original ideas that could increase legal immigration or improve the selection of legal immigrants.

The essays fall into four broad categories based on how much they would transform the current legal immigration system. The first category includes proposed rule changes that would substantially improve the current system.

In one essay, Daniel Griswold of the Mercatus Center

proposes that Congress abolish the static numerical caps on certain visas and instead create a built-in numerical escalator that automatically grows the number of visas as employment grows. For example, the number of H-1Bs issued would increase as employment in certain high-technology sectors increases. Similarly, Stuart Anderson of the National Foundation for American Policy recommends addressing the extreme wait times that skilled immigrants currently face by guaranteeing them legal permanent residence within five years, essentially replacing numerical quotas with a specific wait time.

The second category of essays includes discussions of adding visa categories to the current system. Many of the ideas in this category are based on older visa programs that have been discontinued, visa programs in other countries, logical extensions to the current U.S. system, or admissions policies in other public institutions, such as military academies.

Michael Clemens of the Center for Global Development proposes a jointly regulated migration system with Mexico based on lessons learned from the past and best practices from other bilateral migration programs enacted around the world. Michelangelo Landgrave, a political science doctoral candidate at the University of California, Riverside, proposes a similar policy for Canada based on the principles of reciprocity in work authorization and limited access to welfare, of which, according to survey data, Americans and Canadians alike approve.

David Bier of the Cato Institute proposes state-based visas that would allow state governments to accept immigrants based on their diverse economic conditions. In a similar vein, coauthors Jack Graham and Rebekah Smith propose a system whereby local governments would work with private sponsors to bring immigrants into their communities. Both essays highlight the importance of engaging state governments to implement important reforms.

Grover Norquist of Americans for Tax Reform offers a proposal inspired by the acceptance policies of U.S. military academies. It would allow each member of Congress to sponsor 100 immigrants for legal permanent residence—similar to how they nominate recruits for U.S. military academies.

The third category includes proposed changes that

would transform how the current U.S. immigration system works.

George Mason University professor Justin Gest envisions a major overhaul of the selection process for immigrants. Under his system, the government would collect much better data on various immigrant outcomes and track immigrants over time to see how they integrate. It would then assign points for immigrants with certain characteristics that the data show correlate with immigrant success.

Steve Kuhn of IDEAL Immigration proposes selling visas to employers, provided they've made job offers to foreign workers and paid the workers premiums that match the cost. Nathan Smith's proposal would increase the number of immigrants admitted but charge them an extra 20 percent tax on their incomes so long as they reside and work in the United States.

The fourth category and the last two fundamental policy reform ideas come from Robin Hanson, associate professor of economics at George Mason University. His reforms would increase immigration, cause more Americans to profit directly from the immigration system, and provide a way to select immigrants that are more beneficial to the United States.

Hanson's first essay is similar to Gest's proposal but relies on a more decentralized decisionmaking process to select immigrants using prediction markets. Under this proposal, the public would place cash bets in an open market on which immigrants would succeed based on objectively measurable criteria such as net-fiscal impact. The immigration system would then select those priced the highest. In his second essay, Hanson suggests letting U.S. citizens sell or lease their citizenship to noncitizens abroad in exchange for leaving the country. This would monetize the value of American citizenship and create an asset held by every American.

These proposed reforms are just a few of the new and interesting ideas out there. Hopefully, some will be incorporated into future bills; others could spark new and more creative ways of how to change immigration laws. We don't endorse every essay in this paper, but the stagnant state of the current debate shows the need for bold new ideas and out-of-the-box thinking that will better prepare us for the next immigration reform debate.

Chapter 1: Automatic Adjustment of the H-1B Visas and Employment-Based Green Cards Caps

BY DANIEL GRISWOLD

Congress should tie the growth of employment-based visas to growth in the most relevant sectors of the U.S. labor force to assure that the annual number of visas available more closely matches the demands of the U.S. economy over time.

Two of the most important visas for foreign-born workers are the H-1B visa and the employment-based green card, both for more-skilled and more-educated foreign-born workers. Yet the number of such visas available has not changed significantly in almost three decades despite transformational growth in the U.S. labor market.

Congress last significantly adjusted the number of visas in each of those categories in 1990, when the Immigration Act of that year set the annual numerical cap of H-1B visas at 65,000 and employment-based green cards at 140,000. In 2004, Congress approved an additional 20,000 H-1B visas a year for foreign-born workers who earn an advanced degree from an American college or university, but otherwise, those caps remain the status quo.

Since 1990, real U.S. gross domestic product (GDP) has almost doubled; the number of people employed in the

private-sector economy has increased by 39 percent; and the general population has increased by 31 percent.¹ In the labor sector where high-skilled immigrants are most likely to be employed—business and technical services—the number of jobs has doubled, and growth has been even greater in subsectors such as computer programming.

When Congress set the still-binding caps almost three decades ago, there was no World Wide Web available to the general public. Smartphones, social media, video and music streaming, and online gaming didn't exist. Nor did Google, Facebook, Amazon, Netflix, eBay, Uber, Lyft, and Twitter. There was no ecosystem of high-tech startups and “unicorns” employing high-skilled workers to innovate and create products.²

The inflexible caps have collided with the growing U.S. economy to reveal a dearth of both types of visas compared to the revealed demands of the labor market. It has become an annual ritual that the number of applications for the H-1B visa each April far exceeds the 85,000 visas available. In 2019, U.S. companies filed 190,098 applications for H-1B workers, but the maximum allocated number of H-1B visas under the current lottery system was only 42 percent

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of the visas requested by U.S. employers.³ The low numerical cap for employment-based green cards has created long wait lines, most acutely for workers from countries bumping against the annual 7 percent per country quota.⁴ The restriction of H-1B and employment-based green cards imposes a real cost on the U.S. economy in terms of lost innovation, output, and tax revenue.⁵

AUTOMATIC ESCALATOR FOR VISA CAPS

A practical and politically salable answer to this problem would be the creation of a legal mechanism that would automatically adjust visa numbers to reflect changes in the U.S. labor market. This proposed reform would include a one-time adjustment to the 1990 quotas for both H-1B visas and employment-based green cards to take account of changes in the U.S. labor market and a formula set in law for annual readjustment to adapt to future changes in the labor market.

Broad indicators such as growth in the GDP, population, or overall workforce would fail to capture the specialized role that higher-skilled immigrant workers play in the economy, although increasing visa caps based on those measures would be an improvement over the current inflexible system. Instead, the benchmark for the adjustment should be a subsector of the labor market that would be a close proxy for the changing demand for the two kinds of visas.

About two-thirds of H-1B visa holders work in computer-related occupations. Most of the rest are employed in architecture, engineering, and surveying; administrative specializations; education; and medicine and health care.⁶ As for employment-based green cards, the first three preferences include 40,000 visas each for people of “extraordinary ability,” such as outstanding professors, researchers, or multinational executives or managers; architects, lawyers, doctors, teachers, and engineers with advanced degrees; skilled and some unskilled workers who provide services not available from U.S. workers; and professionals, such as engineers and teachers who do not have advanced degrees.⁷

Based on those profiles, a better proxy of demands for employment-based green cards would be the “professional and technical services” category in the Bureau of Labor Statistics (BLS) employment data. This includes lawyers,

accountants, architectural engineers, computer systems design and related services, management, and management and technical consulting services. The number of jobs in this broad category has more than doubled since Congress fixed the visa caps, from 4.57 million in 1990 to 9.30 million in 2018.⁸ If the number of employment-based green cards had kept pace with job growth in the most relevant labor market, 285,176 would have been available in 2018 (see Figure 1).

A good proxy for the demand for H-1B visas would be the subcategories of computer systems design and architectural and engineering services.⁹ Combined, employment in these two categories has grown by 165 percent since the regular H-1B cap was set, from 1.36 million in 1990 to 3.60 million in 2018. If the number of H-1B visas had been adjusted to keep pace with its most relevant employment subcategories, the number of regular H-1B visas available in 2018 would have been 172,496, plus the additional 20,000 visas set aside for foreign-born postgraduates from U.S. institutions, for a total of 192,496 (see Figure 2).

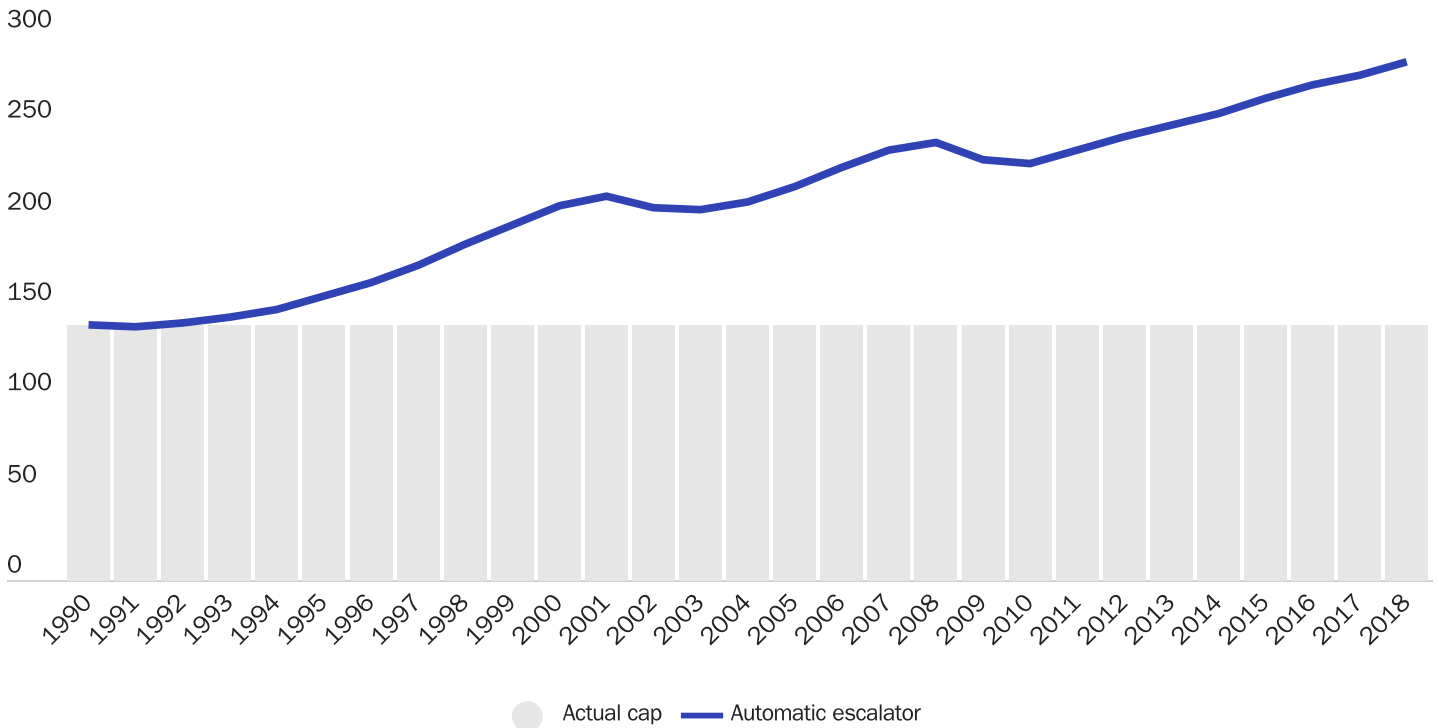
The readjusted H-1B visa cap plus the additional visas for postgraduates would produce a total that would be remarkably close to the 190,098 H-1B visa applications received in the past fiscal year. It would also nearly match the 195,000 cap that the “I-Squared” immigration reform bill that then Sen. Orrin Hatch (R-UT) introduced in 2018 would have set and the temporary 195,000 ceiling that Congress approved in 2000.

From those readjusted baselines, employment-based green cards and H-1B visas could be adjusted each year to reflect the employment changes in the relevant labor market subcategory as reported by BLS. If the number of jobs in the sector increased by 3 percent from the year before, the number of visas would be adjusted by the same proportion. As a byproduct, the escalator formula would effectively fix the number of visas as a share of the employment sector, which could help to mollify the concerns of more immigration-skeptical lawmakers. Nothing in the proposal would prevent Congress or administrative agencies from continuing to impose reasonable fees for visa applications to cover administrative costs, job retraining, or other related purposes.

The escalator mechanism as envisioned here would be automatic, nonpolitical, and procyclical. When economic

Figure 1

Employment-based green card numbers, actual and with proposed escalator

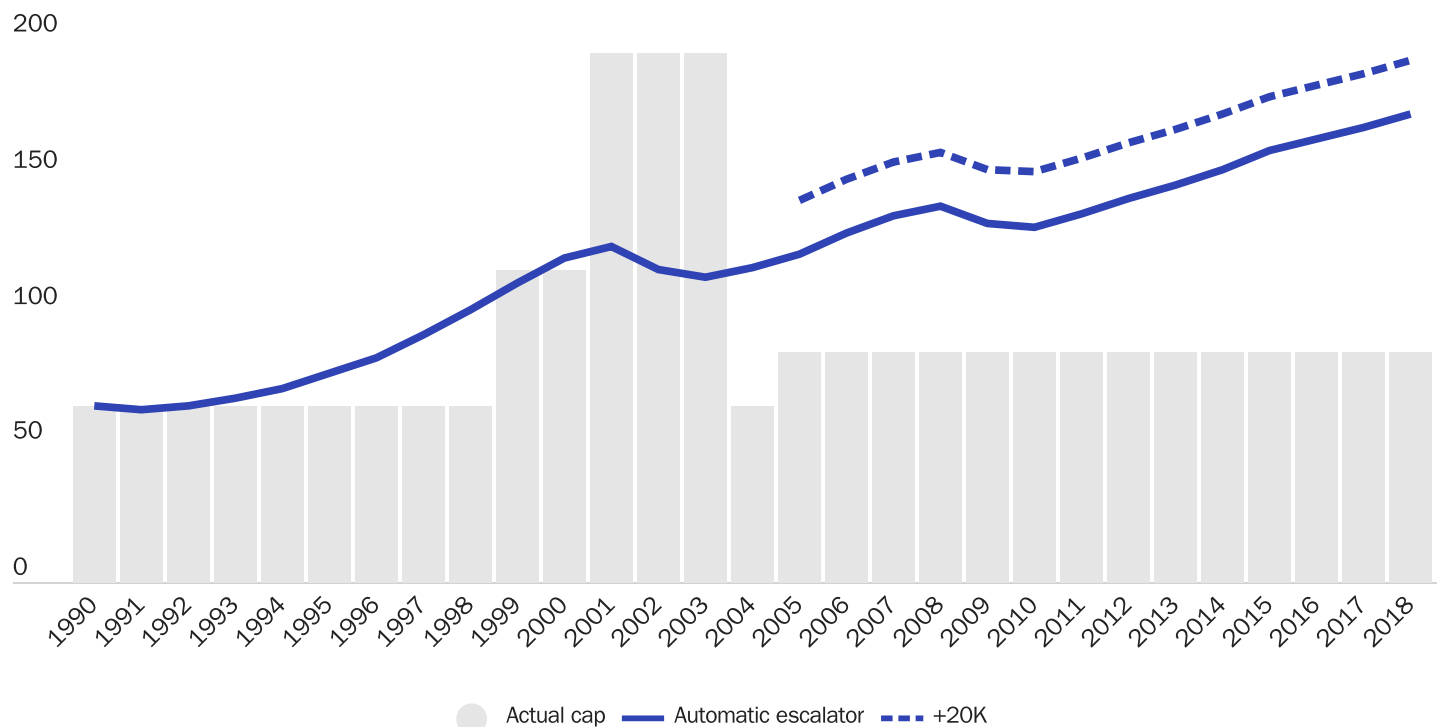


Sources: Bureau of Labor Statistics and author's calculations.

