AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 109–775

EMPLOYMENT-BASED PERMANENT IMMIGRATION: EXAMINING THE VALUE OF A SKILLS-BASED POINT SYSTEM

HEARING

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

EXAMINING THE VALUE OF A SKILLS-BASED POINT SYSTEM RELATING TO EMPLOYMENT-BASED PERMANENT IMMIGRATION

SEPTEMBER 14, 2006

Printed for the use of the Committee on Health, Education, Labor, and Pensions

Available via the World Wide Web: http://www.gpoaccess.gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

30–005 PDF WASHINGTON : 2007

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

MICHAEL B. ENZI, Wyoming, *Chairman*

JUDD GREGG, New Hampshire
BILL FRIST, Tennessee
LAMAR ALEXANDER, Tennessee
RICHARD BURR, North Carolina
JOHNNY ISAKSON, Georgia
MIKE DEWINE, Ohio
JOHN ENSIGN, Nevada
ORRIN G. HATCH, Utah
JEFF SESSIONS, Alabama
PAT ROBERTS, Kansas

EDWARD M. KENNEDY, Massachusetts
CHRISTOPHER J. DODD, Connecticut
TOM HARKIN, Iowa
BARBARA A. MIKULSKI, Maryland
JAMES M. JEFFORDS (I), Vermont
JEFF BINGAMAN, New Mexico
PATTY MURRAY, Washington
JACK REED, Rhode Island
HILLARY RODHAM CLINTON, New York

KATHERINE BRUNETT MCGUIRE, *Staff Director*
J. MICHAEL MYERS, *Minority Staff Director and Chief Counsel*

C O N T E N T S

STATEMENTS

THURSDAY, SEPTEMBER 14, 2006

	Page
Enzi, Hon. Michael B., Chairman, Committee on Health, Education, Labor, and Pensions, opening statement	1
Sessions, Hon. Jeff, a U.S. Senator from the State of Alabama, opening statement	3
Beach, Charles M., Professor of Economics, Queen's University	4
Prepared statement	5
Borjas, George J., Professor of Economics and Social Policy, Kennedy School of Government, Harvard University	12
Prepared statement	15
Massey, Douglas S., Office of Population Research, Princeton University	18
Prepared statement	19
Tonelson, Alan, Research Fellow, U.W. Business and Industry Council Educational Forum	21
Prepared statement	24

ADDITIONAL MATERIAL

Statements, articles, publications, letters, etc.:	
Report for Congress, July 2006	42
Katherine M. Donato, Douglas S. Massey, and Brandon Wagner	58
Response to Questions of Senator Kennedy and Senator Sessions by Charles M. Beach	72
Response to Questions of Senator Kennedy by Douglas S. Massey	74
Response to Questions of Senator Sessions by George J. Borjas	75
Letter from Monte Solberg to Senator Sessions	77

EMPLOYMENT-BASED PERMANENT IMMIGRATION: EXAMINING THE VALUE OF A SKILLS-BASED POINT SYSTEM

THURSDAY, SEPTEMBER 14, 2006

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:34 a.m., in Room SD–430, Dirksen Senate Office Building, Hon. Mike Enzi, chairman of the committee, presiding.

Present: Senators Enzi and Sessions.

OPENING STATEMENT OF SENATOR ENZI

The CHAIRMAN. Good morning and welcome to today's hearing on employment-based, permanent immigration. U.S. immigration policy is currently the focus of considerable public discussion and debate. Our policies regarding immigration have broad-reaching, practical implications, including ones that impact the diverse jurisdictional areas of this committee. Immigration policy affects our educational systems and training programs, our health care delivery and insurance systems and our overall labor market economics. As this public policy discussion and review of our overall immigration policy continues, one component of that policy, which has received less notice than some others, is the issue of permanent immigration. It is, however, a component that deserves greater attention.

Last year, some 1.2 million immigrants were accorded legal permanent resident status, and, over the last decade, permanent immigration status has been accorded to a little less than 1 million immigrants annually. Among those groups that are accorded permanent resident status are those whose admission is employment-based. The relative number of individuals that obtain permanent resident status through employment-based immigration and the criteria by which their suitability for permanent residency is determined are issues that have been faced recently by other countries. In reviewing our own immigration policies, it makes sense to review the experiences of other countries that have dealt with many of the same issues that face us today. Two countries, Canada and Australia, have implemented reforms regarding employment-based permanent immigration. Both countries utilize a skills-based point system to determine matters relating to permanent residency. Today's hearing will examine both of these systems in an effort to de-

termine their potential value in the context of U.S. immigration policy.

We are fortunate to have with us this morning a distinguished panel of experts to provide us with their insights and views on these issues. Charles Beach is Professor of Economics at Queens University in Ontario, Canada, where he also serves as the Director of the Institute for the Study of Economic Policy. He has researched and published extensively in the fields of public policy, income distribution and labor market analysis and is currently engaged in extensive research in the area of Canadian immigration policy. He is the founder of the Canadian Econometric Study Group and the Canadian Econometric Research Forum as well as Program Director of the Canadian Labor Market and Skills Researcher Network. Welcome.

George Borjas is the Scrivner Professor of Economics and Social Policy at the Kennedy School of Government at Harvard University as well as Research Associate at the National Bureau of Economic Research. He is the author of a number of books and has written over 100 scholarly articles on labor market issues and immigration policy. His work appears regularly in major magazines, newspapers and editorials. Both Business Week and the Wall Street Journal have called him America's leading immigration economist. Thank you for being here.

Mr. Douglas Massey is the Bryant Professor of Sociology and Public Affairs at Princeton University. His research efforts have focused on issues of international migration. He is the author of numerous scholarly works, including most recently, "Crossing the Border: Research from the American Migration Project" and "International Migration: Prospects and Policies in the Global Market." He served as President of both the American Sociological Association and the Population Association of America. Thank you for being here.

We also have with us Alan Tonelson, who is a Research Fellow at the U.S. Business and Industry Educational Foundation, a Washington, DC. research association studying the issues of national security, technology and economic policy. He is the author of a number of books and articles on economic, domestic and foreign policy. He has previously served as a Fellow on the Economic Strategy Institute and as Associate Editor of Foreign Policy. Welcome to you and to all of you on behalf of the committee, we thank you for your willingness to participate in today's hearing.

We are also fortunate today to have with us Senator Jeff Sessions of Alabama, who has been a leader in the Senate with respect to immigration issues; and, who has encouraged the review and study of other immigration systems. He suggested that this kind of forum would be a good way to build a record that we can utilize as we explore the issues of permanent immigration. Unfortunately, permanent immigration is a component of overall immigration policy that is too often neglected.

I do have to say because of my schedule this morning, I'll be unable to remain for the entire hearing and Senator Sessions has graciously offered to chair the hearing. I would also, again, say thanks to each of our distinguished panelists. I look forward to reviewing your testimony and your responses and I have some questions that

I'll hope to have answered. The record will remain open so that committee members can submit written questions to the witnesses within 10 days of the hearing and we would appreciate your expeditious effort to answer those questions. That's the way that we'll be able to turn this issue into reality.

Senator Kennedy is not here so I'll turn the proceedings over to Senator Sessions and be a participant. I'll pass the gavel.

OPENING STATEMENT OF SENATOR SESSIONS

Senator SESSIONS [presiding]. All right. You're passing the gavel already. Senator Enzi, thank you for your leadership. We treated immigration—and it is appropriately assigned to the Judiciary Committee, which I am a member, as more of a law enforcement issue and enforcement question and that's where the debates have all focused. But in truth, immigration is a very, very important matter for our national economy. It is very important for labor, which this committee has jurisdiction of and oddly, in this whole process of the debate and I was in the Judiciary Committee and was involved on the Floor, we had almost no discussion of the great issues of immigration about how immigration can benefit a Nation, how to maximize that benefit, how to create an immigration policy that selects the people who are going to be most successful in the country and by inference, will be most beneficial to that country. It's just a logical thing that we should, as we go forward, consider.

In the Judiciary Committee we had one panel, at my request, with the economists. Basically after the die had been cast on the immigration bill. One or two of the economists said this and the others nodded their heads and it is consistent with what Professor Borjas said in his book, Heaven's Door—which I think is the most authoritative compilation of data on immigration afoot today—and it is, the first thing a nation should do, is to decide whether or not immigration is in their national interest and should it be in their national interest? In other words, who is being served? Is it the people who want to come or is it the nation who chooses who to receive. I think the answer is pretty obvious, that the nation ought to set a policy that serves its national interest. Any other argument, I think, is not sound and what they said at that other hearing was, once you make that decision, then it is pretty easy to do a rational analysis of how to create a system that serves the national interests. One of the things we want to think about is, how many should come and in what fields of work, whether it is skilled or low-skilled and a legitimate interest of this committee is how it effects labor in this America and the working people because we're passing bills and trying to help working people in America in a lot of different ways and we need to ask how immigration impacts our system.

So I'm glad that you've agreed to have this. This will be a part of the record. We have, in these weeks here that we wrap up this session, a lot of things happening at this very moment. I should be in another hearing but I'm not and we're going to take this record that we have today and I assure you, other Senators will become educated on some of the issues that are being raised here because I'll make sure that they are.

Senator Enzi, do you have any questions? Do you want me to start with some questions? I guess the first thing I would say that is most—oh, excuse me. I need a good chairman here, somebody who is used to presiding. We are delighted to hear from you at this point and then we'll go into our questions later.

Mr. Beach. Tell us about the Canadian plan.

STATEMENT OF CHARLES M. BEACH, PROFESSOR OF ECONOMICS, QUEEN'S UNIVERSITY

Mr. BEACH. Yes. Can you hear me all right? Thank you very much for inviting me to speak before the committee. Also, I want to express my wholehearted sadness and sympathy for your loss 5 years ago this week.

Canada has one of the major—is one of the major immigrant receiving countries in the world and we've had about 30 years of experience in running a point system, which will be one of the main issues of discussion in today's session. I simplify a bit but there are basically three major classes of immigrates to Canada, corresponding to the different goals of immigration policy. One is family class immigrants for family unification. That represents about 27 percent of all immigrants coming in. The figures are for 2000 but they are not much different now. Second, is the independent or economic class, which are the group of immigrants and their dependents who come in under an evaluation system or point system and that is about 59 to 60 percent of all immigrants. That's quite different from the United States. Third, there is a humanitarian class, largely refugees, which is about 13 percent of the total.

Since the 1980s, there have been three major changes in immigration policy in Canada. In the mid-1980s, Canada shifted the total immigration levels from its previous regime, which was called the tap on, tap off policy, where in recessions, it is less absorbed to the capacity of the economy. The total immigration levels were moved down a bit. You had expansions when the absorbed to capacity increased, it was moved back up.

By the 1980s, for reasons that may come out in questions here, Canada changed to a policy of essentially tap on at a fairly high level, right through, including through a quite severe recession in the early nineties. One can debate that, but, that is still the approach we use.

The second major change is the policy shifted away from emphasis on family class immigrates toward an emphasis on independent class immigrates that come under the point system. So to give you an idea of orders of magnitude, between 1980 and 2000, the number coming in under the point system rose from 35 percent to above 60 percent. That is quite a substantial change.

Third, the weights are embodied in the point system and we identify and evaluate skills under which to evaluate prospective immigrants. That has changed in the 1990s from a perspective of what is called occupational gap-filling or targeted employment. You see that there is a shortage in some occupations so you want to try to attract a bunch of people in that occupation, away from that to one based on much broader, we'll call human capital perspectives on things like language, education and that sort of thing and age, and again, that can come out in more discussions.

Basically, those three changes or at least the last two, signal a shift in perspective immigration toward a much longer view rather than a short-run, cyclical type response situation. The Canadian immigration policy, then, operates—I view it in terms of three sets of policy levers. One is the total level of immigration, which can be changed to some extent, year to year. Second is a portion of that total that comes under the point system and third is the nature of the wigs embodied in the point system itself. A recent study by some colleagues and myself looked at the effects of these three levers on various skill dimensions of arriving immigrants, such as education, age and English/French language fluency of arriving immigrates and the study found essentially two points for our purposes. First, the point system works in the sense that increase in the weights on a specific skill dimension does, indeed appear to have an effect in raising average skill levels of incoming immigrants and we have estimates as to the size of these effects. Second, changing—interestingly, changing the proportion of these three main levers. I talked about total inflow, the proportion that come under the point system and the weights in the point system. It is the second one. The proportion coming in under the point system as economic class immigrants, which appears to have the strongest impact, not just in our own studies but in several others that have been done as well.

So by way of conclusion, I think that bringing in a skill-based point system means that you gain useful policy tools that can have an effect on raising average skill levels of arriving immigrants.

[The prepared statement of Mr. Beach follows:]

PREPARED STATEMENT OF CHARLES M. BEACH

1. BACKGROUND FEATURES OF THE CANADIAN IMMIGRATION SYSTEM

The last decade has seen major changes in immigration policy in Canada, one of the leading immigrant-receiving countries and the one with about the highest per capita immigration rate in the world.

Figure 1 shows the profile of total immigration levels since 1980. In 1985, the total number of immigrants troughed at 84.3 thousand. The number then shot up in 1987 to 152.1 thousand and continued rising to above 250,000 in 1992 and 1993. It then drifted down to 173.1 thousand in 1998 and then moved up again to above 250,000 in 2001, from which it has continued in the 220,000–230,000 immigrants per year range (out of a population of about 30 million). The main feature of these results is the distinct up-shift in total immigration levels in Canada beginning in the mid-1980s that has generally continued.

Figure 1 also shows the number of immigrants in the major immigrant classes. There are basically three such classes. Independent (or Economic) class immigrants are those immigrants (and their dependants) who are assessed for admission through a Point System. It includes business class immigrants in the entrepreneur, investor and self-employment categories, and a nominated or assisted relatives class since these applicants also have to be assessed under the Point System. The second major immigrant class is the Family class (family unification), and the third is the Humanitarian class (mainly refugees). The Family class immigrants are admitted solely on the basis of kinship. Applicants in the latter two classes are not assessed under the Point System. Figure 1 shows that the Family class and the Independent (or Economic) class are the two largest classes. One also notes from Figure 1 the marked cyclical nature of Economic class inflows which generally increase in periods of economic growth in Canada and decrease during periods of recession (1981–1983 and 1990–1992), along with the general decline in Family class numbers since 1993.

Since 1980, there has also been substantial change in the country or region of origin of Canadian immigrants (see Figure 2). The most noticeable change here has been the increase in the numbers arriving from the Asia and Pacific regions and, to a lesser though still significant degree, from Africa and the Middle East. In the mid-1980s, the numbers of immigrants arriving from Asia and Pacific ran around

30,000–35,000 a year, but by 1992 had moved up to over 100,000 a year and peaked in 2001 at about 133,000 arrivals. Those from Africa and the Middle East in the early to mid-1980s averaged around 8,000–9,000 a year, but by 1991 moved up to over 40,000, and since 2000 arrivals have run between 40,000 and 50,000 a year. Meanwhile, landings from Europe, United Kingdom and the United States have been relatively stable over the whole period with 41.8 thousand from Europe and the United Kingdom and 7.5 thousand from the United States in 2004. In percentages terms, though, they represent a declining share of the total inflow. There have also been fluctuations in the numbers arriving from South and Central America which averaged 14,000–17,000 a year in the early 1980s, then moved up to 37,000 by 1991 and have since eased off to 19,000–22,000 a year since 2001. The main point here is that there has been a major shift in source country away from Canada's previously traditional source regions of the United Kingdom, United States, Western Europe, and English-speaking Commonwealth countries.

One of the distinguishing features of the Canadian system is that the Immigration Act gives Citizenship and Immigration Canada (CIC), through Cabinet approval and in consultation with the provinces, considerable flexibility to set target levels for immigration flows by immigrant class and to make changes to the relative weights built into the Point System. No separate act of Parliament is required to make these year-to-year changes, so there is considerable flexibility in how the policy levers of the system can be adjusted.

Another distinguishing feature of the Canadian system is its Point System which was brought in in 1967 as an objective way to assess the admissibility of prospective immigrants while at the same time up-grading the skill level of new arrivals. Table 1 sets out the categories under which a prospective Independent candidate for admission is judged along with the maximum number of points in each factor and the pass mark needed to be admitted. The table covers the period from the introduction of the Point System in 1967 until recently. Despite major revisions to the Immigration Act over the last three decades (i.e., in 1978 and 2002), the Point System has remained at the core of assessing which Independent (or Economic) class immigrants will obtain entry visas.

Under the Point System, prospective immigrants originally needed to amass at least 50 out of a possible 100 points to obtain an entry visa (nominated relatives received a 15-point bonus to cover a short-fall in points earned in evaluating their case for admission). As Table 1 shows, prospective immigrants were judged on a wide variety of factors, for example, age, education, work experience, occupational demand, etc. Table 1 also shows that the weights assigned to these factors have changed over time. Indeed, some categories actually disappeared while new ones were introduced. Initially, at least, the weighting scheme for the first two decades after the introduction of this scheme in 1967 reflected past immigration policy in the sense that it focused on occupational needs in the economy at a particular point of time. The total number of points awarded to occupational-directed categories (i.e., occupational skill, experience, occupational demand, and bonus points for designated occupations) totaled 43 out of a possible 100 points in 1986. The prospective migrant needed to get a certain number of points out of 100 to be admitted to Canada. It is not necessary to get points in every category. Hence a prospective migrant could score high points for education, age, etc., and zero for occupation demand, and still be admitted.

Now consider some of the skill characteristics of landed immigrants since 1980. In Table 2, sample means are presented for education and admission class for immigrants landed in Canada in 1980, 1990 and 2000. The proportion of immigrants with an undergraduate or graduate university degree rose dramatically over the period from 5.8 percent and 1.8 percent, respectively, in 1980 to 25.1 percent and 9.0 percent in 2000. The larger part of each increase occurred in the 1990s and is almost surely due to the reform of the Point System used to select immigrants to Canada under the skilled worker or Economic class category of admission. The changes in 1993 specifically led to a large increase in the weight placed on university education in selecting skilled immigrants.

In contrast, the proportion of new immigrants with post-secondary education below the university level rose from 16.5 percent in 1980 to 20 percent in 1990. However, it declined back to below its 1980 level at 15.6 percent by 2000. The other large change in the education distribution of newly landed immigrants over the period is the decline at the secondary education level—from 59 percent in 1980 to 35 percent in 2000. The overall result has been a fairly steady increase in the average years of education of arriving immigrants.

The distribution of new immigrants across the different admission categories has also varied considerably over the 20-year period. The proportion of new immigrants in the Economic category rose from 34.9 percent in 1980 to 44.2 percent in 1990

then to 58.7 percent in 2000. These increases coincided with decreases in the share of new immigrants arriving under the Family class (35.9 percent in 1980 to 26.6 percent in 2000) and the Humanitarian class (28.2 percent in 1980 to 13.2 percent in 2000). The larger part of the decline in the share of the Humanitarian category occurred between 1980 and 1990, while the larger part of the decline in the Family class (and the increase in the share of the Economic category) occurred between 1990 and 2000. The Humanitarian class intakes are, of course, largely influenced by refugee crises around the world.

2. RECENT MAJOR REFORMS IN CANADIAN IMMIGRATION POLICY

The 1980s and 1990s saw three major changes in immigration policy in Canada. These also highlight three distinct policy levers available to policymakers. First, the approach to handling total immigration levels changed. Up until the middle 1980s, Ottawa had traditionally followed a "tap-on/tap-off" policy where immigration inflow levels were allowed to rise in periods of economic growth when there was a high absorption capacity for new labor market participants, and then the levels were purposedly reduced in times of recession when absorption capacity was weak. In the middle 1980s, however, total immigration levels were substantially raised (see Figure 1) and then kept on at a relatively high level right through the quite severe economic recession of the early 1990s. This was done perhaps partly for political reasons. But it also marked the beginnings of a shift of perspective on immigration policy away from short-run or cyclical objectives and toward a longer-run more economic growth-oriented perspective.

The second major change in immigration policy was shift away from an emphasis on Family-class immigrants and a family reunification role of immigration toward an emphasis on Independent or Economic-class immigrants (and their dependants). This occurred in the early to mid-1990s and was spurred on by the rapidly rising costs of immigration in the recession of the early 1990s and by a general public perception of abuses in the system at the time. But again, it illustrated an on-going shift of underlying perspective that immigration should be serving a skill development role for the economy and a policy tool to foster labor productivity and economic growth (which were lower in Canada than in the United States causing some concern in the Canadian government). So a priority became to raise the proportion of total immigrants who would be coming in under a skill-based screening system. (Policy also was changed to narrow the definition of "family" in the Family class category away from the previous extended-family definition to a more North American style nuclear-family concept.)

The third change, also in the mid-1990s, was to the Point System under which Economic class immigrants are evaluated for entry. Previously, the weights in the Point System had been based on an occupational preference or gap-filling or targeted employment model where specific occupational needs were identified and those applicants who could fill these needs were given preference for admission. But by the mid-1990s there was growing frustration with this approach. It was an attractive concept, but it was bedeviled by implementation problems in actual practice. To be useful, the program had to get into quite detailed occupational breakdowns (e.g., a civil engineer is not the same thing as an electrical engineer), and these were very cumbersome to deal with by an administrative bureaucracy. There were also frustrating lags in identifying local labor market needs, aggregating this information up, and then conveying it in timely fashion to immigration offices abroad for dissemination to prospective applicants. By the time this process was done, the original labor shortage may no longer exist or—even worse perhaps—the economy was now in a recession and all applications were being put on hold. In general, this approach led to an unwieldy bureaucracy that was felt to be unresponsive and not sufficiently timely. It also led to criticism and frustration both abroad and at home. And there was wariness that the pace of industry restructuring (under NAFTA) and economic change would be speeding up with accelerating information technology developments.

So after an extensive review, in place of the gap-filling model was substituted an earnings or human capital model perspective. Under this approach, specific occupational needs were reduced in the Point System weighting scheme while additional points were awarded to education, age (particularly youthfulness as a proxy for flexibility and adaptability) and official language fluency (all three of these categories had been present from 1967 but were given lower weights than those categories dealing with occupational demand). The rationale for the change was that the higher prospective immigrants scored in these three categories the more easily they would adapt to their new home country and hence the more rapid their ascent to parity in earnings to similarly placed native-born workers. Thus by the mid-nine-

ties, education, facility in one or both of the native languages (i.e., English and French) and age accounted for 59 of the 100 total points, with only 70 points needed for the pass mark. This shift in weights in Canada signalled a move toward a longer-run view of immigration policy. Less emphasis was placed on gap filling and more on the factors that supposedly influenced the long-run adaptability of the new migrant.

This discussion, then, highlights the three policy levers I wish to focus on in this statement: (i) the total level of immigrant inflows in a year, (ii) the proportion of the total inflow in the Economic class category, and (iii) the Point System weights for the general skill levels of educational attainment, (youthful) age, and (English/French) language fluency. In the Canadian Point System, zero points are awarded for a principal applicant having less than a high school diploma, maximum points for a 4-year university degree, and partial points for various types of high school and post-secondary training. In the case of age, full points are awarded for principal applicant's age between 21 and 49, and decreasing partial points for age further away from the 21–49 age interval. In the case of language, zero points are awarded if the principal applicant speaks English and French very haltingly, full points if they are fluent in both official languages, and partial points based on reading, writing and speaking of English and French.

3. IMPACTS OF THE POINT SYSTEM AND POLICY LEVERS ON SKILL CHARACTERISTICS OF CANADIAN IMMIGRANTS

The discussion in this section follows the analysis of a recent empirical study by Charles Beach, Alan Green and Christopher Worswick entitled "Impacts of the Point System and Immigration Policy Levers on Skill Characteristics of Canadian Immigrants" (March 2006) that has been provided to the committee. This paper examines how changes in the above three immigration policy levers actually affect the skill characteristics of immigrant arrivals using a unique Canadian immigrant landings database consisting of all immigrants who arrived in Canada between 1980 and 2001. The skill characteristics of arriving immigrants that are examined in this study are their level of education, their age, and their fluency in either English or French. We use regression statistical techniques to estimate reduced-form equations in order to investigate whether the above three sets of policy lever changes (as explanatory variables) have indeed had identifiable effects on these three skill characteristics (as dependent variables) of the arriving immigrants to Canada over the 1980–2001 period. These three skill dimensions are generally acknowledged as the major skill indicators for immigrants that the literature focuses on.

Several hypotheses are examined in this paper relevant to the effect on arriving immigrants' skill levels of our three policy drivers. The first refers to total immigration inflow rates: does a larger size of immigrant inflows reduce the overall skill levels of arriving cohorts as the larger numbers of immigrants are likely to be closer to the Point System cut-off line (in the case of Economic class immigrants) and to bring in more relatives (in the case of Family class immigrants) who generally adjust more slowly in integrating into the Canadian labor market? The second refers to Economic vs. non-Economic class immigrants: do Economic class immigrants have higher average skill levels, and thus other things being equal, does an increase in the share of Economic class immigrants in response to shifting government priorities raise the overall skill levels of arriving immigrant cohorts since it is the Economic class arrivals who are essentially admitted on the basis of their skill? The third hypothesis refers to operation of the Point System: does increasing the Point System weight on some skill dimension—such as educational attainment—indeed have the desired effect of raising overall skill levels of immigrant arrivals in this dimension? And the fourth refers to business cycle effects: does a weaker labor market in Canada result in attracting fewer skilled immigrants so that overall skill levels of arriving cohorts of immigrants are reduced? And, by extension, does a weaker labor market in the United States (a substitute destination), ceteris paribus, lead to an increase in the overall skill levels of immigrants selecting to come to Canada?

The answer to each of these hypotheses turns out to be "Yes".

Five main findings arise from the empirical analysis of this paper and that may provide some useful input to the current U.S. debate. First, with respect to total immigration rates, it has been found that increasing overall annual inflows of immigrants lowers the average skill levels of the arriving cohort. This reduction in skill levels occurs most strongly for educational attainment of arriving immigrants, more moderately with respect to age of arriving immigrants, and very weakly (if at all) for official language fluency of immigrants. For example, raising total inflow levels by 100,000 per year (or by about 35 percent from recent levels) is estimated to reduce average years of education of Economic class immigrants by 2.6 percent, to in-

crease their average age by 1.7 percent, and to reduce the average rate of English or French language fluency by 0.2 percent.

Second, for a given level of total inflow, increasing the proportion of skill-evaluated or Economic class immigrants—at least in the way they are designated in the Canadian system—is found to raise the average skill levels of immigrants as a whole. Increasing the Economic class share in total immigration has its strongest effect on official language fluency of arriving cohorts, has a significant effect on average education levels, and has a moderate effect on average age of arriving immigrants. For example, raising the Economic class share of total immigration by 10 percentage points is estimated to increase average levels of education of all immigrants by 1.5 percent, to reduce their average age by 2.0 percent, and to increase their official language fluency rates by about 2.7 percent.

Third, it is found that business cycle effects on skill level outcomes of immigrants to Canada are highly statistically significant, and generally operate so that higher Canadian unemployment rates reduce average skill levels of arriving immigrants and higher U.S. unemployment rates have the opposite effect.

Fourth, with respect to the operation of the Canadian Point System itself, it has been found that increasing the weights on specific skill dimensions within the Point System schedule indeed has the intended effect of raising average skill levels in this dimension among skill-evaluated applicants. Basically, the Point System does appear to work as it is intended. The strongest effects occur for education, moderately strong for language fluency of immigrants, and rather weak effects occur on age of arriving immigrants. For example, if there is a 10 percentage point increase in the weight allocated to a specific skill measure within the Point System, the result is that the average years of education of principal applicants are estimated to increase by 2.7 percent, their average age declines by 0.6 percent, and their average official language fluency rate goes up by 1.2 percent.

This study identified three broad sets of policy tools for bringing about improvements in immigrant outcomes. One is a change in the total rate of inflow of immigrants, the second is a change in the Economic class share of total immigration, and the third is various changes in the Point System weights allocated to various skill dimensions. But which of the three policy tools appears to be most effective in bringing about desired changes in the skill outcomes of arriving immigrants? The proportion of Economic class immigrants seems to have the strongest across-the-board impact. The education outcome variable also stands out as being the most responsive among the three-skill dimensions. In general, the Point System appears to have strong effects on education outcomes of arriving immigrants, moderate effects on language fluency outcomes, and rather weak effects on age outcomes of arriving immigrants.

4. CONCLUSIONS AND RECOMMENDATIONS

We can identify two sets of conclusions: those based on the statistical analysis of policy lever effects, and those based on past Canadian experience with their Point System.

Turning first to the statistical results of the previous section, four points deserve mention:

1.1 Increasing the total inflow rate of immigrants lowers the average skill level of arriving immigrant cohorts.

1.2 Increasing the proportion of Economic class immigrants raises the average skill levels of immigrants as a whole.

1.3 Increasing the weight on specific skill dimensions within the Point System schedule indeed has the intended effect of raising average skill levels in this dimension among skill-evaluated immigrants. Basically, the Point System works as intended.

1.4 In terms of the relative effectiveness of the alternative policy levers:

- the proportion of Economic class immigrants seems to have the strongest effects;
- the level of education of immigrants stands out as being the most responsive among the three-skilled dimensions; and
- the Point System appears to have strong effects on immigrants' education levels, moderate effects on language fluency outcomes, and rather weak effects on the average age of arriving immigrants.

Turning next to the lessons from Canadian experience with their Point System, one can highlight several further points:

2.1 A human capital-based Point System seems to be an improvement over an occupational preference-based system because of operational problems with the latter.

2.2 By bringing in a Point System (applied to a skill- or occupation-evaluated class of immigrants), you would gain useful policy tools which can have effects of raising average skill levels of arriving immigrants.

2.3 If bringing in a Point System for a class of immigrants, try to keep it relatively simple and transparent and based on a relatively small number of skill dimensions such as education, age and language fluency.

2.4 If bringing in a Point System with substantial weight placed on the education level of immigrants, give some attention to how to deal with issues of foreign credential recognition.

2.5 If bringing in a Point System, allow for some input from local and regional authorities on their evolving labor market needs.

2.6 If bringing in a Point System, you might give some thought to allowing points for the spouse's or family unit's skill characteristics rather than just the skill characteristics of the principal applicant of the family unit.

2.7 If bringing in a Point System, one can allocate points for designated occupational needs, so use of a Point System can be viewed as complementary to an occupational gap-filling approach rather than a direct alternative to it.

Charles Beach was born in Montreal in 1947. He attended McGill University and did his Ph.D. at Princeton University. Since 1972 he has taught economics at Queen's University in Kingston, Ontario, Canada. His areas of research have been on applied labor market analysis and distribution of income. He is co-editor (with Alan Green and Jeffrey Reitz) of *Canadian Immigration Policy for the 21st Century* (McGill-Queen's University Press, 2003) and co-author (with Alan Green and Christopher Worswick) of "Impacts of the Point System and Immigration Policy Levers on Skill Characteristics of Canadian Immigrants" (2006). He is also program director on immigration for the Canadian Labour Market and Skills Researcher Network.

Table 1.—The Canadian Points System Over Time [1]

[Maximum Points]

Factor	1967	1974	1978	1986	1993	1997 [2]
Education	20	20	12	12	16	16
Experience			8	8	8	8
Specific vocational preparation or education training factor	10	10	15	15	18	18
Occupational demand or occupational factor	15	15	15	10	10	10
Age	10	10	10	10	10	10
Arrange employment or designated occ.	10	10	10	10	10	10
Language	10	10	10	15	15	15
Personal suitability	15	15	10	10	10	10
Levels adjustment factor [3] or demographic factor				5	8	10
Relative [4]	5	5	5			
Kinship bonus [5]				10/15	5	5
Destination	5	5	5			
Total	100	100	100	95–105/110	105–110	107–112
Pass Mark [6]	50	50	50	70	70	70

Source: Green and Green (1999), p. 433, plus updated information from CIC.

[1] A discretionary allocation that can be used to control the number of persons entering over a period.

[2] Source: Statutory Orders and Regulations 97–242 and Citizenship and Immigration Canada policy manual (Overseas Processing) chapter 5 under the Immigration Act 1976.

