

The economics of prioritizing family ties in U.S. immigration policy

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If you were comparing immigrants to the United States from Algeria and Israel and were asked which group had higher levels of education and skills, you'd probably assume the answer is the Israelis. After all, the

average Israeli has completed 12.5 years of schooling, compared with 7.6 years for Algerians, according to the American Community Survey.

But you'd be wrong. Algerian immigrants to the U.S. are not only better educated than those from Israel, they also have completed more schooling than the average, native-born resident of the United States.

What explains this seeming oddity? It's the built-in bias of the U.S. immigration system, which heavily favors applicants who have family ties in the United States, says Stanford Graduate School of Business economist Edward Lazear. Since there are relatively few Algerians living in the U.S., the immigration process requires that Algerians seeking to enter the country must do so primarily on the basis of their skills.

If this unexpected outcome applied only to immigrants from a few countries, it wouldn't be significant. But recently published research by Lazear found flaws in long-held theories of how immigrants with varying levels of educational attainment manage to migrate to the United States and other advanced countries.

Market Forces vs. Regulations

Since the 1960s, immigration was understood to resemble market-driven investment decisions. People would weigh the costs and benefits of migration in much the same way they might choose to change occupations. Highly skilled people living in countries where they are underpaid for their abilities were likely to move to countries where their experience would be better rewarded.

When looking at historic migration within the U.S.—from one part of the country to another—that's a reasonable theory, Lazear says.

In the first half of the 20th century, for example, millions of African

Americans migrated from the South to the industrial centers of the North. The move was expensive both in terms of tangible economic costs and less tangible, but still real, social and psychological costs. Why they were willing to uproot themselves was no mystery: There was more economic opportunity in the North and a perceived chance to escape racial oppression and discrimination. And there were no [government policies](#) to restrain their movements.

According to Lazear, some economists have adopted similar models to explain international migration patterns.

But today the U.S. is faced with what he calls an "excess supply" of potential foreign immigrants. Unlike the past, when market forces held sway, government regulations that ration legal immigration now determine who gets to stay legally.

In any given year, about 25 million people apply for permanent admission to the U.S., 1 million immigrants obtain green cards, and almost 4 million applicants remain on the waiting list, Lazear says. Who is allowed entry to the U.S. is largely determined by what amounts to a rationing system. "Policy rather than migrant desire determines who ends up in the U.S. and how well they do," he explains.

Lazear notes that his findings may seem obvious. But he adds that his argument is based on empirical evidence garnered from 129 countries. "The important implication is that we can have any group of immigrants or attainment we want," he says. "From our point of view, there are no bad countries. Every country, even those with poor educational systems like Algeria, produces highly skilled, [educated people](#)."

Lazear, a fellow at the Hoover Institution, served as chairman of the Council of Economic Advisers to President George W. Bush and has advocated for replacing the current quota system with a skills-based

[immigration policy](#). However, he emphasizes that his recent paper is not an argument for any particular immigration policy and it does not contain policy recommendations.

Underrepresented and Overachieving

The U.S. radically shifted immigration priorities when the Immigration and Naturalization Act of 1965 changed the allocation system from quotas based on national origin to one that favored family reunification. The effect was swift and dramatic.

The number of immigrants increased by nearly one-third, and they came from a different mix of countries. Immigrants from Asia, for example, quadrupled in the five years after the law's passage, while the share of immigrants from northern Europe dropped. The share of U.S. immigrants from France fell from 4 percent to about 1 percent in the same time period, because relatively few immigrants from France were already living in the U.S.

The use of family ties as an immigration entry vehicle tends to overrepresent some countries and underrepresent others. Algerians are underrepresented among U.S. immigrants by a factor of 10 compared to their share of the world's population, while Israelis are overrepresented by a factor of three, according to Lazear.

Mexico is overrepresented relative to India as a country of origin, but Indian immigrants are second from the top in educational attainment while those from Mexico are near the bottom. Historically, the best-educated immigrant group were those who came from the Soviet Union to the U.S. in the 1980s.

You might think that [immigrants](#) from countries where they are insufficiently rewarded for their advanced education, skills, and

expertise would be the most likely to come to the U.S. But Lazear found no such correlation.

Lazear's research indicates that the phenomenon he found in the U.S.—lower educational attainment of overrepresented groups—holds true in Sweden and other advanced countries. Sweden, Lazear notes, is an interesting comparison because its immigration policy is so different than that of the U.S.—it is weighted in favor of refugees—but the outcome is similar. "The general point is that the more overrepresented [groups are], the lower the attainment.

The U.S., he says, can decide what skills and levels of education—or other criteria, such as refugee status—it wants to emphasize. "This isn't about good or bad source countries. It's how many the U.S. takes from each country relative to the pool in that country."

More information: Rationing as a Determinant of Immigrant Composition and Outcomes: [www.gsb.stanford.edu/faculty-r ... composition-outcomes](http://www.gsb.stanford.edu/faculty-r...composition-outcomes)

Provided by Stanford University

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