Note: Numbers in thousands.

Figure 2

H-1B visa numbers, actual and with proposed escalator



Sources: Bureau of Labor Statistics and author's calculations.

Note: Numbers in thousands.

output and employment contract, so would the number of visas available in the following year. And when growth and employment expand, as they have in recent years, so too would the number of available visas. No agency, council, or commission would be involved in deciding the actual escalator adjustment, insulating the process from regulatory capture. Like the cost-of-living adjustment for Social Security payments, the escalator would be baked into law and could only be modified by a vote of Congress.

The visa adjustment would inevitably lag changes in the labor market because of the delay in BLS reporting, but that delay could be mitigated by adjusting the number of available visas as soon as possible after the BLS numbers are reported.¹⁰ Congress should also allow any unused visas from one year to be carried over to the next as a one-time add-on to the number determined by the escalator. This would not authorize any additional visas but would smooth their distribution over the business cycle. While indexing the number of visas would not reflect employment changes in real time, it would greatly reduce the chance of a long-term mismatch. And if such a mismatch does develop over time, Congress always has the authority to adjust the visa numbers in whatever direction it deems appropriate.¹¹

PAST EFFORTS TO ADDRESS THE PROBLEM

Past ideas and actions to deal with the inflexible visa caps have failed to provide a viable solution. Congress has tried to adjust the visa caps in the past but failed to find a lasting solution. Applications for H-1B visas first exceeded the 1990 cap in 1997 and 1998, when the “dot-com” economy was gaining steam. To its credit, the 105th Congress responded with the American Competitiveness and Workforce Improvement Act of 1998, which temporarily raised the H-1B cap to 115,000 for fiscal year (FY) 1999 and FY 2000 and to 107,500 for FY 2001. Two years later, the 106th Congress enacted the American Competitiveness in the Twenty-First Century Act of 2000, which temporarily increased the cap further to 195,000 visas for FY 2001, 2002, and 2003 (while exempting certain H-1B workers from the numerical limits).

The problem with this congressional good-faith effort was that the higher caps were both temporary and out of cycle with the economy. By the time Congress approved

the temporarily higher cap of 195,000 in October 2000, the dot-com bubble was already deflating. The tech-heavy NASDAQ stock index was down by 35 percent that month from its peak in March 2000 and would ultimately lose 78 percent of its value by October 2002.¹² Meanwhile, the general economy fell into recession in 2001.

The result was a sharp decline in demand for H-1B visas. With the bursting of the dot-com bubble, the number of H-1B visa petitions fell to 79,100 in FY 2002 and 78,000 in FY 2003, far below the cap of 195,000 visas that Congress had set for those same years—leaving more than 100,000 unclaimed H-1B visas in each of those years. Just as the high-tech economy and broader labor market began to recover in 2004, the H-1B visa cap reverted to the 1990 cap of 65,000. As a consolation, Congress did approve that year an additional 20,000 visas for foreign-born workers with graduate degrees from U.S. institutions of higher learning. Over a span of two decades, the only period in which Congress raised the visa cap significantly above the 1990 limit was exactly those years in which demand was lowest. In the following years, as demand has grown to higher and higher levels, the effective cap has remained at 85,000.¹³

In the wake of failed congressional efforts to adjust visa caps, some have proposed to establish a semiautonomous commission with the ability to change visa caps based on market conditions.¹⁴ A version of this commission, called the Bureau of Immigration and Labor Market Research, was even part of the proposed reforms included in the 2013 comprehensive immigration reform bill that was hotly debated before failing to become law.¹⁵ Other proposals have included one from former secretary of labor Ray Marshall that would have created an independent Foreign Worker Adjustment Commission to assess the U.S. economy’s demand for foreign labor and the type of skills and training such workers would need. That commission would have had the power to set employment-based immigration levels, which would have become law unless explicitly rejected by Congress. Other proposals would have limited a commission’s role to making recommendations to Congress to change the ceilings for permanent and temporary admissions. The AFL-CIO and the Economic Policy Institute supported such proposals at the time.¹⁶

Among the major problems with a commission is

the same one that has bedeviled congressional efforts to periodically adjust the visa limits: any commission, like Congress, would lack sufficient information and incentive to accurately determine the number of foreign workers that the U.S. labor market needs in any current or future year. Like the errant efforts of Congress in 1998 and 2000, any commission would probably be setting visa caps based on past conditions, not on real-time or estimated future demands.

Even if a commission had the most current data available on the supply and demand for labor in various regions and sectors of the U.S. economy, its ability to make timely decisions could be hamstrung by factional interests and bureaucratic procedures. A commission, no matter how “independent” it was designed to be, would be vulnerable to capture by special interests, including immigration

restrictionists, who could use it to reduce visa numbers even when the labor market is signaling its demand for more qualified foreign-born workers.

More fundamentally, empowering a nonelected and only semiaccountable commission to unilaterally alter the number of visas available in a given year would raise serious issues regarding the separation of powers under the U.S. Constitution.

Ultimately, Congress must take responsibility for the U.S. immigration system. By resetting visa caps to more accurately reflect the growth and demand of the U.S. labor market, and setting into law a mechanism for adjusting those caps to reflect future changes in the labor market, Congress would take a big step toward fixing a system that is seriously out of step with the manifest demands of a dynamic and expanding American economy.

Chapter 2: Reducing Long Wait Times for Family-Sponsored and Employment-Based Immigrants

BY STUART ANDERSON

Immigration opponents frequently argue that immigrants should “wait in line” and come to America the “right way.” Many Americans would say the “right way” means applying for permanent residence or a temporary visa through the legal immigration system. But several factors complicate foreign nationals using the legal immigration system. First, the categories to immigrate legally, or even to work for a time on a temporary visa, are limited. Second, and the focus of this analysis, the legal immigration categories that exist often force those who apply to wait many years to immigrate. The primary cause of these long waits is that the demand for visas far outstrips the supply, which the law constrains with specific numerical limits for each visa category.

Congress should reduce the long waits for legal immigrants. The most direct way would be to eliminate or increase the number of visas for legal immigration categories. However, since there is little political appetite to increase or eliminate numerical caps, Congress should functionally approximate this goal by placing a maximum wait of five years for a green card for eligible immigrants regardless of the numerical cap.

Under current law, there is no numerical limit for visas for the spouses, minor children, and parents of adult U.S. citizens (immediate relatives), so they do not have waits other than normal processing times.¹⁷ Immigrants seeking green cards via the employment-based and family-sponsored preference categories can face long waits because those visa categories have annual limits, 140,000 and 226,000, respectively, that are far below the quantity of eligible applicants (worldwide limits). The law also limits single nationalities to no more than 7 percent of the total number of visas issued in the capped categories, unless the visas would otherwise not be used (per-country limits).¹⁸ Employment-based immigrants, particularly from India, must wait many years to immigrate because of the worldwide and per-country limits. The wait for family-sponsored immigrants can be decades, depending on the visa category and country of origin.

PROPOSAL FOR MAXIMUM WAIT TIME FOR A GREEN CARD

To ensure reasonable wait times, Congress should change the law to impose a maximum wait for a green card.

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The government should issue a green card to employer-sponsored immigrants within five years of receiving an approved immigrant petition. For family-sponsored immigrants, the standard should be to award green cards within 10 years of an approved immigrant petition. The maximum wait times should be counted from the date of the initial application, rather than from the date the measure becomes law. People who already have waited 10 years for green cards would not see the advantage of a new law that requires them to wait an additional five or 10 years.

The new law would be simple to implement, and there are several examples in other countries. In Australia, an employer-sponsored immigrant can be approved for permanent residence after two years in a temporary status (an equivalent of H-1B status). Employment-based immigration in Australia operates similarly to the United States and is distinct from the point-based system, which is used in Australia primarily for individuals without employer sponsors. In Canada, under the Express Entry system, which is a point-based system, an individual can usually gain permanent residence within one to two years, with an advantage under the point system for those who have worked in a temporary status in Canada. In Germany, foreign nationals sponsored in temporary statuses can put in applications for permanent residence within 21 months, if they possess high levels of German language ability, or 33 months if working on European Union (EU) blue cards. Individuals can also apply after five years of working and paying into the German retirement system and demonstrating a strong German language ability and knowledge of the country's institutions. In the United Kingdom, France, and Switzerland, working in the country for five years in temporary status can make an individual eligible to apply for permanent residence. In Switzerland, the period is 10 years if not a national of an EU country.¹⁹ A member of Congress has even proposed a similar threshold for the United States.²⁰

ARGUMENTS FOR AND AGAINST A MAXIMUM WAIT TIME

The primary argument in favor of imposing maximum wait times for visas is that the status quo results in unreasonably long waits for individuals who have “played by the

rules” and applied through the legal immigration system.

In 2019, Indian employees of U.S. businesses who received green cards waited about a decade in the employment-based second preference (EB-2) and employment-based third preference (EB-3) categories, with a backlog of more than 600,000 applicants. Their projected future wait time is about 119 years for the EB-2 and 20 years for the EB-3.²¹ These are projected estimates, and it is likely that the waits for EB-2 and EB-3 visas would shrink as individuals refile for other visas, abandon their applications, or die. But the waits would still stretch several decades. Chinese investors in the EB-5 category must also wait decades before they can receive green cards. Eliminating the per-country limit for employment-based immigrants would, by itself, lower the wait times considerably for Indians. A bill (the Fairness for High-Skilled Immigrants Act) passed the House of Representatives in 2019 that would eliminate the per-country limit for immigrants in the employment categories, following a three-year transition period.²²

Changing the law to allow a maximum wait of five years for employment-based green cards would help even if a bill to eliminate the per-country limits became law. That is because the 140,000-worldwide annual limit for employment-based immigrants would remain in effect and, if the bill passes, the typical wait would exceed five years for applicants of all countries in the employment categories.²³ A maximum wait time for green cards would reduce the negative effect of increasing wait times for immigrants from countries other than India or China by eliminating the per-country limits.

Similar to employment-based immigrants, the waits for family-sponsored immigrants are affected by the low annual limits and the per-country limit. As of November 1, 2019, approximately 3.5 million people were waiting in family-based immigration preference backlogs, according to the Department of State.²⁴ The backlogs can be divided as follows: siblings of U.S. citizens (approximately 2.1 million), adult children of U.S. citizens (883,000), and spouses and minor or adult unmarried children of lawful permanent residents (465,000). The State Department does not publish information on how many individuals have been waiting five or 10 years in immigration backlogs.

The waits are extremely long for those applying today in family-sponsored categories. If the immigration backlog of approximately 200,000 married Mexican adult children is divided by 1,600, which is the annual per-country limit for Mexico in that category, then the estimated wait time for a newly applying married adult Mexican son or daughter to immigrate to the United States is 125 years.²⁵ Average wait times have doubled since 1990, the last time the worldwide limits were updated. For instance, Filipino siblings of adult U.S. citizens who received green cards in 2018 waited 23 years after entering the line for green cards in 1995.²⁶

Like the numerical limits, the maximum wait time would also be arbitrary, but unlike increasing the numbers, a maximum wait time would spotlight the difficulty of legally immigrating here. The public would likely also be more receptive to a maximum wait time than increasing the numerical caps by an arbitrary amount. Everybody understands what a maximum wait time means. Few understand what additional green cards for specific categories mean.

While it may seem unfair to impose a longer maximum wait time for family-sponsored immigrants, this is reasonable because they are almost all waiting abroad. And almost all employer-sponsored immigrants are already here on another temporary visa. This means that a maximum wait time would benefit family-sponsored immigrants more than employer-sponsored immigrants.

The chief objection to the proposal would be that a maximum wait time for a green card would overrule the annual numerical limits legislated by Congress. However, if Congress were to impose a maximum wait time, then it would affirm a new principle: no one who applies for legal immigration should wait longer than five or 10 years.

In the case of employment-based immigrants, over 80 percent are already in the United States working on temporary visas, such as the H-1B, which means a maximum wait time would only gradually change the number of workers physically in the country.²⁷ Granting permanent residence sooner would give such individuals a greater opportunity to start a business or make other career changes sooner without visibly increasing the number of immigrants who are here. It would also make

America a more appealing place to build a career for high-skilled foreign nationals.

A maximum wait time of 10 years for family-sponsored immigrants would not change whether individuals receive green cards but *when* they receive them. The proposal would greatly benefit American citizens waiting for their close relatives to be allowed to immigrate. It also would ease the burden of family separation, which is a laudable legislative goal.

ADDITIONAL ISSUES CAUSED BY A MAXIMUM WAIT TIME

The proposal is likely to be viewed as too moderate or too radical, depending on one's view of immigration. No surveys have asked the question: "How long is a reasonable amount of time for eligible individuals to wait to immigrate after submitting an application?" It is appropriate to assume, though, that few Americans would say 20 years or 125 years is a fair or reasonable length of time to wait for legal immigration to the United States.

Supporters of immigration would likely view a maximum wait time as too moderate because it keeps the current legal immigration system in place and only addresses at the margin one of the system's most egregious features—long individual wait times. Still, the proper yardstick is to compare the proposal to the status quo rather than a more significant change less likely to become law.

One can estimate that the typical employment-based immigrant would wait approximately six years under the Fairness for High-Skilled Immigrants Act after that bill's transition period ends.²⁸ In this respect, a five-year upper wait limit for employment-based immigrants would be an improvement.

One way that critics could label the proposal too "radical" is if everyone who has already waited five years (for employment-based immigrants) or 10 years (for family-sponsored immigrants) abruptly receives a green card the year after the proposal became law. Congress could address this issue by creating a transition period for current applicants. For example, a provision could be added stating that no more than 25 percent or 50 percent above the annual limit in a given category can go to people who have already waited beyond the five- or 10-year limit at

the time of enactment. In the category for the brothers and sisters of U.S. citizens, that would mean no more than 16,250 to 32,500 additional green cards would be awarded in the category each year. This would smooth the transition to higher numbers and phase in the reform gradually to avoid an immediate backlash.

CONCLUSION

The American public insists that foreign nationals must

immigrate the “right way.” However, elected officials have not put into place laws and policies to make it possible for foreign nationals to immigrate in a reasonable time. One way to ensure that no immigrants have an unreasonable wait to immigrate legally is to impose a maximum wait time for green cards. That would improve the competitiveness of U.S. companies, encourage more individuals to immigrate legally to the United States, and reduce systematic unfairness in our immigration system.