[3] The pass mark varies by skill level.

[4] Relative factor was eliminated as of 1986 as a selection factor for Independent/Skilled Worker applicants.

[5] January 1, 1986 regulatory change established a ''kinship bonus'' for ''Assisted Relative'' applicants. Prior to the 1986 change, ''Assisted Relative'' applicants were not assessed on the following factors: Arranged employment, Language, Relative and Destination. Total and Pass Mark varied under each regime for the Assisted Relatives.

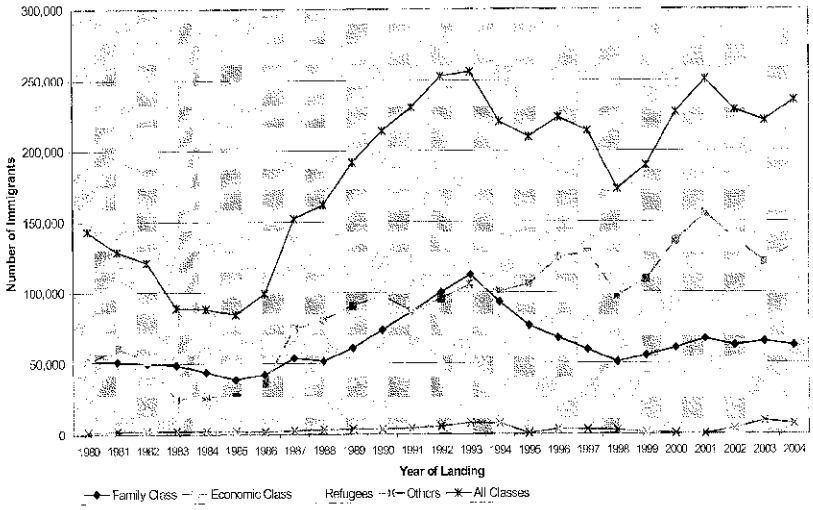
[6] The pass mark applied to the Independent/Skilled Worker applicants.

Table 2.—Immigrant Characteristics at Landing Level of Education and Admission Category, 1980, 1990, and 2000 (proportions)

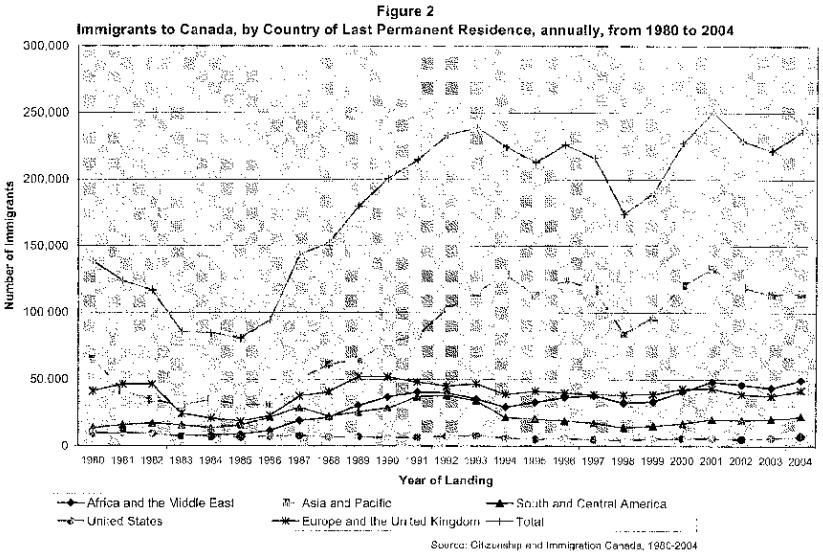
	Canada		
	1980	1990	2000
Education:			
University—Post-Graduate	.0177	.0289	.0902
University—Undergraduate	.0583	.1100	.2506
Post-Secondary	.1645	.1996	.1558
Secondary	.5898	.5316	.3526
Elementary or Less	.1676	.1297	.1507
Admission Category:			
Economic	.3486	.4419	.5870
Family Class	.3587	.3436	.2663
Humanitarian	.2819	.1668	.1322
Other	.0108	.0477	.0145
Total No. of Landings	143,136	216,402	227,313

Source: Calculations by the authors from the CLD data.

Figure 1
Total Immigrants to Canada by Class, annually, from 1980 to 2004



Source: Citizenship and Immigration Canada, 1980-2004



Senator SESSIONS. Thank you.

Mr. Borjas.

STATEMENT OF GEORGE J. BORJAS, PROFESSOR OF ECONOMICS AND SOCIAL POLICY, KENNEDY SCHOOL OF GOVERNMENT, HARVARD UNIVERSITY

Mr. BORJAS. Thank you very much for providing me the opportunity to come before the committee to talk about my work and my thoughts on this issue. You are addressing issues that are really—unfortunately, we don't address them very often—at the core of the immigration debate in this country. The reason is that many more people want to come to the United States than the country is willing to admit. So because of this, immigration policy needs to specify a set of rules to pick and choose from the many, many applicants. These rules could stress family ties, as is done now or could stress national origin the way it used to be done or it could stress economic valuables the way Canada does or it could even be completely random, the way our lottery system does for 50,000 visas.

The crucial question that is really at the core of the immigration debate is, which set of rules should the United States have if it wants to improve economic well being of its population? So what I want to do today is sort of summarize for you what an economic case for a high-skilled immigration policy would be, like the one that Canada has or that Australia has. The reason we have to consider that is that for the last 40–50 years, there has been a pretty steep decline in the skills of Americans as compared to the skills of natives. Just to give you an idea of the extent of the decline, in 1960, the typical immigrant worker in the United States earned about 7 percent more than the typical native worker at that point in time. Right now, the typical immigrant worker in the United States earns almost 20 percent less than the typical native worker in the workforce today.

One thing we know from economics is that all the skills of immigrants compared to the skills of natives is a crucial factor that determines economic impact on immigration. Why should we care about this? Because just think about a few variables that enter the equation. One thing is that, if you have a skilled immigrant population, those skilled immigrants may well have gotten much more rapidly to the U.S. labor market and can really make a very significant contribution to economic growth. If, on the other hand, immigrants lack the skills to adapt, they may well increase the size of the population that requires public assistance and increase ethnic and racial inequality.

On top of that, as the debate of immigration policy in the last few months have shown, Americans care quite a bit about the potential impact that immigrants have on the employment opportunities of native workers. Any kind of low-skill immigrant influx will tend to have a proportionally adverse impact on most skilled natives already here. In other words, the loss of planned demand suggests that at least in the short run, when immigrants arrive, they tend to affect adversely the employment opportunities of competing native-born workers and that would tend to increase the social and economic inequality that exists in this country.

Last but not least, there is an additional case for making a high-skilled immigration policy and that is that, as I will discuss in a minute, it turns out economic benefits for immigration can be substantially improved if the immigrant population were much more skilled than it is today.

So let me go through the basic factors again, in a little more detail. There are three parts that I want to discuss in particular, in the brief time I have. First of all, consider the fiscal impact of immigration. High-skilled immigrants earn more, pay higher taxes, and require fewer services than low-skilled immigrants. So from a fiscal perspective, there is no doubt whatsoever that high-skilled immigration is a good investment, particularly when compared to the immigration of low-skilled workers.

Second, what happens to productivity when there is high-skilled immigration? Although there is some disagreement among economists as you've heard in the last few months, about how much wages fall when immigrants come into the labor market and compete in the workforce, I think there is actually much less disagreement among economists with the following proposition, that the net benefit from immigration would increase and perhaps increase substantially, if the immigrant influx were much more skilled than it is today.

In some of the populations I did in my book, Heaven's Door, I found that the net benefits to the country would increase four-fold, from about $10 billion annually to $40 billion annually if the immigrant influx were to change from being predominantly low-skilled, which is what we have now, to predominantly high-skilled. The key reason for this increased gain is that a productive infrastructure of the U.S. economy, where an economist would cold-cap the capital stock, tends to be more complimentary with high-skilled workers than it is with low-skilled workers. So the available resources that we now have would be much more productive and much more profitable if immigrants were more skilled.

Finally, the immigration of high-skilled workers would tend to have much more favorable distributional effects. Instead of being the low-skilled workers who are suffering from having more immigrants competing in the workforce, it would be high-skilled workers who already reside in the United States who would face more competition and lower wages. So there would be less rather than more wage inequality.

How can the United States select skilled immigrants, skilled workers from the pool of applicants? Well, as you have just heard, we can actually develop a point system that would reward certain economic characteristics in determining entry. Now, needless to say, any point system that we choose will be inherently arbitrary. But it isn't clear, however, that an existing point system like the Canadian one, is any more arbitrary than what we have now and by that I mean the following. Even though the United States would never admit officially that we have a point system, in fact, we do have one. But unlike the Canadian system, for the large bulk of legal immigrants, there really is only one variable we look at and the variable we look at is, do you have family already residing in the United States? So a broadening effect of that system to include other variables seems quite sensible from an economic perspective.

Now the problem with what I've just said is that I haven't given you any kind of feel for what the number of visas should be. Even though high-skilled immigration would be beneficial to the United States, it is far from clear—and let me emphasize, it is far from clear that the argument actually implies that we want to have an open-door policy when it comes to skilled immigration. A sensible way of thinking about what the magic number should be is to just imagine counter factual. What would happen, for example, if we admitted 1 million highly skilled workers annually instead of our current policy? Well, just think about it. Over a 20-year period, we would be admitting roughly 20 million high-skilled workers. Well, right now, there are approximately 30 million college graduates working in the United States. Just imagine what the high-skilled labor market would look like if, on top of the 30 million college graduates now here, you added a supply increase of 20 million high-skilled workers. Clearly, there would be a pretty sizable reduction in the relative wage of college graduates in this country.

This reduction that returns to a college education would have severe consequences in terms of being sent native students to continue on to college and particularly, it would affect the people at the margin of the college decision. So for example, a lot of disadvantaged native workers who face the highest costs in terms of going to school, would at the margins, say to themselves, "Why bother going to school when the return for a college education has fallen so much." So one has to take into account the consequences that a high-skilled immigration population would have on people already here, both in terms of the labor market and in terms of the investment decisions of human capital that people will be making in the future.

Let me just conclude by making a very brief point. There are difficult trade-offs involved in this decision. Pursing a particular immigration policy might help some groups, might even help the whole Nation but it may hurt other people. So the adoption of any

specific entry rules will create winners and losers. It is actually helpful to keep in mind an important lesson from economics when thinking about this. There is no such thing as a free lunch. Thank you.

[The prepared statement of Mr. Borjas follows:]

PREPARED STATEMENT OF GEORGE J. BORJAS

The United States offers unequaled social, political, and economic opportunities to anyone lucky enough to enter its borders. Because of these opportunities, many more people want to come to the United States than the country is willing to admit. Consider the "diversity lottery" that the United States has held annually since 1995. Each year, around 50,000 visas are made available to persons originating in "countries with low rates of immigration to the United States." Persons living in the eligible countries can apply for a random chance at winning one of the coveted entry visas. Potential migrants applied for the 2005 drawing by submitting an application between October 5, 2005 and December 4, 2005. This lottery drew 5.5 million qualified applications for the 50,000 available visas.

Because of the excess demand for entry visas, immigration policy has to specify a set of rules to pick and choose from the many applicants. These rules may stress family ties (as is currently done for the vast majority of legal immigrants), or national origin (as used to be done), or socioeconomic characteristics (as is done in other countries such as Australia and Canada). Which entry rules should the United States have?

Before 1965, immigration to the United States was regulated by the "national origins quota system." In that system, the fixed number of entry visas was allocated on the basis of national origin, with each country's share depending on the representation of that ethnic group in the U.S. population as of 1920. As a result, Germany and the United Kingdom received almost two-thirds of the available visas. Immigration from Asia was effectively banned. Finally, few persons migrated from Latin America despite the fact that the national-origins quota system did not set a numerical limit on migration from countries in North and South America.

The rekindling of the immigration debate has its roots in the 1965 Amendments to the Immigration and Nationality Act. The 1965 Amendments (and subsequent minor legislation) repealed the national origins quota system, set a world-wide numerical limit, and enshrined a new objective for awarding entry visas among the many applicants: the reunification of families. In 2005, almost 60 percent of the legal immigrants entered through one of the family reunification provisions of the law.

The policy shifts in the 1965 Amendments had a profound impact on the size of the immigrant flow into the United States. Even though only 250,000 legal immigrants entered the country annually during the 1950s, almost 1 million were entering by the 1990s. As a result of these trends, and also because of the rapid increase in the number of illegal immigrants, the proportion of foreign-born persons in the population began to rise rapidly, from 4.7 percent in 1970, to 7.9 percent in 1990, to over 11 percent by 2000.

The post-1965 resurgence of large-scale immigration to the United States has motivated many researchers to document and examine various aspects of the economic and social consequences impact of immigration. A key result in that literature is that the *relative* skills of the immigrant population have dropped precipitously since 1965. In 1960, for example, the typical immigrant earned about 7 percent *more* than the typical native worker. By 2000, the typical immigrant earned about 19 percent *less* than the typical native worker. It is often argued that this relative decline in immigrant skills can be attributed to the fact that current U.S. immigration policy over-emphasizes family links between U.S. residents and visa applicants in awarding entry visas, and largely ignores the skills of the applicants. The deteriorating economic status of the immigrant population has sparked a debate over whether the goal of immigration policy should be shifted away from family reunification, and should focus instead on the potential economic impact of the immigrants.

We care about the relative skills of immigrants for a number of reasons. For example, immigrants who have high levels of productivity and who adapt rapidly to conditions in the host country's labor market can make a significant contribution to economic growth. Conversely, if immigrants lack the skills that employers demand and find it difficult to adapt, immigration may increase the size of the population that requires public assistance and exacerbate ethnic and racial inequality.

Similarly, the debate over immigration policy has long been fueled by the widespread perception that immigration has an adverse effect on the employment oppor-

tunities of natives. A key insight of economic theory is that immigration has distributional impacts, reducing the income of workers who compete with immigrants and raising the income of those who employ immigrants or purchase immigrant-provided services. A low-skill immigrant influx would likely harm low-skill native workers, further increasing the economic and social problems associated with rising wage inequality.

The case that can be made for preferring one type of immigrant to another will ultimately depend on what one *assumes* about the country's policy objectives. More specifically, what should the United States seek to accomplish from immigration? As I have stressed repeatedly in my work, different policy goals will inevitably lead to different decisions about the composition of the immigrant population. For example, if immigration policy should strive to relieve the tax burden on native-born taxpayers, it would be fiscally irresponsible to admit millions of low-skill immigrants who have a high propensity for participating in public assistance programs. In contrast, if the goal were to help the poor of the world by giving many of them an opportunity to live and work in the United States, the increased cost of maintaining the welfare State is the price that Americans are willing to pay for their generosity.

The case for skilled immigration is based on *one* particular assumption about the policy goal. In particular, suppose that immigration policy should seek to improve the economic well-being of the population currently residing in the United States (which, for simplicity, I will refer to as "natives").

One could obviously argue over whether this policy goal accurately represents what Americans *should* want to accomplish from immigration. Nevertheless, the economic well-being of the native-born population has played and continues to play a very influential role in determining the shape and direction of immigration policy.

Suppose then that the goal of immigration policy were to maximize the economic well-being of the native population. And suppose that native economic well-being depends both on per-capita income and on the distribution of income in the native population. In particular, the country wants to pursue an immigration policy that makes natives wealthier, but that does not increase the income disparity among workers already in the country. What type of immigration policy should the United States then pursue? More specifically, which types of immigrants should the country admit, high-skill or low-skill workers?

A strong case can be made that the economic well-being of natives would improve most if the country adopted an immigration policy that favored the entry of high-skill workers. The argument in favor of this policy contains three distinct parts. Consider first how the fiscal impact of immigration affects the native population. High-skill immigrants earn more, pay higher taxes, and require fewer social services than low-skill immigrants. Put simply, high-skill immigration increases the after-tax income of natives, while the tax burden imposed by the immigration of low-skill workers probably reduces the net wealth of native taxpayers. From a fiscal perspective, therefore, there is little doubt that high-skill immigration is a good investment, particularly when compared to the immigration of low-skill workers.

The second part of the case for skilled immigration relies on how immigrants alter the productivity of the native workforce and of native-owned firms. Although there is a lot of disagreement among many economists about the magnitude of the costs and benefits of current immigration policy (which is predominantly composed of low-skill workers), there is much less disagreement with the proposition that the net gain from immigration would increase, and perhaps increase substantially, if the immigrant influx were more skilled. For example, some of the tabulations that I conducted in *Heaven's Door* (Princeton University Press, 1999) indicated that the net annual income accruing to the native population could increase four-fold (from about $10 billion to $40 billion in the short run) if the immigrant influx were to change from 30 percent high-skill to 100 percent high-skill. The reason for the additional gains is that the productive infrastructure of the U.S. economy—what economists call the "capital stock"—is more complementary with high-skill than with low-skill workers. Hence native-owned resources would be more productive (and profitable) with a high-skill immigrant influx.

Finally, skilled immigration has more favorable distributional effects. The skilled workers who already reside in the United States will face more job competition and lower wages. As a result, there will be less, rather than more, wage inequality.

How can the United States select skilled workers from the pool of visa applicants? In the past few decades, Australia, Canada, and New Zealand have all instituted point systems that reward certain socioeconomic traits in the admissions formula. In Canada, for example, visa applicants are graded in terms of their age, educational attainment, work experience, English or French language proficiency, and occupation. Those applicants who score enough points qualify for entry into Canada, while those who fail the test are denied entry.

Needless to say, any point system is inherently arbitrary. It is unclear, however, that the Canadian point system—with its detailed gradations for different types of jobs and different types of workers—is any more arbitrary than the one currently used by the United States, where entry, for the most part, is determined by the answer to a single question: does the applicant have relatives already residing in the United States?

It is worth emphasizing that the notion that the United States would benefit more from a high-skill immigrant influx does not imply that the United States should adopt an open-door policy when it comes to admitting skilled workers. Even though there is a good economic case in favor of high-skill immigration, the available studies provide few guidelines for choosing the "right" number of high-skill immigrants.

A sensible way of posing the "numbers question" is to imagine a counterfactual: what would be the nature of the immigration debate if the immigrant flow were composed of 1 million highly skilled workers? I believe the United States would still be in the midst of a debate, and perhaps an even more heated debate. After all, this type of immigration would have substantial distributional consequences on some well-organized, highly educated, and highly vocal constituencies. The political reactions of some professional groups—such as engineers, computer programmers, and mathematicians—to the economic impact of increased immigration in their fields stress precisely these distributional impacts (immigration lowers wages!).

A flow of 1 million high-skill workers per year would probably have a very large impact on the earnings of high-skill workers already in the country. To get a rough sense of the magnitude, suppose the United States enacted an immigration policy that admitted 1 million college graduates, and that this policy was in effect for two decades. By the year 2025 or so, roughly 15 million high-skill workers would have been added to the workforce (assuming that 75 percent of the high-skill immigrants were working at that time). There were approximately 32 million college graduates employed in the United States in 2004. Immigration would effectively increase the supply of college graduates by around 50 percent. The available evidence suggests that a 10 percent increase in labor supply may reduce the wage of competing native workers by 3 percent. A 50 percent increase in skilled labor supply would then reduce the wage of college graduates by 15 percent!

This reduction in the returns to a college education would probably influence the college enrollment decisions of many native students. After all, going to college is expensive, both in terms of tuition and in terms of the potential earnings that students forego while in school. If a particular social policy were to reduce the returns to such an investment by 15 percent, many students would probably respond by deciding not to get a college education at all. Moreover, disadvantaged native students may well be more sensitive to the decline in the returns to college, and their enrollment rates could easily drop the most. These are the students, after all, who can least afford to attend college and who would quickly discover that the shrinking returns to a college education do not justify the cost.

There is, therefore, some limit to how much immigration should narrow income inequality. Put bluntly, the potential for millions (perhaps even tens of millions) of high-skill workers to enter from such countries as China and India should indicate to any prudent observer that some limitations on the number of skilled workers that enter the country is required.

Let me conclude by reemphasizing that the economic case for high-skill immigration versus family reunification hinges entirely on an *assumption* about the country's policy objectives. High-skill immigration is the best policy if the United States wishes to maximize the economic well-being of the native population. This assumption obviously ignores the impact of immigration on many other constituencies, such as on the immigrants themselves (who would clearly prefer to be reunited with their families) and on the vast population that remains in the source countries. The United States, for instance, might choose to drain the labor markets of many source countries from particular types of skills and abilities (such as high-tech workers). Such a brain drain would probably have a detrimental effect on economic growth in those countries.

In short, there are difficult tradeoffs. Pursuing a particular immigration policy might help some groups, such as native workers, but may hurt others. As a result, the adoption and implementation of any specific immigration policy will leave winners and losers in its wake. In the end, the goals of immigration policy must inevitably reflect a political consensus that inevitably incorporates the conflicting social and economic interests of various demographic, socioeconomic, and ethnic groups, as well as political and humanitarian concerns.

(Professor Borjas is the Robert W. Scrivner Professor of Economics and Social Policy at the John F. Kennedy School of Government, Harvard University; and a Research Associate at the National Bureau of Economic Research.)

Senator SESSIONS. That's a good economic principle.

Mr. BORJAS. Yes.

Senator SESSIONS. I think Mr. Massey would agree that there is no free lunch. Great to have you, sir.

STATEMENT OF DOUGLAS S. MASSEY, OFFICE OF POPULATION RESEARCH, PRINCETON UNIVERSITY

Mr. MASSEY. Thank you. There is nothing wrong with creating an immigration policy that takes into account the skills, education and abilities of people. In fact, the United States has such a system. Around 20 percent of immigrants currently enter on visas reserved for workers with these characteristics. Given that the United States is the world's largest economy and has an unparalleled infrastructure for investment, research and innovation, it generally does quite well in the global competition for human capital. In order to compete with the United States, smaller countries have created visa allocation systems that give relatively greater weight to education, skills and abilities. In recent years, 40 percent of Australia's immigrants arrived in skilled or professional categories, as we've heard today, and an even larger share of Canada's arrive in these categories. A skill-based 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 heavy emphasis on skilled immigration in the United States for several reasons. First, we don't really need such a system because the United States already does very well in the global market for skilled labor. In my own department in Princeton, 30 percent of my faculty are foreign born. To the extent that the United States has problems in human capital formation, then cherry-picking talent from around the world is only a stop-gap measure that doesn't solve the problem. In the long run, the primary source of America's skills, talents and education must come from investments in its people by funding education, training and research at home. We spend just 3.8 percent of GDP on primary and secondary education, well behind our competitors in the developed world.

Not only is immigration a poor substitute for basic investments in education and training, it is less reliable as a 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 percent rate of immigration among former arrivals. Of those who depart, 56 percent are professionals. A recent analysis I did of newly arrived immigrants in the United States found that dissatisfaction with life in the United States goes up sharply as education rises and the more dissatisfied immigrants are, the less likely they are to want to naturalize and the more likely they are to leave the country.

Admitting immigrants simply because they possess skills can also create problems. Although Canada admits a lot of immigrants in the skilled categories, it is not an unmitigated model of success. Unsuccessful integration by skilled immigrants is increasingly common and is now recognized as a serious policy concern. The principle reason for failed integration is the inability of immigrants to find meaningful employment in their profession. 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 Statistics Canada, some 36 percent of immigrants who arrived in the past 5 years earn poverty-level wages, a percentage that rises to 51 percent among immigrants from South Asia. The dashed hopes helps to explain the growing resentment and political attraction to radical Islam in some of Canada's Muslim populations. By way of comparison, the rate of poverty among immigrants in the United States is just 18 percent, compared with 11 percent among natives.

Not only does a skill-based immigration policy suffer as a human capital development strategy, it doesn't make sense by itself, as an immigration policy either. Immigration policies must balance many competing issues, one of which is skills needed for the economy. Although Australia emphasizes skills in admitting immigrants, it still retains special provisions for immigrants from neighboring countries and allocates around 30 percent of its visas to family members and around 10 percent to humanitarian arrivals.

In neither Australia nor Canada has the emphasis on skills and education been sufficient to deal with labor demand in unskilled categories. Canada still, at this point, is importing around 90,000 temporary workers per year in mostly unskilled work. At the same time, the nation is estimated to house an illegal population in the neighborhood of 200,000 people. In my view, 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 nor does it always provide a costless pathway to economic growth. A skill-based policy, by itself, cannot accomplish everything an immigration policy needs to do. For an addition to needs for skilled and educated workers or needs for family reunification and humanitarian relief, not to mention the need to accommodate population movements stemming from broader processes of regional integration, a fact that is clearly evident in North America. Thank you.

[The prepared statement of Mr. Massey follows:]

PREPARED STATEMENT OF DOUGLAS S. MASSEY

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 United States has such a system. The United States currently reserves around 40 percent 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 percent of total immigration because the United States does not attempt to limit the entry of spouses, children, and parents of American citizens who, by themselves, constitute something over 40 percent of the total.

Given the large size of the U.S. immigration system, even a total percentage of around 20 percent 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 percent of Australia's immigrants arrived in skilled or professional categories, compared to around 55 percent 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 percent 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 percent, 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 percent, 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 percent 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 a 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 percent rate of emigration by former immigrants; and of those who depart a very disproportionate share, around 56 percent 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 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 1 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 percent of immigrants who arrived in the prior 5 years earn poverty level wages, a percentage that rises to 45 percent among migrants from East Asia and 51 percent 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 percent of the children of immigrants live in poverty, compared with 18 percent of native children. By way of comparison, the rate of poverty among immigrants in the United States is just 18 percent, compared with 11 percent 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 percent of immigrants in family categories and 10 percent in humanitarian categories. Even in Canada, 25 percent of immigrants enter as family members, 11 percent as refugees, and 9 percent 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.

Senator SESSIONS. Thank you, Mr. Massey. Mr. Tonelson, we're glad to have you.

STATEMENT OF ALAN TONELSON, RESEARCH FELLOW, U.W. BUSINESS AND INDUSTRY COUNCIL EDUCATIONAL FORUM

Mr. TONELSON. Thank you very much, Senator Sessions and I am very grateful for the opportunity to testify today on behalf of the U.S. Business and Industry Council and its 1,500 member companies on skills-based point systems.

Since 1933, USDIC has been representing family-owned companies, mainly small- and medium-sized manufacturers and it is one business organization that is deeply concerned about the deterioration of U.S. immigration policies for the past 20 years and of special relevance to our hearing today, we are very worried about the overwhelming economic irrationality of current U.S. immigration policy. Frankly, we feel that strengthening the American economy in ways that lift incomes for native born Americans should be the top priority of U.S. immigration policy.

Now, there is no doubt that skilled-based point systems or approaches like them, in principle, can help restore much of that needed rationality to American immigration policy and yet, such mechanisms need to be constructed and used with great care. In particular, labor markets are highly dynamic and even volatile systems and the stream of data that they emit does not necessarily reveal the most important trends and developments that shape these markets over the long-term. As a result, this constant stream of data, of short-term data in particular, is all too capable of sending public policy down very counter-productive tracks, leading to efforts to second-guess economic and business dynamics best worked often, in fact most often, best left to work themselves out. Still, the

broad goal of somehow linking immigration policy to our economy's major economic needs makes a great deal of sense. And again, these various point systems represent serious efforts to turn this insight into public policy.

At the same time, we do need to think long and hard before adopting systems like this and we should pay special attention to the pitfalls of trying to fine-tune labor markets. What are some of these? Well, first, in a genuine market-dominated economy—and ours certainly qualifies, the very idea of a chronic labor shortage, much less a chronic labor shortage that the government should try to somehow mitigate, is deeply controversial and it should be viewed very skeptically, not only by economic theorists but by policymakers. After all, if we really do believe in free markets, we therefore believe that the supply of anything, including human sweat and human talent, is a function of the price offered to that labor. The converse is obviously also true. So a mismatch between labor supply and labor demand must not automatically be interpreted as a problematic shortage, especially in the real world, which is what we're all trying to work with, after all, even the most efficient markets will often take some time to adjust fully to changing conditions. There are always lags and there always will be lags.

Thus, what is often called a labor shortage nowadays is often simply an instance of the businesses failing to pay wages high enough to attract the workers they say they need. Why should government address this particular situation through immigration policy at all? Moreover, longer lasting labor shortages, in theory and also historically, have been precursors to highly desirable economic change. One example—our country has always been a labor-short country relatively speaking. That is, of course, the main reason why for much of U.S.'s history, we have been relatively open to immigrants. Yet the enduring scarcity of labor has also produced major advantages and specifically, it has helped to generate a great deal of technological progress and productivity gains. An economic theory provides a very convincing explanation why. When businesses determine that the price of scarce labor has become excessive, powerful incentives emerge to substitute capital and technology for labor. That means innovation.

Preventing labor shortages in, for example, high-tech industries but throughout the American economy, carries a great risk of weakening this proven spur to technological progress. I don't think we want to do that. Sectors of the American economy claiming or actually experiencing genuine labor shortages may be sending yet another market signal that we should not ignore, that their businesses or sectors are simply not viable. Many of the loudest and most persistent claims of labor shortages and of the need, frankly, for eased control on immigration, come from, for example, the service sector of the American economy, especially industries like hospitality, entertainment, cleaning services and building management. These industries also argue that they can't raise wages easily because their margins are often very slim and often, they have a very good point. They would also argue with some justification that they can't easily mechanize or digitize. Yet assisting them with greater immigration inflows could overlook and worse, reward, a failure to innovate managerially and to increase efficiency and productivity,

for example, by re-organizing their physical operating arrangements or simplifying administration procedures or simply motivating their workers more effectively through nonwage incentives. In other words, companies or entire sectors that are heavily dependent on rock-bottom wages for profitability and even survival may not be sectors or companies that deserve to survive. Their confessed inability to make money by raising prices at all constitutes powerful evidence that their product or service is simply not wanted very much. Why should governments seek to overturn the market's verdict in those instances? So we eat out less or we wind up paying more for meals at restaurants? What's the problem? Let's trust the market to adjust constructively in the long-term to situations like this.

A third reason to be careful about using immigration policy to stabilize labor markets stems from the inherent complexity of the signals provided by wage and broader compensation levels. The most important complexity is that although stagnant or declining compensation almost always represents conclusive evidence of a labor surplus, rising compensation is not always conclusive evidence of a short- or long-term labor shortage, especially one that can or should be remedied through immigration policy because rising compensation can often reflect circumstances having nothing to do with longer term economic fundamentals. For example, very strong backing for the proposition about falling wages comes from recent trends in sectors of the American economy that we know use illegal immigrant workers especially heavily. The National Restaurant Association, for example, recently told the press that their sector will need nearly 2 million workers in the near future but, "doesn't know where they will come from." Yet data from the U.S. Bureau of Labor Statistics shows, unmistakably, that inflation-adjusted wages for the broad food services and drinking establishments category fell 1.65 percent between 2000 and 2005. The hotel industry makes very similar claims and yet, according to BLS data, real wages in that sector fell by nearly 1 percent between 2000 and 2005. Even in the U.S. construction industry, which has been servicing recently, the greatest housing and real estate boom in human history—nothing less—inflation-adjusted wages fell 1.59 percent between 2000 and 2005 and similar figures can be found for every other industry that heavily used illegal immigrant labor.

If employers in sectors like this are genuinely clamoring and competing for more workers and are desperate for them and don't know where in the world they will actually get them, how could real wages fall? How could these businesses possibly hope to attract the workers they need by making the jobs that they are struggling to fill less attractive? How could that be?

Now, at the same time, I said wage increases don't necessarily signal labor shortages. How could that be? Well, one key reason is, long-term labor contracts and especially union contracts, can provide for compensation increases even when companies run into trouble and ones who actually reduce labor costs. Rising compensation can also stem from mistakes in managing other areas of U.S. public policy. For example, the U.S. news media is filled with articles about alleged shortages of skilled manufacturing workers but why would opening doors to large numbers of immigrant workers

be the very best answer for the long-term interests of the U.S. economy or of native-born workers, which once again, they should be the main priority of U.S. immigration policy.

Senator SESSIONS. Mr. Tonelson, if you could wrap up, we'll make your full remarks a part of the record. I find them very valuable.

