

Education, Skills, and U.S. Immigration Policy
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There is nothing wrong with creating an immigration system that takes into account and rewards the human capital characteristics of immigrants. After all, as markets for goods, services, products, information, and financial capital have globalized, so have markets for human capital. Human capital refers to the skills, knowledge, and abilities gained by people as a result of education and experience, both formal and informal.

Indeed, the U.S. has such a system. The United States currently reserves around 40% of its numerically limited visas for workers judged to be priority in the nation's economy; those with professional credentials, needed skills, or special talents; and those whose presence is deemed likely to create American jobs. However, the share of employment-based migrants actually runs at around 20% of total immigration because the U.S. does not attempt to limit the entry of spouses, children, and parents of American citizens who, by themselves, constitute something over 40% of the total.

Given the large size of the U.S. immigration system, even a total percentage of around 20% means that we take in 150,000 to 200,000 skilled workers each year as permanent residents, and the United States generally does quite well in attracting human capital away from its competitors in the OECD. After all, it is the world's largest and most dynamic economy and it has an unparalleled infrastructure for investment, research, and innovation. It is no wonder that we attract the lion's share of the world's skilled immigrants.

In order to compete with the United States, smaller countries such as Australia and Canada have created visa allocation systems that give relatively greater weight to education,

skills, and abilities than to family connections in the allocation of immigrant visas. In recent years, close to 40% of Australia's immigrants arrived in skilled or professional categories, compared to around 55% of Canada's. A skill-focused immigration system gives these countries some hope of competing with the colossus in the world economy that is the United States.

I would not advocate a similar emphasis on skilled immigration in the United States, for several reasons. First and foremost—we don't really need to. As already mentioned, the United States does very well in the global market for human capital. In my home department at Princeton University, for example, 30% of the faculty is foreign born, more than double the rate in the nation as a whole. Moreover, the Bureau of Labor Statistics does not foresee any dire shortages of skilled and educated workers looming in the foreseeable. Over the next decade, the largest single category for job growth, at 33%, will be health care service workers, an unskilled category that will become increasingly important as the U.S. population ages. Although demand for computer scientists, programmers, and mathematicians is also expected to increase by 30%, in absolute terms the demand for health service workers will be greater; and given the shift toward outsourcing in high-tech fields, there are few complaints about shortages of programmers and engineers. More common are complaints about the number of jobs being shipped overseas than the number of immigrants arriving to fill them here.

Moreover, to the extent that the United States has problems in human capital formation—that is, the inculcation of skills and education among its citizens—cherry picking talent from abroad is a stopgap measure that doesn't solve the problem. In the long run, the primary source of America's stock of skills, talents, and education must come from investments made in its own human capital—by funding the acquisition of education and training and the promotion of basic

and applied research at home. According to data from the National Center for Educational Statistics, we spend only 3.8% of our GDP on primary and secondary education, including both public and private institutions, a level of educational funding that is well behind competitors as Australia, Belgium, Denmark, France, Korea, New Zealand, Norway, Portugal, Sweden, and Switzerland.

Not only is immigration a poor substitute for investments in the education and training of Americans, it is much less reliable as source of human capital. Immigrants are, by definition, mobile, and they can depart as easily as they arrive. Within Australia, for example, in any given year the arrival of immigrants is offset by a 25% rate of emigration by former immigrants; and of those who depart a very disproportionate share, around 56%, are professionals. Indeed, in a recent analysis I did of newly arrived immigrants to the United States, I found that relatively high levels of dissatisfaction with life in the United States that went up sharply as education rose. Whereas one-third of all immigrants said they were somewhat or very dissatisfied with the life in United States after one year in the country, the figure rose to more than two-thirds among immigrants with advanced degrees. Those with the highest earnings were least likely to want to naturalize to American citizenship.

In many ways, immigration is more difficult for those with education, professional skills, and credentials. Admitting immigrants simply because they possess skills without regard for whether and how those skills might be used in the receiving countries can create more problems than it solves. Although Canada admits more skilled immigrants as a percentage of its total than any other country, it is hardly a model of success. Unsuccessful integration by skilled immigrants is common and is now recognized as a serious policy concern; and the principal

reason for failed integration is the inability of a household breadwinner to gain meaningful employment in his or her chosen profession or trade.

As a result of the gap between the number of skilled immigrants arriving in Canada and the ability of the country to absorb them, immigrants there have an exceedingly high rate of poverty. According to data from Statistics Canada, 36% of immigrants who arrived in the prior five years earn poverty level wages, a percentage that rises to 45% among migrants from East Asia and 51% among immigrants from South Asia. The high rate of poverty and the dashed hopes that it implies help to explain growing resentment and rising attraction to radical Islam in Canada's Muslim community. In Canada, 41% of the children of immigrants live in poverty, compared with 18% of native children. By way of comparison, the rate of poverty among immigrants in the United States is just 18%, compared with 11% among natives.

Not only does a policy weighted disproportionately toward the skilled and educated not suffice as human capital development policy, it doesn't make sense as immigration policy. Immigration policies balance many competing issues, only one of which is skills and education for input into the economy. Although nations such as Australia may emphasize skills to compete with the United States, that country still retains special provisions for entry from neighboring nations such as New Zealand and it continues to admit 28% of immigrants in family categories and 10% in humanitarian categories. Even in Canada, 25% of immigrants enter as family members, 11% as refugees, and 9% in other categories.

In neither of these countries, moreover, has the emphasis on skills and education in the system of legal admission been sufficient to deal with labor demand in less skilled categories.

Canada, for example, imports some 90,000 temporary workers each in largely unskilled categories such as agricultural laborers and private household workers, and the nation currently houses an illegal population estimated to be in the neighborhood of 200,000. Australia's undocumented population is estimated to be on the order of 50,000. Although these numbers may seem small by American standards, they pertain to much smaller countries.

In summary, provisions that favor the entry of skilled and educated workers constitute a valuable component of a balanced immigration policy, but care must be taken not to over-sell their virtues. Skilled immigration is not a substitute for national investment in human capital through education, training, and research, nor does the simple importation of more skilled and educated workers provide an easy pathway to national development, as Canada's experience increasingly shows. Finally, a skills-based policy cannot by itself accomplish everything an immigration policy needs to do, as even Australia and Canada have realized. In addition to needs for skilled and educated workers are needs for family reunification and humanitarian relief, not to mention the need to accommodate population movements stemming from broader processes of regional economic integration, a fact nowhere more obvious than within the zone covered by the North American Free Trade Agreement.