Chapter 3: Shared Border, Shared Future: A U.S.-Mexican Bilateral Worker Agreement

BY MICHAEL CLEMENS

The U.S. government has mismanaged labor mobility and failed to cooperate meaningfully with migrant countries of origin for the past half-century. Foreign workers have come for fundamental jobs, which are those that are critical to the U.S. economy and that do not require formal higher education, such as personal care, construction, warehousing, and others. They have come almost exclusively via family-based green cards, “low-skill” temporary guest worker visas for seasonal jobs tied to a single employer, or through a vast black market in labor. Many of the ills associated with migration arise from this regulatory system, not from migration itself. The United States needs a bilateral system of labor mobility for fundamental jobs that should begin with a bilateral worker agreement (BWA) with Mexico.

GOALS OF A U.S.-MEXICAN BWA

A BWA for nonseasonal workers could do much better for the United States, for migrants’ countries of origin, and for migrants themselves than the current system. This chapter summarizes the lessons of a recent committee on

the BWA chaired by Carlos Gutierrez (former U.S. secretary of commerce under President George W. Bush) and Ernesto Zedillo (former president of Mexico). I was part of this committee of leading experts on law, business, labor rights, economics, diplomacy, and national security from both countries. We drafted a model BWA between the United States and Mexico with 12 major goals:²⁹

1. Severely curtail unauthorized entry to the United States
2. Preserve U.S. worker priority for jobs in the United States, without unnecessary bureaucracy
3. Prevent spikes in labor inflows but remain flexible to market conditions
4. Suppress abusive labor intermediaries via bilateral regulation of recruiters
5. Ensure employer compliance with labor standards for all workers
6. Shared responsibility by the United States and Mexico for administration and enforcement of the agreement
7. Prevent visa overstays by encouraging return

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- migration and establishing a clear exit path
8. Enhance common security on both sides of the border
 9. Include the economic sectors where Mexican labor adds the most value, far beyond exclusively seasonal work
 10. Increase the opportunity for vocational skills for all workers
 11. Set transparent criteria for adjustment to shifting market conditions
 12. Fund the BWA mandate in both countries

The BWA is different from the current program for U.S. H-2 seasonal worker visas. The H-2 visa program is unilateral, tightly restricted to seasonal jobs, ties workers to a single employer, is limited by an inflexible visa quota (for nonfarm jobs), is open to citizens of scores of countries, and allows too frequent abuse of workers during the recruiting process because it relies on private Mexican recruiters that are not well regulated by either government. It also is unpopular with employers due to its cumbersome and unpredictable system of annually recertifying that the supply of U.S. workers is insufficient.

COMPONENTS OF A U.S.-MEXICAN BWA

The model BWA between Mexico and the United States is based on the best features of past and present agreements and has many components. The first is the creation of a *U.S. worker priority fee* where U.S. employers pay a transparent and universal surcharge to hire Mexican workers, which would ensure it's in employers' interest to recruit U.S. workers first while also minimizing bureaucracy. The fee amount should balance three main goals: it must be large enough to strongly deter the hiring of Mexican workers when U.S. workers are available; it must not be so high as to make the program untenable, particularly for small businesses; and it must provide sufficient revenue to substantially offset the costs of implementation.

The second component is a *safeguard cap* that prevents the sudden inflow of workers while preserving responsiveness to changing conditions. The number of visas available under this agreement each year would be limited by start, step, and trigger quantities. New visas available would

begin at a fixed quantity in the first year (start), could rise only by a fixed quantity in each subsequent year (step), and would be reset to the start quantity in cases of very high U.S. unemployment (trigger). The specifics of these components could differ between market segments.

The third major component of the model BWA program is *portability*. The most effective way to protect the rights of Mexican workers (as well as U.S. workers) is to ensure that they can leave employers without jeopardizing their legal work status in the United States. Allowing workers on BWA visas to be fully portable across employers within segments of the labor market, such as broad sectors of the economy, delimited geographic areas, or both, would increase portability and prevent problems with business planning. These segments must represent those where Mexican workers are already important, including nonseasonal sectors. There should be some exceptions in cases where Mexican workers could contract with one employer to protect them from potential excessive damages in cases of unplanned worker separations. Lastly, a BWA should place no restrictions on Mexican workers' ability to join labor unions.

The fourth component of the BWA is *Mexican recruiter certification* to regulate international recruitment. This should also include enforcement actions against smugglers and recruiters who break the rules both at the border and within Mexico. The United States and Mexico would jointly develop a list of sanctioned recruiters that would be used exclusively for all workers. Sanctioned recruiting organizations could include private firms, labor organizations, other nongovernmental organizations, and state and local government agencies. And it should operate on both sides of the border and be open to new entrants with robust competition.

The fifth major component of the model BWA is a *return or integration account for each worker* that would create strong incentives for workers to return to Mexico and to follow the visa rules while working inside the United States and that would aid their eventual reintegration into Mexico. A small portion of each individual worker's earnings would be paid into an account that could be liquidated only upon the worker's return to Mexico shortly after the end of his visa. If the worker instead remains in the United States—

lawfully or unlawfully—the account would be forfeited and transferred to U.S. Citizenship and Immigration Services to cover costs associated with visa fees or of the visa overstay.³⁰

The model BWA corrects some of the errors from an earlier migrant worker agreement between the United States and Mexico—colloquially known as the Mexican Bracero Program—that expired in 1964. Design aspects tested in other bilateral migrant worker agreements around the world are the basis for these corrections as experience has proven that flexible regulation and bilateral cooperation are the only lasting solutions.

A U.S.-MEXICAN BWA WOULD REDUCE ILLEGAL IMMIGRATION AND INCREASE ECONOMIC PRODUCTIVITY

Labor migration between the United States and Mexico has a rich, long history, with substantial shared economic benefits. Mexican workers tend to specialize in different, complementary roles and tasks than similarly skilled U.S. workers.³¹ While there may be some competition in the short term, this dynamic has raised the productivity of U.S. workers and created more and better jobs for U.S. workers.³² Labor mobility also brings benefits to Mexico—raising wages, productivity, and improving housing and education for workers' children.

Despite these benefits to both the United States and Mexico, Congress terminated the last bilateral cooperation on labor migration in 1964. However, migrants continued to enter the United States unlawfully to work. The illicit flow of migrant workers across the border reduced the economic benefit of such movement and increased security

and integration concerns while reducing public support for migration overall.³³ Only by pursuing legal labor migration pathways in tandem with robust enforcement can the United States reduce unlawful arrivals.

With the militarization of the border and mass deportations, we are living through an era when the political discourse on immigration is plagued by fear and misinformation, elevating policies that are emblematic of our failed unilateralism. Yet our current policies do not consider the vast demand that U.S. businesses have for fundamental workers that ultimately increase and improve jobs for other workers.

Because of economic and demographic changes, as well as greater issuances of H-2 seasonal visas, the number of new arrivals from Mexico has fallen.³⁴ They have only been partially replaced by an increase from Central America.³⁵ However, while net flows remain low, gross flows in both directions will remain substantial indefinitely, given the huge Mexican and Mexican-American diaspora. Eased migration pressures from Mexico create the political space to implement a U.S.-Mexican BWA.

Increased migratory pressures from Central America present an opportunity for enhanced U.S.-Mexican cooperation by creating a BWA to reduce irregular migration, address concerns over worker abuse, and fulfill American demand for fundamental work. A U.S.-Mexican BWA could also serve as a model for bilateral agreements with Central American nations. U.S. policymakers have a unique opportunity to proactively manage labor market pressure on both sides to the benefit of all. Our model BWA between the United States and Mexico provides the way to do so.

Chapter 4: Constructing a U.S.-Canadian Bilateral Labor Agreement

BY MICHELANGELO LANDGRAVE

Under current law, citizens of the United States and Canada can visit each other's countries for a short time without a visa. However, visitors face tight restrictions on residing or working in each country. The United States and Canada should create a bilateral labor agreement (BLA) that allows for the free movement, residency, and work rights for citizens in both countries. Drawing on lessons from Europe's Schengen Agreement, this agreement should be based on three principles: work authorization, restricted welfare access, and reciprocity. Data from an original survey show that an overwhelming majority of American citizens, across both major political parties, would favor a BLA based on these principles.

In many regards, it is odd that the United States and Canada do not already have a free movement agreement. Both nations originated as British colonies and are developed democracies. In addition to long-standing cultural similarities, both nations cooperate extensively on economic, political, and defense affairs. Both nations are part of the North Atlantic Treaty Organization and the North American Aerospace Defense Command and will likely soon be part of the United States-Mexico-Canada Agreement. A BLA would be a natural extension of these treaties. Not only would both nations benefit from an expanded labor market, but a free movement agreement would also reinforce regional

integration while respecting the sovereignty of each nation.

Traditionally, opponents of immigration liberalization are concerned with the cultural, sociopolitical, and economic effects of liberalizing immigration.³⁶ The fear that immigrants will erode national cultural, political, and economic institutions runs deep, but these traditional concerns should be minimal with regard to a BLA between the United States and Canada, countries with similar cultures, political systems, and economies. Even if immigrants from undemocratic nations erode the political institutions of their host nations, a claim without empirical support, both the United States and Canada are established democracies.³⁷ It may be justifiable to be concerned about immigrants from undemocratic nations being unable to adjust to democratic practices, but this would not extend to either American immigrants in Canada or Canadian immigrants in the United States.

Similarly, concerns about cultural incompatibility are minimal as both nations originate from British colonies and are mostly English-speaking. Both nations have market-based economies and comparable living standards. Politically, culturally, and economically, the United States and Canada are sibling nations. Not surprisingly, given their commonalities, Americans and Canadians have generally positive impressions of their neighbors and favor regional cooperation.³⁸

The process of creating a BLA between Canada and the United States would be a much easier public policy debate than creating a BLA between the United States and any other country in the world. Much can be learned from Europe's Schengen Agreement, which originated as a free movement agreement among the developed Western European nations.

LESSONS FROM THE SCHENGEN AGREEMENT

The Schengen Agreement was introduced in the mid-1980s to allow free movement within the developed Western European nations and has since gradually expanded. Now it includes some non-European Union (EU) states such as Norway, Iceland, and Switzerland and has partial opt-outs for Ireland. It is arguably the most ambitious and successful free movement agreement in the developed world.³⁹ The free movement of people is one of the most important principles of the EU. A U.S.-Canadian BLA would benefit from studying the Schengen Agreement's successes and failures.

The Schengen Agreement's work authorization and reciprocity provisions have been key to its success. First, citizens of member states have the right to live *and* work in any member country. Second, the agreement is reciprocal; nations agree to allow free movement within their borders and, in return, gain access to free movement rights in other nations. Both components would be essential to the success of a U.S.-Canadian BLA.

Current U.S. immigration law severely restricts the ability of immigrants to work. Migrants on certain visas are only allowed to work for a specific firm, for instance. Immigrants that face work restrictions are more likely to face discrimination, wage theft, and other labor abuses because of their inability to switch between employers.⁴⁰ Such restrictive policies harm not only migrants but also the wider economy. They decrease economic productivity by impeding efficient labor allocation between firms.⁴¹ The Schengen Agreement avoids these problems by allowing immigrants to work without being tied to a specific firm. A U.S.-Canadian BLA should likewise allow immigrants to work for any employer.

Reciprocity is politically important as it emphasizes that a BLA benefits both sides. Canadians would have access to the United States, but likewise Americans would have access

to Canada. Immigration, especially between the global south and north, is often framed as being primarily beneficial to one side but detrimental to the other. Although immigration is beneficial to both parties, and both the United States and Canada would benefit from a BLA, reciprocity allows for free movement to be better framed as beneficial to all parties. The Schengen Agreement's popularity stems from its member states' reliance on the political support of emigrants who benefit from the agreement and from those who value free movement. For example, France receives immigrants from other EU countries, but its citizens in turn can immigrate to other member states, and they value the option to do so.

Although the Schengen Agreement has been successful overall, it has also had some failures. Most notable is the case of the United Kingdom (UK). When the UK was a member of the EU, it had an opt-out to the Schengen Agreement that lowered the barriers for EU citizens to visit and work in the country. However, the UK was not exempted from providing welfare benefits to EU migrants.⁴² Hesitance to extend welfare benefits to immigrants is a perennial concern in immigration debates and even more so when discussing BLAs or other free movement agreements. These concerns can be addressed by restricting immigrant access to welfare benefits.

SURVEY RESULTS FOR A U.S.-CANADIAN BLA

This section uses survey data to show that, among U.S. citizens, there is broad support for a BLA with Canada if these three principles are respected: work authorization, restricted welfare access, and reciprocity. Although only U.S. citizens are polled in this survey, the results would probably generalize to Canadian citizens based on prior comparative public opinion research of regional integration.⁴³

The survey's respondents were recruited in mid-2019 through Amazon's Mechanical Turk service, an online marketplace regularly used to recruit respondents.⁴⁴ After restricting the sample to only U.S. citizens residing in the continental United States, the sample size is 1,366.⁴⁵ Respondents were asked about their race, gender, and party identity. After answering demographic questions, respondents were randomly presented with one of eight proposed variations of a BLA with Canada. The question randomly

varied as to whether the agreement would allow Canadian citizens to live and work (compared with live but not work), would give Canadian citizens access to American welfare programs (or not), and would be explicitly reciprocal. This type of survey allows experimental testing of which policy details increase support for a BLA.⁴⁶

Figure 1 presents support for a BLA with Canada by specific policy details regarding work, residence, welfare, and reciprocity. Of the respondents, 66 percent favored a BLA if it were to allow immigrants to live and work, approximately 5 percentage points more than if immigrants faced work restrictions. Seventy percent favored the agreement if immigrants were to be explicitly denied access to welfare, a 13 percentage point difference compared with if welfare access were allowed. An explicit reciprocal agreement garnered the support of 70 percent of respondents. All three differences are statistically significant using conventional measures.⁴⁷

Figure 2 shows support for a BLA by respondent demographics, party identification, race, and gender. There are minimal differences by either race or gender, but there is a notable difference between Democratic and Republican

respondents. For instance, 76 percent of all Democrats favored a BLA with Canada compared with 44 percent of all Republicans. This seems to suggest, at first blush, the policy might face opposition by Republicans and become a partisan wedge issue. However, this gap is somewhat misleading.