Mr. TONELSON. I'm sorry for that. I would stress in closing that no attempt to restore rationality to U.S. immigration policy can possibly work without enforcement, without effective monitoring and effective enforcement and that means real money and real personnel and it means time to put these entirely new systems into effect. And I'll close with that.

[The prepared statement of Mr. Tonelson follows:]

PREPARED STATEMENT OF ALAN TONELSON

Good morning, Mr. Chairman, Mr. Ranking Minority Member, and members of the committee. I am very grateful for the opportunity to testify today on behalf of the U.S. Business and Industry Council and its 1,500 member companies on using a skills-based point system to help implement an employment-based immigration policy.

USBIC, which since 1933 has been representing family-owned companies—mainly small and medium-sized manufacturers—has been deeply concerned about U.S. immigration policy for the last two decades. We have watched with dismay how U.S. policy during this period has regressed into a *de facto* Open Borders stance that is endangering our national security and undermining wages and benefits throughout the labor force.

Shifting America's immigration policy from one focusing tightly on family unification to one focused on serving the Nation's long-term economic interests in principle would be a most welcome step. Skills-based point systems like those used in countries such as Canada and Australia have the potential to help achieve this objective.

At the same time, such mechanisms need to be constructed and used with great care. In particular, labor markets are highly dynamic—even volatile—systems. The stream of data that they constantly emit does not necessarily reveal the most important trends and developments that shape these markets over the long run. In fact, the endless barrage of short-term numbers can conceal or obscure these more enduring underlying trends. As a result, they are all too capable of sending public policy down counterproductive tracks. And they could easily place policymakers in the risky position of trying to second-guess economic and business dynamics best left to work themselves out. That is to say, the short-term employment figures should not be confused with reliable data about genuine economic fundamentals.

The broad goal of somehow linking immigration policy to the economy's major needs makes good sense. The advantages of awarding preferences of some kind to immigration applicants likely to be productive and innovative instead of applicants likely to be economic dead weights (at least for the foreseeable future) should be obvious. In addition, immigration policy should try to take the economy's performance into account as well. If the entire economy is booming on a sustainable basis, relatively higher inflows would seem advisable. If the economy is mired in a lengthy downturn, reducing immigration levels arguably would preserve more jobs for citizens who are workers—the worker group deserving of first priority in U.S. immigration policy—and for non-citizens residing in the United States legally.

Governments can also reasonably hope to gear immigration policy toward long-term trends affecting more specific sectors of the economy. An immigration policy favoring manual typewriter repairers clearly deserves less support than one favoring computer network architects. The point systems in place in Canada, Australia, and New Zealand represent serious efforts to turn these insights into policy. Although Canada's point system assigns less weight to its economy's specific occupational needs, it still attempts to match newcomers with particular industries. In its skilled worker program, it places a premium on highly specialized skills ranging from butcher to welder to Ph.D. mathematician, and even assigns these different skills varying weights. Australia goes so far as to publish an "Occupations in Demand" list every 6 months that is based on comprehensive labor market research, including consultations with individual employers and business groups. New Zealand awards bonuses for applicants in sectors identified as "growth areas," "future growth areas," or areas of "absolute skills shortage."

U.S. policymakers, however, should think long and hard before turning such programs into the core of a new U.S. immigration policy. They should pay special attention to the pitfalls of trying to fine tune labor markets.

First, in a genuine market-dominated economy, the very idea of a chronic labor shortage—much less a chronic shortage that the government should try to mitigate—is deeply controversial. It should be viewed skeptically not only by theorists, but by policymakers. After all, if we believe in free markets, we believe that the supply of anything—including human labor and talent—is a function of the price offered to that labor. The converse is true as well. So a mismatch between labor supply and labor demand must not automatically be interpreted as a problematic shortage—especially since in the real world, even the most efficient markets will often take some time to adjust fully to changing conditions.

Thus, what is characterized as a labor shortage nowadays is often simply an instance of employers failing to pay wages high enough to attract the workers they say they need. Why should government address this situation through immigration policy at all?

Indeed, this uncertainty reflects the second reason to be careful about fine-tuning labor markets. Longer-lasting labor shortages in theory and historically have been precursors to highly desirable economic change.

For example, the United States has always been a labor-short country. That's of course a main reason we have been so open to immigration for so much of our history. Yet the enduring scarcity of labor also has produced major advantages for our country. Specifically, it has generated much of the technological progress and many of the productivity gains we have achieved.

Economic theory provides a very convincing explanation why. When businesses conclude that the price of scarce labor has become excessive, powerful incentives emerge for them to substitute capital and technology for labor. And that means innovation. Our country owes much of its longstanding world leadership in most technology areas to this genuinely chronic scarcity and thus relatively high price of labor. Preventing shortages with immigration policy could weaken this proven spur to technological progress and all the benefits it brings.

Sectors of the economy claiming or actually experiencing genuine labor shortages may be sending another market signal that we ignore at our peril—that their businesses are not viable, and thus don't deserve to survive, at least not in their present form. Many of the loudest, most persistent claims of labor shortages—and of the need for eased immigration controls—come from the service sector of the American economy, especially industries such as hospitality, entertainment, cleaning services, and building management. These industries also argue that they can't raise wages easily because their margins typically are so slim. Often they have a point. They also argue, with some justification, that they cannot easily automate or mechanize or digitize.

Yet assisting them with greater immigration flows could amount to overlooking vitally important economic realities. It could overlook—and reward—a failure to innovate managerially, to increase efficiency and productivity by reorganizing physical operating arrangements, or simplifying administrative procedures, or simply motivating employees more effectively through non-wage incentives.

In other words, companies—or entire sectors of the economy—heavily dependent on rock-bottom wages for their profitability and even survival may not be companies or sectors deserving to survive. Their confessed inability to make money by raising prices constitutes powerful evidence that their product or service simply is not in great demand. Why should government seek to overturn the market's verdict in such instances?

A third reason to be careful about using immigration policy to stabilize labor markets stems from the inherent complexity of the signals provided by wage and broader compensation levels. Compensation is of course powerfully influenced by the supply of labor in a given market at a given time, but the relationship is hardly mechanical. The most important complexity is that, although stagnant or declining compensation almost always represent conclusive evidence of a labor surplus, rising compensation is not always similarly conclusive evidence of a short- or long-term labor shortage—especially one that can or should be remedied through immigration. For rising compensation can often reflect circumstances having nothing to do with economic fundamentals.

Support for the proposition about falling wages comes from recent trends in sectors of the economy that use illegal immigrant labor heavily. The National Restaurant Association, for example, recently told the press that this industry will need nearly 2 million workers in the near future but "doesn't know where they will come from." Yet data from the U.S. Bureau of Labor Statistics shows that inflation-ad-

justed wages for the broad Food Services and Drinking Establishments industry fell 1.65 percent between 2000 and 2005.

The hotel industry has made similar claims. Yet according to BLS data, real-wages in this sector fell by nearly 1 percent from 2000 to 2005. Even in the construction industry, which in recent years has been servicing the great housing and real estate boom in world history, inflation-adjusted wages fell 1.59 percent between 2000 and 2005. Similar figures can be found for other illegal immigrant-heavy service sectors, such as dry cleaning and laundry services, parking facilities, golf courses and country clubs, as well as food manufacturing.

If employers in these sectors have truly been clamoring and competing for more workers, how could real wages have fallen? How could employers have hoped to attract the workers they need by making the jobs they are struggling to fill less attractive? But more than simple common sense points to the existence of labor gluts in these sectors during this period. Wages in most illegal immigrant-heavy sectors of the economy followed a common pattern in the first 5 years of this decade. Until about 2002 or 2003, real wages in these industries actually tended to rise a bit. Yet soon after, they dropped significantly. Obviously, employers in these sectors decided that their labor costs had grown excessive, and in response stepped up efforts to bring Mexican and Central American labor markets and standards into the United States.

Why, however, don't wage increases similarly signal labor shortages. One key reason: Long-term labor contracts, and especially union contracts, can provide for pay and benefits increases even when companies run into trouble, and may well want to cut labor costs. These contracts can also set floors that for political reasons can be exceedingly difficult to breach. Rising compensation can also stem from errors in managing other areas of public policy.

For example, the media is filled with articles about alleged shortages of skilled manufacturing workers. A case in point is an August 15 *Wall Street Journal* article about the scarcity of welders. For two decades, the Journal reported, "welding, a dirty and dangerous job, has fallen out of favor" in the United States. Yet with industrial production recovering several years ago and remaining strong, wages and benefits are skyrocketing, and manufacturers now ostensibly are at their wit's end. Nor, apparently, is outsourcing the work to low-wage countries like China the answer in every situation—yet.

But would opening the doors to large numbers of immigrant welders be the best answer for the long-term interests of the U.S. economy, or of native-born workers? That seems unlikely, since a major root cause of the shortage arguably would remain unaddressed. It is entirely possible that the welder and broader skilled manufacturing worker shortages stem not from the "dirty and dangerous" nature of the work, but from the steep decline in manufacturing employment—and future employment opportunities—and still-depressed output levels in many non-electrical machinery industries in particular that have characterized the U.S. economy recently.

Wittingly or not, American policymakers have sent the native-born labor force a clear message: that maintaining manufacturing employment opportunities is simply not valued in Washington. With no evidence that this official indifference to manufacturing employment will change anytime soon, why would any prospective welder in his right mind actually have started down such a career path in the last decade or two? Who could blame young Americans for shunning such occupations? From the standpoint of promoting the creation of high-wage job opportunities for native-born Americans—which, again, must be the U.S. government's top immigration and labor policy priority—the best solutions to this labor shortage would be measures to create confidence that manufacturing production employment in America has a solid long-term future. This means major adjustments in various regulatory and tax policies, and in our international trade policies.

The final reason to be cautious about implementing Canadian- or Australian-style point systems concerns problems that could result from the focus on skilled workers. As suggested earlier, an immigration policy placing a premium on highly skilled and educated immigration applicants can in principal create significant benefits for the American economy. Nonetheless, the risks that exist in principal—and that show signs of real-world effects—must not be overlooked.

As is well known, the United States has had something like such a policy in place in the form of its various visa programs designed for employers needing special skills ostensibly not available in sufficient amounts in the native-born labor force. In sectors such as information technology services, however, an impressive body of evidence shows that the ease with which these programs can be implemented poorly, and their enforcement requirements neglected, is depressing wages in these knowledge-intensive areas.

Turning high-wage jobs into much lower-wage jobs may serve the short-term interests of U.S.-owned and located technology companies. But this growing trend is having dangerous consequences for the foundations of America's technology leadership. For it looks to be discouraging many of the best and brightest young Americans from pursuing science and technology careers. The education and skill premiums previously enjoyed by such workers are shrinking steadily. Given the long and often expensive years of schooling generally required to gain world-class information technology expertise, young people quite understandably seem to be shying away from degree programs in the most relevant academic disciplines. These trends, of course, threaten not only our Nation's future pool of the scientists and engineers available for private industry. They threaten our future pool of potential researchers—those scientists we need to ensure a continuing series of breakthrough discoveries.

Unless one supposes that the native-born pool of potential high tech workers can or should be largely replaced by a supply of immigrant high tech workers, the possible problems created by a focus on skills should become clear.

Some relatively broad and relatively narrow policy recommendations might help Washington maximize the benefits and minimize the risks of point systems. In general, the bias in these systems should be toward generic education levels and skill endowments, not toward more specific occupational experience or qualifications. In this sense, Canada's recently revised system points the way, placing more emphasis on attributes that will help immigrants adapt readily to the rapid rate of contemporary economic change. In the process, this program adds to the entire country's economic flexibility.

Because genuine labor market fundamentals are so difficult to identify, responsibility for spotting them and recommending changes in immigration policy could be awarded to an independent Federal commission containing representatives from the worlds of labor and academe as well as business. Still, the commission's charter should include a significant bias against efforts to micro-manage labor markets. An unmistakable burden of proof should be placed on recommendations to intervene.

Alternatively, if a smaller government role is desired, Washington could authorize companies and industries to certify the existence of chronic labor shortages easable only through higher immigration flows. Yet because employers and their organizations have made so many false claims of such shortages in the past, heavy penalties—including possibly criminal penalties—should attach for abuses of this system.

This committee's interest in bringing economic rationality to American immigration policy is most encouraging. As the Chairman and the committee members continue to examine this option, I hope they will stay mindful of both the potential pluses and minuses of different reform proposals. I also hope they will not forget that, all else equal, it is entirely possible that the most economically rational policy will entail the lightest degree of intervention in labor markets. Thank you again for your interest in these thoughts. I and the U.S. Business and Industry Council look forward to working with the committee to improve our immigration policies.

Senator SESSIONS. Thank you. Well, I recall the article you wrote on what you demonstrated, from the Department of Labor statistics, that the areas that did have the greatest amount of labor had shown, really a negative wage over the last number of years, so it did sort of allow the argument that those industries are desperately trying to hire people and they can't hire them.

Mr. Massey talked about the difficulties of integration, Mr. Beach that Canada had seen in some of the immigrants who had come there. I had discussed that with a Canadian official recently and he raised that point as a basis for further tweaking of their point system, to get a higher level of integration and economic success. Maybe I'd ask you to comment on that and also would ask you to express an opinion on who integrates best, the more-skilled and educated worker or the less-skilled worker?

Mr. BEACH. Thank you very much, Senator. It is quite true, the figures that Professor Massey cited. In fact, I have the study in which they come from. Now, on the one hand, they may convey a bit more negative view than one might think, because the figures he was citing for was for immigrants as a whole rather than for

those who come in under the point system and presumably would assimilate faster or just faster——

Senator SESSIONS. In other words, that would include people that come in without a skill-based set.

Mr. BEACH. That's exactly right, Senator Sessions and in general, the latter adjust much more slowly and integrate much more slowly than those who do come in under the point system.

Senator SESSIONS. That would then sort of settle that question, I mean, right there, would it not? That those in Canada coming in under the skill-based systems are integrating better than those who don't?

Mr. BEACH. Well, certainly it settles that. That evidence is quite conclusive but Professor Massey does raise the troubling question that while they integrate faster than nonindependent immigrants, the fact is, the speed of their adjustment or assimilation has been declining over the last 20 years and also corresponding to that is the rate of the working poor who are immigrants, has been rising. It is significantly higher than that of the working poor who are not immigrants and that is quite worrisome. I could give you——

Senator SESSIONS. Now, the policy was changed in 2002. Have you been able to ascertain any trends since then and that policy, as I understood it—correct me if I'm wrong—was designed to create a better assimilation and success of immigrants.

Mr. BEACH. Yes.

Senator SESSIONS. It was focused on—I think you indicated general skills that would allow you to be—increased productivity, the move between jobs rather than just a specific skill and a specific job.

Mr. BEACH. That's exactly right. And when you have a country where people are thinly spread across a long distance, having some flexibility to adjust is quite important. We don't have evidence yet to be able to answer the question as to what the effects are. I view the 2001–2002 changes as essentially tweaking or refining the more fundamental changes that were brought in during the middle nineties but really shifted from a focus on the point system on gap-filling to one that looked at these broader range of skills. Because the evidence is conclusive that those with a range of broad skills do assimilate better.

Part of the question that you raised and Professor Massey's figures refer to, is as I mentioned, the rate of adjustment of immigrants, including independent class immigrants, has been worsening over the last 20 years and there is quite a question as to why that is occurring. Some of the reasons have to do with the immigration system or the point system and some are other things as well. I don't know if you want a short form or a long form. There are a lot of things like that.

Senator SESSIONS. Maybe we better let the other panel—if you thought there was something you'd like to share with us, if you would do that for the record, we would appreciate it.

Mr. BEACH. Or I can certainly do that and also, if there are written questions, I can elaborate on that at that time.

Senator SESSIONS. On the success rate or assimilation rate, Professor Borjas, you've written about it also, I guess. What are your thoughts on that general discussion that we've just reached?

Mr. BORJAS. My study of the Canadian data and my reading of the literature seems to indicate pretty clearly that highly skilled immigrants in Canada coming in through the point system, do a lot better in the end and assimilate faster than the immigrants who don't come in through the point system. One important thing to notice in terms of the increasing poverty among immigrants in Canada is that, note, Canada has a very large immigrant influx of high-skilled workers. It is also inevitable that that large a number of high-skilled immigrants is going to effect the high-skilled labor market. In fact, there is recent evidence indicating that the high skill wage in Canada has actually declined by 5, 6 percentage points over the last 20 years because of that.

I'm sure that part of the reason that over time, the high-skilled immigrants coming in to Canada doing slightly worse is because they, themselves are being affected by themselves. You know, there are just so many of them that the high-skill labor market in Canada has really been distorted quite substantially over the last two decades.

Senator SESSIONS. That's an interesting insight. I think about my cotton farmers. They know if there is a big year of cotton and there is a lot of cotton on the market, the price tends to go down. If there is a shortage, the price tends to go up. Mr. Tonelson, would you briefly comment on that and I'll let Mr. Massey wrap that—any thoughts he had at the conclusion.

Mr. TONELSON. I would just say that it is worth considering that even if high-skilled Canadian immigrants are having more and more problems and doing less and less well, that's certainly not an argument for putting a premium on skills or on knowledge because clearly, low-skilled, low-knowledge people will be doing even worse and in fact, if you think about it one step further, assuming that like in this Nation, most of the low-skilled people go into the service industries, their major customers are higher income Canadians. If they are becoming lower and lower and if their incomes keep on falling, then the demand for those very services will fall also and everyone will be worse off then. But certainly, the low-skilled will suffer the most.

Senator SESSIONS. Mr. Borjas, on that subject. Mr. Tonelson has written on it a little bit.

No, I'll leave that and go to Mr. Massey and let you wrap up on this subject because we have a number of others to talk about.

Mr. MASSEY. The main point that I wanted to make was that simply putting in a point system that kind of rewards people for having certain skills, abilities and so on, doesn't solve all your problems. Sometimes it can create problems. So, kind of emphasizing—too much of an emphasis on skills and education, the immigration system can also create problems for people as Canada is experiencing now. As George points out, they've saturated, in some sense, the high end of their labor market and pushed down some of the wages. At the same time, the process of bringing in and incorporating skilled immigrants from other countries has proved more difficult than people had expected. There are credentials issues, there are licensing issues and then there are also issues of discrimination in the labor market that they have to face now.

Senator SESSIONS. I'm just a tremendous fan of President Bush but he has used the phrase and maybe I'm taking it a little out of context, a willing worker and a willing employer, and implying essentially that's all that it takes. That's the only issue that you need to decide there.

Well, Dr. Borjas, would you agree, I think, with Mr. Tonelson, that that is an invitation to employers to not increase wages and could actually pull down the wages of low-skilled American workers and I think you've written on that.

Mr. BORJAS. If I were an employer, I would basically be laughing all the way to the bank after listening to President Bush saying that, simply for the following reason. I mean, just take it to an extreme. What is to prevent an employer who wants to make a lot of money from just lowering the wage of almost every job to say, $5.15 an hour, the Federal minimum wage, knowing full well that there is a world out there of people who are more than willing to come to the United States to work for that wage, which is far higher than the opportunity available to them in the source countries. So that is just an invitation for a huge number of workers coming in working for very low wages and the employer will able to basically fill almost every job available at that wage.

Senator SESSIONS. You'd written a book and the title of it is, Heaven's Door. You, yourself, are an immigrant to our country and we're glad you brought your talents and skills here. Would you share for us what you meant by the words, Heaven's Door?

Mr. BORJAS. What I meant by Heaven's Door was that after I had written the book—okay, this actually was the last thing I wrote about the book, the title. After I had written the book, I began to reflect on what this country meant to me. I mean, when we came to this country, we basically were kicked out of Cuba with nothing and I remember very clearly my family sort of dreaming about being able to live in a country where one had freedom and opportunity and they wanted me out of Cuba, no matter what, even if they couldn't have the freedom and the opportunity, they wanted me to have it. And that's really what I meant by that. I mean, the country is really like a beacon. The old myth is correct. This country, to people abroad—to many people abroad is really a beacon of freedom and opportunity. We have a great responsibility here to make sure that continues to provide that beacon for future generations.

Senator SESSIONS. And you, I believe, make reference to the fact that from an economic perspective, virtually any third-world person, of what coming to the United States means for them economically, anywhere in the world, virtually.

Mr. BORJAS. In terms of coming to the United States. It just means that life of incredible wealth—imagine most places in the world. It means a life of a steady job, of not having to worry about where your next meal is coming from, in many cases, of being able to work a 40–50 hour week, of being able to take vacations, of being able to have leisure, being able to—especially for the children, of being able to make sure that even if you don't quite make it in this generation, your children will have a pretty good opportunity of ending up quite well in their life. So I think that is really the crucial beacon of economic and——

Senator SESSIONS. And that's the basis for the fact that more would seek to come here than you believe would be wise or that we could rationally accept.

Mr. BORJAS. Just think about the lottery, okay? I mean, I looked at the numbers. I'm teaching a class right now on immigration and I looked at the numbers very recently on the lottery applications. We more or less raffle out 50,000 visas a year, actually slightly less than that. In the last lottery round, over 5 million people applied.

Senator SESSIONS. You're kidding! Five million?

Mr. BORJAS. No, 5 million people applied—5 million people applied for 50,000 slots. Now the probability of winning the lottery is far lower than getting into Harvard, for example. It's just an unbelievable price that people value that at and the number of applications to the lottery actually indicates that. If you go back in time a little bit, before 9/11, the last lottery before 9/11 attracted 11 million applications for 50,000 slots. So that just tells you the excess demand available out there for entry into the United States and that's why I stressed in my discussion that even if we were to switch to a highly skilled immigration policy, the number of people who want to come to this country is way, way greater than what we would be willing to admit to be able to maintain economic stability in this country.

Senator SESSIONS. Well, I think that is so basic. I won't ask you to say it. I'll say it, in my view, on the bill that we passed in the Senate that got a majority of the votes, gave no thought to these issues. We've never discussed them, as we set the policy before. Now, Mr. Massey, I think you had written about—I don't know where, I had it here—an article in June 2005 for CATO, entitled, "Backfire at the Border," and you advocated an elimination of the family preference, not for wives and children but for brothers and sisters. Is that correct? And isn't that, in a way, saying that we ought to have some other selection criteria for this large number that want to come and pick who comes, other than just being a sibling? Just maybe your thoughts on that.

Mr. MASSEY. It's all a matter of emphasis in the immigration system and I do think that the family side has received somewhat more emphasis than it needs. In this day and age, I think if you decide to become an immigrant and come to the United States, you are not breaking contact with your brothers and sisters. You can go back and visit them. They can come visit you. It's not a hardship like perhaps it once was. The brother and sister provision of immigration law is the single most important factor for the immigration chaining—that is, the creation of networks that bring more migrants. So if you eliminate that provision, I don't think you'll impose due family hardship on immigrants and you'll also eliminate the single most important factor in immigration law, that promotes the proliferation of networks that actually bring more people into the United States. So it was my effort to come to a more balanced assessment. Not that I oppose family immigration. I think it is only right and proper that spouses be allowed to support their spouse in coming and bringing their children and perhaps even their parents. But brothers and sisters, I don't see as a terrible hardship in this day and age and it promotes the chaining of migration, it actually fuels the networks that produce more.

Senator SESSIONS. It gets us further away, I think, from a merit-based system. I think about—I'd share the Mexican-American enter problem, entering for a couple of years. We had a great conference in Pueblo, Mexico that just strikes my mind. I think about a young person there that was valedictorian of his class, took 3 years of English, has no family members in the United States and applies to enter, Professor Borjas, and he is competing against a person who happens to be the—who is a high school drop-out. He speaks no English but has a brother in the United States. Isn't that the current policy and could we make it better?

Mr. BORJAS. Well, just think about another way. Look at actually the key—I mean, it effects the quarter on how many siblings can enter the United States in any given year and the quarter is by country. So in some countries, a quarter—the law, the queue is actually unbelievably long. I may not have the exact dates right now but I'm pretty close to the exact date. I believe that as of right now, if your Filipino brother living in the United States sponsors your entry, your number will come up, if you apply in 1980 through 1984. So there is like a 20-, 22-year queue already from the Philippines. Even in Mexico, I think that the queue is like 10 or 15 years long. So again, that is actually an important thing to discuss when one looks at the fairness of having an amnesty program, whatever you want to call it, regarding how to treat the illegal immigrants now living in the United States with people who applied 10, 15, 20 years ago and are still waiting in line. It is really the sibling provision that creates a lot of those problems.

Senator SESSIONS. I couldn't agree more. Just sharing some thoughts with you, Senator Specter and I have traveled in South America and the Dominican Republic recently and we noticed an article about a poll in Nicaragua that said 60 percent of the people of Nicaragua would come to the United States if they could. I thought the number would be high but that was stunning. I shared that with, I believe, the ambassador or one of his staff in Peru and they said they had done a poll earlier this year that said 70 percent would come if they could. I think about, well—if you can't accept everybody, let's try to create a rationale system. Let me do this question here.

Under our current immigration laws, 80 to 90 percent of people who come legally come here solely based on family relations or a humanitarian purpose. That's a pretty large number and in the Dominican Republic, the Consultant Office who approves the visas said that virtually everybody there comes on a family connection. They have fraudulent marriages sometimes but whatever it is, it is mainly family connection. In fiscal year 2005, a total of 1.1 million aliens became lawful, permanent residents with Green Cards. Almost 60 percent were family sponsored. Forty-four percent were diversity lottery immigrants, 16 percent were humanitarian immigrants and about 20 percent were employment-based. So this means that 80 percent of the immigrant inflow for the United States has no skill set requirement.

Consider the fact that the family members of an employment-based immigrants come in under the employment-based category, not the family category and that number, with no skill-set evaluation, really is closer to 90 percent. It just makes sense and you've

written about it, Mr. Borjas. I don't want you to repeat too much but would you comment on that and your thoughts about it?

Mr. BORJAS. Let me put it in context. I think the question would really make sense to have that kind of immigration policy. It really goes back to the question I discussed in my talk, which is, what do we want to accomplish with immigration? Who do we want to help out from it? If we want immigration to be as an anti-poverty program for people all over the world, then what we are doing is probably just fine because we're creating opportunities to many, many people who would otherwise never have that kind of opportunity. But at the same time, that kind of goal implies a cost to people over here. I mean, most particularly, the price and cost to taxpayers and it implies a cost to low-skilled workers who already live in the United States, including the immigrants themselves, because they do compete in the labor market. So one has to sort of balance those different objectives. There is a humanitarian aspect to all this that one should not forget. But at the same time, having an immigration policy that distorts the low-skill labor market so much and that increases the potential for many more people to enter the public assistance system, the welfare State and perhaps for a very long time. That really cannot be in the self-interests of this country in the long run and that is why, in my book, I sort of try to argue that if one were to focus on economic issues alone, one could make a pretty good case that what we are doing now is not really the best thing we should be doing. We can do better than that.

Senator SESSIONS. Australia, amazingly, we met with the Australian officials, just private conversation and they explained their program. They don't admit any low-skilled workers. They take only high-skilled and brings in other characteristics. They have humanitarian, they have a lot of things and family but when it comes down to workers, they focus on a higher scale. Are you familiar with that, Mr. Tonelson?

Mr. TONELSON. Not very.

Senator SESSIONS. I think about—I guess I'd think about my votes. I'm going to have to take maybe about a 7-minute break to vote and come back. But I'm thinking about—I'll put it in a personal term. I met on the mall a few weeks ago—I was taking a walk on Saturday morning in Alabama and an African-American spoke to me and we chatted. He had his family out. He said that they were visiting a relative. I asked him how things were doing and he said, "Fine." He was in the concrete finishing business. His father had been in the business. I said, "How is it going?" and he said, "Not good." I knew Montgomery where he was from, that the economy is booming and I just threw out, I said, "Do you think immigration would have something to do with that?" He said, "yes," he did and he thought immigrants were decent people and fine and great. He had no objection but he did think it was impacting him. I even think about people at the food service places. If there is a shortage, normally you would expect their asset—if we buy gold and it goes up, we expect to sell it for a higher price—their asset, their labor is not being allowed to be driven up by market forces because we're bringing in what could be an unlimited supply of labor. Is that a correct analysis?

Mr. TONELSON. That seems to be all too clear from the most authoritative source of wage data that we have. Now, you could say, "Well, it's not just wages." There are all other forms of compensation but most of these low-paying service jobs do not carry great health plans and great pension plans at all. In fact, even in higher wage sectors, you see benefits and pensions being pared back dramatically if not eliminated. So, it just doesn't stand to reason that if a certain company is desperate for workers, that it is offering lower and lower wages, that it is making these jobs less attractive to hold rather than more attractive to hold. Now, this may mean that we really don't know anything about economics. Maybe everything that we learned in college and Economics 101 is wrong. But I don't think that's so.

Senator SESSIONS. Let me take this vote right now. It won't take me but a few minutes to vote. It's a cloture vote and if you don't mind, I'd like to come back and pursue this a little more, if we could. Thank you. We'll be right back.

[Recess.]

Senator SESSIONS. Thank you for staying. Professor Beach, how does Canada handle seasonal work in industries like agriculture and I'll just add, when Senator Specter and I were in South America, in Colombia, President Uribe told us that they had a very successful seasonal work program with Canada, I think, in Spain and I was told that the Dominican Republic also, when we were there, had a very successful program and they said, "What is the problem? People go to Canada and come back. We don't understand." And so, would you share with us how Canada does that and is it distinct from its citizenship track?

Mr. BEACH. Sure, thank you. I'm not a specialist on the temporary work program, which this comes under but it is my understanding that these seasonal workers—essentially agricultural, in the agricultural area, in Southern Ontario and British Columbia—come in under a program for temporary visa workers. Now, the exact details of how that functions, I'm not sure. Presumably, they apply, there is some sort of application process and a decision is made to admit a certain number. It is for temporary workers, so they can't just come do their work and stay. They have to go back and that does seem to work reasonably well. Now, it is my understanding that almost all of them come from Central America and Mexico, so I'm not at all surprised with what you saw down there.

Senator SESSIONS. The number I had, I believe we got from Canadian officials, was that they have about a 98 to 99 percent compliance rate, is that consistent with what you——

Mr. BEACH. That would be my sense, that's right. Because if there starts to be abuses of that system, that would be picked up quite quickly by the media because statistics are open and there would be a lot of debate and you can certainly expect that they would start making some major changes on that, yes.

Senator SESSIONS. And Professor Beach, I recently found that continuation of the 2002–2003 migration program in Australia—I don't know if you are familiar with it but I'll ask you and I'll ask the others, a recent study found that in Australia, that program will deliver an increase in living standards of $852 per person by 2021. This is a gain due, they say, to the skills stream that they

utilize. The study suggests that the gain is equivalent to the effect of a $21 billion tax cut and dwarfs the projected gain of under $200 per person from the policy reforms of eliminating existing import tariffs on motor vehicles, clothes and footwear. The analysis by Access Economics demonstrates that continuing the 2004–2005 migration program in Australia is expected to deliver a net benefit in excess of $4 billion for 4 years. Are you familiar with that study?

Mr. BEACH. I'm not familiar with that study. I'm also pretty sure that a study like that has not been done for Canada, otherwise I would have heard about it.

Senator SESSIONS. I was told by the Australian officials here recently, from the Embassy who deals with immigration issues that they felt the way they were working it, it was an economic benefit to them all.

Mr. BEACH. Yes. They have, in some ways, a stricter policy toward high-skilled workers than Canada does so it wouldn't surprise me that they could get some quite strong results. But one can certainly do that kind of calculation for Canada. In fact, Professor Borjas is the one who developed the technique to do that sort of thing.

Senator SESSIONS. Either one of you care to comment on that study.

Mr. TONELSON. Well not so much on that particular study but it seems to me that Professor Massey was right when he said that the real issue we face is an issue of balance and that's often what public policymakers deal with. You've got many very legitimate competing interests. How do you balance them all into the most effective way? But that also means that you have to ask yourself, what are our priorities? We can have many valid goals for American immigration policy but we need priorities and it seems to me—it stands to reason that the No. 1 priority is strengthening the American economy and helping to raise the incomes of U.S. workers, of native-born workers and legal residents. That may not command universal assent but I think you'd have a hard time finding any American leader who would explicitly disagree with that and I think that it has also been quite well established, certainly at this hearing, that U.S. immigration policy does not attach a high enough priority to those economic goals and that it does attach too high a priority to noneconomic goals like family reunification.

