

Adding value to the mix

Value-Added Immigration: Lessons for the United States from Canada, Australia and the United Kingdom. By Ray Marshall, Washington, DC, Economic Policy Institute, 2011, 248 pp., \$15.95/paperback.

Ray Marshall is a distinguished economist and public servant (Secretary of Labor, 1977–1981) who has focused in recent years on the issue of immigration. His latest book examines the immigration policies of Canada, Australia, and the United Kingdom; compares and contrasts how these three immigrant-receiving nations manage inflows of people from around the world; and, based on his findings, draws conclusions as to how the United States might better manage its inflows.

A common theme shared by the other three English-speaking countries, and not shared by the United States, is an immigration policy that admits skilled workers as complements to domestic labor supply based on “points.” Canada was the originator of what has come to be called “points-based” selection processes for skilled permanent immigrants. An advantage of this system is that it is flexible: in recent years Canada increased point allocations for educational attainment and language proficiency, for example, and reduced points awarded for certain high-demand occupations based on its needs. Points are also now awarded for education or experience as a temporary worker in Canada. Marshall notes that about a quarter of all legal immigration to Canada comes through this channel and concludes

that the system has been very responsive to criticism by government and external evaluators.

Australia’s points-based system was modeled on Canada’s. Using this system to select skilled workers for admission has helped Australia avoid the income-depressing effects of large-scale unskilled immigration and mitigate political and social backlash on the part of Australian-born citizens. International students, who can work while they are enrolled in school, and skilled workers on temporary visas are two major sources of much needed workers admitted through the points system. Another important source is the “457 visa” program, which accommodates intracompany transfers (ICTs). Australia also issues visas to “working holiday” visitors, largely younger and less skilled, who can remain in the country for up to 24 months but cannot work for any one employer for more than 6 months. Both Canada and Australia abandoned their “whites only” immigration policies in the 1960s (as did the United Kingdom). The subsequent increase in racial and ethnic diversity has helped make Australia’s proportion of foreign-born, about one-fourth, the highest among developed countries.

An important conclusion from Marshall’s study of immigration data and the research literature in Canada and Australia is that economic migrants are most successful when they have high-level language ability and educational backgrounds that employers regard favorably. Graduates of in-country universities are preferred to applicants whose degrees come from foreign universities, especially those from non-English-speaking countries.

The United Kingdom (UK) experienced inflows of workers and their families from the so-called “New Commonwealth” countries after World War II, including India, Pakistan, and the Caribbean. In response to growing domestic political pressures to restrict immigration, the Immigration Act of 1971 eliminated the right of citizens from these countries to enter freely. Opposition to immigration further intensified after government decisions to admit Asians expelled from Uganda in 1972 and Malawi in 1976. During the same decade, however, the UK joined the European Union (EU), which holds free movement of labor as one of its major principles. The movement of workers from the European continent to the UK was accelerated by the accession to the EU of eight Eastern European countries in 2004, followed by two more in 2007. The UK, Ireland, and Sweden have been the only countries fully living up to the free-entry provisions, and this has resulted in a large, unanticipated surge of migrants seeking jobs (dominated by Poles). In addition, there has been an upsurge in asylum seekers and visa overstayers, both of whom find it relatively easy to remain and find work.

The UK adopted a five-tier points-based system in 2008, modeled on the Canadian and Australian approaches, but incorporating an independent Migration Advisory Commission (MAC) tasked with providing data and policy options on immigration issues. There are three routes to permanent citizenship under Tier 1: (1) the General Route for highly educated and skilled experienced workers (2) the Post-Study Work Route for individuals

obtaining a qualification from a UK institution, and (3) small numbers who are entrepreneurs or investors and who generate UK jobs. Tier 2 points are awarded for skilled workers with a job offer as well as ICTs, who are supposed to be on a company's payroll for (now) a minimum of 1 year before the transfer. The ICT route has proven both popular and contentious. Critics claim multinational companies (particularly in the information technology field) abuse the system by bringing in newly hired workers, assigning them to less-skilled tasks, and paying below the required prevailing pay scale. Marshall notes that critics and the MAC correctly distinguish between abuses that violate the rules (e.g., paying below scale) and abuses of the program's intent due to the way the rules are structured (e.g., using

the ICT as a step to gain permanent residency). Tier 3, created to ensure the availability of low-skilled labor, is not currently being used. Tier 4, for international students, and Tier 5, for temporary residents who may work for a limited period, are not direct routes to permanent residence or citizenship.

In a concluding eight-page section that defies quick summary, Marshall lists 13 major characteristics of the immigration systems developed by the three countries. He then draws several lessons he feels would benefit the United States if we would conform more closely to the employment-based approaches in them. The interested reader needs to look closely at this detailed critique, which has both good economics and good sense underlying it. Per Marshall, the experiences

of the three countries "show that employment-based migration policy can be effectively managed to meet national objectives..." In contrast, "U.S. employment-based migration policy is chaotic and opaque, lacks strategic vision, has produced the industrialized world's largest illegal component, and is not the primary responsibility of any high-level government official or entity. But all these issues argue for reforming the system, not that responsible immigration policy cannot be achieved."

Marshall's work is a major contribution to that potential achievement. I strongly recommend it. □

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