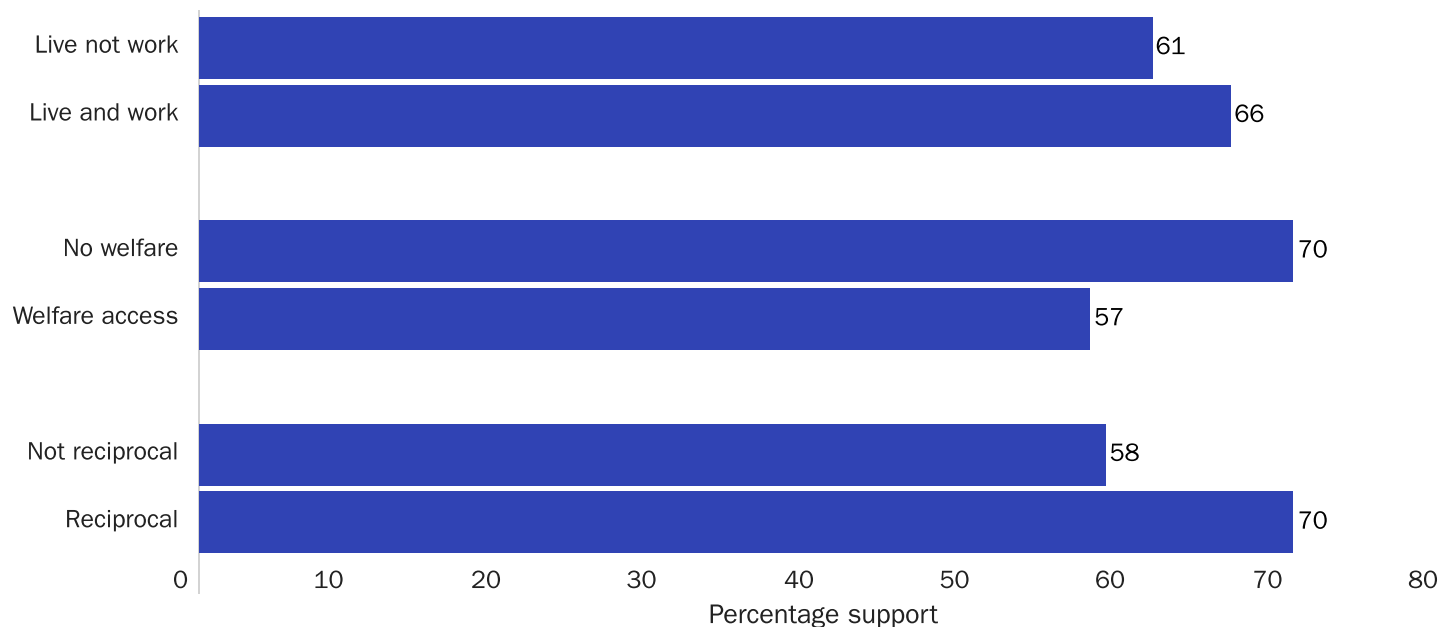
Figure 3 shows support for the BLA with Canada by party identification when the policy proposal upholds the principles of work authorization, restricted welfare access, and reciprocity. If the three principles were to be upheld, a sizeable majority of Democrats (87 percent) and Republicans (64 percent) favored a BLA with Canada. This result underscores the importance of getting the policy details right when discussing immigration policy.

FEATURES OF A U.S.-CANADIAN BLA

In practice, how could a BLA between the United States and Canada be implemented with the abovementioned principles? Would a drastic change in the law be required? Surprisingly, no. The creation of a U.S.-Canadian BLA would require minimal changes to existing law. With congressional approval, one possibility is to amend the existing Trade

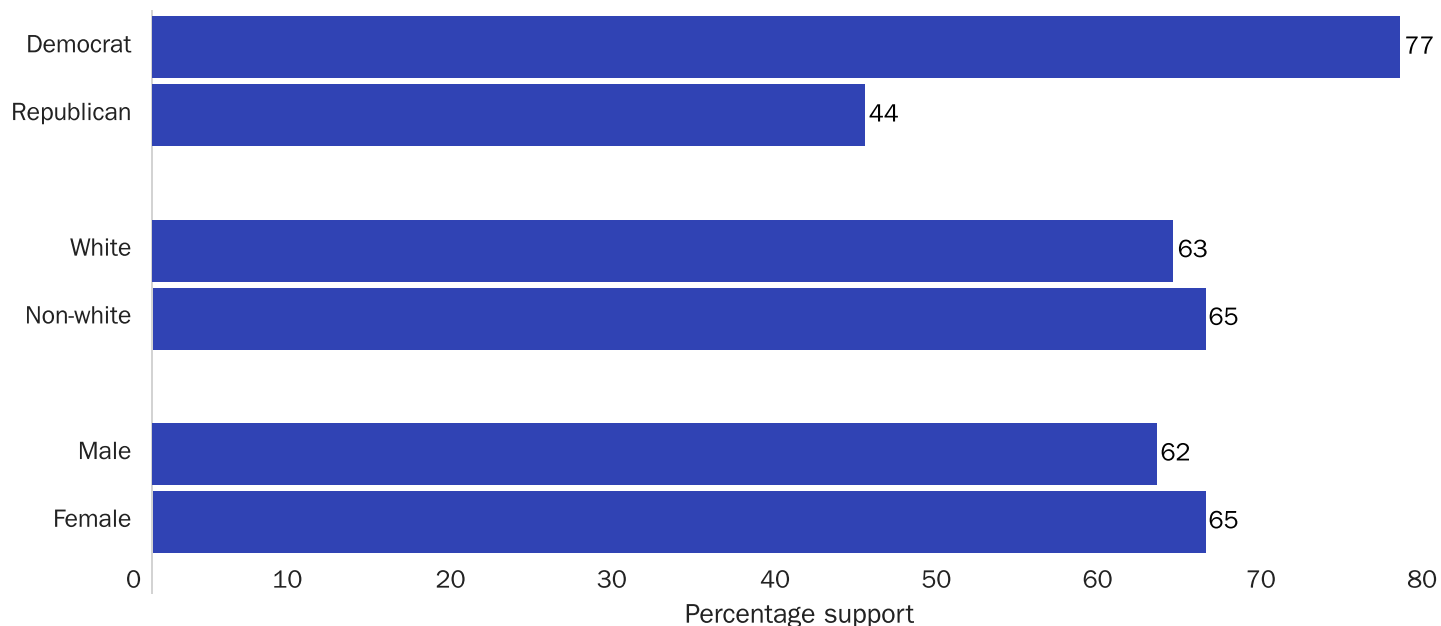
Figure 1

American support for free movement with Canada by policy specifics



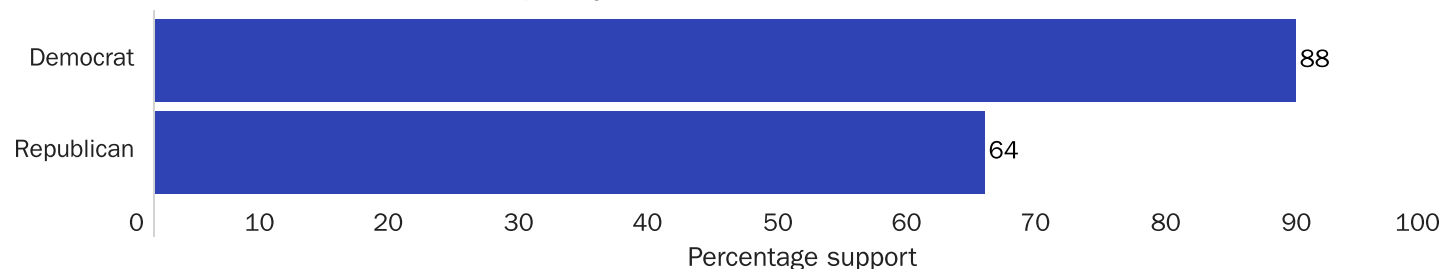
Sources: Connor Huff and Dustin Tingley, “Who Are These People? Evaluating the Demographic Characteristics and Political Preferences of MTurk Survey Respondents,” *Research & Politics* 2, no. 3 (July 2015); Kevin J. Mullinix et al., “The Generalizability of Survey Experiments,” *Journal of Experimental Political Science* 2, no. 2 (Winter 2015): 109–38; Scott Clifford, Ryan M. Jewell, and Philip D. Waggoner, “Are Samples Drawn from Mechanical Turk Valid for Research on Political Ideology?” *Research & Politics* 2, no. 4 (October 2015); Antonio A. Arechar, Simon Gächter, and Lucas Molleman, “Conducting Interactive Experiments Online,” *Experimental Economics* 21, no. 1 (March 2018): 99–131; and author’s calculations.

Figure 2

American support for free movement with Canada by respondent demographics


Sources: Connor Huff and Dustin Tingley, “Who Are These People? Evaluating the Demographic Characteristics and Political Preferences of MTurk Survey Respondents,” *Research & Politics* 2, no. 3 (July 2015); Kevin J. Mullinix et al., “The Generalizability of Survey Experiments,” *Journal of Experimental Political Science* 2, no. 2 (Winter 2015): 109–38; Scott Clifford, Ryan M. Jewell, and Philip D. Waggoner, “Are Samples Drawn from Mechanical Turk Valid for Research on Political Ideology?,” *Research & Politics* 2, no. 4 (October 2015); Antonio A. Arechar, Simon Gächter, and Lucas Molleman, “Conducting Interactive Experiments Online,” *Experimental Economics* 21, no. 1 (March 2018): 99–131; and author’s calculations.

Figure 3

American support for free movement with Canada by political party identification under ideal conditions of work authorization, no welfare access, and reciprocity


Sources: Connor Huff and Dustin Tingley, “Who Are These People? Evaluating the Demographic Characteristics and Political Preferences of MTurk Survey Respondents,” *Research & Politics* 2, no. 3 (July 2015); Kevin J. Mullinix et al., “The Generalizability of Survey Experiments,” *Journal of Experimental Political Science* 2, no. 2 (Winter 2015): 109–38; Scott Clifford, Ryan M. Jewell, and Philip D. Waggoner, “Are Samples Drawn from Mechanical Turk Valid for Research on Political Ideology?,” *Research & Politics* 2, no. 4 (October 2015); Antonio A. Arechar, Simon Gächter, and Lucas Molleman, “Conducting Interactive Experiments Online,” *Experimental Economics* 21, no. 1 (March 2018): 99–131; and author’s calculations.

National (TN) visa for Canadians. The TN visa was created as part of the North American Free Trade Agreement.⁴⁸ By amending the TN visa, as opposed to creating a new classification, policymakers can use its existing structure and minimize cost of implementation.

Canadians can currently obtain a TN visa upon arrival to the United States with proof of Canadian citizenship, a letter from a prospective employer, and if applicable, credential

evaluations.⁴⁹ A TN visa allows Canadians to live and work in the United States for an initial period of three years and can be renewed indefinitely. There is no limit to the number of Canadian citizens that can hold a TN visa.

A revised TN visa should remove the need for Canadian citizens to have a letter from a prospective employer. That would allow Canadians residing in the United States to freely switch between employers without legal restrictions.

A revised TN visa should also be valid for 10 years. The revised TN visa would retain its potential for indefinite renewal and remain uncapped for Canadian citizens. Canadians holding a revised TN visa would remain ineligible for most federal welfare programs, although states could provide some assistance under existing provisions. An alternative proposal would be to allow Canadians to continue to enjoy visa-free tourist travel to the United States but to tack on work authorizations for those holding Canadian passports, allow for adjustments to legal permanent resident statuses, and allow Canadians to reside indefinitely. Canada could do the same for those holding American passports. Ultimately, many different currently

existing visas could be reformed to allow Canadians to work and live legally in the United States.

CONCLUSION

A BLA between the United States and Canada would be a natural extension of existing cooperation between our two nations. Based on evidence from an original survey, a U.S.-Canadian BLA would enjoy broad support from Democrats and Republicans if it upheld three basic principles: work authorization, restricted welfare access, and reciprocity. In practice, these principles can be respected by reforming the TN visa, an existing classification for Canadian citizens, or revising the visa-free tourist travel rules.

Chapter 5: State-Sponsored Visas

BY DAVID J. BIER

The federal government has maintained a near monopoly on the criteria for the admission of foreigners to the United States since the late 19th century. This centralization makes little sense in such an economically diverse country. Every state and locality have specific social and economic circumstances that the current centralized immigration system ignores. This centralization has ultimately polarized and paralyzed the national immigration debate and directly led to a three-decades-long delay of major reforms to a system that most agree desperately needs it. For this reason, Congress should allow state governments to sponsor migrants based on their own criteria under federal supervision.⁵⁰

STATE-SPONSORED VISA PROPOSAL

Congress has plenary power over immigration, meaning that it can establish almost any rule for admission and residence into the United States that it wants. Current law allows a variety of entities and individuals to sponsor foreigners for visas, including U.S. businesses, family members, the U.S. military, universities, and foreign governments. States can only sponsor foreigners for visas in their capacities as employers and universities. Under a state-sponsored visa program, Congress would allow states to sponsor migrants for temporary residence for any reason. States that opt into the program would then pass legislation establishing their

criteria for sponsoring individuals, taking into account the needs of employers and communities in the state.

Under this system, state governments would submit petitions to the federal government requesting admission for whomever they wanted to see admitted to their state and for whatever period they wanted them admitted. States would already have familiarity with filing visa forms as they currently sponsor government employees and foreign students at public universities.⁵¹ Just as they do for all foreign travelers, the Department of Homeland Security (DHS) would perform background checks, while the Department of State would collect biometric information, conduct interviews, and issue federal visas allowing migrants to travel to the United States. DHS would then complete the process by inspecting the migrants at land, air, or sea ports of entry.

States would then register migrants' names and addresses with the federal government when they arrive in the state. The state-sponsored visas would not allow access to means-tested federal benefits or permit migrants to vote. The migrants would be required to work and reside in the state sponsoring them, a burden that is less onerous than current laws that require nonimmigrants to live near their sponsors.⁵² States could also enter into compacts with other states to share economic migrants.

As part of a state-sponsored visa program, Congress should also create incentives for immigrants to follow the rules. One way to do that is by providing that state-sponsored

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migrants may only renew their visas if they are residing and working in the state that sponsors them. Current temporary worker programs incentivize compliance in a similar manner, forbidding workers who overstay their visas and those who work illegally from reapplying or extending their status. This incentive alone has generally maintained high levels of compliance.⁵³ Congress should further incentivize compliance by allowing immigrants who abide by all rules of the state's program for a decade or longer to receive legal permanent residence in the United States, which would allow them, if they met the existing criteria, to apply for U.S. citizenship after five more years.