Senator SESSIONS. In April 2006, "Time" did a cover story on the Nation's high school dropout rate. According to the article, high school dropouts are, "relegated to the most punishing sector of the economy where low wage jobs are increasingly filled by even lower wage immigrants." If this is true, I think it is a problem for us and I believe that is true. So Mr. Tonelson, I'm not sure you are aware, I know Dr. Borjas is, maybe Dr. Massey is, that in 1997, the National Research Council, which is part of the National Academy of Sciences told us that a high school drop-out costs the United States $89,000 more in social services than they pay in taxes over the course of their lifetime. It does not matter if that high school dropout was born in the United States or immigrated to the United States. Robert Rector from the Heritage Foundation tells us that the number is closer to $100,000 due to inflation. That was a number of years ago. He also tells me that in the last 20 years, the

United States has imported through legal and illegal immigration, 11 million high school dropouts. If the $100,000 figure is true, these persons would cost the U.S. Treasury $1 trillion more in their lifetime than they will pay in. Now, that is—I don't know if those numbers are precisely correct but I think there is truth in those numbers. Would either of you want to comment on that?

Mr. MASSEY. One more point that I would make and that data is certainly consistent with everything that we know about the relationship between wages and incomes on the one hand and skill and knowledge levels on the other hand. This kind of immigration policy also enormously feeds our Nation's appetite for public services, including entitlements and especially as this wage deterioration creeps up the—in fact, not even creeps. That's the wrong word—proceeds very steadily up the entire income ladder, more and more of even the U.S. middle class again becomes dependent upon entitlements to the degree that we never have before. Now, clearly, there is a real problem with inflation in health care and things of that nature but also, it is equally clear that the earnings—the wages and earnings of most working people have not nearly capped off and in fact, we know that there has been wage stagnation in this Nation for the median worker for 30 or 35 years now. That's never happened before in U.S. history.

Senator SESSIONS. Well, just to put in an exclusive term, let's think about a beef packing plant. If you were a native and worked in the beef packing plant and you had no immigration, you'd be a very valuable commodity to the meat packing plant, is that correct?

Mr. TONELSON. Absolutely.

Senator SESSIONS. It would be glory days for you economically.

Mr. TONELSON. Exactly and it would probably raise the cost of meat unless the meat producers figure out a way to increase productivity and that's how we make progress. That's a major governing——

Senator SESSIONS. But it wouldn't double the price of beef.

Mr. TONELSON. Not right away, I'm sure.

Senator SESSIONS. No, I don't think so either.

Mr. Massey.

Mr. MASSEY. I'm very familiar with 1997 and our report. I'm actually a member of the National Academy of Sciences and there have been a number of changes that have occurred. Congress, as you know, passed in 1996 both the Immigration Welfare Reform Acts and that really kind of changed the calculus for a lot of immigration and what we've seen since 1996, are rising rates of tax payment by immigrants and falling rates of service utilization by immigrants, across all categories. This is true of both documented and undocumented migrants. They are less likely to use and more likely to pay. So I don't think the figures are as stark as they were calculated to be in 1997.

Senator SESSIONS. The Congressional Budget Office, at my request—and truly, they only had a matter of days—I asked them to evaluate the fiscal costs to the U.S. Treasury right before we voted on the immigration bill, which amazingly, nobody had asked for. They came back, showing on the first 10 years, a slight gain to the Treasury, which I frankly had some doubt about. The proponents of the legislation waved that around. They admitted, however, that

the second 10 years would be much worse because the Green Card, the permanent resident status, was pushed out after some of the amendments, to about Year Ten. So that's when you get the earned income tax credit and qualify for Medicaid, Medicare and other things. Now they've redone that and they've said that there will not be any gain in the first few—and this is talking about welfare, food stamps, all of that as compared with what they pay in taxes. Say it could be as high as $126 billion deficit and admittedly much higher in the next 10 years. Robert Rector estimates after that first 10 or 11 years, it would run about as high as $50 billion a year, half a trillion dollars over 10, based on the policies set forth in the bill that we passed in the Senate. But it appears not to be moving forward. So that's the latest, best numbers we've got on the impact on the U.S. Treasury. Do you have any comments on that, Mr. Beach, if you're familiar with it?

Mr. BEACH. Not on the U.S. situation but in Canada, the fiscal effects of immigration are expected, particularly in the long run, to be very strongly positive because if you bring in people, particularly if they are young and hardworking and they have good skills, initially they may have some difficulties settling in but then once they do, they earn a good income and pay taxes. They make below-average use of social security services, this sort of thing, so they are less a drag on the expenditure side and they bring in considerably more money on the revenue side. Also, if you are bringing in younger people rather than older people, that means they have a longer time to contribute to things like the Canada pension plan and so on. So when they retire, they are less a drag on the system. In fact, they've contributed through their taxes, supporting people like me.

Senator SESSIONS. Right.

Mr. BEACH. We have several studies on that so the evidence is fairly clear-cut there, yes.

Senator SESSIONS. I'm sorry Dr. Borjas is not here, but, Mr. Rector—he says it is a fiscal disaster and anybody that says that the current process of immigration will strengthen things like Medicare and Social Security are living in a dream world. He was basically very critical of that analysis mainly because he points out that of the people here illegally, 60 percent are not high school graduates and so, they are unlikely to have a wage sufficient to cause them to pay any income taxes and they certainly—so it is a real dilemma and there are no easy answers. It is interesting that I hear you say that Canada believes that it will be a net fiscal plus and Australia told me that also.

Mr. BEACH. Yes. Part of what is going on, the difference in results between Canada and the United States is that we have very few illegal immigrants and so the figures I was giving you were simply for the legal immigrants. Again, in the United States, you have this large number of illegal immigrants and that could, indeed, cause quite different calculations and results.

Mr. TONELSON. I think that something else we have to recognize about the results in the United States in recent years, we have to ask ourselves what was the American economy like in the late 1990s? What is it like now? I think it is very clear that much of the growth, the strong growth that we had in the late 1990s was

due to a stock market bubble, a technology bubble, that generated levels of economic activity—of output for products for which there were no markets and for which there were not going to be markets for years and years and years and that, of course, didn't last. What has happened to the U.S. economy since 9/11? Unprecedented stimulus poured in to buoy economic activity artificially. And we still have not come close to the growth rates that we achieved back in the 1960s, let's say, with much less U.S. Government stimulus. We have essentially been pulling rabbits out of our hats and clearly, that's benefited all Americans in the short run but if you think, as I do, we're running out of rabbits, you'll be worried about this and it is very hard to imagine that going forward, folks with low skills and poor schooling will not be net drags on the American economy.

Senator SESSIONS. Mr. Massey, do you want to wrap this thing up?

Mr. MASSEY. Well, if you look at America's age structure, we're rapidly aging, if you just look at the native population and there is going to be a progressive mismatch between the demography of the workforce that we'll require and the demography of the people, the native population. You really see this—the largest projected category for growth is health service workers, which is an unskilled category. That is supposed to grow 33 percent in the next 10 years and that is going to continue to grow at a rapid rate because of the population aging even more after that. So I think that is not whether we are going to take in relatively unskilled workers or not, it is really how many and under what terms. I don't think that we have the optimal situation right now. Personally, I would favor some kind of guest worker program because I've been working in Latin America for 25 years and been collecting data continuously in Mexico since 1982. The typical Mexican migrant, when they leave for the United States, 70 percent say they may want to come but that doesn't mean they want to stay. They are culturally Mexican and the typical migrant, when they leave, is not leaving because he is abjectly poor, has no prospects, no possibility of survival in Mexico. He is leaving because he has got a mobility project. He wants to finance the construction of his house because there aren't good mortgage markets in Mexico. He wants to pay for the education of his kids. He wants to acquire capital to found a business in Mexico, in the absence of good credit markets. So they migrate to the United States. If you created a mechanism for them to do this, they would work and they would return.

Senator SESSIONS. Could I be frank—there was a part of a bill, they called it "temporary guest worker program" and that is what people kept saying, is a temporary guest worker program but when we read the print on it, what it said was, people would come in under that program. They could bring their families. They could stay for 3 years. They could extend for 3 years, 3 or 4—how many times? Twelve? And then after the second extension, they could apply for a Green Card and then on the route to citizenship. So there was really nothing temporary about it but I think about what President Uribe told me, how happy they were in Colombia. Their people could fly apparently to Canada and work 8 months and come back home. They don't take their family and they make a good bit of money and they can build that house and fix it up and

educate their children. Is that more of your understanding? Now, one of the bill sponsors said, Well, I don't like that. I think that's creating a second-class citizen." Not a citizen, we're creating a class separated from our traditions or something to that effect. But to me, a program would allow you to come, a certain number, depending on what the labor studies show, for so many months without a family, with the option to return back and forth during that time, if you're able, would be something I could probably support. Would you opine on that?

Mr. TONELSON. I think a program like that would handle a huge share of Mexican migrants right now. Now, it's true—the old joke, there is nothing as permanent as a temporary worker program. Always, there is going to be some fraction that settles out and the goal of public policy should not be to prevent people from settling out period but to minimize the fraction. If you make it easier for people to go back and give them incentives to go back, you are simply reinforcing their natural inclination. The natural inclination is not to move here permanently but to use the U.S. labor market instrumentally on a couple of visits, to improve their lives at home. The ironic effect of really sealing the border is that you don't prevent people from coming in so much but you really discourage them from going home because it is so difficult to get in, they are afraid they won't be able to get back in if they need to, in the future, so they just hunker down and stay. And we've actually, over the past 20 years, radically depressed the rate of return migration among undocumented migrants. So the big buildup that document migrants to the United States hasn't come from an increase in the rate of in-migration—that has been fairly stable for 20 years—it has really come from a rapid fall-off in the rate of out-migration, which dates to our militarization of the border starting in 1993.

Senator SESSIONS. Let me go to Mr. Beach now.

Mr. BEACH. Just to followup a bit on your comment on the temporary workers, where they could come in, say 3 years plus 3 years. I think one might want to think about that perhaps a bit more. It is my understanding that programs like that have been used in Europe for some years and they are behind a bit of some of the problems they've had. If workers are going to be here for say, 3 years, they may marry, settle down, raise families. Then after 6 years, what is going to happen? They may well be, in some sense, second-class citizens. They feel that badly. The kids may not have access to the kind of schooling, whatever it is, their health care.

Senator SESSIONS. Um hmm. Now, that's why——

Mr. BEACH. I think that can——

Senator SESSIONS. That was the criticism of one of our—the sponsor said, in effect—I think he mentioned Europe. We don't want to create that kind of system but in Europe, it is an extended right to work plus a right to extend that again and again, right?

Mr. BEACH. That's right. But it is also my understanding that the rights of such workers are certainly not those of citizens.

Senator SESSIONS. Right. And they are there with their family, they are there decades and they have no prospect of moving to citizenship. That is a situation I would not favor.

Mr. Tonelson.

Mr. TONELSON. I found Professor Massey's comments on the motivations for Mexican immigration to be a little bit unusual in light of what we've seen during the very significant street protests. We saw all around this Nation in the spring, where what was the major theme? We not only want legalization, we want citizenship, we want to vote and when we start to vote, we're going to vote in such ways that wind up punishing any politician who has been on the restrictionist side. And that's not really—it's not consistent with the notion that most of them don't want to stay.

Senator SESSIONS. I think there is a lot of truth, though, Dr. Massey, in what you say but maybe you will respond to that.

Mr. MASSEY. Well, I imagine I talk to a lot more migrants than you do.

Mr. TONELSON. Well, you probably do. But boy, I've heard a lot of that.

Mr. MASSEY. Well, what you heard is a lot of public clamoring filtered through the press and that's not an accurate portrayal of the typical migrant and the people out demonstrating are probably not an average cross section of migrants. A lot of those are native-born Mexican Americans.

Senator SESSIONS. Well, could I just go back to this question, because there is something that I have suggested and I'm not sure it has registered. If we had the kind of program that Canada has, my view is that you probably should not come for more than 10 months at a time, you would not bring your family but you would be able to return and go get an identification card however many times you choose during that 10 months and could therefore help us with some of the seasonal industries that we have. It's hard to get an American to operate a cotton gin if they are only going to do it for 3 months of the year. I mean, they'd rather work at Wal-Mart at less hourly pay as it's permanent, it's got benefits, that sort of thing. So, there are some seasonal jobs there throughout agriculture. Do you see any moral or legal or policy problems with having that as one category, one aspect of an overall immigration policy?

Mr. Massey.

Mr. MASSEY. No, not under the proper terms, as long as it is not a brutally exploitive system that takes advantage of the migrant workers. We ran such a program in the United States from 1942 to 1964, known as the Bracero Program. In 1953–1954, there was a crisis of illegal migration in the United States and for the first time in U.S. history, there were a million apprehensions of illegal Mexicans in the country and Congress responded in two ways. One, they tightened up border enforcement but the other thing it did, was it dramatically expanded the Bracero Program, basically doubling its size, basically going from about 150,000 a year to over 400,000 a year for the whole period 1955 to 1960. During this period, illegal migration fell from a million apprehensions in 1953–1954 down to about 30,000 per year by 1959. So basically, it was a two-pronged approach. They tightened enforcement at the border but I really think the drop-off in undocumented migration is because there was a legal channel for people to move and at this point, legal settlement from Mexico was not quantitatively limited so Braceros managed to acquire ties to the United States and ac-

quire a reason to stay here. They became a foreman, for example, rather than a circular worker and they managed the workers for a farmer. They could acquire permanent resident status and settle down. It was actually a fairly good system that, over the course of 22 years, circulated in and out of the country around 5 million Mexican workers and only resulted in the net settlement of several hundred thousand.

Senator SESSIONS. Well, these are all very, very interesting topics and I think you would all agree with me that if we really redo our immigration policy, we should wrestle with these issues and I, for one, am firmly convinced that there are far more people who want to come here than we can ever assimilate effectively. We know that and we need to develop a policy that identifies those who have the more meritorious claims for entry, who would be more likely to be successful, who will more likely contribute more to the government than they will take out from the government and just be more successful. So I think that's the direction we need to move in but I'm not sure my colleagues agree. I think the House is just not focused on this issue. They have not discussed it. They said we had to have credibility for the enforcement first. Our basic plan was just to increase numbers and carry on the existing programs. That's about all it does and has some enforcement in it. But if we listen to people like you and we do a humane, legitimate program, I think we can identify people who want to come here and become citizens. I think there may be a role for a temporary worker program and it would certainly be helpful to our neighbor. That would be an easy move for them. We could, with a little effort—I'm convinced we can do more with the law enforcement than people think and literally, we could create a policy that will work and that the American people will be proud of. But we don't have that consensus now and I'm hoping the information you've given us can help reach that consensus.

If there is nothing else, we'll keep the record open for 10 days and if you have any further statements and any of the members can submit questions at any time, we would appreciate it if you would respond. Thank you very much for your attendance and testimony.

Mr. TONELSON. Thank you, sir.

Senator SESSIONS. We are adjourned.

[Additional material follows.]

ADDITIONAL MATERIAL

The Law Library of Congress

REPORT FOR CONGRESS

July 2006

Directorate of Legal Research
LL File No. 2006-03086

IMMIGRATION POINTS SYSTEMS FOR SKILLED WORKERS

This report provides an overview of the immigration programs for skilled workers in six jurisdictions: Australia, Canada, France, New Zealand, Singapore, and the United Kingdom.

Directorate of Legal Research for International, Comparative, and Foreign Law
James Madison Memorial Building; 101 Independence Avenue, S.E.; Room LM 240; Washington, DC 20540-3200
Reception: (202) 707-5065 – FAX: (202) 315-3654
www.loc.gov/law/congress

PUBLICATIONS OF THE LAW LIBRARY OF CONGRESS

Reports for Congress are produced by the Directorate of Legal Research of the Law Library of Congress in response to requests from Congress on issues concerning international, comparative, and foreign law. The Directorate of Legal Research is a unique academy of expertise whose faculty of foreign attorneys and research staff is dedicated to providing world-class international, comparative, and foreign law research, reference, and information services to the U.S. Congress. The Directorate's full-time staff of foreign-trained attorneys from over 20 jurisdictions are led and supervised by two executive-level division chiefs and assisted by a staff of multilingual legal research analysts. The Directorate responds to Congressional research and reference inquiries on the legal systems of all nations, past and present, on the basis of the Law Library's global collection, the Global Legal Information Network (GLIN, available at www.glin.gov), and other electronic databases. During fiscal year 2005, our faculty of 20 foreign law specialists and 5 research analysts consulted over 37,000 sources and conducted in excess of 48,000 electronic searches as they prepared 2,039 reports—some 5,900 pages of legal analysis and reference assistance that covered over 160 jurisdictions. Directorate responses are delivered in whatever format is best suited to the requester and may be in the form of newly commissioned single jurisdiction or multinational legal reports, previously prepared studies, confidential memoranda, quick-answer oral consultations, briefings in a Member's office, or expert witness testimony at committee hearings.

We invite you to visit the Law Library Web site at www.loc.gov/law, which details all of our services and provides access to the Global Legal Information Network, a cooperative international database of official texts of laws, regulations, and other complementary legal sources of many foreign jurisdictions. We also invite you to visit our Congress-only Web site at www.loc.gov/law/congress for other Law Library products that are produced in response to recurring congressional interest. An online monthly, the **WORLD LAW BULLETIN**, is the Directorate's monthly flagship publication that provides the U.S. Congress over 500 updates on foreign law developments annually. Updates are chosen for their special significance to the U.S. Congress as they relate to legislative interests or foreign policy. **Foreign Law Briefs** cover topical legal issues and **Country Law Studies** provide overviews of legal systems of individual nations. Congressional workload permitting, the Law Library also serves the research needs of the other branches of the U.S. Government and renders reference service in international, comparative, and foreign law to the general public, including international organizations, embassies, state governments, and the professional legal, academic, and library communities.

The principal resources for all Law Library publications are its collection and research staff. The Law Library's holdings of over 2.6 million volumes constitute the world's largest and most comprehensive legal collection. Its staff of over 45 legal specialists, researchers, and librarians—competent in more than 50 languages—can provide research and reference information on all of the major legal systems of the world, contemporary and historical.

For further information about the topic of this publication, the Global Legal Information Network, or for making a research request on international, comparative, or foreign law, please contact the Director of Legal Research by e-mail at law@loc.gov, or by fax at (202) 315–3654. Research requests may also be directed to the Law Library's Congress-only Hotline at (202) 707–2700, which is staffed whenever either Chamber is in session.

LAW LIBRARY OF CONGRESS

IMMIGRATION POINTS SYSTEMS FOR SKILLED WORKERS

COMPARATIVE SUMMARY

Executive Summary

While Australia, Canada, New Zealand, Singapore, and the United Kingdom all issue different types of immigrant or work visas, they all have a category for highly skilled workers. As the number of these visas is generally limited, the five countries employ points systems designed to attract persons who will best meet the countries' economic needs. France issues skills and talents residency cards based on similar criteria, without allocating points.

Australia, Canada, New Zealand, Singapore, and the United Kingdom all issue immigrant, residence, or work visas to qualified refugees, family members, and workers or independent applicants. Canada and the United Kingdom have work permit programs for unskilled workers, while Australia, New Zealand, and Singapore generally admit persons who qualify as skilled workers. In all four cases, however,

skilled workers are assessed in accordance with a points system that has been designed specifically for their class. In all four countries, the skilled worker class is the largest immigrant or work permit class. In 2004, Canada admitted 133,000 persons as skilled or independent workers. In 2005–2006, a total of 97,500 were allocated to the general skilled worker program. In 2005–2006, New Zealand approved almost 31,000 skilled worker applications. In the United Kingdom, the skilled worker class has recently been expanded to attract MBAs from designated renowned schools.

In Canada, skilled workers must accumulate at least 67 points out of a total of 100 to be eligible for admission as a permanent resident. In descending order, the six weighted selection criteria are education, French and English language skills, work experience, age, arranged employment, and adaptability. Australia has a "pass mark" in the 110–120 range and a "pool mark" in the 70–120 range for persons that may be awarded migration visas not claimed by persons who have scored above the pass mark. The selection criteria are age, work experience, occupational demand, and English language ability. In New Zealand, the selection point is revised every 2 weeks. The most recent selection point was 140 points. Persons scoring between 100–140 points may apply for residence permits not claimed by persons who have scored more than 140 points. The selection criteria are job opportunities, relevant work experience, qualifications, age, and family relations.

In the United Kingdom the creation of the highly skilled migrant program has been described as "the most dramatic development in commercial immigration law for the past 30 years and has made many of the other commercial immigration categories effectively redundant." The highly skilled migrant program is operated on a points system with a pass mark of 65 or more. Points are awarded for educational qualifications, work experience, past earnings, achievements in the applicant's field, achievements of the applicant's partner, and age. In 2005, the government created a new program for persons holding an MBA from one of the top 50 business schools designated by the Treasury. This program is designed to attract highly qualified and talented managers to the U.K.

Singapore employs a points system for the issuance of "S Passes." These passes are issued for skilled technicians and middle-level managers with a monthly salary above SGD$1,800. The selection criteria are salary, education, work experience, and job type. Singapore does not publish detailed descriptions of its assessment process.

In Canada and New Zealand, applicants accepted as skilled workers are offered permanent residence. In Australia and the United Kingdom, accepted applicants are issued visas that can be renewed. After a qualifying period, visa holders can apply for permanent residence.

France has recently created a program for the admission of skilled workers that creates a new type of residency card. These skills and talents residency cards are valid for 3 years and may generally be renewed. However, concern that this program might otherwise result in the permanent loss of persons with the most training and experience by African countries has led the government to allow only one renewal of a visa issued to a person from one of the scheduled African countries. France does not employ a point system in issuing skills and talents residency cards but considers many of the same factors scored in Australia, Canada, New Zealand, Singapore, and the United Kingdom.

(Prepared by Stephen F. Clarke, Senior Foreign Law Specialist, July 2006.)

LAW LIBRARY OF CONGRESS

AUSTRALIA

IMMIGRATION POINTS SYSTEM FOR SKILLED WORKERS

Executive Summary

Australia maintains an immigration points system for selection of independent skilled migrants, Australian sponsored skilled migrants, and State specific/regional sponsored skilled migrants. The objective of the skilled migrant visas is to enhance Australia's economy by allowing skilled people access into Australia's workforce. Skilled migrants must meet minimum health, character, language and age criteria and are then awarded "points" on the basis of age, occupation, language skills, work experience, qualification and sponsorship.

I. Current Immigration Law

In general all non-citizens require a valid visa to enter Australia.[1] The Commonwealth of Australia (Australia) has a migration program that permits persons to migrate to Australia, or, if currently living within Australia, to obtain "permanent residence." The Department of Immigration and Multicultural Affairs administers Australia's migration programs.[2] The principal pieces of legislation are the *Migration Act* 1958 (Cth) and the *Migration Regulations* 1994 (Cth); Ministerial Directions (made under Migration Act § 499) and Government Gazette Notices, however, may also be applicable.

The Migration Regulations contain most of the specific details and criteria for each visa. Visas are divided into classes and subclasses. Schedule 1 of the Migration Regulations lists the visa classes and some requirements for each class (such as procedures for visa applications, time limits and review provisions). Schedule 2 of the Migration Regulations details the specific requirements for each subclass. Schedule 2 may refer to other schedules within the Migration Regulations or to Government Gazettes that contain additional criteria.

Australia's migration program is divided into a "Migration Program" and a "Humanitarian Program." Both these programs are divided into streams and categories of visas. Each visa has criteria that are specific to that visa[3]; however, there are some "general public interest criteria" relating to health and character that are common to all visas.

II. Skilled Migration Numbers

In 2005–2006 a total of 97,500 places[4] will be allocated to skilled migration and 76,900 will be allocated to the general skilled migration program.[5] The allocation of visas across visa types (for both primary and secondary visa applicants) is as follows[6]: Skilled—Independent—49,200 places; Skilled—Australian Family Sponsored—17,700 places; State Regional Sponsored (subclasses 495 & 137)—10,000 places.

Skilled migrants may also be eligible for employer-sponsored visas or business/investor visas.

III. Skilled Migration—Points System

In general, the skilled stream of Australia's Migration Program is intended to enhance Australia's economy by allowing skilled people access into Australia's workforce.[7]

There are 12 different general skilled migration visas. These may be divided into: independent—requiring no sponsorship; Australian sponsored—requiring sponsorship by an eligible Australian relative; and, State/Territory specific visas that involve nomination or sponsorship by an Australian state or territory. Three of these visas are specific to overseas students who have completed Australian qualifications. A description of these visas is provided in Attachment 1.

Most skill-based migration visas are assessed via a "points" system.[8] Each visa has a "pass mark," being the number of points necessary to obtain a visa and a "pool mark" being the number of points necessary to remain in a pool of applicants should there not be sufficient pass level applicants or should the pass mark be revised. Generally pass marks are 110–120 and pool marks range from 70–120.

Under the "points system," applicants, who must be between ages 18 and 45 and have English language skills, are credited with "points" primarily for qualifications (some visas require Australian qualifications), age, work experience, English language ability, and whether their occupation is in high demand. Additional points may be awarded where the applicant has a well-qualified spouse, is providing capital investment or has fluency in a community language. Attachment 2 provides an overview of the allocation of points under the points test and current pass and pool marks.

(Prepared by Lisa White, Foreign Law Specialist, July 2006.)

---

[1] *Migration Act* 1958 (Cth) s42.

[2] Department of Immigration and Multicultural Affairs, www.immi.gov.au, (last visited July 12, 2006).

[3] *Migration Act* 1958 (Cth) s31(3).

[4] The total expected migration program for 2005–2006 is 130,000–140,000 places.

[5] Birrell, Bob, Hawthorne, Lesleyanne, and Richardson, Sue EVALUATION OF THE GENERAL SKILLED MIGRATION CATEGORIES, DIMIA, March 2006. p. 15.

[6] *Id.* The total includes the primary applicant and any secondary applicants (*i.e.*, family members).

[7] In addition to skilled visas there are also visas available for sponsored employees and for persons seeking to establish a business within Australia.

[8] *Migration Act* 1958 (Cth) ss92–96.

Attachment 1

Visa type	Visa description
Independent Does not require sponsorship	Skilled—Independent (subclass 136) allows an applicant with skills required in the Australian labor market to migrate to Australia without the requirement of employer sponsorship. Applicable to offshore applicants. Skilled—Independent Overseas Student (Subclass 880) is available for overseas students under 45 years of age who have completed an eligible Australian qualification(s) after at least 2 years full-time study in Australia and have an occupation on the SOL list that is either a 60 point occupation or a 50 point occupation (if the overseas student has completed a Ph.D. in Australia). This visa does not have the threshold work experience requirement of the subclass 136 visa. Applicable to onshore applicants.
Australian sponsored Similar to Independent but additional points may be claimed where the applicant is sponsored by an eligible relative and pass mark is lower. Applicants occupation must be on skilled occupation list (SOL) and if their sponsor is in Sydney and or other populated areas the applicant's occupation must be on the Sydney and Selected Areas Skilled Shortage List (SSASSL).	Skilled—Australian Sponsored (subclass 138) allows an applicant to migrate to Australia when they do not meet the criteria for Skilled Independent (subclass 136) but they have an Australian relative who is willing and able to sponsor them. Skilled—Australian Sponsored Overseas Student (subclass 881) is available for eligible overseas students who have obtained an Australian qualification in Australia as a result of at least 2 years full-time study and have an Australian relative who is willing and able to sponsor the applicant. The points test for this visa is lower than the Skilled Independent Overseas Student.
State specific and regional migration.	State or Territory Nominated Independent (subclass 137) allows participating state/territory governments to nominate skilled migration applicants who are interested in permanently settling in states and territories where their skills are in demand. No points test per se but applicants must meet the pool mark of 70 points. Skilled—Independent Regional (subclass 495) allows an applicant who is sponsored by an Australian state or territory government to remain in Australia for up to 3 years to live and work in a regional or low-population growth area. After living in a regional or low population growth metropolitan area for 2 years and working for at least 12 months in a regional or low population growth metropolitan area applicants may apply for a permanent visa. This visa has a slightly lower pass mark than the Independent (subclass 136).

In addition to the above visas there are visas specifically for New Zealand citizens (Independent New Zealand Citizen subclass 861 and Australian Sponsored New Zealand Citizen subclass 862). They operate very similarly to the independent and sponsored visas described above (with the same points test pass mark but no pool option) but are only applicable to New Zealand citizens.

Attachment 2

Within the Australian "points system" points are allocated on the following basis:

Criteria	Description	Available points
Age	There is a general criterion that the applicant is above 18 and below 45 years of age. Points are then allocated in relation to the age of the applicant.	18–29yrs—30 30–34yrs—25 35–39yrs—20 40–44yrs—15

Criteria	Description	Available points
Occupation	An applicant must nominate their occupation as one that falls within the Skilled Occupation List (SOL). Points are then awarded depending on the skill category of the applicant's occupation.	Degree or trade qualification specific to the occupation—60 General tertiary qualifications unrelated to occupation—50 General diploma or advanced diploma not related to occupation—40
Occupation—MODL	Applicant's nominated occupation is on the Migration Occupations in Demand List (MODL) when application is assessed additional points may be awarded.	Additionally applicant has job offer from eligible organization—20 Applicant does not have a job offer—15
English language skills	The applicant must have at least vocational English. If there is any doubt as to the applicant's level of English they may be required to take the International English Language Testing System (IELTS) test.	Competent—20 Vocational—15 Functional—Nil
Specific work experience	This is not an eligibility requirement but is an optional section in which the applicant may be awarded points for working in their nominated occupation.	Applicant's nominated occupation is worth 60 points and the applicant has worked in that (or a closely related occupation) for 3 of the past 4 years prior to making the application—10 Applicant's nominated occupation is worth 40, 50 or 60 points and the applicant has worked in any occupation listed on the SOL for 3 of the past 4 years prior to making the application—5
Australian qualifications	Additional points may be awarded if the applicant holds Australian qualifications or has undertaken study towards such qualifications where the instruction was given in English in Australia.	Doctorate of at least 2 years study—15 Australian masters or honors (2:1) of at least 1 year study—10 Two years study towards degree, diploma or trade qualification—5
Regional area	Additional points may be awarded if the applicant has lived and studied for qualifications in regional Australian/low population growth metropolitan area. That is, not a capital city or populated area on the eastern seaboard.	Two or more years of study—5
Spouse skills	An applicant may be eligible for additional points if their spouse is able to satisfy basic requirements of age, English language, qualifications, nominated occupation and recent work experience.	Spouse skills—5
Bonus points	An applicant may be eligible for bonus points on one the following (ie. even if the applicant is eligible for more than one only one may be claimed): Capital investment in Australia of at least AUD100,000 for at least 12 months; Australian work experience in a SOL occupation for a period/periods totaling at least 6 months in the preceding 48 months; Fluency (ie. professional level language skills) in a community language (that is a language spoken in Australia).	Capital investment—5 Australian work experience Community language
Relationship of sponsor	Applicant or applicant's spouse are sponsored by an Australian citizen, Australian permanent resident or eligible New Zealand citizen. Sponsor must be related via non-dependent child, parent, sibling, niece, nephew, aunt or uncle.	Only applicable to Australia sponsored visas (subclasses 138, 881 & 862)—15
State/territory sponsorship.	Applicant is sponsored by authorized state or territory government agency.	Only applicable to Skilled—Independent Regional (subclass 495) visa—10

As of July 7, 2006 visa pass and pool marks are:

Category	Current pass mark	Current pool mark
Skilled—Independent (subclass 136) visa	120	70
Skilled—Independent Regional (subclass 495) visa	110	110
Skilled—Australian Sponsored (subclass 138) visa	110	105
Skilled—Independent Overseas Student (subclass 880) visa	120	120
Skilled—Australian Sponsored Overseas Student (subclass 881) visa	110	110
Skilled—Onshore Independent New Zealand Citizen (subclass 861) visa	120	120
Skilled—Onshore Australian Sponsored New Zealand Citizen (subclass 862)	110	110

LAW LIBRARY OF CONGRESS

CANADA

IMMIGRATION POINTS SYSTEM FOR SKILLED WORKERS

Executive Summary

Canada accepts six major categories of immigrants: skilled or independent workers, business immigrants, provincial nominees, family class immigrants, international adoptions, and Quebec-sponsored immigrants. Skilled workers are intended to comprise 60 percent of migrants. Refugees are also counted in Canadian immigration statistics. Preference systems are used either for determining eligibility for admission in most of these non-refugee categories or in processing applications. The most formal and detailed of the preference systems is used for skilled or independent workers because they are assessed on a points system. Preferences for family class immigrants are more informal.

