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LAW AND ORDER

Why Trump's New Immigration Bill Makes Sense

Hey, it works in Canada.

By GEORGE J. BORJAS | August 04, 2017

Since President Donald Trump on Wednesday endorsed the immigration bill proposed by Senators Tom Cotton and David Perdue, various politicians of all stripes have condemned it. They've accused the bill of being undemocratic, un-American, and economically unsound. Many have confidently asserted that more immigrants are always better than fewer.

This rush to judgment is way over the top, and largely uninformed. The current immigration system is desperately in need of reform, and a careful examination of the proposal shows that not only will it likely create substantial economic gains for the country in the long term, it also eliminates elements of our current policy that are hard to defend.

First, some background: Despite the dramatic economic changes that the United States experienced in recent decades, the regulation of legal immigration still operates under a system devised back in 1965. This system, which lets in about 1 million legal immigrants a year, favors foreign relatives of current residents—without regards to qualifications. Around two-thirds of all legal immigrants enter under these family preferences. Only around 15 percent enter under so-called employment preferences, typically granted to persons who are "priority workers" or embody other types of desirable skills. The exact rules that determine whether a worker qualifies to be one of this 15 percent are unclear to those uninitiated in the intricacies of immigration law.

This is where the Cotton-Perdue proposal, also known as the RAISE Act, comes in. They propose two major shifts in existing policy. One tries to address the question of how many immigrants should come into the country. The other answers the question of which applicants we should let in—through a complete rewrite of the rules for skill-based immigration.

The rule changes for skill-based immigration should not be controversial. If nothing else, the proposal introduces much needed transparency in identifying which types of workers we seek. The Cotton-Perdue bill would divvy up the 140,000 visas now assigned to the employment preferences by using a point system similar to those adopted and used for several decades in other countries, including Canada, Australia and New Zealand. In rough terms, those point systems essentially grade visa applicants on the basis of personal characteristics, such as education, occupation and age; add up the points; and grant an entry visa to those who "pass the test."

The Cotton-Perdue bill contains an extremely detailed formula for granting points. The bill gives more points to those who are young. More points to those who are proficient in English as measured by the score in an actual exam. More points to those with professional degrees or degrees in science and technology. And more points to those who have won prizes that signal exceptional ability in specific areas. An Olympic medal, for example, will get you 15 points; a Nobel Prize, 25.

In short, the bill provides a clear and transparent framework for determining which types of workers we believe to be most beneficial. And I suspect that most Americans would view the Cotton-Perdue approach as common sense. Do many of us really believe that America would benefit more by letting in a sociology professor in her 50s than by letting in a young woman with an advanced degree in computer science?

And why exactly is this type of merit-based visa allocation such a good thing from an economic perspective? Despite all the disagreement that economists have over the details of the economic impact of immigration, there is little, if any, disagreement about the fact that high-skill immigration benefits the United States far more than low-skill immigration.

High-skill immigrants are more complementary to America's existing productive infrastructure. High-skill immigrants pay more in taxes and receive fewer services. Exceptional high-skill immigrants will introduce knowledge and abilities that we will learn from, making us more productive, and expanding the frontier of what is economically possible in our country. And high skill immigration, unlike low-skill immigration, will reduce, rather than increase, income inequality. In fact, the people who will lose out the most from the Cotton-Perdue proposal are the high-skill workers in STEM fields, both native and foreign-born, who are here already. They will now have to compete with many more qualified workers for available jobs.

But there is no need to believe any of these arguments to see the pros of high-skill immigration. Whether we like it or not, there is already a global market for high-skill immigrants, with various countries adopting policies designed to convince the potential migrant to move there. Just look at the policies that other immigrant receiving countries pursue. Many already have point systems to filter the applicant pool, or they have put other policies into place that do the same thing, like the "blue card" in the European Union, giving preference to high-skill applicants. All these countries know something that the United States, to its detriment, has ignored for several decades: High-skill immigration is economically more profitable.

In fact, the Cotton-Perdue proposal is so pragmatic that it essentially predicts its own demise. Given the strong emotions that permeate and dominate the immigration debate, it is unlikely that anything as logical, rational and economically sensible could possibly become law.

The other part of the Cotton-Perdue proposal is bound to be much more controversial, as it involves a cut in the number of legal immigrants admitted through the family preference system. As it stands, the system entitles immigrants in the United States to bring in their relatives. This entitlement extends not only to relatives like spouses and minor children, but also to adult family members, such as the immigrant's parents and siblings.

Just think for a minute about what that means. A newly arrived immigrant can eventually bring in his or her sibling. That sibling will then be able to bring in his or her spouse. But

the sibling's spouse will eventually be able to bring in the sibling's spouse's parents and siblings, and on and on.