SUCCESSFUL REGIONAL MIGRATION SYSTEMS IN OTHER COUNTRIES

Canada and Australia have large regional visa systems similar to the state-sponsored visa proposal outlined here. The Canadian Provincial Nominee Program allows provinces to nominate immigrants for permanent residency. A 2011 review of the program by Canada's federal immigration department concluded that the program was a success that distributed the benefits of immigration among the provinces. About 90 percent of all provincial nominees were employed or self-employed within one year, and almost 80 percent remained in the province for three years, even though there was no long-term residency requirement.⁵⁴ The 52,460 nominees accounted for 16.3 percent of all immigrants to Canada in 2015.⁵⁵

Australia has four regional residency visas.⁵⁶ Altogether, those regions issued 40,101 visas during the financial year of 2015–2016, representing 31.2 percent of skills-based immigration to Australia.⁵⁷ A 2004 Australian survey of one of these programs found that 91 percent of primary applicants were living in the region that originally sponsored them, that their unemployment rate was less than 1 percent, and that both employers and immigrants rated the program very highly.⁵⁸ Canada's Provincial Nominee Program grew fivefold from 2005 to 2016, while Australia's regional visa programs doubled.⁵⁹

CURRENT STATE INVOLVEMENT IN IMMIGRATION

States already have the experience to manage state-sponsored migration programs and have increasingly

shown a desire to do so. American states already coordinate with the federal government on immigration enforcement, and Congress can constitutionally delegate some of its migration powers to states.⁶⁰ States currently help determine “targeted employment areas” for the EB-5 investor visa. For the physician visa program, state public health departments can sponsor doctors to serve in medically underserved areas. States, in their capacity as universities and employers, also directly sponsor foreign students and state employees.⁶¹

Some states clearly wish to go further. Federal law has no provision for foreign entrepreneurs, so several states have taken advantage of the special treatment that universities receive to allow foreign entrepreneurs to stay in the United States. The law exempts foreign professors from the H-1B high-skilled visa quota, so state institutions in New York, Massachusetts, and Colorado have created programs whereby the university sponsors the entrepreneurs as professors but allows them to spend most of their time building their businesses.⁶²

Both the Colorado and Utah legislatures passed laws to create state-level migration programs in 2008 and 2011, respectively, but neither have received federal permission to begin recruitment.⁶³ Utah's laws go even further by also creating state-sponsored immigration and legalization programs.⁶⁴ Elected officials and legislatures in Arkansas, Kansas, Georgia, and Michigan have passed resolutions or lobbied Congress for permission to create their own migration programs.⁶⁵ In the past decade, the workforce committee of the Arizona legislature passed a state-sponsored guest worker program, and the California State Assembly passed a legalization program for agricultural workers.⁶⁶ State representatives in Texas, New Mexico, and Oklahoma have also introduced legislation to create state-sponsored visa programs.⁶⁷

THE ECONOMIC LOGIC OF STATE-SPONSORED VISAS

The federal government has a monopoly over both the number of foreign workers and the type of workers that enter the United States; yet this one-size-fits-all approach is ill equipped to address the diverse needs of the states. It is simply an impossible task for Congress to determine

the economic demands in every corner of the country and design a visa that meets them. In 2015, for example, the national gross domestic product (GDP) grew 2.5 percent, but the top 10 GDP growth states grew an average of 3.6 percentage points more than the worst performing 10.⁶⁸ Recessions expand these differences. In 2008, the difference between the top and bottom 10 states was a mammoth 10.5 percentage points.

Unemployment rates also vary considerably across states, and recessions have a similar effect. In 2015, the 10 states with the highest unemployment rates had an average rate (6 percent) double that of the 10 states with the lowest unemployment rates (3 percent). In 2008, this difference was 5.5 percentage points.⁶⁹ In 2009, Congress ignored these variations and focused instead on creating jobs in economically depressed states.⁷⁰ The new administration actually adopted restrictions on work visas *nationwide*.⁷¹

The federal government fares no better at calculating the types of workers that each state requires. Employment by sector differs dramatically across states.⁷² Technology occupations, where immigrants are twice as likely to be employed as natives, highlight this issue well.⁷³ For instance, the location with the highest share of computer and mathematics employment (Washington, DC) had a share six times greater than the location with the lowest share (Wyoming) in 2015. Differences in employment shares across states are large for the other 21 Bureau of Labor Statistics major occupational categories.

Congress is also very slow to respond to shifts in the labor market in states. Manufacturing fell from being the leading sector of employment in 36 states in 1990 to just 16 states in 2016. Health care was not the leading industry in *any* state in 1990, but by 2015, it was the top industry in 33 states.⁷⁴ Unauthorized immigrants shifted

their employment too. In 1990, Congress left the H-2A seasonal farm worker program uncapped because most undocumented workers performed agricultural work. Yet, by 2014, U.S. agricultural employment had halved, and 83 percent of unauthorized workers were performing year-round labor in other industries.⁷⁵

Despite these changes, Congress has made no major reforms to the immigration system—no temporary worker visa for year-round, lower-skill jobs, and barely any increase in the high-skilled worker programs.

CONCLUSION

State-sponsored visas would improve the U.S. immigration system by allowing states to design economic migration programs suited to their individual circumstances. Such a program would more fairly distribute immigration throughout the United States, giving less populous areas a fair shot at attracting migrants to their states. Because state-sponsored migrants would not have access to federal benefits, they would pay far more in federal taxes than they would receive in benefits. The State-Sponsored Visa Pilot Program Act, which Rep. John Curtis (R-UT) and Sen. Ron Johnson (R-WI) introduced in the House and Senate, would implement a version of this proposal.⁷⁶

Region-based immigration systems have demonstrated success in other countries, and this approach accords with America's long tradition of federalism in almost every other policy area. The states already have experience in managing portions of the current immigration system, and many have expressed their desire to manage their own work visa programs. This individualized approach has the potential to increase support for immigration across the country as well as better match migrants with local economic conditions.

Chapter 6: The Community Visa: A Local Solution to America's Immigration Deadlock

BY JACK GRAHAM AND REBEKAH SMITH

Immigration is one of the most significant drivers of prosperity, but its potential is suppressed by restrictionist politics, centralized bureaucracies, and out-of-date policies. Furthermore, its benefits are concentrated in a few regions. Communities with the greatest need for immigrants, especially in rural areas and the Rust Belt, are receiving few immigrants as the majority move to big coastal cities. Rural areas also tend to have the highest levels of anti-immigrant sentiment, in part because they do not benefit from migration the same way that people in big coastal cities do.⁷⁷

The United States needs a new approach to help businesses of all sizes get the workers they need, to renew communities threatened by demographic decline, and to build local support for more liberalized immigration.

INTRODUCING THE COMMUNITY VISA

A community visa could be an additional nonimmigrant visa added to the current U.S. immigration system that would put control into the hands of communities and local employers. Under a community visa, counties could sponsor migrants in response to the local economy's needs

and immigrants to work for a period of up to two years in the region and sector that sponsors them, so long as they pay into a community welfare fund. After two years, migrants could apply for permanent residence. Visa sponsors would be a partnership between a business group in a certain sector and a local community organization. The visas would be awarded in sectors with a demonstrated demand for workers—such as the care economy, agriculture, or construction. Work authorization would be tied to a specific economic sector, not employers.

Community visas would direct migrants toward places that have the most to gain, with the buy-in of local communities. This would improve the efficiency, effectiveness, and fairness of policy implementation. In the long term, it would aim to liberalize immigration by building greater political support.

THE PARTNERSHIP

The purpose of creating a sponsor partnership is to respond to local economic demands while helping migrants integrate with the buy-in of the local population.

Community visas would be targeted to regional sectors

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experiencing a dearth of labor, based on demonstrated need standards that would be set at the federal level, in order to more equitably distribute the gains of migration to lagging sectors and areas. Toward this end, local chambers of commerce or business groups in cooperation with local county governments would file a petition to sponsor a certain number of visas, which would be specific to a sector and area but not employers. These sector-area groups would be responsible for the jobs and training and could find affordable ways to train and credentialize new migrants.⁷⁸

Local business groups sponsoring these visas would have to partner with community organizations in their counties. The organizations would be responsible for immigrants' smooth settlement, including aspects such as housing and language training. This is intended to strengthen the ties between immigrants and their host communities. Organization types would depend on location but could include local charitable foundations or clubs.

County governments would have primary responsibility for visa sponsorship and oversight and would work with local community organizations to support settlement and integration. This would not be an increase in local power because most local areas already have immigrant settlement policies.

COMMUNITY FUND

A migrant on a community visa would have to pay a special fee to a local fund controlled by the county government. The fund would be managed by the county government cosponsoring the migrant and could be used however the government sees fit. The purpose of the special fee is to redistribute some of the enormous benefits of the community visa away from the migrant and toward the local community.⁷⁹

BUILDING SOCIAL ANCHORS

Under a community visa, the federal government would still handle security checks and visa issuances, but many powers would devolve to county governments, which could decide to opt into the program. Counties would be responsible for providing independent checks on work conditions and for collaborating with the federal government on enforcement if workers violate the terms of the visa. At the end

of the sponsorship, workers would have earned a significant amount of money compared to what they could have earned back home. Regions would have received economic boosts, and through community funds, the vast gains from migration would accrue to local governments.

By this point, migrants could decide to apply for green cards and stay in the country permanently or go back to their home countries. The way community visas would be set up, however, should help forge social anchors between immigrants and their communities, helping encourage much-needed retention of new workers.

OVERCOMING POLITICAL RESISTANCE AND EMPOWERING LOCAL GOVERNMENTS

Community visas could decrease political resistance to immigration liberalization by creating a more equal distribution of the gains from migration and increasing links between migrants and their host communities. The strongest opposition to increased legal immigration comes from working-class native voters in areas with the smallest share of immigrants in the population.⁸⁰ Currently, most of the benefits of immigration accrue to migrants and are most visible in growing urban areas.⁸¹ This unequal distribution of benefits feeds into negative perceptions and undermines political will to increase the share of immigrants in the workforce.

The community visa proposal is, in part, inspired by local governments in the United States and Europe that have created innovative ways to better welcome and integrate migrants.⁸² A 2018 study found that local governments in communities with lower median household incomes are more likely to have adopted local policies and programs that are welcoming to migrants.⁸³ Recently, when states and cities were given the authority to veto refugee resettlement, Utah (a conservative-leaning state) publicly requested more refugees, noting that the newcomers become "productive employees and responsible citizens."⁸⁴ Some local communities are more willing to view migration as a benefit and are keen to welcome more migrants than national governments currently allow.

In fact, many local communities in the United States have already started to build capacity to integrate new neighbors, with community organizations and, often,

local employers taking a lead in decisionmaking. One in eight Americans lives in a so-called Welcoming City, where the nonprofit Welcoming America has worked with policymakers and stakeholders to enhance economic and social inclusion of migrants in their city.⁸⁵ Since 2013, 50 cities from 31 states have formally committed through this platform to promoting immigrant welcoming values and practices.⁸⁶ American communities could also learn from the experiences of individuals, small groups, and community organizations that have privately sponsored over 300,000 refugees in Canada since 1978.⁸⁷ Privately sponsored refugees have integrated and succeeded more effectively than those sponsored by the government.⁸⁸

Countries have also begun experimenting with place-based visas and have learned lessons that should be applied in an American community visa. In Australia, for example, state and territory governments struggling for skilled workers have the power to sponsor migrants to work in their region.⁸⁹ Meanwhile, Canada has the Provincial Nominee Program, which allows Canadian provinces to sponsor foreign workers for permanent residence, and it has recently launched the Rural and Northern Immigration Pilot—an expansion of the Atlantic Immigration Pilot—in which a number of remote communities across Canada sponsor permanent residents to fill local labor market demands.⁹⁰ The challenge in some of these programs has been keeping the workers in the rural areas after they have arrived,

so in this proposal, migrants would only be eligible to work in the county for which they received sponsorship. A key element of these regional visa programs elsewhere in the world is that they do not decrease the number of visas available through other means, which we copy for the community visa.

In the short term, therefore, a community visa could be a useful tool for policymakers in addition to broader immigration reform in Washington, DC. As a voluntary scheme led by local partners, communities could sponsor and retain immigrants for whom they have a demonstrated demand. The program could help renew U.S. communities in decline.

Giving local authorities more power to admit workers through a community visa should incrementally increase the number of foreign workers productively employed in the United States. In the ideal scenario, direct positive experiences with immigrants at the local level who share the gains may improve the median voter's opinion of immigration generally.

A community visa should increase immigration, especially in parts of the country suffering from population and economic decline. In addition to the economic benefits from immigration, a community visa would give people in local communities some measure of control over immigration that would hopefully build a broader base of support for freer migration across the United States.

Chapter 7: Building a Congressional Constituency for Immigration through “Earmarks”

BY GROVER NORQUIST

For many years, U.S. presidents have had significant discretion to make immigration policy, liberalizing or restricting rules on entry and setting deportation priorities. Congress has enacted little legislation of its own because it lacks the overwhelming national consensus required to pass reforms on the issue. But giving individual members of Congress more authority to select immigrants for permanent residence could overcome this stalemate.

THE CONGRESSIONAL GREEN CARD NOMINATION PROGRAM

In addition to the existing legal immigration system, every member of Congress should receive 100 green cards to distribute each year. Members would have complete discretion over which 100 individuals they would grant legal permanent resident status to. Senators or representatives could design whatever selection criteria they prefer and implement it immediately without needing a majority of the House, 60 votes in the Senate, and the president to agree.

According to the Supreme Court, Congress can establish whatever admission criteria that it wants, and this scheme would not violate the separation of powers because executive agencies would still effectuate each nomination.⁹¹ The executive branch would still conduct screenings to exclude immigrants who are inadmissible under other criteria, such as national security or criminal concerns, and issue documents. But senators or representatives would sponsor them, rather than employers or family members, who currently select most immigrants.

Congress has 541 members—100 senators, 435 voting representatives in the House, and 6 nonvoting representatives. The combined effect of the program would be to increase legal immigration by just 54,100 annually—about 5 percent of the total number of green cards issued in 2018. Any members of Congress who fail to use their allotments in a given year would have their unused green cards distributed among the rest of their states’ congressional delegations. Notwithstanding its size, this program would have an outsized effect on the immigration debate and be much more likely to grow than other immigration programs.

DIRECT BENEFITS

Congress is much more likely to adopt this program than general immigration reform because it would grant members direct control over a portion of the system. Once the program is implemented, members would have strong political incentives to issue the green cards, knowing that they would otherwise have their slots redistributed to the rest of their congressional delegations.

This program would be a *virtuous* “earmark”—a rarity in Washington. Each member’s program would flood with far more applicants than a meager 100 green cards could annually fulfill. As with congressional spending, each member of Congress would lobby to expand the program to 200 green cards, 400, and then 1,000.

Members would want to highlight humanitarian cases and particularly successful immigrants and take credit for saving them or putting them in a position to succeed. The Congressional Green Card Nomination Program would be similar to how members already submit nominations for individuals seeking to attend the U.S. Military Academy, the U.S. Naval Academy, the U.S. Air Force Academy, and the U.S. Merchant Marine Academy. Each congressional office reviews applicants in each district to determine the candidates that they want to see.⁹² Almost every congressional office publicizes their choices and takes credit for allowing the person’s application to proceed.

Of course, with direct ties to their offices, the nominators would also care more deeply about the success of each of their nominees, and this would speed up the drive to have green card holders become citizens and voters. “I know those people. They are my people,” the members will say. “They should be citizens and voters.”

INDIRECT BENEFITS

Even if the Congressional Green Card Nomination Program were to remain small, it would have massively positive political spillover effects on the immigration debate generally. Members of Congress who thought immigration was a border-state question would learn how close to home this issue is. Members of Congress across the 50 states would meet thousands of hardworking immigrants living in the United States or hoping to. And they and their staffs would hear the case for what each

person could add to America.

This process would inevitably result in members adopting more nuanced positions about immigrants generally. They would see real, live humans, not talking points. It would teach members of Congress about the depth and intensity of feeling on this issue. Everyone touts the successes of immigrants from generations ago, but at present, too many people have little or no firsthand knowledge of America’s modern immigrants. With this process, members of Congress would make 100 immigrant friends a year and become more comfortable with immigration in general.

The massive demand for green cards under this program would also highlight the shortcomings to the current system. Members would see firsthand how few green cards the country awards (relative to its size and the level of demand). They would witness the almost insurmountable obstacles that most immigrants face and the near impossibility for current illegal immigrants to legalize. It could only make Congress more likely to adopt additional reforms to fix the existing immigration programs.