I. Immigration Categories

According to Citizenship and Immigration Canada's statistics, approximately 236,000 persons were admitted to Canada for permanent residence in 2004.[1] Of those, 133,000 were admitted as skilled or independent workers; 62,000 as family class immigrants; 10,000 as business immigrants; 6,000 as provincial nominees; and 32,000 as refugees.[2] The totals have remained fairly constant over the past 10 years.

Canada does not have country-based or worldwide quotas, but it does establish annual worldwide targets, and the actual numbers of immigrants accepted for permanent residence within a year are usually within 10 percent of those targets. Canada also does not provide that immigrants in any one category can only exceed its annual target by a certain percentage; there is, however, an understanding between Parliament and Citizenship and Immigration Canada that in enacting the current Immigration and Refugee Protection Act,[3] Parliament intended to create a system in which skilled or independent workers would usually comprise about 60 percent of the annual total, and that skilled or independent workers would normally outnumber family class immigrants by a margin of approximately two to one. It is also understood that Parliament expects Citizenship and Immigration Canada to exercise the administrative powers conferred upon it in such a way as to preserve the current balance, and that any significant fluctuations in either direction would probably lead to legislative or administrative reforms. Thus, in processing applications submitted at Canadian Embassies or consulates, immigration officials attempt to adhere to the goals that are set out annually by Citizenship and Immigration Canada in consultation with the Government and appropriate parliamentary committees.

II. Skilled Workers

Canada's process for selecting skilled workers is fairly complex. Prior to 2002, applicants were assessed on a point system that was weighted so that in the vast majority of cases, applicants had to be both suitable and have a job offer for a position that no Canadian citizen was willing and able to fill. In enacting its new law, Parliament adopted a slightly different philosophy. The current law seeks to identify the types of persons who are most likely to integrate into the Canadian workforce based upon their background. Less emphasis is now placed on specific job offers, al-

[1] Citizenship and Immigration Canada, Facts and Figures 2004, *available at* http://www.cic.gc.ca/english/pub/facts2004/overview/1.html.

[2] *Id.*

[3] 2001 S.C. ch. 27.

though this is still a selection factor. The Canadian change of philosophy is based upon findings that persons with certain educational and work backgrounds generally become well integrated into Canadian society regardless of whether they have a specific position waiting for them or not.

Under the current system, applicants must obtain at least 67 points out of a total of 100 possible points on the selection grid[4] and have at least 1 year of work experience within the past 10 years in a management occupation or in an occupation normally requiring university or technical training set out in skill types identified in the National Occupational Classification.[5] The six selection criteria and the maximum number of points available for each are as follows:

1. **education.** A maximum of **25 points** can be earned by a person who has a Master's Degree or Ph.D. and at least 17 years of full-time or full-time equivalent study. The lowest number of points awardable is five for completion of high school;

2. **languages.** A maximum of **24 points** can be awarded to persons who are highly proficient in both official languages. Sixteen points can be awarded for either French or English and eight for the other. Written and oral tests are administered to ascertain a person's abilities in different language areas;

3. **experience.** A maximum of **21 points** can be awarded for experience in the approved occupations. The law allows Citizenship and Immigration Canada to designate certain professions as being restricted to guard against labor surpluses. However, at the present time, there are no professions that are designated being restricted;

4. **age.** A maximum of 10 points is awarded to persons who are between 21 and 49. Persons outside this range lose two points for each year that they are under 21 or over 49;

5. **arranged employment.** A person may be awarded **10 points** for having a permanent job offer that has been confirmed by Human Resources and Skills Development Canada; and

6. **adaptability.** A person may be awarded additional points for a spouse's education, previous work in Canada, study in Canada, arranged employment, and family relations in Canada.

Each selection factor is broken down in charts that show how points are awarded.[6]

III. Family Class Immigrants

Family class immigrants are not assessed on a points system, but preferences are given to applicants based upon their relationship to their sponsor. The administrative practice is to process applications from spouses and dependent children the most quickly. Applications from parents, grandparents, relatives who are orphans and under the age of 18, as well as children under guardianship, are generally given lower preferences. Because family class preferences are based on administrative practices rather than on legal requirements, they generally are flexible.

Canada has a narrower definition of family class immigration than does the United States. Applicants who do not fit into one of the above categories still may be sponsored as skilled workers by a relative, but they are assessed on the basis of the points system. Relatives who are not considered to be family class immigrants may be awarded five points towards the 67 points that they need in order to qualify for permanent residence.

IV. Provincial Nominees

Most of Canada's provinces have programs designed to attract skilled workers. Provincial nominees receive preference in the processing of applications for immigrant visas. Because this category is generally small, it is not broken down into various types of provincial nominees.

V. Quebec-Sponsored Immigrants

An agreement between the governments of Canada and Quebec gives the Province of Quebec responsibility for selecting skilled workers who intend to settle in that province. These applicants are not assessed on the Federal points system. Applicants selected by the province must pass medical, security, and criminal backgrounds checks conducted by the Federal Government. Once admitted to Canada,

---

[4] Canada's points system is set out in sections 75–83 of the Immigration Regulations, SOR2002/227, as amended, available at http://laws.justice.gc.ca/en/I-2.5/SOR-2002-227/index.html (last visited May 1, 2006).

[5] Citizenship and Immigration Canada, Skilled Worker Self Assessment, http://www.cic.gc.ca/english/skilled/assess/index.html (last visited May 1, 2006).

[6] Citizenship and Immigration Canada, Six Selection Factors and Pass Mark, http://www.cic.gc.ca/english/skilled/qual-5.html (last visited May 1, 2006).

new residents are not required to remain in a province that sponsored them. A major concern of the Quebec Government is that many of the immigrants it has sponsored in recent years have moved to Ontario.

VI. Business Immigrants

Canada admits three types of business immigrants: investors, entrepreneurs, and self-employed persons. Because investors must have a net worth of at least C$800,000 and must invest at least C$400,000 in Canada, they enjoy the highest priority. Entrepreneurs are in the middle category because they must have a net worth of at least C$300,000. Self-employed persons have the lowest preference in this category because they need only have the intent and ability to create their own employment.[7] Business immigrants are not assessed on the points system.

VII. International Adoptions

The last group of applicants who are given preference for admission to Canada is children who have been approved for international adoption. Sponsors must prove that the adoption has been approved in the child's country of birth. Adopted children are not assessed on the basis of the points system.

VIII. Conclusion

Canada's immigration system is quite complex because it gives many different types of preferences to persons in various categories as well as to persons within most of the six basic categories. The largest group of immigrants falls into the skilled worker class. Skilled workers are assessed on a points system that places great emphasis on education and work experience. The family class is narrower in Canada than it is in the United States. Preferences within this class are mostly administrative in nature. The third category that is broken down into preferences is business immigrants. In those cases, persons who are willing and able to invest at least C$400,000 in Canada are given the highest preference.

(Prepared by Stephen F. Clarke Senior, Foreign Law Specialist, July 2006.)

LAW LIBRARY OF CONGRESS

FRANCE

IMMIGRATION POLICY FOR SKILLED WORKERS

Executive Summary

France is implementing a new immigration policy designed to attract the most qualified workers. They may apply for a skills and talents residency card, which is valid for 3 years and is renewable. The government, however, does not want this selected immigration policy to result in a "brain drain" from the workers' countries of origin, in particular, from African countries. Therefore, the card is limited to a one-time renewal for nationals from selected countries, who must participate during the card's validity period in a cooperative or economic investment project as defined between France and their country of origin.

I. Background

In January 2006, Interior Minister Nicolas Sarkozy outlined a new policy on immigration.[1] He called for a "selected immigration policy" designed to bring the most qualified migrants to France, noting that the current immigration policy was not linked enough to France's economic needs. To head off concerns over the brain drain which Africa, in particular, would suffer, if such a policy were implemented, the Minister explained that there were means to ensure that selected immigration be of mutual benefit to everyone. He stated that[2]:

> In no way must this selected immigration policy result in a brain drain from the countries of origin. Those whom we will welcome will have to give back to their county of origin, in some form or other, the benefits of the training and professional experience they will gain in France. We will take into account the needs of the country of origin when delivering residency permits. This is a major difference from the policies of some of our partners and I wish that

[7] Citizenship and Immigration Canada, Who Qualifies as a Business Immigrant?, http://www.cic.gc.ca/english/business/ (last visited May 1, 2006).

[1] Voeux à la presse de Nicolas Sarkozy [Greetings to the press from Interior Minister Nicolas Sarkozy], http://www.interieur.gouv.fr/rubriques/c/cl le ministre/cl3 discours/2006 01 12 voeux presse (last visited June 22, 2006).

[2] *Id.*

France will take this debate to European and international bodies. The development of poor countries must remain a major objective.

His ministry prepared a draft law containing, among others, measures facilitating the entry of skilled workers while ensuring, at the same time, that workers of selected countries will stay involved in the development of their countries of origin. The National Assembly adopted the immigration draft law with minor changes on May 17, 2006, while the Senate adopted a softer version on June 16. A commission met to reconcile the two versions.[3] Both chambers adopted the reconciled version on June 30, 2006. Members of the parliamentary Socialist groups, however, challenged the constitutionality of some of its provisions. The provisions on entry of skilled workers, however, were not part of the challenge. The Law has been sent to the Constitutional Council for review. This Council examines the constitutionality of laws before they are promulgated.

II. Skills and Talents Residency Card

The Law creates a new type of residency card, the skills and talents residency card. This card may be granted to "a foreign national capable of participating, by his skills and talents, in a significant and lasting way, to the economic development or to the prestige of France and the country whose nationality he/she holds, notably in intellectual, cultural, humanitarian or sport domains." The card is granted for 3 years. It is renewable; its renewal, however, is limited to one time when the holder is a national of a member country of the priority solidarity zone.[4]

The French government set forth a priority solidarity zone in 1998. It comprises countries for which the government believes that development assistance may produce a significant effect and contribute to the sustainable development of the institutions, society and economy. The latest list of countries was prepared in February 2002.[5] The Law further provides that the skills and talents residency card may only be granted to a national from a member country of the priority solidarity zone where such country has a co-development agreement with France or when the foreign national agrees to return to his country after a maximum period of 6 years spent in France.[6]

The skills and talents residency card is granted based upon "the content and the nature of the foreign national's project and of its interest for France and the country whose nationality she/he holds."[7] A National Commission on Skills and Talents will set forth each year criteria to be taken into account to evaluate the above conditions.[8] The Minister of Interior will issue the cards. The foreign national who lawfully resides in France will file a request with the competent local representative of the state while the foreign national who resides outside France will present it to the competent French consulate.[9]

The holder of a skills and talents residency card, who is a national of one of the countries of the priority solidarity zone, must participate during the validity period of his card in a cooperation or economic investment project defined between France and his country. Failure to respect this obligation will be considered when the card is up for renewal.[10]

(Prepared by Nicole Atwill, Senior Foreign Law Specialist, July 2006.)

---

[3] Assemblée Nationale, Draft Law on Immigration and Integration, http://www.assemblee-nationale.fr/12/dossiers/immigration integration.asp (last visited June 12, 2006).

[4] *Id*. art. L.315-1.

[5] The priority solidarity zone includes the following countries: Near East—Lebanon, Palestinian Territories and Yemen; North Africa—Algeria, morocco, Tunisia; Sub-Saharan Africa and the Indian Ocean—South Africa, Angola, Benin, Burkina-Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Comoros, Congo, Cote d'Ivoire, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Gambia, Guinea, Guinea-Bissau, Equatorial Guinea, Kenya, Liberia, Madagascar, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Uganda, Democratic Republic of Congo, Rwanda, Sao-tome and Principe, Senegal, Sierra-Leone, Sudan, Chad, Togo and Zimbabwe.

[6] Assemblée Nationale, Draft Law on Immigration and Integration, *supra* note 3, art. L.315-1-1.

[7] *Id.* art. L.315-2.

[8] *Id.*

[9] *Id.*

[10] *Id.* art. L.315-3-1.

LAW LIBRARY OF CONGRESS

NEW ZEALAND

IMMIGRATION POINTS SYSTEM FOR SKILLED WORKERS

Executive Summary

New Zealand maintains an immigration points system for the selection of independent skilled migrants. The objective of the skilled migrant visa is to provide New Zealand residency to persons with the transferable skills to fulfill identified needs within the New Zealand economy.[1] *Skilled migrants must meet minimum criteria of age, language skills, health and character and are then awarded "points" on the basis of qualifications, work experience, age, employment and familial relations in New Zealand.*

I. Current Immigration Law

New Zealand has a migration program that permits persons to migrate to New Zealand, or if currently living within New Zealand, to obtain permanent residence. Immigration New Zealand, part of the Department of Labour, administers New Zealand's migration programs.[2] The principal pieces of legislation are the *Immigration Act* 1987 (NZ) and *Immigration Regulations* 1999 (NZ). New Zealand is currently undertaking a review of its immigration laws.[3]

New Zealand's permanent migration program has three "streams": "Skilled/Business," "Family Sponsored," and "International/Humanitarian." Under each stream there are a number of specific categories. The purpose of New Zealand's Skilled/Business stream is to "contribute to developing New Zealand's human capability base" by accessing global skills and knowledge and attracting people to contribute to New Zealand's economy.[4]

A points system is used in the assessment of independent skilled migrants within the Skilled/Business stream. Skilled migrants, however, may also enter New Zealand under the Work to Residence policy as: sponsored employees of either an accredited employer or a non-accredited employer in an in-demand occupation; sponsored talent in sports or the arts; or as investors/business persons.[5] These categories provide for applicants to obtain permanent residence either immediately or after a specified period. Skilled migrants may also be eligible for a temporary work visa, where: their skill in demand in New Zealand; or the domestic labor market cannot fill a position; or they are required to work in New Zealand for specific events or periods of time.[6]

II. Skilled Migration Numbers

In 2005–06 New Zealand's skilled/business migration program approved 11,703 applications resulting in 30,813 people. In addition, 26,286 people entered via the Skilled Migration (independent migration) and 1,352 people via the General Skills and Work to Residence programs (employer-sponsored migration).[7]

III. Skilled Migration—Points System

Under New Zealand's points system, applicants for the skilled migration category must fulfill certain criteria (aged under 55 years, be of good health and character and have a reasonable standard of English) and score above a minimum points threshold before they may submit an Expression of Interest (EOI) to live and work (residency) in New Zealand.[8] Attachment 1 provides an overview of the basis on which points are issued.

---

[1] New Zealand Immigration Service Operational Manual Issued 24 April 2006 available at http://www.immigration.govt.nz/nzis/operations_manual/index.htm. ¶SM1

[2] *See* Immigration New Zealand's Web site, http:// www.immigration.govt.nz (last visited July 12, 2006).

[3] *See* Department of Labour's Web site, http://www.dol.govt.nz/actreview/ (last visited July 12, 2006).

[4] *See* http://www.immigration.govt.nz/nzopportunities/live/skilledmigrant.htm (last visited July 12, 2006) and New Zealand Immigration Service, Guide for Working in New Zealand, NZIS 1016, November 2005, p. 3.

[5] *See* Talent (Accredited Employers), Talent (Arts, Culture and Sports); or Long Term Skill Shortage List visas. See New Zealand Immigration Service, Guide for Working in New Zealand, NZIS 1016, November 2005.

[6] New Zealand Immigration Service, Guide for Working in New Zealand, NZIS 1016, November 2005.

[7] Immigration New Zealand statistics, http://www.immigration.govt.nz/migrant/general/generalinformation/statistics/ (last visited July 12, 2006).

[8] Immigration New Zealand website, hthy.//www.immigration.govt.nz/migrant/stream/work/workandlivepermanently/howdoiapply/theprocess/default.htm (last visited July 12, 2006).

EOIs are ranked and those that meet the current Selection Point are invited to apply for residency in New Zealand. The Selection Point is the number above the minimum threshold above which EOIs will be selected. It is determined fortnightly. Currently the Selection Point is 140 points; therefore, applicants who score above 140 points will be invited to apply for residency. If there are places remaining in New Zealand's immigration program, those EOIs that score between 100 and 140 and have a New Zealand job or job offer may be invited to apply for residency. If places are still available after the selection of those with employment or offers of employment, then EOIs may be selected on other criteria decided by the Minister for Immigration. Currently these criteria place the EOIs into ranked categories (in descending order) on number of points the applicants has for work experience in an area of absolute skills shortage or qualifications in an area of absolute skills shortage and then, within each category, the EOIs are placed in descending order of their total points.[9]

If an applicant's EOI is not selected, it will remain in the "pool" for 6 months before being deleted. If no EOIs are selected from the pool in the previous 6 months then all applications will be retained in the pool. Applicants whose EOIs are not selected may submit another EOI.

Once applicants' EOIs are selected, they will be invited to apply for residency (and thus be required to submit documents to support any claims made in their EOI) and their EOI and application will be assessed by the Department of Immigration against government policy and to verify the information provided. From this assessment an application may be declined or an applicant may be offered a permanent residence visa or a temporary visa to enter and remain in New Zealand while looking for work.

(Prepared by Lisa White, Foreign Law Specialist, July 2006.)

Attachment 1

Under the New Zealand "points system," points are awarded as follows:

Criterion	Qualification/Points
Skilled employment	Current on-going NZ employment for 12 months or more——60
	Offer of employment or current employment (more than 3 months but less than 12 months)——50
Bonus points for employment or offer of employment in future growth area, identified cluster or area of absolute skills shortage.	Region outside Auckland——10
	Spouse/partner offer of employment——10
Relevant work experience in comparable labor market	2 yrs——10
	4 yrs——15
	6 yrs——20
	8 yrs——25
	10 yrs——30
Bonus points for work in NZ	2 yrs——5
	4 yrs——10
	6 yrs or more——15
Bonus points for work experience in an identified future growth area, identified cluster or area of absolute skills shortage.	2–5yrs——5
	6 yrs or more——10
Bonus points if applicant's occupation is on Long Term Skills Shortage List.	Relevant qualifications/work experience——5
	Offer of skilled employment——5
Qualifications	Basic (trade, diploma, bachelor's degree)——50
	Post-graduate (masters or higher)——55
Bonus points for qualifications	NZ qualifications (at least 2 years of study)——10
	Qualifications in future growth area, identified cluster or area of absolute skill shortage——5
	Spouse/partner qualification——5
Age (must be between 20 and 55 yrs)	20–29——30
	30–39——25
	40–44——20
	45–49——10
	50–55——5
Close ties in NZ (eg. adult siblings, children or parents)	——10

[9] Immigration New Zealand, Summary of Terms for Additional Selection Criteria, http://glossary.immigration.govt.nz/additionalselectioncriteria.htm (last visited July 12, 2006).

LAW LIBRARY OF CONGRESS

SINGAPORE

IMMIGRATION POINTS SYSTEM FOR SKILLED WORKERS

Executive Summary

Singapore has an open policy toward skilled migration and a rotational/temporary program for unskilled workers. Highly skilled workers are granted an Employment Pass and are not assessed via a "points system," however middle management and technical workers are granted an S Pass and are assessed via a points system. Points are awarded on the basis of salary, education, experience and occupation. Generally, an employer applies for an S Pass on behalf of a prospective employee.

I. Current Immigration Law

The Republic of Singapore (Singapore) has an open immigration policy toward skilled and business migration and a guest worker program intended for unskilled and semi-skilled workers. Singapore does not undertake humanitarian migration. The primary pieces of legislation are the Immigration Act (CAP 133) and the Employment of Foreign Workers Act (CAP 91A). All work visas are issued and controlled by the Ministry of Manpower [1]; however, other visas and registration of citizenship and permanent residency, as well as border control, are managed by the Immigration and Checkpoints Authority under the Ministry of Home Affairs.[2]

In general all foreigners who wish to engage in business or employment in Singapore must have a valid "visa" (or work permit).[3] Employers of foreign workers must pay a levy in relation to each worker and, in relation to some employees, must comply with quotas and lodge security bonds.

There are three main types of work visas [4]:

- Employment Pass—P Pass/Q1 Pass for professional or managerial workers with a monthly salary of above SGD$2,500. Assessment via salary and professional qualifications or specialist skills in a professional, administrative, executive or managerial capacity;
- S Pass—for skilled technicians or middle-level managers workers with a monthly salary of above SGD$1,800. Assessed on a "points system" (salary, education, experience and job type);
- Work Permit—for semi-skilled or unskilled workers with a monthly salary of no more than SGD$1,800 (includes domestic workers) (restrictions on nationality of applicants).

Only the S Pass is assessed via a "points system."

II. Skilled Migration Numbers

Singapore does not release details of the number of visas issued each year.[5] Population statistics released by the Singaporean government indicate that of the total population of 4,351,400, permanent residents or citizens numbered 3,553,500. Therefore 797,900 are non-residents; this figure includes temporary workers, student visa holders and long-term non-work visa holders.[6]

III. Skilled Migration—Points System

S Pass applications are assessed on a points system over four main categories: salary, educational qualifications, years of relevant work experience and job type (such

---

[1] *See* Ministry of Manpower—http://www.mom.gov.sg (last visited July 12, 2006).

[2] *See* Immigration and Checkpoint Authority—http://app.ica.gov.sg/about_ica/about_ica.asp (last visited July 12, 2006).

[3] Immigration Act CAP 133 § 6(1).

[4] It should be noted that there are also Short Term Employment Passes that permit employees with acceptable professional/tertiary qualifications, earning more than SGD$2,500 per month, to enter Singapore and undertake work on a specific project or assignment. This pass is non-renewable. There are also visas for training employees in Singapore and for entrepreneurs.

[5] E-mail to author from Senior Public & Internal Communications Executive Corporate Communications Division, Immigration & Checkpoints Authority, Singapore Government, June 13, 2006.

[6] Definition of non-resident population as used in census collection "Non-resident population are those who are non-citizens and non-permanent residents of Singapore, such as employment pass holders, work permit holders, student pass holders, dependent pass holders and long-term social visit pass holders" see http://www.singstat.govsg/keystats/glossary/cglossary.html (last visited July 12, 2006).

as specialized workers and technicians). The Ministry of Manpower assesses each application against the S Pass criteria.[7]

Salary is also a threshold criterion because to qualify for an S Pass an applicant must be paid a minimum monthly basic salary of SGD1,800. S pass holders who earn a minimum monthly basic salary of more than SGP2,500 are permitted to bring their immediate families to Singapore.[8]

Singapore does not publish detailed descriptions of its assessment process but states that the applicants accumulate points depending on how well they meet the criteria. Singapore provides the following descriptions for illustrative purposes: "basic salary" is a standard component of income that allows for comparison of income across all sectors and industries; "qualifications" refers to degree or diploma-level education (but may extend to technical qualifications) and generally should involve at least 1 year of full-time study; "job type" is identified as professional, specialist or technician-level jobs; and "work experience" refers to the number of relevant work experience.[9]

An example provided by the Ministry of Manpower of a successful S Pass application is[10]:

1. Assistant electronic engineer with a monthly salary of SGD1800 and technical qualifications (i.e. the technician has been trained in his or her chosen field, and the training was for at least 1 year of full-time study) and 6 years of work experience.

An example provided by the Ministry of Manpower of an unsuccessful S Pass application is:

2. Hotel Receptionist with monthly salary of SGD2000, 6 years work experience and technical qualifications.

(Prepared by Lisa White, Foreign Law Specialist, July 2006.)

LAW LIBRARY OF CONGRESS

UNITED KINGDOM

IMMIGRATION POINTS SYSTEM FOR SKILLED WORKERS

Executive Summary

The highly skilled migrant programme in the UK provides for a points based system. The programme provides a method for applicants that meet the required number of points to remain and work in the UK without a work permit and, ultimately, a path to permanent residency. The programme is thought to provide the most dramatic development in immigration law for 30 years.

I. Introduction

The law governing, and policy surrounding, immigration in the UK is highly complex, with the government attempting to balance the needs of genuine visitors and the contributions they make to the economy of the UK to those that wish to enter the UK for undesirable purposes. The government has recently shifted to a policy of managed migration "in the interests of the economy"[1] in which the skills and benefits that migrants bring to the country are emphasized, with particular support for skilled workers[2] and quotas for those without skills, where there is a need in the UK.[3]

---

[7] It is possible to submit an application even if a worker does not appear to meet all the relevant criteria as each application will be assessed on its own merits. See Ministry of Manpower—Employment/S Pass Frequently Asked Questions—Can companies with Work Permit holders who (nearly)/ meet the S Pass criteria apply for S Pass?, http://www.mom.gov.sg/FAQs/SPass/ForEmployees/CriteriaforSpass.htm (last visited July 12, 2006).

[8] Ministry of Manpower—S Pass Policy Brief. See http://www.mom.gov.sg/ProceduresAndGuidelines/SPass/PolicyBrief.htm (last visited July 12, 2006).

[9] Ministry of Manpower—Employment/S Pass—Frequently Asked Questions as of July 11 2006, *available at* http://www.mom.gov.sg/FAQs/SPass/ForEmployees/CriteriaforSpass.htm.

[10] *Id.*

[1] HOME OFFICE, CONTROLLING OUR BORDERS: MAKING MIGRATION WORK IN BRITAIN, FIVE YEAR STRATEGY FOR ASYLUM AND IMMIGRATION, 2005, Cm. 6472.

[2] *Id.*

[3] HOME OFFICE, SECURE BORDERS, SAFE HAVEN: INTEGRATION WITH DIVERSITY, 2002, Cm. 5387.

The statutory regime governing immigration in the UK is now contained in the Immigration Act 1971[4] and the Immigration Rules[5] made under it. The law requires that individuals who are not British or Commonwealth citizens with the right of abode in the UK, nor members of the European Economic Area,[6] obtain leave to enter the UK from an immigration officer upon their arrival.[7]

II. Highly Skilled Migrant Programme

The highly skilled migrant programme has been cited as "the most dramatic development in commercial immigration law for the past 30 years and has made many of the other commercial immigration categories effectively redundant.[8] The highly skilled migrant programme enables individuals to enter the UK without the need for a work permit; without a business plan; to create jobs; invest money in the UK; or with a specific job offer.[9] It is designed to "allow highly skilled individuals with exceptional personal skills and experience to come to the United Kingdom to seek work or self-employment opportunities."[10]

Individuals that apply under the scheme must show that they have the appropriate documentation issued by the Secretary of State to enter the UK under the HSMP; have appropriate entry clearance; intend to make the UK their main home; and be able to accommodate and maintain themselves and any dependents without recourse to public funds.[11]

III. The Use of Points

The HMSP is operated on a points basis, with a score of 65 or more qualifying the applicant as a highly skilled migrant. The points are awarded in five main areas:

- educational qualifications;
- work experience;
- past earnings—the amount of points awarded for past earning are in three different bands that adjust for four different groups of countries, which are coded A–E.[12] The county list "has been designed in consultation with the Treasury and an external consultant and is based on World Bank data of Gross Domestic Product (GDP) per capita"[13];
- achievements in the applicant's field—achievements include such things as published work, scholarships, and industry prices; and
- achievements of the applicant's married or unmarried partner (this includes same-sex partners)—there is a 10 point allowance for applicants whose partners have a degree (or equivalent) qualification or are currently employed in a graduate level job.[14]

Individuals under the age of 28 at the time of application are awarded an additional five points and are awarded more points for lesser experiences than those over the age of 28.

In 2005, the government introduced a new provision enabling individuals with a Masters Degree in Business Administration from one of the 50 top business schools,

---

[4] Immigration Act 1971, c. 77.

[5] Immigration Rules, H.C. 395, (as amended). R v Chief Immigration Officer, Heathrow Airport, ex. p. Salamat Bibi [1976] 3 All ER 843 (CA) per Roskill, LI : "these rules are [not administrative practice and are] just as much delegated legislation as any other form of rule making activity . . . which is empowered by an Act of Parliament. Furthermore, these rules are subject to a negative resolution and it is unheard of that something which is no more than an administrative circular stating what the Home Office considers to be good administrative practice should be subject to a negative resolution by both Houses of Parliament. These rules, to my mind, are just as much a part of the law of England as the 1971 Act itself.

[6] The European Economic Area consists of the Members of the European Union, plus Norway, Iceland and Liechtenstein.

[7] Immigration Act 1971, c. 77, § 3 and the Immigration Rules, H.C. 395, ¶ 7.

[8] MACDONALD'S IMMIGRATION LAW AND PRACTICE, (Ian McDonald et. al eds., 6th ed 2003), ¶ 10.77.

[9] Immigration Rules, H.C. 395 ¶ 135, *at* http://www.ind.homeoffice.gov.uk/lawandpolicy/immigrationrules/part5 (last visited June 15, 2006).

[10] Immigration Directorates Instructions, c. 5, § 11.

[11] Immigration Rules, H.C. 395 ¶ 135, *at* http://www.ind.homeofce.gov.uk/lawandpolicy/immigrationrules/part5 (last visited June 15, 2006).

[12] A full list of the countries and their appropriate codes is provided for in the Immigration Directorates Instructions, c. 5, § 11, Annex Z3, http://www.ind.homeoffice.gov.uk/documents/idischapter5annexes/sectionl l/annexz3.pdf?view=Binary (last visited July 12, 2006).

[13] A list of the current 50 top business schools is provided for in the Immigration Directorates Instructions, c. 5, § 11, Annex Z8.

[14] Guidance to caseworkers is provided online: Immigration Directorates Instructions, c. 5, § 11, Annex Z1, http://www.ind.homeoffice.gov.uk/documents/idischapter5annexes/sectionl l/annexzl.pdf?view=Binary (last visited July 13, 2006).

as designated by HM Treasury,[15] the ability to "meet the points criteria on the basis of their MBA alone.[16] Thus, individuals that have graduated from one of the eligible business schools with an MBA are automatically awarded the 65 points that are needed to qualify under the HSMP. The aim of the inclusion of this provision is to "attract highly qualified and talented managers to the UK"[17] to address a "weakness in the UK economy in the quality of management.[18]

The table below provides an overview of the points awarded in the various categories for the different age groups:

Criteria	Under 28 Years	Over 28 Years
Educational Qualifications	Ph.D.: 30 points; master's degree 25 points; bachelor's degree 15 points.	Ph.D.: 30 points; master's degree 25 points; bachelor's degree 15 points.
Work Experience	25 points for 2 years of full-time graduate level experience; 35 points for 4 years of full-time graduate level experience; or 50 points for 4 years of full-time graduate level experience with at least 1 of these years served at a senior or specialist role.	25 points for 5 years of full-time graduate level experience or Ph.D. and 3 years of graduate level experience; 35 points for criteria as above, but including 2 years or more experience at a specialist or senior level; 50 points for 10 years of full-time graduate level experience; or 50 points for 4 years of full-time graduate level experience with at least 5 of these years at a senior or specialist role.
Past Earnings	The lowest income on the band is £2,350 (approximately $4,100) for country code E (includes countries such as Ghana) and the highest is £60,000 (approximately $105,000) for country code A (includes countries such as the United States). Applicants with income in band 1 are awarded 25 points; those in band 2 are awarded 35 points and those in band 3, 50 points.	The lowest income on the band is £3,500 (approximately $6,100) for country code E (includes countries such as Ghana) and the highest is £250,000 (approximately $437,500) for country code A (includes countries such as the United States). Applicants with income in band 1 are awarded 25 points; those in band 2 are awarded 35 points and those in band 3, 50 points.
Achievements by the Applicant's Field	15 points awarded to those with significant achievements; 25 points awarded to those with exceptional achievements.	15 points awarded to those with significant achievements; 25 points awarded to those with exceptional achievements.
Achievements in the Applicant's Partner	10 points	10 points
MBA	65 Points	65 Points
General Practitioners with British General Medical Council certification and one other approved qualification..	50 points	50 points

Individuals entering the UK under this programme may remain for up to 2 years. This period can be renewed for an additional 3 years, subject to certain requirements, such as the applicant having taken all reasonable steps to become economically active during his time in the UK. The renewal then enables the worker ultimately to apply for permanent residency in the UK after legally residing there for a continuous period of 5 years.[19]

(Prepared by Clare Feikert, Foreign Law Specialist, July 2006.)