It is this multiplier effect that the Cotton-Perdue proposal wants to eliminate by getting rid of the entitlement granted to immigrants to bring in their parents, adult children, and siblings. (Preference will still be given to minor children and spouses of immigrants.) But before dismissing the proposal outright, it is worth asking ourselves: Does it really make sense to have a policy that eventually guarantees an entry visa to the immigrant's brother's wife's father's sister?

Because of the ever-expanding number of potential immigrants created by the current policy, its repeal would have a large impact on the total number of immigrants admitted to the country. In about a decade, legal immigration would be cut by about half, bringing the level of immigration down to what we had back in the 1980s. (The Cotton-Perdue bill also discontinues the lottery that raffles out around 50,000 visas a year, but it is the repeal of the siblings and adult family preferences that would have the largest numerical impact).

Some critics, like Senator Lindsey Graham, have already objected to the cut by claiming that the country needs continued high levels of low-skill immigration. As the narrative goes, immigrants do jobs that natives don't want to do. But many news reports this summer provide anecdotal evidence that this claim is hogwash. Some of Trump's immigration initiatives have left employers scrambling to fill jobs with native workers. And how exactly are they addressing the labor shortage? By offering higher wages and working conditions. It's not that immigrants do jobs that natives don't want to do. It's that immigrants do jobs that natives don't want to do at the going wage.

Other critics of the Cotton-Perdue bill feel that selecting people on the basis of their economic potential is not what the United States is all about. And many also feel that immigration is always a good thing—so that more immigration is always better than less.

And, indeed, human beings are more than just economic animals. Detractors will surely cite the "give me your tired, your poor" lines from the Emma Lazarus poem as proof that immigration to the United States is not simply about how rich the country can get. And those critics have a point—a point I sympathize with. The United States has been historically exceptional in its generosity, welcoming many of the huddled masses with little economic potential. And there's something about this generosity that should make all of us proud to be Americans.

I have much less sympathy, however, with the rigid belief that more immigration must always be better than less immigration. Despite the thousands of published studies that examine the economic impact of immigration, not a single one provides a credible estimate of what the "optimal" number of immigrants should be, the magic number that maximizes our wealth.

If anyone—even someone claiming to be an economic expert—tells you that the science is settled and that economics implies that the correct number of immigrants is x, that so-called expert is flat-out lying. And even if we were able to come up with a magic number based purely on economics, it wouldn't take into account how that number might affect our schools, our neighborhoods, our culture, our safety and our politics. Let's try to be humble for a change. We simply do not know if 1 million legal immigrants per year is too few or too many.

I happen to believe that 1 million legal immigrants per year is probably—and I do mean probably, as I'm not really sure—larger than the magic number. But this belief has little to do with economic studies or expert opinion. It is the lesson I've learned from reading the news and following the political debate over immigration for three decades.

Think about it: Would we be arguing so much about immigration if every American had benefited greatly from it? I doubt it. Surely, immigration made some of us richer, but that additional wealth was not equally shared, and more than a few Americans were left behind.

I recall how back in the early 1980s, at the time I first began to work on immigration, few people cared about my work because few people cared about immigration. Unfortunately, immigration has now become an all-consuming political hot potato, doing its best to polarize us and divide us. The contentious and divisive debate suggests to me that more than a few Americans feel that immigration has made them worse off and that we should cut back a bit to improve the lives of those left behind in the maelstrom.

But there's no need to rely on what I've learned to get the point. Just look at how immigration has destabilized the political consensus in the United States and Europe. What does that tell you about the long-term political and social consequences of large-scale immigration?

Many of the people who will argue that the cuts in the Cotton-Perdue proposal make for bad policy subscribe to the notion that immigration is good for everyone, and that more immigration is obviously better. Unfortunately, they forget the old maxim that there's no free lunch, and that even immigration is not an exception to that rule. Low-skill

immigration, which would likely suffer the largest cuts in the proposed bill, imposes costs on taxpayers and it imposes costs on low-skill workers already here.

It's not as if low-skill workers will stop coming under the Cotton Perdue bill. The proposal leaves unchanged the family preference system as it applies to spouses and minor children. That specific provision of current policy allowed the entry of millions of low-skill persons in the past 50 years, and would continue to do so in the future. The difference now is that the larger fraction of high-skill workers coming into the country will help defray the costs of continued low-skill immigration.

The forthcoming debate over the bill would be much more productive if instead of name-calling and accusations about motives we focused on a simple question. Is the "deal" implicit in the Cotton-Perdue bill really such a bad compromise with our historical legacy?