Members of Congress would also be forced—by public demand, not law—to explain why and how they chose to award green cards. Public scrutiny would decrease the potential for graft and would also begin millions of discussions about immigration in general. Members of Congress would likely choose new “Americans” that they believe would reflect well on their judgment. America would see hundreds of immigrants highlighted in local newspapers for their best qualities. Immigrants would be humanized and introduced one at a time, not as thousands scaling the “wall.”

CONCLUSION

America’s Founders understood that institutions provide the key to good policy outcomes by creating a governmental structure that channels the power of self-interest in ways to limit venality and to use it for more positive purposes. Unfortunately, the current immigration system is not working. Congress can blame the problems on the president, who can make almost unfettered changes to the system.⁹³ A better approach would use the competitive nature of Congress and its members’ desires for votes and financial support to push the debate forward.

Chapter 8: Immigration Moneyball

BY JUSTIN GEST

President Trump wants to overhaul the U.S. immigration system so that it stops favoring visa applicants with U.S. family ties and instead gives priority to highly skilled applicants and those with job offers.⁹⁴ His proposal is based on the assumption that immigrants' educational credentials—what the administration calls “merit”—will lead to increased U.S. wages and immigrants who better integrate into U.S. culture.

Immediately after it was announced, the proposal drew criticism from all sides. Many Republicans don't think it goes far enough to combat illegal immigration, while others on the right want total immigrant admissions to be cut. Many Democrats, meanwhile, don't want to roll back the system's humanitarian, family-oriented components and also want to resolve the status of America's 11 million undocumented immigrants.

The whole idea of “merit” is a lightning rod in a highly charged issue. But there's a smarter way for both sides to think about whom we let in, and why. The United States needs a new way to evaluate immigrants that predicts their future success as Americans. Indeed, the consideration of future immigrants' contributions is now commonplace in immigration policies around the world. But the Trump administration's idea of how to do this is too basic. Many Democrats, for their part, are too quick to dismiss any kind of evaluation as antihumanitarian. But done right,

merit-based admissions would consider family and other humanitarian factors and likely set up new arrivals for greater success in their new country.

Call it “Immigration Moneyball”—it has two goals: to discover what factors matter to immigrant success by analyzing data and to select immigrants accordingly.

THE CASE FOR IMMIGRATION MONEYBALL

Just as a multidimensional data-driven system for evaluating and selecting players revolutionized baseball, the United States could be analyzing far more information than it currently does to decide which immigrants would best thrive in American society and contribute to the economy.

An Immigration Moneyball system would consider immigrants more fully as individuals, rather than simply as skilled workers, unskilled workers, or family members, as our current framework does. It might, for example, find merit in whether applicants made previous visits to the United States as students, tourists, or temporary workers. Imagine a system that also tracked people's exits from our airports, harbors, and train stations and then assigned value to immigrants who left the United States when the terms of their previous visas ran out. The system might find “merit” in youth, in fluent multilingualism, in training or work experience in trades that are in special demand, or in advanced degrees from American universities. It could prioritize immigrants who pledge to settle in

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rapidly depopulating regions for their first 10 years after arrival, matching them to locales where they have a better chance of integrating and becoming employed.

Imagine if such factors were considered alongside whether immigrants have family in the United States to receive them, help them adjust, and help them find work. That, too, is a predictor of likely success as the wages for immigrants with close existing family ties eventually converge with immigrants admitted on labor visas that screen for credentials and contracts.⁹⁵ In this light, family also represents a powerful form of merit. And because welcoming people in need is a core tenet of American culture, the criteria might include whether admission would rescue them from countries subject to severe poverty, violence, or natural disasters.

We now have the statistical tools to discover what qualities and factors make immigrants most likely to succeed in the United States and then to assess would-be immigrants based on those criteria. To call the approach “Moneyball” is oversimplifying, of course; immigration, unlike baseball, doesn’t deliver easily countable runs and wins. And an immigrant’s success can and should be defined in many ways. It could mean employment, economic mobility, business ownership, patents filed, sense of belonging, no criminal activity, or political participation.

What qualities matter most would largely be up to the government in power to decide. While we can debate what constitutes successful integration, it would be better if we actually collected and consolidated information about the extent to which admitted immigrants are making progress in these different ways. If we did, we could see which attributes known at admission best predict these different forms of success and adjust our criteria accordingly. Right now, we don’t know.

IMMIGRATION ADMISSIONS AS BASEBALL SCOUTING

For decades, baseball was managed according to hunches and instinct. For a sport that collects more statistics than any other, much of its recruiting and game-day decisionmaking was highly subjective.

This all ended in 2002 when the Oakland Athletics began incorporating evidence-based, analytical reasoning

into decisionmaking, a process now adopted to some extent by every Major League Baseball team.⁹⁶ Early adopters enjoyed a big advantage before other teams caught up.

Today, U.S. immigration policy looks a lot like baseball once did. Most people form their policy preferences around their gut feelings about immigrants. Many on the left view immigrants as either hard workers who will reinforce shrinking populations or vulnerable people who must be welcomed in the spirit of humanitarianism. On the nationalist right, many view immigrants as opportunists or even criminals who come to exploit the resources of rich countries and whose presence threatens the national culture.

Immigrants on average are powerful generators of economic growth, disproportionately employed, innovative, entrepreneurial, and law-abiding. Generally, they quickly integrate and do not compete with American-born workers for jobs, except at the lowest wages.⁹⁷ Immigration advocates have repeated these findings more than a pitcher rehearses his windup.

But the current system is also operating with a clunky, outdated selection strategy. This is where critics have an important point: the system we have really is relatively indiscriminate and unconcerned with predicting good outcomes. Like baseball teams, governments and researchers already collect extensive data about admitted and prospective immigrants in every dimension of public debate: employment, welfare consumption, criminality, civic engagement, language attainment, educational achievement, and much more.

Officials in the U.S. Department of Homeland Security or other agencies could crunch the numbers to determine the full range of qualities and factors that help an immigrant succeed and contribute. This includes, for example, how much English-speaking skills upon entry matter for longer-term workforce participation and whether younger skilled immigrants contribute more tax dollars before retirement than older skilled immigrants with more established expertise. Officials could then evaluate the entirety of their qualifications rather than focusing on a few characteristics, such as family ties or education. The current focus reduces each immigrant—a person with unique potential and confluence of skills, attributes, and needs—to a single, artificial classification and then files him into a column on a spreadsheet.

While particular H-1B visas, for example, might prioritize immigrants who have specific skills and jobs, they take no account of humanitarian concerns or whether immigrants have family in the United States.

Would you rather grant admission to an engineer based on no other information or to an engineer who speaks fluent English, has a sister in Detroit, and was once a high school exchange student in Omaha? The answer seems obvious. Perhaps less obvious, would you rather grant admission to a qualified engineer without family ties or demonstrated familiarity with the United States or to an agricultural worker who speaks proficient English, has a sister in Detroit, and was once a high school exchange student in Omaha? More difficult still, would you rather admit that agricultural worker with family ties and English skills or one with a contract offer who has agreed to settle in a rapidly depopulating region but who doesn't have family in the United States?

An Immigration Moneyball system informed by statistical reasoning and criteria adjustable to current needs would answer these questions better than the current system. It would select optimal applicants for temporary or permanent visas based on reliable predictions about the applicants' productivity and social contributions, as well as the state of the U.S. economy and labor market. Ambiguities will always exist, and some cases will be impossible to answer, even with the best data and statistical methods. But Immigration Moneyball gets the United States closer to a true merit-based system. Backed by such reasoning, the engineer or agricultural worker selected under such a system doesn't just "look good"; we will have evidence that she is likely to *be* good.

HOW AN IMMIGRATION MONEYBALL SYSTEM WOULD FUNCTION

Implementing an Immigration Moneyball approach would require an overhaul of the existing admissions system to replace the way we currently admit people on labor visas and admit family members. In addition to verifying the applicant data we already collect, the government would need to collect more and then build the capacity to quickly process admissions decisions. It would also be useful to have a system that processes exits, as well as entries,

and studies immigrants' progress once they are admitted.

Once built, the system could be adjusted to fill labor gaps, respond to new research findings, or accommodate government orders with agility. Imagine if there were a shortage of nurses or programmers, if fertility rates dropped and Social Security neared insolvency, or if there were a pool of immigrants already with American university credentials who were qualified for open jobs. All of these are knowable, and a more advanced system would enable quicker adjustments.

An Immigration Moneyball system could be mostly easily implemented by creating an independent immigration admissions council to govern it. The authorizing legislation might allow both major parties to appoint three individuals for staggered five-year terms, as with the Federal Reserve Board of Governors. Like the Fed, the council would hold the power to adjust the distribution of point values on a quarterly basis to accommodate national interests by adjusting an immigration selection algorithm. Congress would also be involved by assigning weights to immediate family members and the total number of immigrants admitted. The council could both consider advocacy and evidence presented not only by large employers and industrial associations but also by unions, governments, and universities monitoring trends, all of which might inform the council's decisions.

Such a system could also help the country incorporate more temporary guest worker visas that permit immigrants to regularly or seasonally enter the United States for specific work purposes and then return to their countries of origin. If government agencies ever synchronize their data, renewing a visa for these and other temporary immigrants could be more like renewing a driver's license, subject to a variety of quick checks. This would reduce the incentive to cross the border illegally or overstay a visa. Today, employers with low-skilled or seasonal labor needs often rely on illegal immigrant workers, who cannot return to the United States if they return to their country of origin and are barred from returning for 10 years thanks to "unlawful presence" rules.⁹⁸

The idea that what we know about immigrants when they apply for admission predicts their ultimate social and economic contributions is one that has informed

immigrant admissions in places such as Australia and Canada, whose “point-based” systems evaluate applicants based on similar skill-oriented criteria. A more advanced alternative could solicit residency pledges for special applicants such as physicians and small business entrepreneurs. This could even include low-skilled workers with family in regions with relevant labor shortages in agriculture or construction, based on the determinations of the council.

The council could also recognize more extended members of American families. Additionally, the council might adjust visa qualifications to hit annual flow targets from different parts of the world. Properly designed, an Immigration Moneyball system should appeal to many on both sides. It would afford a greater sense of control over admissions to those on the political right and justify

maintaining a steady flow of newcomers as the political left wants.

As in baseball, there would be plenty of exceptions and failures. Few immigrants will create as many jobs as Elon Musk; some will commit crimes (likely at lower rates than American citizens, according to U.S. government data).⁹⁹

The current immigration debate is dominated by border walls and tactics as barbaric as separating children from their parents. One side wants walls and child separations to control the border, and the other side is disgusted by the inhumanity of those policies. Immigration Moneyball is a policy that could simultaneously humanize immigrants, control their admission, and create a merit-based immigration system that both sides of the political spectrum would support.

Chapter 9: Immigration Designed to Enhance American Lives (IDEAL)

BY STEVE KUHN

The immigration reform proposals most likely to succeed are those that create benefits for Americans and immigrants and that garner bipartisan support. The Immigration Designed to Enhance American Lives (IDEAL) proposal strikes a balance between competing interests by allowing more legal immigrants to work in the United States by paying the federal government for the opportunity. That revenue could then be used to reduce the tax burden or otherwise benefit native-born Americans. This essay and planks are based on the IDEAL Immigration Policy.¹⁰⁰

THE 10 PLANKS OF THE IDEAL IMMIGRATION PROPOSAL

1. The U.S. government should deny residence to criminals and national security threats.
2. Foreign workers must receive a valid job offer to receive an IDEAL visa.
3. IDEAL workers must pay an annual \$2,500 fee upfront to the government.
4. U.S. employers' only requirement to hire IDEAL workers would be to pay them \$2,500 annually—in addition to agreed-upon weekly wages—in biweekly installments.
5. The \$2,500 upfront payment to the government would go into a trust fund for workforce development in the state where the visa holder would be employed.
6. Foreign workers would receive one-year permission to live in the United States that could be renewed with a second valid job offer.
7. IDEAL workers would have the same labor rights as U.S. citizens, including the rights to join a labor union or leave their job for a new one.
8. IDEAL workers could not vote or receive public benefits of any kind.
9. IDEAL workers could adjust status to legal permanent residence after \$50,000 in total payments—after 20 years or after 10 years and a \$25,000 payment.
10. The number of IDEAL visas would fluctuate based on the needs of the economy, not based on congressional or bureaucratic mandates.

IDEAL Plank 1: No Security Threats

The most important plank of the IDEAL Immigration proposal is that the United States should maintain a vigorous screening system to exclude foreigners who pose a public safety or national security threat. IDEAL applicants would have to undergo a thorough biometric background

check and receive careful vetting for prior criminal history, including criminal records from their home state or region and checks across all U.S. security databases. If those checks revealed no derogatory information, trained consular officers would interview them and grant visas only if they felt all questions had been adequately answered. The process would be very similar but slightly more intense than the current system of background checks, security checks, and other steps to exclude dangerous foreign-born people from the United States.

One purpose of the IDEAL Immigration reform is to direct future immigration into legal channels so that the government could more effectively enforce laws against the admission and entry of criminals, terrorists, and other threats at U.S. borders. All IDEAL applicants would pay an upfront processing fee—as most applicants do today—to cover the cost of background checks and visa interviews.

IDEAL Plank 2: A Valid Job Offer

With IDEAL Immigration, workers would need to have a genuine offer of employment before traveling to and entering the United States. A genuine offer of employment would come from a bona fide U.S. employer with a history of federal taxes and a statement of need for full-time employment at an agreed-upon wage. The regulatory requirements for the employer at this stage would be less onerous than those for most current temporary work visas. Valid job offers would pay at least the minimum wage, comply with all federal, state, and local labor laws, and generally provide health insurance coverage (except in certain short-term jobs or for some small employers).

The IDEAL proposal focuses on economic migration for three main reasons. First, the current immigration system already systemically favors family ties over economic ones. Employer-sponsored immigrants accounted for less than 6 percent of new legal permanent residents in 2017.¹⁰¹ The IDEAL proposal would not cut family immigration but would instead increase economic migration.

The second reason to focus on employer-sponsored immigrants is that illegal immigrants generally lack family ties to the United States, and nearly all are seeking jobs in lower-skill industries. Current immigration law provides

only a few thousand visas for year-round employment in those jobs, which causes many immigrants to cross the border illegally. This fact makes it critical that Congress address the shortfall in visas for foreign job seekers.

Finally, a job offer is the most important regulator for immigration. The IDEAL Immigration proposal strikes the balance between openness and orderliness. Migrating to a job increases the odds that a migrant will be a success in the United States, which is beneficial for the migrant's long-run integration and in building support for more relatively less-regulated immigration reforms.

By requiring job offers, the government would need to police evidence that workers submit to ensure that job offers are authentic. While some workers may submit fraudulent job offers—and some may even escape the notice of trained adjudicators—the purpose is not to reduce the number of workers without jobs to zero. The purpose of the requirement is to use market forces to meaningfully regulate immigration to the point where unemployed migrants are rare.