[15] A list of the current 50 top business schools is provided for in the Immigration Directorates Instructions, c. 5, § 11, Annex Z8.
[16] Immigration Directorates Instructions, c. 5, § 11.
[17] Immigration Directorates Instructions, c. 5, § 11.
[18] Immigration Directorates Instructions, c. 5, § 11, Annex Z7.
[19] Home Office, *Working in the UK: Work Permits*, http://www.workingintheuk.gov.uk/working_in_the_uk/en/homepage/workjermits.html (last visited Feb. 15, 2006).

PREPARED STATEMENT OF KATHARINE M. DONATO*, DOUGLAS S. MASSEY, AND BRANDON WAGNER

ABSTRACT

A major shortcoming of most prior research on services and taxes is the inability to disaggregate findings by legal status. Data from the Census and Current Population Survey only distinguish between citizens and other foreigners, and very few datasets contain information sufficient to identify undocumented migrants with any reliability. The one exception is the Mexican Migration Project, which has compiled information on taxes paid and services used by Mexican migrants in all legal statuses for more than two decades. In this paper, we use these data to shed light on the patterns and determinants of service use and tax payment among the largest immigrant population in the United States. Our findings illustrate that rates of service usage have dropped since 1986, at the same time that rates of tax payment and health insurance coverage have risen. The net effect of these two countervailing trends, we argue, has been a sharp decline in the use of unreimbursed services by Mexican migrants to the United States.

THE CHILLING EFFECT: PUBLIC SERVICE USAGE BY MEXICAN MIGRANTS TO THE UNITED STATES

Two trends have coincided during the 1960s and 1970s: expansion of the U.S. welfare State and the resurgence of mass immigration from poor countries. The salience and simultaneity led some to wonder whether immigrants were arriving to take advantage of generous social services offered by the United States, and whether citizen taxpayers were somehow paying for these services. By the end of the century, this topic—the cost of public services consumed by immigrants—has led to controversy and debate about two questions. First, to what extent do undocumented migrants in the United States use publicly provided services? And second, to what degree are the public services they consume offset by immigrant-generated tax revenues?

Although prior studies have considered the first question, this work has been more speculative than analytic because reliable data on undocumented migrants are scarce. One early review of existing studies largely based on small convenience samples found that authorized migrants rarely drew upon means-tested services such as welfare, food stamps, or supplemental security income (Massey and Schnabel 1983). When undocumented migrants did make use of U.S. educational and medical services at higher rates, their usage was lower than one would predict given their socioeconomic characteristics (Massey et al. 1987).

Studies of service use by documented immigrants have relied on census data on the foreign born. Although foreigners enumerated in the census include a significant number of undocumented migrants and legally resident nonimmigrants, census data are tacitly assumed to refer only to legal immigrants and citizens. This assumption, however, has become increasingly problematic because of the growing settlement of undocumented migrants and the increasing entry of legal temporary workers (see Massey and Bartley 2005).

Some early work based upon the 1980 census suggested that the foreign born were *less likely* than natives to use publicly provided services, controlling for their demographic, social, and economic characteristics (Tienda and Jensen 1986; Jensen and Tienda 1988). However, using 1970–1990 data, Borjas and colleagues found that welfare use increased with time spent in the United States and that recently arrived immigrants used social services at significantly higher rates than earlier arrivals (Borjas and Trejo 1991; Borjas 1995). Borjas and Trejo (1993) also found that much of the change in welfare usage was driven by the shift in immigrant origins toward nations that sent large number of refugees, such as Russia, Cuba, Vietnam, and Cambodia. In contrast to immigrants admitted for family reunification or employment reasons, refugees generally display higher rates of social service usage.

Although service consumption by immigrants has been a topic of public discussion since the 1960s, the issue gained considerable traction during the early 1990s. In the context of a severe economic recession, the use of public services by foreigners became an explosive issue, especially in California, the largest immigrant-receiving State and one of the States hit hardest by the post-cold war recession. In 1993, anti-immigrant activists succeeded in placing on the ballot Proposition 187, also known

---

This paper was prepared for presentation at the 2006 annual meeting of the Population Association of America in Los Angeles. We gratefully acknowledge generous support from NICHD, the William and Flora Hewlett Foundation, and the Mellon Foundation.

*For more information, please contact Katharine M. Donato, Associate Professor, Rice University, 6100 Main Street, Houston TX 77005, kmd@rice.edu.

as the "Save Our State" (i.e. SOS) initiative. Passed by a wide margin, the proposition banned undocumented migrants from receiving all publicly provided services except emergency medical care. Although Federal courts struck down most of its provisions as unconstitutional, Proposition 187 nonetheless served as a potent vehicle for conservative political mobilization and fed directly into the emerging debate on welfare reform.

As the 1990s progressed, many continued to publish studies documenting intercohort increases in welfare use and to publicize the results in popular outlets (Borjas 1996; Borjas and Hilton 1996). In one particularly provocative paper, Borjas (1999) argued that once in the United States, immigrants were drawn to States that offered the highest welfare benefits. He estimated a model showing that, other things equal, immigrants on welfare were more concentrated in high-benefit States than those who were not on welfare and coined the term "welfare magnets" to describe high-benefit States. Although Massey and Espinosa (1997) have shown that welfare was not a significant force in attracting immigrants in the first place, the term stuck and resonated with the public.

The wave of concern about immigration and welfare crested in 1996 with the passage of two pieces of reform legislation. The Illegal Immigration Reform and Immigrant Responsibility Act (usually called the 1996 Immigration Reform Act) declared undocumented migrants ineligible to receive social security benefits and limited their eligibility for educational benefits, even if they had paid the requisite taxes; it also gave authority to States to limit public assistance to all foreign nationals, whether legal or illegal. The Personal Responsibility and Work Opportunity Reconciliation Act also contained provisions with far-reaching effects on immigration. Known as the 1996 Welfare Reform Act, it barred illegal migrants from most Federal, State, and local public entitlement programs and required Federal verification of the immigration status of all foreign nationals before they could receive *any* Federal benefit. It also placed new restrictions on legal immigrant access to public services, barring them from receiving food stamps or supplemental security income, and prohibiting them from using any means-tested program for 5 years after admission. The Welfare Reform Act also gave States greater flexibility in setting eligibility rules for legal immigrants, and gave them the statutory authority to exclude them entirely from Federal and State programs.

Together these two pieces of legislation accomplished nationally what Proposition 187 was unable to do in California—it definitively barred undocumented migrants from social security coverage and means-tested programs. But Federal lawmakers went further than Proposition 187 by drastically reducing the access of *legal* immigrants to public programs. The end result was a "chilling effect" on the use of social services by all immigrants (Fix and Zimmerman 2004). Throughout the United States rates of welfare and other entitlement use by foreigners fell sharply. In most regions of the country the drop paralleled a similar decline among natives, but in California the decline among immigrants was much steeper (Zimmerman and Fix 1998; Borjas 2002), even for services to which they were legally entitled. Therefore, by the turn of the century, rates of immigrant welfare use had fallen to historically low levels.

Determining the net balance between public funds expended on behalf of immigrants and tax revenues generated by them is a tricky exercise in statistical modeling that involves many assumptions and educated guesses. The most comprehensive analysis of the net fiscal effect of immigration was undertaken by the National Research Council (NRC) (see Smith and Edmonston 1997). It concluded that although immigrants produced a net fiscal gain for Federal coffers, they constitute a net loss for State and local governments. Drawing on research by Clark (1994), Vernez and McCarthy (1995), and Espenshade and colleagues (Rothman and Espenshade 1992; Garvey and Espenshade 1996) as well as its own calculations, the NRC figured that under current conditions, the cost of admitting an immigrant was around $10 per year for each native household in New Jersey and around $45 in California.

In sum, a major shortcoming of most prior research on services and taxes is the inability to disaggregate findings by legal status. Data from the Census and Current Population Survey only distinguish between citizens and other foreigners, which consist of legal permanent residents, undocumented migrants, and foreigners living in the United States with temporary, nonresident visas (Massey and Bartley 2005). Very few datasets contain information sufficient to identify undocumented migrants with any reliability. The one exception is the Mexican Migration Project, which has compiled information on taxes paid and services used by Mexican migrants in all legal statuses for more than two decades. In this paper, we use these data to shed light on the patterns and determinants of service use and tax payment among the largest immigrant population in the United States.

DATA AND MEASURES

The Mexican Migration Project (MMP) began in 1982 and, since 1987, it has annually surveyed communities throughout Mexico to build a comprehensive data base on documented and undocumented migration to the United States. Its procedures and the resulting data sets have been exhaustively described in numerous publications (see Massey 1987; Massey and Zenteno 2000; Massey and Capoferro 2004; Durand and Massey 2004). Each year 4–6 communities ranging in size from small villages to neighborhoods in large metropolitan areas are selected and randomly surveyed. A semi-structured interview known as the ethnosurvey is applied to gather social, demographic, and economic information about each household and its members. A special module collects information on the first and last U.S. trips made by each household member, and all household heads and spouses are administered a retrospective questionnaire that compiles a complete history of migration from age 15 (or age of entry into the labor force) onward. Heads are also asked a detailed battery of questions about their last trip to the United States, including specific queries about service usage and tax payment. Copies of the MMP questionnaire, a description of the sample, and all data files are available from the project Web site at *http://www.opr.mmp.princeton.edu/*.

Each Mexican community survey is followed a few months later by a survey of out-migrants originating in that community who have settled in the United States and no longer return home regularly to be interviewed south of the border. These respondents are located using snowball or chain-referral sampling methods. Data from surveys on both sides of the border are then cleaned, coded, and assembled into composite files that have been shown to be remarkably representative of the bi-national migrant community formed by recurrent migration and settlement (Massey and Zenteno 2000). As of the present writing, this data set includes 93 Mexican communities containing 16,000 households and more than 80,000 individuals.

Although the MMP has tried to achieve consistency in measurement over time, some changes have been introduced into questions on service usage. Prior to 1998 (or the first 52 communities), questions on service usage asked whether food stamps, unemployment insurance, or welfare payments were ever received "over the length of your experience of life or work in the United States." Beginning in 1998, however, the question was re-worded to refer to services consumed "on the last trip or most recent visit to the United States." In addition, the new question added specific queries about use of the nutritional supplement program for women, infants, and children (WIC); Supplemental Security Income program for the disabled and impoverished elders (SSI); general assistance provided by individual States; Temporary Assistance to Needy Families (TANF) program that replaced Aid to Families with Dependent Children after the Welfare Reform Act was implemented in 1996; and Medicaid, the Federal health subsidy program serving the uninsured poor. Other new questions on contributions were also added in 1998, including whether respondents filed a tax return and held a U.S. credit card.

Aside from these additions, there was an important shift in the reference period of the question wording from lifetime use to consumption on the last U.S. trip. For migrants with only one trip, the resulting data are equivalent. But for those with multiple trips, the meaning of these data depends on whether the service usage question was asked before or after 1998. Therefore, to ensure comparability, we exclude migrants with multiple trips from data collected in 1997 or before. This permits us to gain comparability over time, even though we sacrifice interesting information on lifetime patterns of service usage by migrants with extensive U.S. experience. All subsequent analyses thus refer to the services used and contributions made at the time of the migrant's most recent U.S. trip. For interviews completed before 1998, it is also their first trip.

SERVICE USE AND CONTRIBUTIONS BY LEGAL STATUS

Table 1 shows contributions and consumption by Mexican migrants to the United States in three legal status groups: citizens and legal permanent residents, who we call documented migrants; persons who entered the country without inspection or entered legally but violated the terms of their visa, who we call undocumented migrants; and those who entered on a legitimate nonresident visa (e.g. tourist or temporary worker) but did not violate its terms, who we call temporary migrants. We divide the services consumed by immigrants into two categories—those that are unrestricted entitlements accessible to anyone in the United States irrespective of legal status, and those that involve some sort of legal test or administrative filter to confirm eligibility. According to Federal court decisions, the only unrestricted services

are public education and medical care. Since 1996, most other services entail some sort of restriction or eligibility check.

Table 1.—Social Service Usage and Societal Contributions Reported by Mexican Migrants on Their Last Trip to the United States by Legal Status

Usage or Contributions	Citizen or Legal Resident	Undocu-mented	Temporary Visitor or Worker	Total
Unrestricted Services:				
School	34.6	10.6	6.4	17.1
Doctor	65.2	32.8	23.9	40.2
Hospital	57.1	25.7	17.2	33.6
Restricted Services:				
Food Stamps	10.7	4.0	2.1	5.7
Welfare	7.8	3.1	2.1	4.3
Unemployment	27.8	4.0	3.0	11.0
TANF*	1.5	0.6	0.3	0.7
WIC*	9.8	4.1	1.3	4.6
SSI*	0.4	0.6	0.3	0.5
General Assistance*	1.8	0.2	0.0	0.0
Medicaid	5.2	9.3	4.9	7.0
Societal Contributions:				
Social Security Tax	89.0	66.2	64.3	72.8
Federal Income Tax	87.6	62.8	60.3	70.0
Pays for Health Care	67.1	49.8	39.0	56.3
Has Health Insurance	4.7	3.3	4.0	4.0
Societal Connections:				
Has U.S. Bank Account	35.3	7.0	5.3	15.1
Submit U.S. Tax Return*	59.0	9.3	12.6	19.2
Has U.S. Credit Card	24.2	3.3	5.4	7.6
Number of Migrants	1,188	2,101	701	3,990

*Question only asked after 1996.

We also divide immigrant contributions into two categories. The first category includes direct financial contributions to offset the cost of providing public services, namely taxes withheld and health contributions made either through personal funds or in the form of insurance payments. The second are more general indicators of connections or contributions to U.S. society, such as filing a tax return, having a bank account, and possessing a credit card. These indicate the degree to which a migrant is integrated into the American economy. Filing a tax return is particularly crucial in assessing the cost of services because not submitting a return precludes the possibility of receiving any kind of refund. Unless a return is filed, taxes paid represent a permanent contribution to government ledgers.

The top panel of the table reports usage rates for unrestricted services to which immigrants have a basic human right as U.S. residents. Since people inevitably get sick and suffer mishaps and accidents, it is not surprising that the highest use levels are observed for medical services. Overall, 40 percent of Mexican migrant household heads reported seeing a doctor in the United States and one-third said they had visited a hospital. In contrast, just 17 percent of migrants reported sending children to U.S. schools.

Despite the presumed universality of the right to education and health in the United States, we nonetheless observe large differentials by legal status, with rates of usage among documented migrants being 2–3 times those of the undocumented. Thus, whereas 65 percent of citizens and legal residents reported seeing a doctor and 57 percent visited a hospital, the figures were only 33 percent and 26 percent among those in unauthorized status. Likewise, whereas 35 percent of documented migrants sent children to U.S. public schools, only 11 percent of undocumented migrants did so. Service rates were lowest among temporary migrants. Just 24 percent said they had seen a doctor, 17 percent had visited a hospital, and 6 percent had used U.S. schools on their last trip to the United States.

Given the large usage differentials by legal status for unrestricted services, we expect to uncover even larger differentials for those that are restricted. The second panel of Table 1 suggests that this is generally the case. Among restricted services, the highest usage rates are observed for unemployment compensation, with 28 percent of citizens and legal residents reporting usage on the last trip. Among undocumented migrants, however, the usage rate was just 4 percent, compared with 3 per-

cent for temporary migrants. Moreover, usage rates for welfare and food stamps are low even among citizens and legal resident aliens. Only 11 percent said they used food stamps on their last trip and just 8 percent said they had been on welfare. For undocumented and temporary legal migrants, usage rates never exceed 4 percent.

Questions about the use of specific public services—TANF, WIC, Medicaid, and general assistance—were only included after 1997. The WIC food supplement program for pregnant women and infants displayed the highest rate of usage at around 10 percent for documented migrants, 4 percent for persons in unauthorized status, and just 1 percent among temporary migrants. Medicaid—the federally subsidized health assistance program for the poor—was the only program where usage rates were higher for undocumented than documented migrants, being 9 percent for the former and 5 percent for the latter, compared with 5 percent for temporary migrants. Rates for the use of the current welfare program (TANF), supplemental security income (SSI), and general assistance were generally minuscule, even among legal immigrants and citizens, much less among undocumented and temporary migrants.

However, when it comes to the financial contributions to public ledgers, rates of immigrant participation are much higher and differentials by legal status are muted. Thus, 89 percent of documented migrants reported having social security taxes withheld from their pay, and 88 percent reported withholding of income taxes. Although the percentages were smaller for undocumented migrants, they were still rather robust at 66 percent for social security taxes and 63 percent for income taxes, and for temporary migrants at 64 percent and 60 percent. Among the 820 documented migrants who reported using a doctor or hospital in the United States, 67 percent reported paying the bill themselves and 5 percent said it was covered by private health insurance. Among undocumented the 772 migrants using medical services, the respective figures were 50 percent and 3 percent, compared with 39 percent and 4 percent among 190 temporary migrants.

Although we do not have precise information on the amounts withheld, these relatively high rates of tax payment would appear to offset the cost of service usage by Mexican migrants, particularly among the undocumented. However, the degree to which tax payments offset the social costs of immigrants also depends on whether some or all of the money paid in taxes is returned to migrants as a refund after the end of the tax year. Although we do not know whether respondents received a refund or how much they received, we do know whether they filed a return at all; and if no return was filed, then certainly no refund was received.

As Table 1 shows, there is a sizeable gap between the percentage paying taxes and the percentage filing a return among all groups, but it is largest among undocumented and temporary migrants. Whereas around 9 out of 10 citizens and legal residents paid taxes, only around 60 percent filed a return, meaning that at least 30 percent received no refund. Furthermore, among undocumented and temporary migrants, even though two-thirds had taxes withheld, only 9 percent to 12 percent submitted a tax return, suggesting that upwards of 50 percent received no refund. Indicators of other connections to U.S. society likewise display similar sharp differentials according to legal status. Whereas around a third of documented migrants reported having a U.S. bank account and about a quarter owned a U.S. credit card, the respective figures for undocumented migrants were just 7 percent and 3 percent, whereas among temporary migrants they were about 5 percent in each case.

The overall pattern that emerges is one in which undocumented and temporary migrants, and to a lesser extent legal residents and citizens, pay taxes at relatively high rates but make relatively little use of publicly provided services and are unlikely to submit a request for tax refunds. This profile, however, only represents the average situation of migrants who may have taken trips across a range of different years, and our review of recent shifts in immigration and welfare policy suggest that rates of usage might have changed dramatically in the 1990s. In the next section, therefore, we examine trends in service usage and financial contribution by period.

TRENDS IN SERVICE USE AND CONTRIBUTIONS

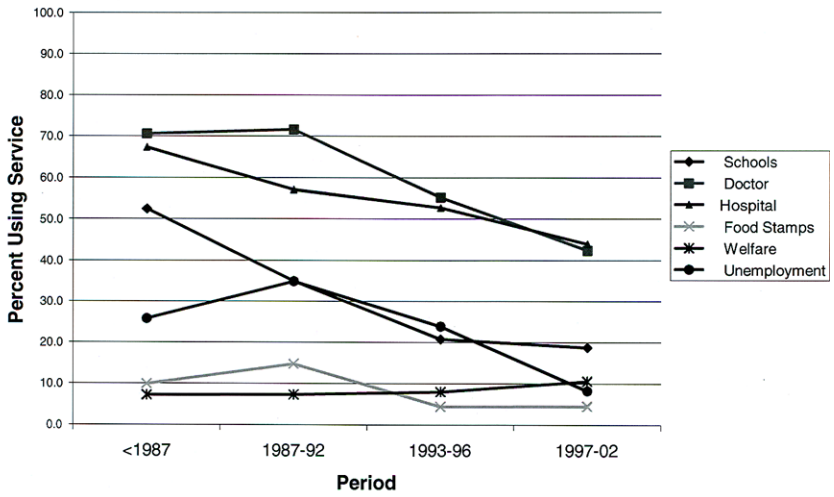
We classify the time of the trip into four distinct periods. Years prior to 1987 correspond to the pre-IRCA period, years before the passage of the Immigration Reform and Control Act, which dramatically altered the status quo for Mexican immigrants in a variety of ways, notably by criminalizing undocumented hiring, legalizing former undocumented workers, and inaugurating a secular build-up of border enforcement resources. The period 1987–1992 is the period immediately post-IRCA when legalization applications were being processed, 2.3 million Mexicans were receiving permanent residence status, and the size and resources of the U.S. Border Patrol began to expand. The period 1993–1996 is when Proposition 187 mobilized

anti-immigrant sentiment in California, Operation Blockade was launched to prevent the crossing of undocumented migrants in El Paso, and Operation Gatekeeper was inaugurated to prevent unauthorized border-crossings in San Diego. This period culminated with the passage of the Immigration and Welfare Reform Acts in 1996. The final period is the post-reform period, when border enforcement reached new heights (Andreas 2000; Massey, Durand, and Malone 2002).

Documented Migrants

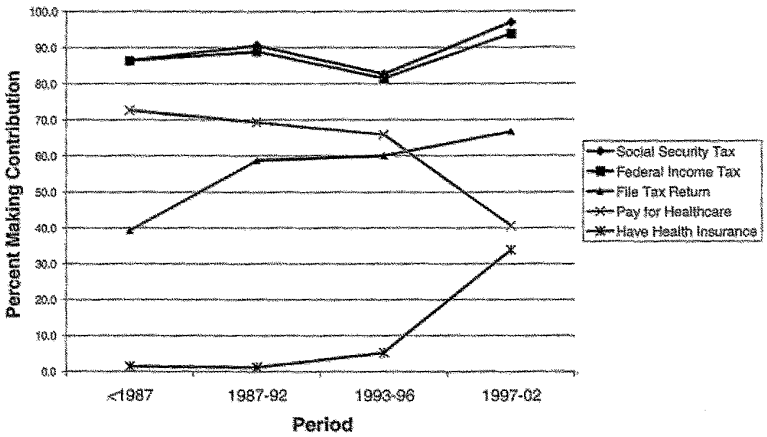
Figure 1 shows period-specific trends in the use of social services by household heads who were citizens or legal resident aliens at the time of their last trip, focusing on those services for which data exist across all survey years. The overall direction of the usage curves is downward, providing support for the "chilling effect" of U.S. policies noted by Zimmerman and Fix (2004), even for unrestricted services such as education and medical care. Whereas 70 percent of documented migrants said they used a doctor on trips taken prior to 1993, afterward the usage rate fell sharply, reaching 55 percent in 1993–1996 and 41 percent in 1997–2002. A similar pattern is observed for hospital usage, which fell from 68 percent before 1987 to 42 percent in 1997–2002. Use of public schools by documented migrants likewise dropped from 52 percent before IRCA to just 19 percent in the post-reform era after 1996, and unemployment fell from a peak of around 33 percent in 1987–1992 to just 9 percent in 1997–2002. Rates of welfare and food stamp usage were very low irrespective of period, fluctuating closely around 10 percent.

Figure 1. Use of services by period for documented migrants



The foregoing graph thus confirm a "chilling effect" in the use of public services by legal Mexican immigrants but suggest that it started before national reform legislation was passed in 1996, dating back to Proposition 187 and the various border mobilizations in the early 1990s. While a chilling effect may have taken hold in the use of public services, however, it does not appear to have extended to the payment of taxes and other societal contributions. Figure 2 shows that the withholding of Federal taxes remained high and steady in the range of 80–90 percent from before 1987 through 1996, and then increased to record levels that approached 100 percent in later years. As of the most recent period, 97 percent reported tax withholding and 67 percent reported filing a tax return, yielding a smaller gap than before 1987 but sizeable nonetheless. The only decline was in the percentage of respondents who said they paid for their own health care; it dropped gradually through 1996 but sharply thereafter, mirroring the shift in the share saying they had health insurance coverage. This suggests a direct substitution between insurance and out-of-pocket payment, and hence, no increase in the potential burden to taxpayers.

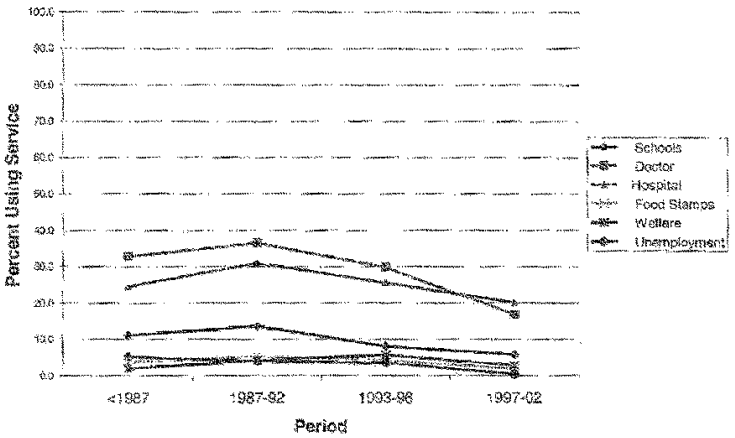
Figure 2. Contributions to service provision by period for documentec migrants



Undocumented Migrants

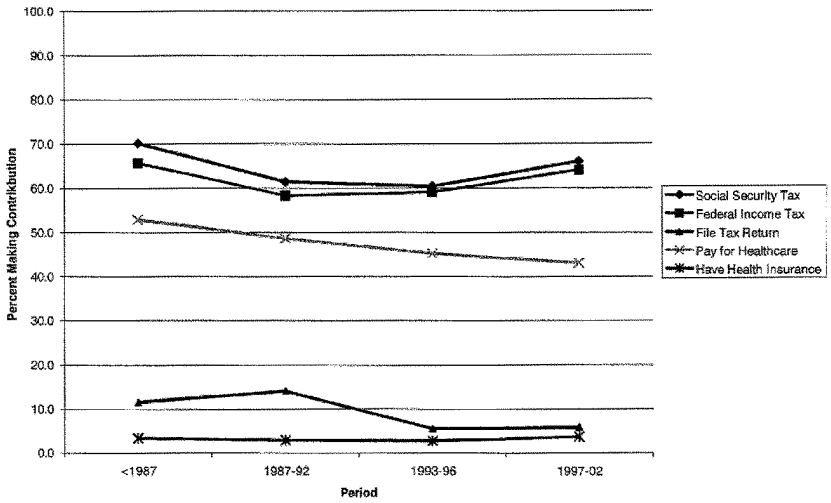
Although undocumented migrants may have certain rights to education and health care, their usage rates are nonetheless low compared with documented migrants irrespective of period. But like them, undocumented migrants display a decline in usage rates beginning after 1992. The percentage seeing a doctor declined from around 37 percent on trips taken between 1987 and 1992 to around 18 percent between 1997 and 2002, and usage rates of hospitals displayed a very similar trend. Usage rates for entitlement programs such as welfare, food stamps, and unemployment compensation were well under 10 percent across all periods, and trended down toward zero in the final period. The use of U.S. public schools by undocumented migrants peaked at around 14 percent in 1987–1992 and fell by half to 7 percent in 1997–2002.

Figure 3. Use of services by period for undocumented migrants



As with documented migrants, the decline in undocumented service usage was not accompanied by a corresponding drop in their financial contributions. As shown in Figure 4, tax withholding among them dipped slightly during the periods 1987–1992 and 1993–1996, but then recovered to reach a level of around 66–67 percent in 1997–2002, just below where it had been before 1987. At the same time, the percentage of undocumented migrants filing a tax return, which was low to begin with, fell even lower after 1992 reaching 5 percent in 1997–2002. Whereas two-thirds of undocumented migrants paid into the U.S. tax system, the vast majority did not file a tax return to collect a refund and most were not using any services. However, the rate at which undocumented migrants reported paying for their health care declined slowly from 52 percent to 42 percent, and unlike documented migrants, this shift was not offset by an increase in insurance coverage.

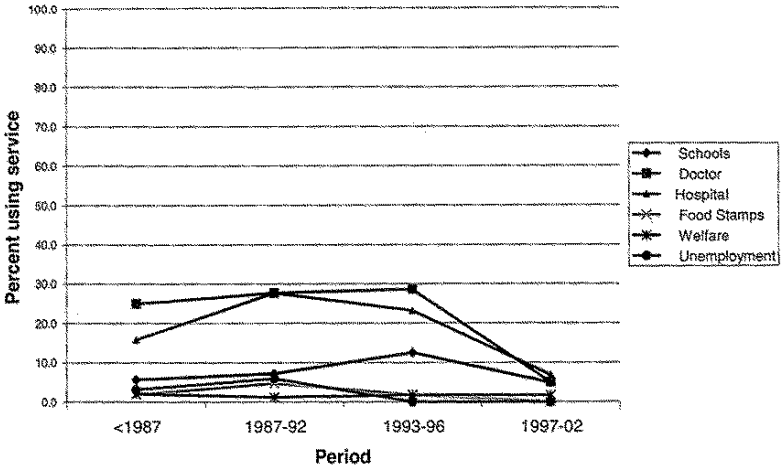
Figure 4. Contributions to service provision by period for undocumented migrants



Temporary Migrants

Perhaps the starkest evidence of a chilling effect after 1996 occurred among legal temporary migrants. As shown in Figure 5, visits to the doctor held fairly steady at just under 30 percent from before 1987 through 1996, but then plummeted to 5 percent. The pattern for hospital visits was similar, dropping from 22 percent in 1993–1996 to 6 percent in 1997–2002. By the most recent period, usage rates for virtually all social services had converged to a narrow range from 0 percent to 6 percent, by far the lowest of any legal status group.

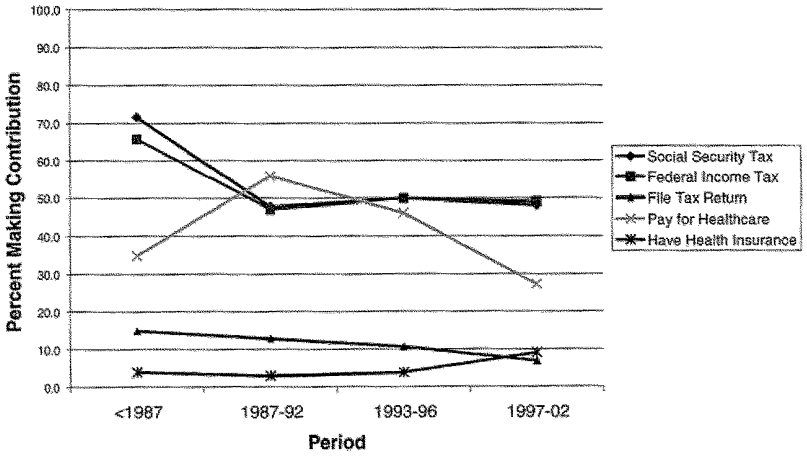
Figure 5. Use of services by period for temporary migrants



Despite the decline in service usage, the contribution rates generally remained steady, with approximately 50 percent of temporary migrants reporting the withholding of Federal taxes in the most recent period and a slight decline in the tend-

ency to file tax returns, which was only reported by 8 percent of respondents (see Figure 6). As with the documented migrants, there was a sharp decline in personal payments for health care, but like undocumented migrants, this drop was not offset by a corresponding increase in insurance coverage.