IDEAL Plank 3: Annual \$2,500 Upfront Fee

The IDEAL Immigration proposal would require workers to pay an annual fee of \$2,500 to the U.S. government before they enter the United States. This fee would be on top of all other processing fees normally charged to temporary workers to cover costs for visa application, background checks, and entry. The upfront payment would ensure that even if the worker fails to abide by any other rules after entry, the U.S. government would retain the funds. The fee would help regulate the number of admissions, would show Americans that immigrants want to contribute, and could fund tax cuts, pay down the national debt, or otherwise be spent on other programs that politicians prioritize.

One of the most important functions of the fee would be to serve as another regulator of immigration, in addition to the job offer. Again, the purpose of the IDEAL proposal is not to admit as many immigrants as possible but to create an orderly process for those who have the means and to benefit Americans. Illegal immigrants and asylum seekers already pay up to \$10,000 for the chance to get across the U.S.-Mexican border.¹⁰² A \$2,500 per

year fee would not be unreasonable. It is low enough that most workers could afford it but high enough to act as a meaningful regulation on the number of immigrants.

It is important that immigrants, not employers, initially pay the \$2,500 fee. This would appropriately shift the risk to workers and away from Americans in employer-pays systems. If a worker abandons the initial employer, that employer has lost a significant amount of money and has not received any benefit. For this reason, such systems inevitably involve a tradeoff where employers can tie workers to jobs, which is unfair to workers and could enable abusive employment. These situations ultimately lead to heavy-handed government regulation to ensure employers treat their workers adequately.

On the other hand, an employer-pays system without a worker tie would likely go underutilized because the employer would take a major risk by paying the fee while there is a chance that the migrant could switch jobs, harming both migrants and employers. The IDEAL proposal strikes a balance, giving workers freedom to change jobs but requiring them to cover their costs upfront.

IDEAL Plank 4: Employer \$2,500 Repayments

The IDEAL Immigration proposal would require employers to repay workers on a biweekly basis the \$2,500 that the workers paid to the government—above the wages that employers agreed to pay. This biweekly repayment would fund the legal residence of workers without the government forcing employers to front \$2,500 for workers who may decide to quickly find another employer after entry (see IDEAL Plank 3).

The repayments would also serve as a moderate deterrent to preferencing foreign workers over U.S. workers. The government would issue workers an employment authorization document that indicated the rights of the worker and obligations of the employer, including the requirement that the employer pay the worker the agreed-upon wage plus the \$2,500. The Department of Homeland Security would need to create a hotline for workers to call to report employers who refuse to make the payments.

From an employer's perspective, \$2,500 annually amounts to \$48 per week. For a 40-hour-per-week worker,

that would equal \$1.20 an hour—about 17 percent of the U.S. minimum wage. This additional cost would prevent employers from having a reason to favor IDEAL workers over native-born American workers but would not make it prohibitively difficult to hire foreign-born workers when necessary.

IDEAL Plank 5: State Trust Funds

The IDEAL Immigration proposal would transfer the \$2,500 payments from the IDEAL workers to the U.S. government. The IDEAL worker payments would easily raise tens of billions of dollars annually.¹⁰³ States would receive grants, funded by the fees, in proportion to the number of IDEAL immigrants who received valid job offers in those states in the prior year. State governments could spend this money or fund a tax cut, but it would most likely be spent on some variant of a workforce development trust fund to support job training, apprenticeships, job placement, and education programs established by state governments.

IDEAL Plank 6: One-Year Admissions

With IDEAL Immigration, foreign workers would be admitted with a one-year status that they could renew with a subsequent job offer. The temporary status would enable Congress to more effectively create policies specifically for these immigrants. While one year is less than many other visa categories, the short authorization period would serve a couple important purposes. First, it would keep the initial cost to enter for the worker more reasonable. Workers would not need to raise all the money that they would need to pay over the course of their entire stay upfront; only a single payment of \$2,500 would be necessary. Requiring workers to prepay for two, three, or four years would unduly obstruct the ability of employers to hire workers they need now.

Second, the one-year period would create a natural check-in every 12 months where workers would have to again prove that they had a valid job offer. Most Americans, and even fewer members of Congress, want to allow foreigners to enter to live unemployed (see IDEAL Plank 2). At the same time, however, IDEAL workers should have the right to leave their employers to protect

their economic rights (see IDEAL Plank 7). A 12-month requirement would guarantee that if the initial job doesn't work out, the worker would only have at most a few months of legal unemployment in the United States before they would need to leave and wait for a new job offer. But it would enable them to freely access the labor market throughout the year.

IDEAL Plank 7: Equal Labor Rights, No Red Tape

The IDEAL Immigration proposal would grant foreign workers access to the U.S. labor market under the same conditions and regulations as U.S. citizens. As long as they pay the \$2,500 annual employer fee, foreign workers could enter contracts or at-will employment, leave their jobs, join or organize labor unions, and otherwise compete for jobs under the same laws and rules as U.S. citizens.

Perhaps the most important of these rights would be the ability to leave any employer and seek another job at any time. The only requirement to extend status would be that the worker had a job offer at the start of the year. Periods of unemployment—which are inherent in many low-skilled, temporary, or seasonal industries—would not preclude extensions of status. This is significant because IDEAL workers could feel comfortable leaving an employer that underpays or abuses them. This would benefit U.S. workers as well by making sure that employers have no reason to prefer foreign workers.

But this would be a good deal for employers as well. Because IDEAL workers could negotiate wages and working conditions on a level playing field, employers would not have to jump through endless bureaucratic red tape to hire them—unlike nearly all current immigration programs. By giving workers more liberty to assert and defend their rights, employers need less governmental oversight to protect workers' rights. This is a win-win-win for all—workers, employers, and government agencies.

IDEAL Plank 8: No Voting or Welfare

The IDEAL Immigration proposal would not authorize access to voting or public benefits. The purpose of the IDEAL visa is to create a legal way for employers and foreign workers to contribute to the U.S. economy and to

benefit both Americans and immigrants alike. Voting is a right properly reserved for U.S. citizens.

Public benefits exist to provide a safety net for Americans who fall on difficult times, not for foreign workers whose entries the government permits to serve the national interest. If foreign workers become unemployed and unable to support themselves, they should rely on friends, family members, or private charity—not U.S. taxpayers. Only a system that walls off the welfare state from immigrants would receive the support of the broadest section of the American public, obviating the need for a wall around the country.

IDEAL Plank 9: Adjustment to Permanent Residence

With IDEAL Immigration, workers who enter on that program could become legal permanent residents after 10 years and a \$25,000 payment (\$50,000 total) or after 20 years legally in the United States paying \$2,500 each year. Legal permanent residence in the United States brings with it the opportunity to apply for U.S. citizenship, if the immigrant meets additional requirements, after five years. The purpose of the one-year IDEAL visa is to create a proving ground for new Americans.

Immigrants who want to become U.S. citizens could prove over the course of two decades that they will follow the rules and contribute to the U.S. economy. If they want permanent status more quickly, after 10 years they could pay \$25,000 for the second decade upfront. This would create a faster path for those most likely to contribute significantly to the U.S. economy but would not preclude those with lower incomes from participating. These workers could eventually apply for U.S. citizenship after 15 or 25 years in the country, by which time the vast majority would have assimilated and learned the American system and culture.

IDEAL Plank 10: Market-Based Numbers

The IDEAL Immigration proposal would allow the number of IDEAL visas to fluctuate with the economy. Beyond restricting criminals and threats, the IDEAL proposal would regulate the numbers solely using market forces—valid job offers from employers willing to pay

a \$2,500 annual premium. This would create a natural escalator for when the economy is growing and natural de-escalator for when it contracts.

Arbitrary restrictions that reduce the number of visas below the needs of employers would inevitably result in illegal immigration, a black market in labor, and all the problems that result for clandestine and unregulated

employment. Moreover, arbitrarily excluding workers that the economy needs automatically cuts economic growth and hurts America. Fewer workers would also mean less revenue to fund workforce development, education, and job placement for natives. The goal of IDEAL Immigration is not some specific demographic outcome but whatever best serves the interest of this country.

Chapter 10: Don't Restrict Immigration, Tax It

BY NATHAN SMITH

Many economists—including Nobel laureate Gary Becker—favor taxing immigration because charging a “price” can produce a more efficient result than restricting it with government-established caps or quotas. Good immigration policy ought to bring the greatest good to the greatest number, subject to the constraints of being compatible with human rights and incentives and of making many people better off without making others worse off. Consistent with those principles is a proposed policy called “Don’t Restrict Immigration, Tax It.”

DON'T RESTRICT IMMIGRATION, TAX IT

Congress should create a new Don't Restrict Immigration, Tax It (DRITI) visa that would be available to most foreign-born adults with restrictions based on current inadmissibility criteria concerning public safety and health. DRITI visa applicants would have to pay modest deposits equal to the cost of removal. Deposits would be placed in DRITI accounts, which would have two special rules: no withdrawals except by account holders physically present in their countries of citizenship and no withdrawals that bring the balance below the initial deposit except with the surrender of the DRITI visa. Destitute DRITI

immigrants would then, instead of welfare, have a right to be sent home at the cost of sacrificing their DRITI deposits and retiring their DRITI visas.

The deposit requirement would exclude some poor people. But it would not create an incentive to immigrate illegally, because a DRITI deposit would usually be much less than the financial, let alone opportunity, cost of illegal entry and would be reimbursable in the immigrant's home country if he returned permanently. In this way, a DRITI visa could be expected to practically eliminate adult illegal immigration because virtually all foreigners aspiring to enter the United States would prefer to come using a DRITI visa rather than illegally. Moreover, the natural punishment for illegal immigration would be less drastic and consequently easier to implement. Illegal immigrants, if caught, could be fined and issued DRITI visas. Employers who now employ illegal immigrants would employ DRITI immigrants instead.

Once in America, DRITI immigrants would be as limited as lawful permanent residents in their activities. They could work, get driver's licenses, and otherwise freely participate in the American economy and society as well as enjoy the protection of their rights by the government. But they would not be able to officially participate in civic life through voting or other political activities, serving on

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juries, or receiving federal public assistance.

Most importantly, DRITI immigrants would be subject to two special taxes and charges in addition to their current taxes:

- 20 percent of their pay would be withheld from each paycheck and sent to the federal government as a DRITI tax.
- Another 20 percent of their pay would be withheld and deposited in their DRITI accounts.

DRITI accounts would encourage DRITI immigrants to maintain ties with their home countries and/or eventually return there with capital to invest. The funds in a DRITI account would promote international development and incentivize DRITI immigrants to return home lawfully. But DRITI accounts could also serve as a pathway to citizenship. If an account reaches a certain value, say \$80,000, the DRITI immigrant could trade it for a green card and the chance to eventually naturalize. This is *earning* citizenship since, after the initial deposit, only withheld wages could be deposited in DRITI accounts. Those who assimilate into American culture would tend to stay and naturalize, while those just wanting wealth would tend to go home.

DRITI immigrants would also pay income, payroll, property, and all other taxes like citizens do, with income after DRITI withholding serving as the income tax base. However, they would be ineligible for refundable tax credits. Like many illegal immigrants today, they would pay Social Security payroll taxes without becoming entitled to benefits. Generally, DRITI immigrants would probably keep about \$0.50 per \$1.00 of earnings.

DRITI revenues would be huge. Gallup polls indicate that 150 million people or so would immigrate to the United States without *any* immigration restrictions.¹⁰⁴ In the long run, other estimation techniques in economic models suggest that a billion or more immigrants would come under a regime of pure open borders over a very long time.¹⁰⁵ DRITI taxes would dramatically lower those estimates by charging a price. As a back-of-the-envelope calculation, I assume that 45 million DRITI immigrants could arrive within the first 10 years, with labor force participation rates of 65–70 percent and average wages of \$30,000

per year. Without changing any other laws, that would translate to \$180 billion in extra revenue from DRITI taxes *per year*, plus more from the surrendered DRITI accounts of those who become citizens and more still from currently existing taxes. Tax revenues would increase dramatically as more DRITI immigrants arrive.

DRITI'S IMPACT ON AMERICANS

DRITI would impact Americans through the labor market and through its effect on government finances. DRITI immigrants would disproportionately contribute inexpensive, low-skill labor and likely reduce the raw wage for substitutable workers while raising the value of capital, real estate, and complementary workers. Overall wage levels in the economy would not change in the long run. But some Americans would face more wage competition, and others would see their wages rise.

In response, Congress could use DRITI revenues to finance an expanded earned income tax credit, a larger child tax credit, or a tax cut for lower-skilled Americans.¹⁰⁶ These transfers and changes in tax policy would be manageable with hundreds of billions in additional DRITI revenue.

ANSWERS TO OTHER OBJECTIONS

Another objection to DRITI is that it would treat foreigners harshly by levying higher taxes on them and withholding so much of their incomes. But *most* foreigners from developing countries could more than double their incomes by immigrating to the United States, making them better off in the short run as DRITI immigrants and much more in the long run as U.S. citizens or back home with thousands of dollars of American savings. Having additional options is never bad. Those who see no benefit from a DRITI visa would not apply. Any proposal that treats immigrants more generously but admits fewer of them is inferior to DRITI, since it would benefit fewer people, benefit U.S. citizens less, and arbitrarily favor some foreigners over others.

Many DRITI immigrants might try to work cash jobs to avoid DRITI withholding, but the disadvantages to both employers and employees of operating clandestinely would limit the scale of this problem. Employers would have little reason to employ legal workers under the table, and DRITI

immigrants would be loath to jeopardize their lawful status. Indeed, in some ways, DRITI would create a more favorable environment for encouraging employers to abide by labor laws, since DRITI immigrant employees could report abusive employers without fear of deportation.

The most serious objection to DRITI involves family unification. DRITI is designed to attract immigrants to work but also incentivizes them to eventually return home. Child immigrants do not fit into this model very well. They cannot pay their way but instead must consume schooling. Being in their formative years, they cannot reasonably be expected to return to their countries of origin, which would seem foreign to them. And yet the natural rights to family formation and family togetherness must be respected.

One solution might be to require DRITI immigrant parents to pay higher DRITI taxes to cover the cost of their children's education, say an extra 5 percent for each child. Public schools would be required to accommodate DRITI immigrant children under current Supreme Court precedent, but the federal government could redistribute some of the revenue to local school districts where the DRITI immigrant children live.¹⁰⁷ Minor children brought in by DRITI immigrants would become DRITI immigrants themselves upon reaching adulthood. But, of course, U.S.-born children of DRITI immigrants would be U.S. citizens under the 14th Amendment, so an increase in mixed-status households could be expected.

DRITI's potential impact on the United States would most closely resemble how the migration policy of Qatar has affected that country. Qatar currently admits so many expatriate workers that the Qataris themselves comprise barely 10 percent of the population.¹⁰⁸ Educated Western expats run modern institutions such as the Qatar-based media giant Al-Jazeera and teach in universities, while laborers from developing countries perform construction, domestic service, and other lower-skill labor. The Qatari system has some major problems, and an American DRITI would better protect immigrants' rights, offer a possible path to citizenship, attract fewer migrants as a share of population, and be regulated by a tax rather than immigration quotas. But DRITI would resemble Qatar in raising Americans' living standards with the help of immigrant labor.

HALF MEASURES AND COMPROMISE

As described so far, DRITI would be a unilateral and global policy. But it could be instituted, especially at first, only for countries with which Americans feel culturally comfortable, such as Canada or Australia. It could also be instituted through bilateral deals, whereby the United States would apply taxes instead of restrictions to citizens of the European Union in return for the European Union applying taxes instead of restrictions to U.S. citizens. DRITI tax rates need not be the same for every country but could be proportioned to the perceived or real negative externalities that immigrants from different countries bring with them.

Eventually, the DRITI principle might even become the basis for a World Migration Organization, similar to the World Trade Organization (WTO). The WTO has had success in promoting free trade. But its key principle—"most favored nation" rules or nondiscrimination, reasonable in trade policy—does not make sense for migration, where immigrants of different nationalities impose different degrees of real or perceived negative externalities on host countries. Multilateral negotiations could gradually establish the principle that migration controls should be nonarbitrary and justified by quantifiable negative externalities and should take the form of taxes rather than denials of entry.

More immediately, DRITI could address the problem of illegal immigration in a uniquely practical, efficient, human rights-compatible way. Current immigration enforcement produces systematic, intolerable human rights violations. Yet it still cannot get illegal immigration under control. The government holds children in detention, separates families, and condemns millions of illegal immigrants to living in fear. And it exposes some deportees to violent death. But there are millions of illegal immigrants in the United States.

Any genuine reform of the immigration system should shift illegal immigrants toward the legal immigration system. For example, public opinion has long recognized the moral necessity of creating a path to citizenship for the Dreamers, but an amnesty for Dreamers could spur many foreign parents with young children to illegally immigrate in hopes their children would get a path to citizenship. A regional version of the DRITI policy, focused only on Mexico

and Central America (MCA), could largely solve this problem without risking rapid influx of tens of millions of immigrants that the global version of the DRITI policy would likely cause. To deal with non-MCA illegal immigrants, including visa overstayers, DRITI programs with relatively small quotas could be introduced for other countries.

DRITI could also be applied to borderline asylum cases as a way to err on the side of human rights while mitigating taxpayer cost. In obvious asylum cases, DRITI would not be appropriate and the current system would suffice. For instance, the government would not be able to send genuine asylees home if they don't want to pay the DRITI visa due to the danger of repatriation. But in marginal cases, offering asylum seekers DRITI visas could be a nice

alternative to a flat denial and deportation. The need for a plausible asylum claim would curtail the number of DRITI immigrants, and the United States would get some revenue while promoting global human rights.

CONCLUSION

Policymakers should seek to replace migration restrictions with migration taxes wherever they can because the price mechanism allocates almost everything more efficiently than hard government-imposed numerical caps, quotas, and regulations. Migration taxes implemented for narrow purposes would prove their worth and be adopted for other purposes, such as cutting red tape, raising revenue, and bringing greater freedom of migration.

Chapter 11: Choosing Immigrants through Prediction Markets

BY ROBIN HANSON

On immigration, the big political camps are in a tug of war. One side favors more immigrants; the other side wants fewer immigrants. But when faced with such a struggle, policymakers who care more about influence than about feeling solidarity should consider tugging the rope *sideways*, where fewer might oppose their efforts. To tug the rope sideways on immigration, policymakers should take a policy position that is perpendicular to the axis of more versus fewer immigrants. One sideways-pull policy would be to reform immigration laws to use prediction markets to admit different immigrants, without increasing the total number.

Even if policymakers disagree on how many immigrants should be admitted, they should agree that a system that selects immigrants who are more highly qualified is preferable. For example, all else being equal, it would be better for immigrants to have higher incomes, win prestigious awards, pay lots of taxes, volunteer to help their communities, maintain our political or social equilibria, follow the law, and impose few burdens on government benefit systems. Yes, policymakers and voters may disagree on the relative weights to assign to such characteristics, but these disagreements would be relatively modest; there's plenty of room here for Congress to work together to create a system

that selects immigrants who would best thrive in America.

For the foreseeable future, the United States is unlikely to accept more than a small fraction of all immigrants who want to settle here. So, as a practical matter, the legal system that selects which immigrants can settle here should focus on estimating well at the high end of the distribution for the individual immigrants most likely to contribute to the United States.

Note also that while a better way to select immigrants might tempt policymakers to accept more immigrants overall, immigration skeptics tend to feel risk averse about such changes. Thus, policymakers should look for ways to pick immigrants that seem especially good at assuring skeptics that any immigrants admitted will turn out to contribute positively to the United States, regardless of the overall numbers allowed.

THE PREDICTION-MARKET VISA: A BETTING MARKET TO SELECT IMMIGRANTS

To reliably select immigrants who are more qualified, the government could look at the prices of new financial assets that track the net fiscal impact of each immigrant, conditional on them being admitted to the United States.¹⁰⁹ For every immigrant admitted, the government could track how much that person pays in taxes each year

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and how much the government spends on that person via benefits whose costs can be measured individually. The government could then assign individual costs for schools, Medicare and Medicaid, law enforcement, and other government services.

For types of costs or benefits that the government cannot measure individually, the government could assign to each immigrant some average cost for residents of their location and demographic type. When there are doubts, the government should err in the direction of estimating higher costs and lower benefits so that the measures are biased against immigrants adding value and risk averse regarding uncertainty.

From these cost and benefit estimates, we could produce a conservative net fiscal value number for each immigrant for each year; the number could be positive or negative. Also, from these numbers, the government could create two kinds of financial assets that pay annual dividends proportional to each of these two numbers, conditional on that person immigrating.

In the speculative markets that would be trading these cost and benefit assets, traders who guessed right would make money at the expense of traders who guessed wrong. For example, if an immigrant turned out to be a net-fiscal contributor after being admitted, then traders who purchased the proposed financial assets betting that the individual immigrant would be a net-fiscal drain would then lose their money to those who purchased the assets thinking that the immigrant would be a net-fiscal contributor. This is roughly how online betting markets work for political candidates.

The key is that the government would create and sell these financial assets after immigrants apply for admission *but before they are admitted*. The government would then watch the market prices for these assets, adjust, and offer prediction-market visas to the immigrants who are trading at the highest market prices, which would indicate the market's choice for the immigrants expected to have the best positive net-fiscal contribution. In other words, the government would use the predictions of traders who have put real cash on the line to select immigrants whom the market thinks will be net-fiscal contributors. Because the monetary payout for the financial assets would be

based on their actual real net-fiscal impact, traders would have an economic incentive to investigate and place well-informed bets about immigrants. Policymakers could then rely on these market prices giving decent estimates of the current present financial value of this stream of future revenue.

Given these market prices, the government would admit the immigrant applicants for whom such market prices are highest. By using a high threshold, the government could ensure a high confidence that each immigrant applicant would produce a positive net-fiscal impact.

New financial assets would be issued each year for new immigrant applicants. For instance, those immigrants who want to arrive on January 1, 2022, could apply by January 1, 2021. The government or another entity would then create the financial assets representing those applicants. The financial assets would trade for a period of time before the government identifies those with the highest market prices and awards them prediction-market visas.

Those who are skeptical about particular immigrants, or about immigration in general, could insure themselves against bad immigration choices via trades in these markets—trades from which they expect to profit if their skepticism turns out to be accurate. These markets could trade financial assets representing individual immigrants on a prediction-market visa until the immigrant naturalizes.

It is easy to set up markets where people can trade such financial assets, as the popularity of political betting markets shows.¹¹⁰ If the government allows trading in such financial assets regarding immigrant applicants, with those trades being conditional on individuals being admitted, then such prices would estimate the net financial value of potential immigrants conditional on their being accepted. This is a straightforward application of the idea of decision markets or “futarchy,” on which I have written often before.¹¹¹

ISSUES WITH THE PREDICTION-MARKET VISA

There are, of course, some issues that policymakers will have to grapple with. For example, if there is not enough trading in these markets to create sufficiently accurate prices, market trading could be encouraged via subsidizing automated market makers. The subsidies could come

from fees on immigrant visas. The government could also make it easy to trade large on bundles of immigrant applicants with similar features, such as education, age, or some other characteristic. In other words, traders wouldn't need to focus on individual immigrant applicants.

Another issue is that traders must be given some information on each applicant, and market estimates are more accurate if traders have access to more information. But applicants should be assured some privacy. Immigration skeptics, however, might want to limit such privacy to better ensure that each immigrant is, in fact, a net-fiscal contributor. One possible solution is that traders could be allowed to trade on simple easy-to-formalize information about immigrants that they wouldn't be able to see via trading bots that *could* see private information on applicants but that would leak nothing to others.

Once immigrants become citizens, they could be given stronger privacy rights, as the main use of the market would be to advise entry. And that task would be completed once they naturalize. While the government-calculated dividend values on them each year would reveal some information, there would be no need to reveal details of how that number was computed. To further cut information revealed, the government could even wait and pay dividends as a single lump every few years.

Another potential problem is that, in principle, a trader could acquire a large enough net negative stake in an individual immigrant that the trader would then have an incentive to hurt that immigrant's chances of achieving a

high net-fiscal value, perhaps by bribing the immigrant's boss to fire him. The government might thus want to limit the size of negative trader stakes held after the immigrant arrives or increase privacy for some personal identifying characteristics.

Some groups of applicants, such as a church, family, or firm, might be worth more if admitted as a unit together. To estimate for this case, the government might offer trades on packages of assets for a whole group of applicants—trades conditional on them being admitted as a unit. With a high enough estimated value of the group, the government might then admit such groups as units, even when there are reasonable doubts about individual members.

CONCLUSION

This paper focuses on evaluating immigrant applicants in terms of expected net-fiscal impact for concreteness because that is a common concern that many Americans have about immigrants. But it would be straightforward to substitute other metrics of evaluation as long as those metrics referred to measurable outcomes. Awarding visas through prediction markets is a pull-the-rope-sideways proposal designed to improve policy on the hot-button topic of immigration without taking a side on the topic's main dispute of how many immigrants to admit annually. Whether policymakers want more or fewer immigrants, they should want better immigrants, and prediction markets are a promising way to get them.

Chapter 12: Transferable Citizenship

BY ROBIN HANSON

Governments have long worked hard to create strong feelings of solidarity between citizens. National leaders often appeal to a common history of mutual aid, sacrifice, and even ethnic and cultural ties to garner support for government actions. All of this has helped create a relatively sacred and exclusive aura regarding citizenship that, in the words of Abraham Lincoln, is “the mystic chords of memory, stretching from every battle-field, and patriot grave, to every living heart and hearthstone, all over this broad land.”¹¹² According to long-standing human norms, such associations are not to be created lightly and are debased when they are mixed with material motives such as money or other expressions of self-interest.

These attitudes seem like a serious obstacle to achieving the huge gains that economic analysis suggests might be achieved by a freer movement of people across national borders. How can these attitudes change?

One obvious solution is to try to move attitudes about national citizenship more toward the attitudes that people have about other kinds of associations, such as firms and neighborhoods, where movement is freer. While members of these groups often feel solidarity with one another, they consider it more socially acceptable to allow individual choices about entering and leaving and to let money influence such choices.

For example, firms often offer financial incentives to attract new employees and to induce early retirement or exit among existing employees. Also, small groups within firms are typically free to hire employees without needing to consult much with the rest of the firm. Regarding neighborhoods, homeowners are typically free to leave the community by selling their home to an outsider, who is thereby free to enter. In these cases, the shared sense of community is not considered a strong obstacle to letting individuals decide for themselves whether to come or go and to base those choices in part on financial considerations.

So, if this is the wise choice, how could people be convinced to view their citizenships more like the choice of neighborhood or employment? One approach would be to try to create a property right that offers citizens stronger financial incentives to make citizenship choices based on financial considerations. For neighborhoods, homeownership is such a property right; for firms, there’s often a quasi-right to keep one’s job—a right that one sells when one gets paid to accept an early retirement or exit. Such rights put people into a more money-oriented frame of mind about firm and neighborhood membership. So, for nations, consider: transferable citizenship.¹¹³

Imagine that each citizen could transfer his citizenship to a foreigner if that citizen found another place in the world that would take him. An American citizen, for example, could accept financial compensation for this

transfer and could, of course, take other financial assets with him when he moved (i.e., he might sell, rent, or lease his citizenship). Even if he did not actually do this, having this explicit asset would substantially increase his formal wealth. He might borrow against this citizenship asset to go to school, buy a home, or start a business. And he could consider selling it to help finance retirement overseas.

The prospect of personally gaining such a large concrete personal asset might encourage many people to favor proposals to allow transferable citizenship. And once adopted, a habit of using such assets for financial purposes might encourage people to treat national membership more like they treat firm or neighborhood membership. Similar to how homeowners are incentivized to favor policies that increase home prices, under a policy regime with transferable citizenship, American citizens might favor policies that increase the market value of citizenship—such as more liberal policies on professional licensing—which would further enable foreign professionals to work in the United States.

Transferable citizenship might lead citizens to favor freer movement of people between nations, more like support for free movement between firms and neighborhoods. With a more accepting public, a government eager for more revenue might even create and sell extra citizenships to add to the pool available for sale to foreigners. Of course, this incentive might be checked by voters who want to limit new citizenships in order to increase the value of their assets, just as many local homeowners oppose new housing developments in their communities.

The change in attitude regarding citizenship that might result from the adoption of such a policy would not be available to help get it approved in the first place, so the first version proposed would likely need to be relatively conservative. An especially conservative version might, for example, require that a foreigner in a transfer be at least as old as the native and that the foreigner not be pregnant at the time. And, of course, the government should exclude foreigners who are terrorists, criminals, or otherwise

threatening to public safety.

One can argue that, with such constraints, such a policy wouldn't actually increase the national population. And it plausibly would increase national solidarity, as a foreigner who chooses to come probably would feel more positively about the United States than the native who chooses to leave. Retired elderly Americans with fewer assets would be more likely to transfer their citizenships to younger immigrants with more assets.

However, such age and pregnancy constraints on transfers would reduce the financial value of each citizen's asset. So, this proposal might attract more support if it were instead combined with policy variations designed to increase the market price of citizenships. Thus, Congress could allow transfers to foreigners of any age and allow retiring citizens who sell their citizenships to take their promised future government benefits (such as Social Security and Medicare in the United States), or at least some financial equivalent, with them when they leave. Congress could even make citizenships inheritable property so that when citizens die, their citizenships pass to their heirs as assets.

Some have recently proposed making the right to work in a nation transferable, rather than citizenship *per se*.¹¹⁴ While this proposal is similar in many ways, a key difference is that if those who sell their work rights are allowed to stay in the nation, then transferable work rights increase the number of people residing in the United States who use local services. And the lesser citizenship status of those who buy only work rights may offend those who prefer more egalitarian relations among locals.

So, consider transferable citizenships, a financial asset that Congress could cheaply give all citizens to help them get loans and pay for retirement. Personal interest might induce citizens to favor this policy, and then once adopted, attitudes might drift toward treating national membership more like firm or neighborhood membership. That might eventually help us all unlock the vast treasure that could be created by freer movement of people between nations.

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