Figure 6. Contributions to service provision by period for temporary migrants



DETERMINANTS OF SERVICE USE

Although the foregoing analyses are consistent with the hypothesis of a chilling effect in the use of public services, it is always possible that the trend toward lower rates of service usage reflects changes in underlying individual or family characteristics associated with service use rather than shifts in public policies or political climate. Table 2 thus estimates a series of logistic regression models to predict the odds of using three kinds of services from a series of period indicators while controlling for a migrant's personal characteristics, education, occupation, family situation, prior U.S. experience, and legal status. If migrants reported using food stamps, welfare, or unemployment on the last U.S. trip, we coded the indicator for social service usage as 1 and set to 0 otherwise. If migrants reported going to a doctor or hospital on the most recent U.S. visit, the indicator for health services was coded 1 and set to 0 otherwise. Finally, the indicator for public schools is a simple dummy variable that took the value of 1, when respondents reported having children in U.S. schools, and 0 otherwise. In all comparisons, the reference category is the pre-IRCA (before 1987) period.

Table 2.—Effect of Selected Characteristics on the Use of Public Services by Mexican Migrants in the United States

Variables	Social Welfare		Health Services		Public Schools	
	B	SE	B	SE	B	SE
Period of Trip:						
<1987						
1987–1992	1.198*	0.099	0.439*	0.037	0.238*	0.042
1993–1996	1.184*	0.072	0.438*	0.052	0.058	0.062
1997–2002	0.579*	0.082	−0.212*	0.050	−0.569*	0.070
Personal Characteristics:						
Female	0.794*	0.075	0.748*	0.069	0.964*	0.069
Age	−0.123*	0.009	0.007	0.007	0.160*	0.009
Age Squared	0.001*	0.000	0.000	0.000	−0.001*	0.000
Married	0.329*	0.054	−0.281*	0.042	0.702*	0.050
Speaks Some English	0.067	0.047	0.589*	0.035	0.590*	0.038

Table 2.—Effect of Selected Characteristics on the Use of Public Services by Mexican Migrants in the United States—Continued

Variables	Social Welfare		Health Services		Public Schools	
	B	SE	B	SE	B	SE
Years of Schooling:						
None						
1–5	0.167*	0.073	−0.186*	0.045	−0.090	0.057
6–11	−0.406*	0.075	−0.335*	0.050	0.007	0.060
12+	0.102	0.089	−0.785*	0.069	−0.785*	0.082
U.S. Occupation:						
Professional						
Skilled Manual	−0.675*	0.138	−0.247	0.161	−0.079	0.129
Unskilled Manual	−0.685*	0.124	−0.252	0.158	−0.086	0.125
Agricultural	−0.366*	0.140	−0.245	0.161	−0.534*	0.120
Not Working	−0.901*	0.173	−0.615*	0.174	0.115	0.150
Job Missing	−0.035	0.188	−0.938*	0.202	−0.305	0.171
Family in United States:						
No. of Siblings in United States	0.123*	0.010	0.081*	0.009	0.070*	0.009
Parent in United States	−0.333*	0.045	0.279*	0.038	−0.198*	0.041
No. of Relatives in United States	0.003*	0.001	0.014*	0.001	0.007*	0.001
No. of U.S.-Born Children	0.634*	0.018	1.764*	0.046	1.071*	0.020
U.S. Experience:						
No. of Prior Trips	0.007	0.004	0.033*	0.003	0.040*	0.003
Duration of Last Trip	−0.001*	0.000	0.008*	0.001	0.006*	0.001
Legal Status:						
Legal or Citizen						
Temporary	−0.715*	0.099	−0.658*	0.051	−0.501*	0.068
Undocumented	0.422*	0.049	−0.377*	0.038	−0.089*	0.041
Intercept	−0.912*	0.232	−0.859*	0.211	−6.771*	0.232
−2 Log Likelihood	19,613.89		29,744.70		24,602.97	
No. of Cases	3,867		3,876		3,928	

Across the three models, the personal and family characteristics generally behave as one might expect. Women display higher propensities toward service use than men and usage generally increases with U.S. experience, the accumulation of family members in the United States, and English language ability. In contrast, the likelihood of service consumption is lower for other occupations compared with professionals and among temporary and undocumented migrants. Holding these and other effects constant, however, we continue to observe a temporal pattern consistent with the hypothesis of a chilling effect.

Other things equal, there is a highly significant increase in the propensity to consume U.S. public services just after IRCA's passage in 1986. Compared to a coefficient of zero before 1987 (the effective coefficient for the reference category), the coefficient predicting welfare use increases to 1.198 during 1987–1992 while that predicting the use of health services rises to 0.439 and that predicting school usage goes to 0.238. The propensity to consume social welfare and health services remains essentially unchanged in 1993–1996, but thereafter, the odds of service consumption fall significantly relative to the 1987–1996 period. The coefficient predicting social welfare usage falls from 1.184 during 1993–1996 to 0.579 during 1997–2002, while that predicting the use of health services goes from 0.438 to −0.212. The negative coefficient indicates that the likelihood of going to a doctor or hospital fell to an all-time low during the period immediately after passage of the Immigration and Welfare Reform Acts of 1996.

The decline in the likelihood of sending children to public schools was both more gradual but also more extreme compared with the other service usage trends. It was more gradual in the sense that elevated usage rates did not prevail from the period 1987–1992 into 1993–1996. Rather the coefficient predicting school usage fell from 0.238 in the former period to 0.058 in the latter, a statistically significant shift, and continue to proceed monotonically thereafter. The trend was also more extreme, however, because the probability of school use fell very sharply after 1996, with the coefficient attaining the large negative value of −0.569. However, as with the use of health services, the probability of using schools fell to an all-time low after 1996. In sum, among Mexico-U.S. migrants at the turn of the century, fewer people sought medical care and sent children to public schools than at any point in the post-war

history of Mexico-U.S. migration, and receipt of social services was well down from its peak immediately after 1986.

DETERMINANTS OF FINANCIAL CONTRIBUTIONS

Table 3 estimates the same basic model to predict the likelihood of making selected contributions: paying Federal taxes (either social security or income taxes); filing a Federal tax return; and purchasing health insurance. In general, the control variables show that the likelihood of making such contributions is lower for women, varies in curvilinear fashion with age, and rises with U.S. experience, English ability, education, and a growing number of family members in the United States. It is generally lower for temporary and undocumented migrants and for incumbents of nonprofessional occupations.

Table 3.—Effect of Selected Characteristics on Contributions Made by Mexican Migrants in the United States

Variables	Paid Taxes		Submitted Return		Health Insured	
	B	SE	B	SE	B	SE
Period of Trip:						
<1987						
1987–1992	−0.153*	0.039	1.147*	0.080	1.506*	0.108
1993–1996	−0.077	0.058	1.002*	0.098	2.026*	0.145
1997–2002	0.168*	0.055	0.767*	0.094	3.263*	0.135
Personal Characteristics:						
Female	−1.195*	0.067	−1.085*	0.014	0.157	0.137
Age	0.054*	0.008	0.050*	0.015	−0.143*	0.020
Age Squared	−0.001*	0.000	0.000	0.000	0.001*	0.000
Married	−0.066	0.044	−0.163*	0.076	0.487*	0.030
Speaks Some English	0.204*	0.040	0.711*	0.060	0.036	0.081
Years of Schooling:						
None						
1–5	0.429*	0.046	0.368*	0.137	0.144	0.167
6–11	0.592*	0.051	0.245*	0.116	0.116	0.161
12+	0.543*	0.073	−0.126	0.137	1.311*	0.173
U.S. Occupation:						
Professional						
Skilled Manual	−1.289*	0.252	−0.126	0.243	0.489*	0.202
Unskilled Manual	−1.163*	0.251	0.198	0.241	−0.341	0.196
Agricultural	−0.854*	0.253	0.163	0.249	0.448*	0.213
Not Working	−5.678*	0.282	−1.421*	0.368	−1.201*	0.327
Job Missing	−0.452	0.286	1.312*	0.280	−1.502*	0.554
Family in United States:						
No. of Siblings in United States	0.010	0.011	0.019	0.014	0.029	0.017
Parent in United States	0.308*	0.044	1.502*	0.072	−0.308*	0.079
No. of Relatives in United States	0.009*	0.001	0.014*	0.001	−0.002*	0.001
No. of U.S.-Born Children	0.282*	0.026	0.381*	0.033	0.056	0.030
U.S. Experience:						
No. of Prior Trips	0.021*	0.004	0.122*	0.008	0.063*	0.008
Duration of Last Trip	0.005*	0.001	0.381*	0.033	0.007*	0.001
Legal Status:						
Legal or Citizen						
Temporary	−1.066*	0.062	−0.709*	0.087	1.683*	0.116
Undocumented	−1.291*	0.050	−1.107*	0.068	0.515*	0.087
Intercept	1,347*	0.302	−4.235*	0.363	−2.839*	0.422
−2 Log Likelihood	26,577.44		9,181.281		7,042.267	
No. of Cases	3,725		1,441		1,896	

Once the effects of these variables are held constant, however, we see no chilling effect in the odds of paying taxes or the purchase of health insurance. On the contrary, if anything, Mexican migrants are *more* likely to make a contribution. The odds of paying taxes, for example, rise monotonically from 1987–1992 through 1993–1996 to 1997–2002, with coefficients of −0.153, −0.077, and 0.138, respectively. Likewise, the odds of being covered by health insurance also move steadily upward, with the coefficient going from 0 before 1987, to 1.506 during 1987–1992, reaching 2.026 in 1993–1996, and peaking at 3.263 in 1997–2002. However, while the odds

of filing a return hold constant from 1987–1992 through 1992–1996, they decline significantly in the latest period. Thus, Mexican migrants become more likely to pay taxes and be covered by insurance, but the propensity to file tax returns dips in the most recent period.

CONCLUSIONS

Together, the declining rates of service usage combined with increasing rates of tax payment and health insurance coverage suggest a falling propensity for Mexican migrants to use unreimbursed social services in the United States. We examined this hypothesis more closely by estimating an equation to predict the odds of receiving two unreimbursed services on the last U.S. trip. The left-hand columns of Table 4 present coefficients from a model that predicts consumption of unreimbursed medical services, defined as use of a doctor or hospital but no payment by personal funds, family funds, or insurance. The right-hand columns show coefficients from a model that predicts unreimbursed social services, defined as receiving food stamps, welfare, or unemployment payments but no tax withholding.

Table 4.—Effect of Selected Characteristics on the Unreimbursed Use of Public Services by Mexican Migrants in the United States

Variables	Medical Services		Social Services	
	B	SE	B	SE
Period of Trip:				
<1987				
1987–1992	0.495*	0.055	0.697*	0.105
1993–1996	0.780*	0.073	0.464*	0.156
1997–2002	0.040	0.087	−0.848*	0.236
Personal Characteristics:				
Female	1.503*	0.067*	2.179*	0.120
Age	−0.050*	0.009	−0.262*	0.017
Age Squared	0.001*	0.000	0.003*	0.000
Married	0.035	0.056	0.478*	0.103
Speaks Some English	0.051	0.053	−0.278*	0.105
Years of Schooling:				
None				
1–5	−0.570*	0.068	1.674*	0.274
6–11	−0.783*	0.071	1.291*	0.273
12+	−0.726*	0.097	1.460*	0.296
U.S. Occupation:				
Professional				
Skilled Manual	1.574*	0.428		
Unskilled Manual	1.607*	0.426	0.443	0.119
Agricultural	1.094*	0.430	−0.790*	0.205
Not Working	3.465*	0.431		
Job Missing	−0.227	0.538		
Not Working/Job Missing	NA	NA	0.393	0.182
Family in United States:				
No. of Siblings in United States	0.067*	0.013	0.058*	0.023
Parent in United States	−0.300*	0.057	−0.317*	0.102
No. of Relatives/Friends in United States	0.001	0.001	0.007*	0.002
No. of U.S.-Born Children	−0.036	0.025	0.214*	0.040
U.S. Experience:				
No. of Prior Trips	0.031*	0.005	0.033*	0.010
Duration of Last Trip	0.001	0.000	−0.001*	0.000
Legal Status:				
Legal or Citizen				
Temporary	0.083	0.087	−2.904*	0.457
Undocumented	0.745*	0.058	0.366*	0.106
Intercept	−3.433*	0.469	−1.735*	0.402
−2 Log Likelihood	16,165.69		5,095.766	
No. of Cases	3,837		3,883	

As the period indicators show, the likelihood of using medical services without paying for them increased through 1987–1992 and 1993–1996 and then plummeted after 1996 to equal levels observed during the period before 1987. In contrast, the

use of unreimbursed social services surged immediately post-IRCA in 1987–1992 (when the coefficient reaches .697), then fell modestly during 1993–1996 (coefficient of .464) before dropping precipitously after the implementation of the Immigration and Welfare Reform Acts in 1996 (to reach −.848 in 1997–2002). In other words, our analyses clearly indicate that Mexican migrants are less likely to make use of public services and they are more likely to pay in some way for the services they do use, putting the unreimbursed use of public services at levels that are at or below historical levels.

We thus confirm Zimmerman and Fix's (1998) hypothesis of a chilling effect in the consumption of social services. Raw trends showing declines in service usage after 1996 are confirmed by multivariate analyses that control for possible changes over time in characteristics associated with service usage, such as family circumstances, U.S. experience, socioeconomic status, and unlike prior research, legal status. In addition, however, we have also documented rising rates in tax payments and the purchase of health insurance. The net effect of these two countervailing trends has been a sharp decline in the use of unreimbursed services by Mexican migrants to the United States. These results confirm the earlier findings of Massey and Espinosa (1997), which suggest that migrants are not attracted to the United States by the prospect of generous social transfers. If anything, they continue to migrate despite steady erosion in access to services and a growing proclivity toward the payment of taxes from which many will never benefit.

References

Andreas, Peter J. 2000. *Border Games: Policing the US-Mexico Divide.* Ithaca: Cornell University Press.

Borjas, George J. 1995. "Immigration and Welfare: 1970–1990." *Research in Labor Economics* 14: 253–82.

____. 1996. "The Welfare Magnet." *National Review*, March 11, pp. 48–50.

____. 1998. "Immigration and Welfare: A Review of the Evidence." Pp. 121–44 in Peter J. Dunnigan and L.H. Gann, eds., *The Debate in the United States over Immigration*. Stanford, CA: Hover Institution Press.

____. 1999. "Immigration and Welfare Magnets." *Journal of Labor Economics* 17:607–37.

____. 2001. "Welfare Reform and Immigration." Pp. 369–85 in Rebecca Blank and Ron Haskins, eds., *The New World of Welfare: An Agenda for Reauthorization and Beyond*. Washington, DC.: Brookings Institution Press.

____. 2002. "Immigration Reform and Immigrant Participation in Welfare Programs." *International Migration Review* 1093–1123.

Borjas, George J. and Stephen J. Trejo. 1991. "Immigrant Participation in the Welfare System." *Industrial and Labor Relations Review* 44:195–211.

____. 1993. "National Origin and Immigrant Welfare Recipiency." *Journal of Pacific Economics* 325–44.

Borjas, George J. and Lynette Hilton. 1996. "Immigration and the Welfare State: Immigrant Participation in Means-Tested Entitlement Programs." *Quarterly Journal of Economics* 575–604.

Clark, Rebecca L. 1994. *The Costs of Providing Public Assistance and Education to Immigrants.* Washington, DC.: The Urban Institute.

Durand, Jorge and Douglas S. Massey. 2004. "The Mexican Migration Project." Pp. 321–38 in Jorge Durand and Douglas S. Massey, eds., *Crossing the Border: Research from the Mexican Migration Project*. New York: Russell Sage Foundation

Fix, Michael and Wendy Zimmermann. 2004. "The Legacy of Welfare Reform for U.S. Immigrants." Pp. 337–53 in Douglas S. Massey and J. Edward Taylor, eds., *International Migration: Prospects and Policies in a Global Market*. Oxford: Oxford University Press.

Garvey, D. and Thomas. Espenshade 1996. "Fiscal Impacts of New Jersey's Immigrant and Native Households on State and Local Governments: A New Approach and New Estimates." Office of Population Research, Princeton University, September.

Jensen, Leif I. and Marta Tienda. 1988. "Nativity Differentials in Public Assistance Receipt." *Sociological Inquiry* 58:306–321.

Massey, Douglas S. 1987. "The Ethnosurvey in Theory and Practice." *International Migration Review* 21:1498–1522.

Massey, Douglas S. and Chiara Capoferro. 2004. 2004* "Measuring Undocumented Migration." *International Migration Review* 38:1075–1102.

Massey, Douglas S. and René Zenteno. 2000. "A Validation of the Ethnosurvey: The Case of Mexico-U.S. Migration." *International Migration Review* 34:765–92.

Massey, Douglas S., Rafael Alarcon, Jorge Durand, and Humberto Gonzalez. 1987. *Return to Aztlan: The Social Process of International Migration from Western Mexico.* Berkeley: University of California Press.

Massey, Douglas S., Jorge Durand, and Nolan J. Malone. 2002. *Beyond Smoke and Mirrors: Mexican Immigration in an Age of Economic Integration.* New York: Russell Sage.

Massey, Douglas S. and Kathleen M. Schnabel. 1983. "Background and Characteristics of Undocumented Hispanic Migrants to the United States." *Migration Today* 11(1):6–13.

Rothman, E. and Thomas Espenshade 1992. "Fiscal Impacts of Immigration to the United States." *Population Index* 58:381–415.

Smith, James P. and Barry Edmonston, eds. 1997. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration.* Washington, DC.: National Academy Press.

Tienda, Marta and Leif I. Jensen. 1986. "Immigration and Public Assistance: Dispelling the Myth of Dependency." *Social Science Research* 15:372–400.

Vernez, Georges and Kevin McCarthy. 1995. *The Fiscal Costs of Immigration: Analytical and Policy Issues.* Center for Research on Immigration Policy, RAND.

Zimmermann, Wendy and Michael Fix. 1998. *Declining Immigrant Applications for Medi-Cal and Welfare Benefits in Los Angeles County.* Washington, DC.: The Urban Institute.

RESPONSE TO QUESTIONS OF SENATOR KENNEDY AND SENATOR SESSIONS BY PROFESSOR CHARLES M. BEACH

QUESTION OF SENATOR KENNEDY

Question. The retirement of baby-boom generation workers and the decrease in the proportion of the working age population are causing demographic pressures in Canada that are similar to those in the United States. Canadian labor market conditions are already tight in low-skilled areas like construction. Canada, however, has decided to focus its immigration policy on skilled professionals, many of whom do not find jobs that match the level of their qualifications. Indeed, the Conference Board of Canada estimates underemployment affects approximately 340,000 immigrants annually.

Doesn't this data suggest that Canada's immigration point system is not meeting the country's needs? Isn't the Canadian government trying to find ways to meet the unskilled labor shortage? Won't the United States experience similar problems with such a point system?

Answer. Your observations on underemployment problems in your first paragraph are correct. But this does not mean that we should not have a point system. The underemployment of skilled workers I would recommend dealing with through better language training and job matching efforts as well as much stronger efforts to deal with local recognition of foreign credentials and foreign work experience. For example, part of the problem of foreign professional credential recognition is that the latter essentially comes under provincial jurisdiction while the immigration admission process is largely done by the Federal Government—such jurisdictional problems may be considerably less than in the United States. Australia, for example, now requires that foreign professional credentials be evaluated before an immigrant arrives in the host country. Perhaps this is an option that Canada should consider?

So, I would say that any such problems as above should not imply that one shouldn't have a point system to evaluate skills of immigrant applicants, but rather do imply that the criteria we currently incorporate in the point system should perhaps be revised so as to put more weight on skilled tradesmen. I think it is true that the current weighting scheme built into the Canadian point system does put perhaps too much weight on white-collar professional skills (such as years of education and university degrees) and not enough weight on blue-collar tradesmen's skills. I do not think we should be letting in large numbers of unskilled labor when the overall Canadian unemployment rate is 6.4 percent. We should allow the market to adjust so that more workers move from Ontario, Quebec and Atlantic Canada to Alberta and B.C. where the shortages of unskilled workers exist. If the overall unemployment rate were below 4 percent, say, I would be more sympathetic to bringing in more unskilled or lower-skilled workers. Also of a concern is that the demand for lower-skilled workers, especially in the construction sector, is highly cyclical, and if you bring in a lot of lower-skilled workers during the peak of the business cycle you are then likely to have a real problem of unemployment welfare costs when a recession hits. More generally, I would note that a point system can be very flexible

in what criteria you want to award points to and how many points to award. Just because there are some admitted problems in some dimensions does not mean that it is not worthwhile having a point system at all. It can be revised and adapted to try to deal with various problems that may come up as time goes on. Economic and labor market conditions always change over time, and having some flexibility in dealing with these changes is a good thing.

QUESTIONS OF SENATOR SESSIONS

Question 1a. During your testimony, you indicated that there are many reasons for the declining rate of adjustment (assimilation) of immigrants. However, you point out that the figures cited by Professor Massey to illustrate the declining rate, lump both independent migrants and other types of migrants into the same category.

Can you explain why it is important to separate these two distinct types of immigrants when determining how fast each adjusts?

Answer 1a. It is important to separate independent (or economic) class from other classes of immigrants such as family class and humanitarian class because their process of adjustment and their rate of adjustment to their new economic environment are different. In the case of independent class immigrants, they arrive on the basis of the skills of their principal applicant and these skills help the latter to adjust faster to better contribute to the U.S. labor market. Those who arrive not on the basis of their skills, have a much slower process of adjustment that relies more on family (in the case of family class arrivals) and public (in the case of refugees) support, and that likely involves a much lengthier time learning the local language (English) before they can make it well on their own.

Question 1b. Is it clear that independent migrants adjust more quickly than other types? Please explain why you think this is true.

Answer 1b. The research evidence is quite clear—Professor Borjas referred to it as well in his oral testimony—the independent class immigrants to adjust more quickly than the other types. See, for example, the papers cited on p. 4 of my research paper "Impacts of the Point System and Immigration Policy Levers on Skill Characteristics of Canadian Immigrants": Duleep and Regets (1992, 1996), Jasso and Rosenzweig (1995), de Silva (1997), Miller (1999), Abbott and Dougherty (2004), and Chiswick, Lee and Miller (2005, 2006) where the full source references are listed in the References section of my above paper which was provided to the committee staff prior to the hearing. The reason this result is true is simply that workers with greater amounts of skill adjust faster to the new labour market, are generally more productive at their work, and add more to the local economy.

Question 2. Which of the three immigration policy levers you discussed in your testimony do you consider to be the strongest single factor in raising the average skill levels of immigrants? Why?

Answer 2. We found in our paper that the one policy lever which had the strongest effect in raising average skill levels of immigrants as a whole was the proportion of immigrants admitted under the point system (ie., were skill evaluated)—that is, the fraction of all admissions who arrive as independent class immigrants. Even if you do not bring in a point system, you will accomplish this effect if you decrease the proportion of (legal) immigrants coming in under the family class and increase the fraction coming in under the employer preference class. Interestingly, in some quite unrelated work I have been involved in recently on analyzing the factors that influence the rate of aging of the Canadian workforce and population, a paper by several researchers in Ottawa using a totally different methodology (dynamic equilibrium life-cycle micro-simulation) also found that increasing the share of skill-evaluated immigrants had a larger effect than increasing the required skill level within the point system itself. The reason why increasing the skill-evaluated share has the strongest effect is simply that it operates on such a large base of immigrants rather than just on a (relatively small) subset of immigrants. Now if the proportion of skill-evaluated immigrants were around 80 percent, say, this result would probably no longer hold, and a stronger effect could be gotten from simply raising the required skill-level for admission within the point system itself.

Question 3a. In Canada there is a temporary seasonal program, where workers stay for 6 to 10 months then return, which has been very successful.

In your opinion how important is the fact that these workers must return home on a regular basis to the overall success of the program?

Answer 3a. I consider it absolutely critical that the temporary workers return home on a regular basis. Otherwise, they are likely to form local attachments, settle

down and start raising a family. Any child born into the family then likely becomes a citizen of the host country and immigration authorities are then caught between breaking up a family and denying full citizenship rights to at least part of the family. This then raises the social and economic problems that we have seen blow up this past year in France, Germany and elsewhere in Europe which we have seen played out across front pages of the world's newspapers. The income that these temporary workers receive—particularly agricultural workers—is low by host-country standards, but desirably high in terms of the origin-country's living standards. So they find it advantageous to return home with their new earnings to support their family or start a new business back home. But if they stay in the host country for a lengthy amount of time at such low wages and start raising a family in the host country, economic and social friction and possibly crime are likely to arise and the children in such environment may well start raising problems—which is just what has happened in Europe.

Question 3b. In your opinion what length of stay should temporary workers be allowed? How long is too long, turning a temporary worker into a semi-permanent or permanent worker?

Answer 3b. I do not know an exact number, but I would say no longer than 9 or 10 months at the max. Basically, not long enough to form permanent attachments and settle down.

Question 3c. How important to the goal of keeping the program temporary is it that family members are not permitted to accompany the worker for the 6- to 10-month work period in Canada? If the United States enacts similar temporary worker programs, would you recommend that the temporary guest workers to the United States not be allowed to bring family with them?

Answer 3c. I am not familiar with the details of the Canadian temporary worker program, but I would be wary of admitting full family units under this program again because any children born while in the host country likely acquire full rights of citizenship of the host country and this can lead to problems as indicated above. Yes, I would recommend that temporary guest agricultural workers to the United States not be allowed to bring family with them. I would not recommend this requirement for temporary skilled workers because it is increasingly the case that skilled workers have partners who are also skilled workers—or at least highly educated—and preventing them from bringing their partners with them and indeed preventing their partners from working in the United States, as well, could severely limit the supply of skilled labor you may wish to attract, even on a temporary basis.

RESPONSES TO QUESTIONS OF SENATOR KENNEDY BY DOUGLAS S. MASSEY

Question 1. Our immigration law emphasizes reunification of families. Family members help each other adjust to their new surroundings by pooling resources and sharing responsibilities. Strong families help stabilize communities. And family-based immigrants, while they have lower entry earnings, have higher earnings growth than employment-based immigrants.

In the United States were to adopt an immigration point system similar to that in Australia or Canada and put less emphasis on family reunification, what do you believe would be the social and economic consequences, both for individual immigrants and for our economy as a whole?

Answer 1. In the United States, rates of poverty, social service usage, and unemployment among immigrants are very low compared with Canada. This is because families look out for their members and when they sponsor a new immigrant they usually have jobs, housing, and other supports lined up. As a result, family immigrants are placed quickly on a path of work and mobility. Canada has a system that admits immigrants based on points earned for educational and occupational credentials without taking into account whether those credentials are actually needed at the moment, and without considering who might support them after their arrival if they are unable initially to get jobs in their profession. As a result, poverty and unemployment rates among immigrants to Canada are extraordinarily high and, in the absence of supportive family networks, the costs to government are significant. The same negative outcomes could be expected in the United States if it were to change the weighting of family versus employment criteria to favor the latter over the former.

Question 2. Economists like Alan Greenspan have made it clear that immigration was a primary factor in America's unprecedented growth without inflation during the 1990's. Immigrants contribute to public coffers by paying sales, income, payroll, and property taxes. One study has found that the net present value of immigrants'

estimated future tax payments exceed the cost of the public services they were expected to use by $80,000 for the average immigrant and his or her dependents. In your testimony, you mentioned that as a result of legislation in 1996, immigrants are paying more taxes and using fewer services. As a result, you concluded that it is likely that immigrants contribute more in taxes than they use in services.

Can you elaborate on his point? Upon what do you base your conclusions?

Answer 2. This conclusion is based on a detailed analysis of data from the Mexican Migration Project, which I co-direct. Funded by the National Institutes of Health and in the field gathering data since 1982, the MMP is an award-winning project offers the most comprehensive and reliable source of information about the behavior and characteristics of undocumented migrants, yielding information that is not available from any other source. The data are publicly available from the project's Web site at *http://mmp.opr.princeton.edu/*. The rising rate of tax payment and the falling use of services by both documented and undocumented immigrants is documented in a paper presented at the Annual Meeting of the Population Association last spring, a copy of which is attached to this e-mail.

Question 3. Economic prosperity in the United States and Mexico are increasingly linked. Over the past decade trade between the United States and Mexico has nearly tripled. Mexico is America's second-largest trading partner and we are Mexico's largest. Mexico's president-elect has highlighted the importance of job creation and economic development in Mexico in order to both improve economic conditions in Mexico and to reduce illegal immigration to the United States. An Inter-American Development Bank study suggests that remittances from the United States reduce infant mortality and illiteracy in Mexico while alleviating poverty and improving living conditions.

How important for Mexico's prosperity is the permanent and temporary migration to the United States? What would be the effects in Mexico of reducing this migration?

Answer 3. Remittances from migrants working in the United States now exceed $20 billion annually and represents a major source of foreign exchange that not only contributes to Mexico's international liquidity, but represents a major source of investment and spending that invigorates the Mexican economy. According to estimates we developed using MMP data and input-output multipliers estimated for the Mexican economy, the arrival of $20 billion actually generates $65 billion in production once it has cycled through the economy. Reducing this flow would thus cut Mexico off from a major source of capital and income that millions of families rely upon to smooth consumption and make investments in the absence of a strong banking sector.

Question 4. The 2000 Census reveals that one-third of all U.S. job categories would have shrunk significantly in size during the 1990s in the absence of recently arrived, non-citizen workers, even if all unemployed U.S.-born workers with recent job experience in those categories had been re-employed. Thirteen occupational categories collectively would have been short more than 500,000 workers during the 1990s without such immigrants, making immigration a crucial component of this country's economic well-being.

Don't you agree that immigrants contributed significantly to the economic boom in the 1990s?

Answer 4. It is clear to me that the boom of the 1990s would have ended sooner were it not for the labor market flexibility provided by immigrants. During the last years of the decade unemployment rates had fallen well below levels that economists said would be possible without spurring inflation, and yet no inflation was occurring—despite the fact that wages were rising. This was primarily because the input of immigrant labor prevented labor shortages from creating productive bottlenecks that would have driven up prices.

RESPONSE TO QUESTIONS OF SENATOR SESSIONS BY GEORGE J. BORJAS

Question 1a. Many objectives of a Nation, such as economic objectives, social objectives, and humanitarian objectives, can be advanced through immigration policies. These objectives must be balanced in a way that best serves the national interest.

Canada and Australia have recently reformed their immigration policies to give economic objectives a higher priority. They have done this through use of a point system that evaluates the educational and language skills of employment-based immigrant applicants. Approximately 60 percent of the annual immigration levels in Canada and Australia are comprised of economic-based immigration. In striking

contrast, only 20 percent of the immigrants in the United States each year are skill-based immigrants that will serve our economic interests.

Would the economic national interest of the United States be better served if we altered the percentage of employment-based admissions to more closely reflect the 60/40 split between economic-based immigration and family and humanitarian-based immigration, as used by other developed nations such as Canada and Australia?

Answer 1a. There's little doubt that the net economic benefits to the United States would increase substantially if immigration policy were to place heavier weight on the skills of potential applicants. So the answer to the question is an unambiguous yes.

Question 1b. Assuming the United States were to adopt a point evaluation system for employment-based immigrant applicants, please describe the value that each of the following items would have in such a system. Please rank the items in order of their significance in determining whether a future immigrant will be an economic net gain to the economy.

i. Education
ii. Language Skills
iii. Age
iv. Job Offer in the United States
v. Prior Work Experience
vi. Spouse's Characteristics
vii. Prior Work or Study in the United States
viii. Family Members Already in the United States

Answer 1b. The "permanent" earnings potential of the migrant will likely depend most on their education, language skills, and work experience. These are the key variables that the human capital model suggests are important determinants of earnings, and I would probably stress those variables most in constructing any type of skills filter.

Question 2a. You agree with Professor Doug Massey, your fellow panelist, that the family-based immigration preference for siblings is one of the biggest factors in chain migration.

Do you agree that the United States would benefit from eliminating the sibling preference? How so?

Answer 2a. I don't know if the word "benefit" is the correct word to apply in an argument for eliminating the sibling preference. I think the main reason for eliminating it is simply that it is the one preference that opens up the potential for "unrelated" family members to obtain entry visas. From a wider perspective, there's little reason to believe that the sibling preference lets in less skilled workers than the other family preferences.

Question 2b. Are there any other preferences, such as the preference for married sons and daughters, that you think should be changed or eliminated?

Answer 2b. I don't really have any opinion on the specific preference for sons and daughters.

DIVERSITY VISA LOTTERY

Question 3a. What is the purpose of the diversity visa program?

Answer 3a. What is the purpose? To be completely honest: Beats me! It is a bad idea, a bad design—a bad policy.

Question 3b. How many people applied for the 50,000 immigrant visas available under the program in each of the last 10 years?

Answer 3b. I don't know exactly how many people have applied in each of the past 10 years. But I've looked at the State Department report on the Diversity Visas a few times in the past, and the numbers are typically in the millions. I've just googled the latest information available:

JULY 19, 2006—DIVERSITY VISA PROCESS SELECTS 82,000 APPLICANTS

Applicants could win one of 50,000 visas to United States.

WASHINGTON.—Approximately 82,000 people in 175 nations have received letters from the U.S. State Department informing them that they are eligible to apply for a permanent resident visa to the United States.

Only 50,000 such visas are issued each year in what is known as the Diversity Visa Lottery. More than 5.5 million people submitted entries in the registration

process held during the last quarter of 2005. *http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2006&m=July&x=20060719121820cmretrop0.7058069*

Question 3c. Does the diversity visa lottery program serve our economic interests?
Answer 3c. No response.

Question 3d. Does the diversity visa lottery program serve our family unification interests?
Answer 3d. No response.

Question 3e. In your opinion, would it be wise to eliminate the program and use the 50,000 immigrant visas differently?
Answer 3e. No response.

Question 4a. In your testimony, you discussed that the number of people who want to come to this country is "way greater" than the number the United States can admit each year, while preserving economic and social stability. You illustrated this truth by reminding us how many people apply for the 50,000 immigrant visas available under the diversity lottery program.
In your opinion, how many people should the United States admit each year under our current immigration laws if we want to preserve economic stability and foster the ideals of a melting pot society?
Answer 4a. I do not know precisely the "magic number", but it is a number that we should probably learn by trial and error, rather than by a legislative mandate that will stay in the books for 50 years. I would start with a number near the average level of legal immigration in the 1980s—which is roughly around 750,000 annually. I would suggest a "trial period" for this level of immigration of 5 years, at which time the number should be revisited and either increased or decreased depending on economic conditions and on the observed impact of this flow.

Question 4b. Could that number increase if current immigration laws were altered to place a higher priority on immigrants with higher skills, education levels, and language proficiencies?
Answer 4b. Simply because skilled immigrants benefit the country more does not mean that we should have an unlimited number of them. A very high number of high-skill immigrants would likely have major impacts on the high-skill labor market. Again, I would not suggest increasing the numbers until after we experience a trial period simply to see and measure what the impacts are, who benefits, who loses, and by how much.

MINISTER OF CITIZENSHIP AND IMMIGRATION,
Ottawa, Canada K1A 1L1

Senator JEFF SESSIONS,
U.S. Senate,
335 Russell Senate Office Building,
Washington DC. 20510-0104.

DEAR SENATOR SESSIONS: Thank you very much for meeting with me and my Government of Canada colleagues on June 29, 2006. It was a pleasure to have the opportunity to share views on immigration and security issues.
At our meeting, you indicated a particular interest in learning more about Canada's skilled-worker selection system, which was introduced with the new *Immigration and Refugee Protection Act* in June 2002. I have enclosed a short document outlining key aspects of this program for your information.
Another topic in which you expressed interest was the performance of recent immigrants to Canada. Historically, immigrants outperformed Canadians in the labour market, but patterns have changed over time. In the late 1980s, the early 1990s and early 2000s, entry earnings of immigrants declined substantially. While our skilled worker immigrants (selected for their labour-market suitability) continue to outperform other immigrants and refugees, recent arrivals have faced a number of challenges. These challenges are faced by many immigrants in all countries. More details are included in the attachment.
I trust that you will find this information useful. Should you have additional questions, please do not hesitate to contact me.
Sincerely,

MONTE SOLBERG, P.C., M.P.

ATTACHMENT

CANADA'S FEDERAL-SKILLED WORKER CLASS

Canada's Federal-skilled worker class is a class of persons who are skilled workers and who may become permanent residents on the basis of their ability to become economically established in Canada and who intend to reside in a province other than the Province of Quebec (Section 75 (1) of the Immigration and Refugee Protection Regulations).

A foreign national is a member of the Quebec-skilled worker class if he/she: intends to reside in the Province of Quebec; and, is named in a *Certificat de sélection du Quebec* issued to them by that Province.

To address the current and future demands of the Canadian labour market, the criteria for the skilled worker category (in the Immigration and Refugee Protection Act) are linked to the selection of immigrants who are capable of adapting and contributing to an evolving labour market. The focus is on selecting immigrants with the flexible and transferable skills needed to succeed in a rapidly changing, knowledge-based economy (human capital approach), rather than based on occupation. The current criteria place emphasis on the applicants' level of education and previous work experience, and there is significant importance attached to their knowledge of English or French. In addition, applicants with pre-arranged employment are awarded extra points.

Skilled workers are assessed according to a selection grid (points system) and have at least 1 year of work experience within the past 10 years in a management occupation, or in an occupation normally requiring university, college or technical training (Skill Type 0 or Skill Level A or B of Canada's National Occupational Classification). They are expected to have enough money to support themselves and their dependants as they settle in Canada.

In addition to the above-mentioned requirements, applicants are assessed on a variety of selection criteria which evaluate their ability to adapt to the Canadian economy.

Selection Criteria	Maximum Points
Education	25
Official languages (English and/or French)	24
Employment experience	21
Age	10
Arranged employment in Canada	10
Adaptability	10
Total	100

To be considered under the Federal Skilled Worker category, applicants must score a minimum of 67 out of the possible 100 points as of September 2003. Applicants may complete a self-assessment test on-line to determine their likely score based on the skilled-worker selection grid.

The pass mark may be amended by the Minister to reflect changes in the Canadian labour market, economy and society as well as the changing demands of prospective immigrants to Canada.

As announced in the *Annual Report to Parliament on Immigration* in October 2005, the target for skilled worker class immigrants (principal applicants and family members) in 2006 is between 105,000 and 116,000.

ECONOMIC PERFORMANCE OF RECENT IMMIGRANTS TO CANADA

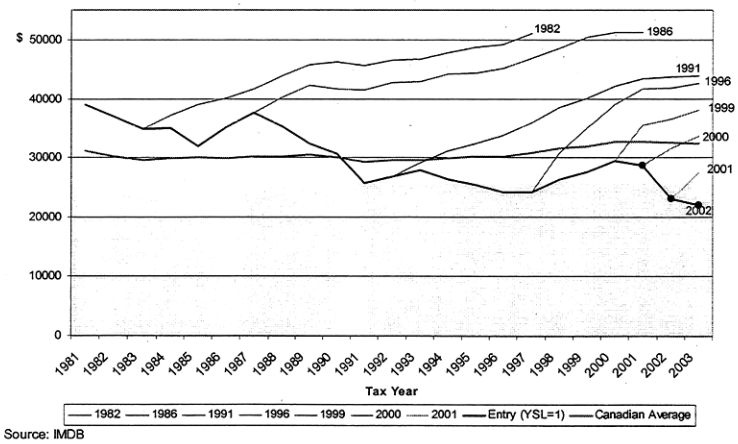
Historically, immigrants outperformed Canadians in the labour market, but patterns have changed over time. In the late 1980s, the early 1990s and early 2000s, entry earnings of immigrants declined substantially. While our skilled worker immigrants (selected for their labour market suitability) continue to outperform other immigrants and refugees, recent arrivals have faced a number of challenges. These challenges are faced by many immigrants in all countries.

The incidence of low-income among recent immigrants (i.e., those who immigrated in the previous 5 years) almost doubled between 1980 and 1995, that is from 24.6 percent in 1980 to 47 percent in 1995, and then fell to 35.8 percent in 2000 as a result of the strong economic recovery of the late 1990s. In contrast, low-income

rates among the Canadian-born population dropped from 17.2 percent in 1980 to 14.3 percent in 2000. Thus, while recent immigrants have seen some improvement, poverty and low-income persist.

The graphic below shows data for skilled workers who landed in Canada from 1980 to 2002.

Average Employment Earnings (2001$) for Skilled Worker Principal Applicants by Landing Year and Tax Year



Source: IMDB

Entry-level earnings are defined as earnings 1 year after landing and the data show a general trend of declining entry level earnings over time for successive entry cohorts. Skilled workers who landed during the 1980s could expect to earn more than the Canadian average 1 year after landing. For subsequent cohorts (1990s and into this decade), they now earn less than the Canadian average 1 year after landing.

Research suggests that the decline in earnings is due to a number of factors—little or no return to foreign experience of immigrants, declining returns to foreign education, changing source countries and the domestic labour market situation of the 1980s and 1990s. It is also felt that knowledge of official language may be a contributing factor and that highly educated immigrants may not possess the fluency in English or French needed to make full use of their education and experience.

The most recent data show a substantial decline in immigrant earnings for skilled workers. Some of this recent decline in earnings appears to be related to the high-tech "bubble" and subsequent "bust." Given that labour market conditions in the IT (information technology) sector deteriorated after the "bust" in 2001, it is reasonable to assume that fewer new workers (including immigrants) have been able to secure employment in the high paying IT sector. Consequently, immigrants may be working in lower-skilled occupations and generally lower-paying occupations to secure entry into the labour market. It should be noted that over 50 percent of skilled workers who landed during the early 2000s intended to work in the natural and applied science field (a sector highly concentrated with IT workers).

However, earnings of skilled workers consistently outperform the Canadian average 5 years after landing. The earnings profile of selected landing year cohorts is also shown in the graphic above and a steady increase is a common characteristic for all cohorts, regardless of their initial earnings.

AUSTRALIA'S SKILLED MIGRATION PROGRAM

Australia adminsters separate Migration and Humanitarian Programs. The Programs provide a balance between Australia's international humanitarian obligations and the Government's economic, social and environmental objectives.

The Migration Program has two main streams, a Skill Stream that targets skills and skill shortages that contribute to Australia's economy and a Family Stream that recognizes the importance of family migration to Australia's social and economic goals.

In 2005–2006 program year the Migration Program outcome was 143,000. The family composition was 45,000 and skilled migration category was 97,500.

The Skill Steam has two broad categories. General Skilled Migration for people with skills in particular occupations required in Australia and Employer Sponsored Migration for people with recognised skills seeking to work in Australia sponsored by an Australian or overseas employer.

GENERAL SKILLED MIGRATION

In this category, an applicant can migrate as a skilled person independently, or can be sponsored by an eligible Australian relative or State/Territory government. Visa applications may be made whilst in Australia, or from outside Australia.

Basic requirements.—General skilled migration applicants must be able to meet several basic requirements: age (under 45 years old), English language, qualifications (post-high school qualifications) and an assessment of skills, a nominated occupation (on an approved list of occupations) and recent work experience (a minimum of 12 in the 18 months before applying).

Points test.—In addition to meeting the basic requirements, most General Skilled Migration visas require assessment against a "points test" and obtaining a pass mark.

Operation of the points test.—Points are awarded for a range of different factors—age, skill, English language ability, specific work experience, for an occupation in demand and a job offer, Australian qualifications, spouse skills, family relationship with an Australian, living and studying in regional or low population growth metropolitan area in Australia.

Pass mark.—The pass mark varies for different visas, but independent migrants need to score the highest pass mark, currently 120 points. For an independent applicant who achieve a score below the required pass mark, but above another mark (the 'pool' mark) the application will be held in reserve for up to 2 years. If the pass mark is lowered, the application will be further processed.

EMPLOYER SPONSORED MIGRATION

Employers are able to sponsor suitably qualified and experienced people for permanent residence. The employer-sponsored temporary residence visa is providing an increasingly popular pathway to permanent residence, with streamlined procedures when the person to be sponsored is already working for an employer.

General requirements for this category of migration include: age (under 45 unless exceptional circumstances apply), appropriate English language ability, qualifications assessed as being equivalent to the Australian standard for the position, *or* a designated period of work experience in Australia (2 years) or a base salary of $A160,000.

There is no points test for this category of visas.

REGIONAL-SPONSORED MIGRATION PROGRAM

The Australian Government works closely with State, territory and local governments, and regional authorities to support regional development and help supply the skill needs of regional employers. It aims to attract young, skilled, English speaking migrants to areas of Australia where they are most needed.

All areas of Australia are included, except the main metropolitan areas including Brisbane, the Gold Coast, and Sydney.

The relevant State or Territory Government must certify an employer's nomination to fill the position and the employer's nomination is assessed to ensure that it has been certified, that the position complies with Australia's stands and workplace legislation for wages and working conditions.

AUSTRALIAN-GOVERNMENT SKILLED MIGRATION PRIORITIES

The first priority is to target employer sponsored migrants, who move straight into jobs where there is a direct and clear need for their skills.

The second priority is to target migrants who have been sponsored by States and Territories as they are best placed to identify the skill needs of their cities and regions.

The third priority is to target migrants who have an occupation on an expanded and more responsive Migration Occupations in Demand List (MODL). The MODL is an inherent element of the points test.

While priority was given to employer and State/territory-sponsored migrants in the 2005–2006 Program, the General Skilled Migration visa categories remain criti-

cally important as the major route to skilled migration in Australia in the immediate future.

ECONOMICS OF SKILLED MIGRATION

Skilled migrants have a positive impact on Australian living standards and a highly beneficial impact on Commonwealth and State budgets.

Unemployment rates for migrants are closely related to proficiency in English, age skill level and qualifications.

Research shows that the employment rates for recently arrived migrants are better now than 6 years earlier.

GENERAL SKILLED MIGRATION

WHAT IS THE POINTS TEST?

For most General-Skilled Migration visas, your application will be assessed against a **points test**. You can claim points under a range of different factors. The maximum points that can be claimed in any one factor reflects how sought after those characteristics are in the Australian labour market.

WHAT IS THE PASS MARK?

The pass mark is the total points you need to score to be eligible for a points-tested General Skilled Migration visa.

WHAT HAPPENS IF YOU DON'T MEET THE PASS MARK?

If you score below the pass mark, but above the "pool mark," your application will be held "in the pool" for up to 2 years after assessment.

If the pass mark is lowered at any time in that 2-year period, and your score is equal to or higher than the new pass mark, your application will be processed further.

Apart from waiting in the pool, there are four other visa options you could consider if you do not meet the pass mark:

1. If you score 110 points you may be eligible for a Skilled-Independent Regional (Provisional) (subclass 495) visa. See: *Skilled-Independent Regional (subclass 495) visa.*

2. If you meet the pool mark for the Skilled-Independent (subclass 136) visa, you can still lodge and register for the Skill Matching Database. More information on Skill Matching is available. See: *Skill Matching Database*

3. If you are under 45 years of age, have Functional English and a degree, diploma or trade qualification, you can apply for a Skill Matching (subclass 134) visa with no initial charge. Applicants are registered on the Skill Matching Database and may be nominated by a State or Territory government for a Skilled Matching (subclass 134) visa, or sponsored by an employer under the Regional Sponsored Migration Scheme.

This category is not points-tested. See: *Skill Matching (subclass 134) visa*

4. You may wish to apply for either the Skilled-Designated Area Sponsored (Provisional) (subclass 496) visa or the Skilled-Designated Area Sponsored Overseas Student (subclass 882) visa if you:

- are under 45 years of age;
- have functional English;
- have a degree, diploma or trade qualification; or
- have a relative, as distant as a first cousin, living in a designated area in Australia, who is willing and able to sponsor you.

These visas are not points-tested. See: *Skilled-Designated Area Sponsored (Provisional) (subclass 496) visa; Skilled-Designated Area Sponsored Overseas Student (subclass 882) visa*

WHAT ARE THE CURRENT PASS AND POOL MARKS?

The table below lists all the current pass and pool marks for the points-tested visas in the General Skilled Migration category.

Category	Current pass mark	Current pool mark
Skilled-Independent (subclass 136) visa	120	70
Skilled-Independent Regional (subclass 495) visa	110	110
Skilled-Australian Sponsored (subclass 138) visa	110	105
Skilled-Independent Overseas Student (subclass 880) visa	120	120
Skilled-Australian Sponsored Overseas Student (subclass 881) visa	110	110
Skilled-Onshore Independent New Zealand Citizen (subclass 861) visa	120	120
Skilled-Onshore Australian Sponsored New Zealand Citizen (subclass 862)	110	110

HOW OFTEN DO THE PASS AND POOL MARKS CHANGE?

Changes to the pass and pool marks occur to address Australian labour market needs.

You should check the current pass mark immediately before making an application. You will be assessed against the pass and pool mark that is in effect on the day you make your application.

FACT SHEETS

20. Migration Program Planning Levels in Australia

Australia's permanent immigration program has two components—**Migration**, for Skilled, Family and Special Eligibility Stream migrants and **Humanitarian**, for refugees and others with humanitarian needs.

On May 1, 2006, the Minister for Immigration and Multicultural Affairs, Senator Amanda Vanstone, announced the Migration Programme and Humanitarian Programme planning levels for the 2006–2007 year—134,000 to 144,000 under the Migration Programme, and 13,000 in the Humanitarian Programme.

This maintains the Government's commitment to an immigration policy which seeks to balance social, economic, humanitarian and environmental objectives.

HUMANITARIAN PROGRAMME

The Humanitarian Program comprises:

- Refugees from overseas—6,000 places.
- Special Humanitarian Program—over 7,000 places (this includes places required for onshore needs).

Further details are provided in Fact Sheet 60. See: *Australia's Refugee and Humanitarian Program*

MIGRATION PROGRAMME

The 2006–2007 Migration Programme provides up to 144,000 places, comprising:

- 46,000 places for family migrants who are sponsored by family members already in Australia;
- 97,500 places for skilled migrants who gain entry essentially because of their work or business skills; and
- 500 places for special eligibility migrants and persons who applied under the Resolution of Status category and have lived in Australia for 10 years.

The skill balance of the programme has been maintained with 67.7 percent of places in the Skill Stream.

PROGRAMME RANGE

The Programme will be delivered at the upper or lower end of the range depending on:

- application rates in demand-driven categories such as partners, children and employer-nominated and business categories;
- the take-up of State-specific and regional migration categories to achieve a better dispersal of the intake;
- the extent of national skill shortages and the ability to attract migrants to these; and
- the availability of high standard applicants in the skilled categories.

CAPS

The delivery of a balanced Migration Programme may require caps (or limits) to be placed on Parent or Other Family visa subclasses.

Further details are provided in Fact Sheet 21. See: *Managing the Migration Program*

The following table sets out the Migration Programme planning levels for 2005–2006 and 2006–2007. See: *Migration Programme Planning Levels*

Further information is available on the department Web site. See: *http://www.immi.gov.au*

The department also operates a 24-hour national telephone service inquiry on line, 131 881 for the cost of a local call anywhere in Australia.

Fact Sheet 20, produced by the National Communications Branch, Department of Immigration and Multicultural Affairs, Canberra.

Revised 17 July 2006.

© Commonwealth of Australia 2006.

Migration (Non-Humanitarian) Program 2005–2006 and 2006–2007

Category	2005–2006 Planning Levels Top of Range	2006–2007 Planning Levels Top of Range
Partner [1]	36,300 [2]	37,300
Child [3]	2,500	2,500
Preferential/Other Family [4]	1,700	1,700
Parent [5]	4,500	4,500
Total Family	45,000	46,000
Employer Sponsored [6]	15,000	15,000
Skilled Independent	49,200	49,200
State/Regional Sponsored [7]	10,000	10,000
Skilled Australian Sponsored [8]	17,700	17,700
Distinguished Talent	200	200
Business Skills [9]	5,400	5,400
Total Skill	97,500	97,500
Skill as Percent of Total Programme	69.2	67.7
Total Special Eligibility	500	500
Programme Planning Range	133,000–143,000	134,000–144,000

Note: Migration Programme numbers do not include New Zealand citizens or holders of Secondary Movement Offshore Entry (Temporary), Secondary Movement Relocation (Temporary) and Temporary Protection Visas and are detailed at the top of planning range.

[1] Includes spouse, fiancé and interdependent. Net outcome as places taken by provisional visa holders who do not subsequently obtain permanent visas are returned to the Migration Programme in the year that the temporary visas expire.

[2] An increase of 3000 partner places for 2005–2006 was agreed by government in March 2006.

[3] Includes child-adoption, child dependent and orphan minor.

[4] Includes aged dependent, carer, orphan, unmarried and remaining relatives.

[5] Includes designated, contributory and non-contributory parents.

[6] Includes brothers, sisters, nieces, nephews, nondependent children, working age parents, grandchildren and first cousins who have skilled tested.

[7] Includes State/Territory Nominated Independent Scheme and Skilled Independent Regional.

[8] Includes brothers, sisters, nieces, nephews, nondependent children, working age parents, grandchildren and first cousins who have been skill tested.

24. Overview of Skilled Migration to Australia

The Skill Stream of Australia's Migration (non-humanitarian) Program is specifically designed to target migrants who have skills or outstanding abilities that will contribute to the Australian economy.

The Australian Government continues to emphasize skilled migration, while maintaining a commitment to family reunion migration. The migration to Australia of people with qualifications and relevant work experience addresses specific skill shortages in Australia and enhances the size, skill level and "employability" factor of the Australian labour force.

The numbers of migrants arriving under the Skill stream has risen from 71,240 in 2003–2004 to 77,880 in 2004–2005.

In 2004–2005 the Skill Stream represented about 65 percent of the Migration Program, an increase from 62.3 percent in 2003–2004.

About 18,700 visas were granted under the State Specific and Regional Migration (SSRM) mechanisms in 2004–2005, almost a 50 percent increase on 2003–2004.

An additional 20,000 places has been allocated to the Skill Stream for the program year 2005–2006. The 20,000 additional places will be targeted at:

- employer sponsored migration;
- state/territory government sponsored applications; and
- applicants who nominate an occupation which is on the Migration Occupations in Demand List (MODL).

SKILLED STREAM CATEGORIES

There are five main categories of skilled migrants:

1. Independent Migrants

Independent migrants are selected on the basis of their age, skills, qualifications, English language ability and employability so that they can contribute quickly to the Australian economy.

They are not sponsored by an employer or relative in Australia.

This group forms the largest component of skilled migrants each year.

For example, in 2004–2005, 41,180 independent visas were granted (including family members), representing 52 percent of the Skill Stream. See Fact Sheet 25, *Skilled Categories*, for more information.

State/Territory Scheme.—The State/Territory Nominated Independent (STNI) Scheme enables State and territory governments to sponsor skilled migrants and their families in the Independent skilled category. For more details, see Fact Sheet 26, *State/Territory Specific Migration.*

2. Employer Nomination

Employers may nominate (or "sponsor") personnel from overseas through the following categories:

- The **Employer Nomination Scheme** (ENS) allows Australian employers to nominate workers from overseas for permanent entry to Australia when a position cannot be filled from within the local workforce.
- The **Regional Sponsored Migration Scheme** (RSMS) enables employers in regional and low population growth areas of Australia to fill skilled vacancies that they have been unable to fill through the local labour market.

The RSMS is one of several government initiatives designed to help State and territory governments in their efforts to boost development in regional Australia and less populated States/territories.

- A **Labour Agreement** enables Australian employers to recruit a specified number of workers from overseas in response to identified or emerging labour market (or skill) shortages. This is a formal arrangement negotiated between the Commonwealth Government and the employer or industrial association.
- In 2004–2005, 13,020 permanent residence visas were granted for Employer Nomination, RSMS and Labour Agreements. See also Fact Sheet 48—*Assisting Skilled and Business People.*

3. Business Skills Migration

The Business Skills program encourages successful business people to settle permanently in Australia and develop new business opportunities.

In 2004–2005, 4,820 business migration visas were granted to business people and their families. For more details, see Fact Sheet 27, *Business Skills Migration.*

4. Distinguished Talent

This is a small category for distinguished individuals with special or unique talents of benefit to Australia.

The profiles of people who have been successful under this category generally include sports people, musicians, artists and designers, all of whom were internationally recognized as outstanding in their field. In 2004–2005, 190 visas (including family members) were granted under this category.

5. Skilled Australian Sponsored

Skilled-Australian Sponsored category migrants are selected on the basis of their age, skills, qualifications, English language ability and family relationship. They must be sponsored by a relative already living in Australia.

In 2004–2005, 14,530 visas were granted under this category. See Fact Sheet 25, *Skilled Categories*, for more detail.

Further information is available on the department Web site: *http://www.immi.gov.au/media/fact-sheets/24overview_skilled.htm.*

The department also operates a 24-hour national telephone service inquiry line, 131 881 for the cost of a local call from anywhere in Australia.

Fact Sheet 24, produced by the National Communications Branch, Department of Immigration and Multicultural Affairs, Canberra.

Revised July 20, 2006.

© Commonwealth of Australia 2005.

25. Skilled Categories

This fact sheet provides an overview of the requirements to be met by applicants for the General Skilled Migration (GSM) visa categories, which is one part of Australia's Skilled Migration Program.

For an overview of the other categories within the Skill stream of Australia's Migration Program, see Fact Sheet 24—*Overview of Skilled Migration.*

More detailed information on the requirements and procedures for GSM visa applicants can be found on the department's Web site: *www.immi.gov.au/skilled/general-skilled-migration/index.htm.*

Australia's General Skilled Migration program is designed to attract young, highly skilled people, with a high level of English language ability who have skills in particular occupations that are required in Australia. These occupations are listed on *Australia's Skilled Occupation List* (SOL) which is available on the department's Web site, see *Form 1121i.*

People applying for a General Skilled Migration visa will need to:

- be under 45 years of age at the time they apply (unless they have been invited to apply for a General Skilled Migration visa);
- have an occupation listed on the SOL;
- have their skills assessed as being suitable for this occupation by an organisation in Australia, known as the Relevant Assessing Authority;
- have a high level of English;
- have recent skilled work experience or have recently completed an Australian qualification as the result of 2 years full-time study in Australia (required if applicant is applying from within Australia); and
- where applicable, meet the relevant passmark when assessed against the GSM points test.

There are several types of visa classes within the GSM category.

Skilled-Independent for people who do not have an Australian sponsor. Applicants must be outside Australia for the visa to be granted.

Skilled-Independent Overseas Student for holders of an eligible student visa in Australia who have recently completed an Australian qualification.

Skilled-Independent Regional (Provisional) for people who are sponsored by a State or territory government agency and who are willing to live and work in regional Australia or a low-population growth metropolitan centre for at least 2 years.

Skilled-Australian Sponsored for those who are sponsored by an Australian relative and have an assurer.

Skilled-Designated Area Sponsored for those who are sponsored by an Australian relative who lives in a designated area and who have an assurer.

Skill Matching for people who meet the basic requirements for GSM but do not have the required period of work experience and English language ability. This visa can only be granted whilst the applicant is outside Australia.

Skill Matching visa applicants' details may be placed on a Skill Matching Database which is distributed to State and territory governments and some regional authorities who may then nominate an applicant for migration.

Points Test

For GSM categories, with the exception of the Skilled-Designated Area Sponsored and the Skill Matching visa classes, applicants must pass a points test.

Applicants are awarded points for:

- Skill
- Age
- English language ability
- Specific work experience
- Occupation in demand (and job offer)
- Australian qualifications
- Study and residence in regional Australia/low population growth metropolitan areas
- Spouse skills
- Relationship (for Skilled-Australian sponsored visa applicants only)

- State/territory sponsorship (for Skilled-Independent Regional visa applicants only)

Applicants may also receive bonus points for one of the following:

- Capital investment in Australia; or
- Australian work experience; or
- Fluency in one of Australia's community languages (other than English).

Applications which achieve a score below the passmark (but above another mark, known as the pool mark) will be held in reserve for up to 2 years after it is assessed. If the passmark is lowered during this period and the applicant's score is at, or above, the new passmark, the application will proceed. If it is not, then the application will be refused.

The pass mark changes from time to time. Applicants should check the department's Web site at *http://www.immi.gov.au/skilled/general-skilled-migration/points-test.htm* for the current passmark.

Assurance of Support

An Assurance of Support (AOS) is an undertaking to provide financial support to the person applying to migrate.

Applicants applying for migration under the Skilled-Designated Area Sponsored or Skilled-Australian Sponsored categories must provide an AOS. Applicants applying under other General Skilled Migration categories may be requested to provide an AOS if it is determined that they are likely to access social security benefits within 2 years after their arrival to Australia. For more details, see Fact Sheet 34—*Assurance of Support.*

Online Lodgement

Applicants for a GSM visa that can be granted while in Australia, or an "offshore" Skilled-Independent Regional (Provisional) visa, can submit their visa application over the Internet.

The eVisa facility provides the following services:

- Internet visa lodgement
- Internet payment facilities using credit card
- electronic document attachment facility
- facility to check the status of an application online

Information on online lodgement is available at: *http://www.immi.gov.au/e_visa/general-skilled-migration.htm.*

Further information is available on the departments Web site: *http://www.immi.gov.au.*

The department also operates a 24-hour national telephone service inquiry line, 131 881 for the cost of a local call from anywhere in Australia.

Fact Sheet 25, produced by the National Communications Branch, Department of Immigration and Multicultural Affairs, Canberra.

Revised 9 August 2005.

© Commonwealth of Australia 2005.

Federal-Skilled Worker Selection Grid

Education	Maximum 25
University Degrees:	
Ph.D., or Masters ***AND*** at least 17 years of completed full-time or full-time equivalent study	25
a two or more university degrees at the Bachelor's level ***AND*** at least 15 years of completed full-time or full-time equivalent study	22
2-year university degree ***AND*** at least 14 years of completed full-time or full-time equivalent study	20
a 1-year university degree ***AND*** at least 13 years of completed full-time or full-time equivalent study	15
Trade or nonuniversity certificate or diploma:	
a 3-year diploma, trade certificate or apprenticeship [1] ***AND*** at least 15 years of completed full-time or full-time equivalent study	22
a 2-year diploma, trade certificate or apprenticeship ***AND*** at least 14 years of completed full-time or full-time equivalent study	20
a 1-year diploma, trade certificate or apprenticeship ***AND*** at least 13 years of completed full-time or full-time equivalent study	15
A 1-year diploma, trade certificate or apprenticeship ***AND*** at least 12 years of completed full-time or full-time equivalent study	12
High school Diploma:	
Secondary school educational credential	5

	Official Languages	Maximum 24
1st Official language	High proficiency (per ability [2])	4
	Moderate proficiency (per ability)	2
	Basic proficiency (per ability)	1 to maximum of 2
	No proficiency	0
	Possible maximum (all 4 abilities)	16
2nd Official language	High proficiency (per ability)	2
	Moderate proficiency (per ability)	2
	Basic proficiency (per ability)	1 to maximum of 2
	No proficiency	0
	Possible maximum (all 4 abilities)	8

Experience	Maximum 21
1 year	15
2 years	17
3 years	19
4 years	21

Age	Maximum 10
21–49 years at time of application Less 2 points for each year over 49 or under 21	10

Arranged Employment in Canada	Maximum 10
HRSDC confirmed permanent offer of employment	10
Applicants from within Canada and holding a temporary work permit that is:	
HRSDC opinion obtained, including sectoral confirmations	10
HRSDC opinion exempt under an international agreement, significant benefit (e.g. intracompany transferee) or public policy (e.g. post-graduate work)	10

Adaptability	Maximum 10
Spouse's/common-law partner's education	3–5
Minimum 1-year full-time authorized work in Canada [3]	5
Minimum 2-year full-time authorized post-secondary study in Canada [3]	5
Have received points under the Arranged Employment in Canada factor	5
Family relationship in Canada [3]	5
Total	Maximum 100

Pass mark as of September 18, 2003: 67 points

[1] "Diploma, trade certificate or apprenticeship" refers to a post-secondary educational credential other than a university educational credential.
[2] Applicants are rated on the ability to speak, listen, read or write Canada's two official languages.
[3] Applies to either principal applicant or accompanying spouse/common-law partner.
HRSDC: Human Resources and Skills Development Canada.

[Whereupon, at 12:29 p.m., the hearing was adjourned.]

○