

Statement of

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Before

**The Subcommittee on Immigration, Citizenship, Refugees, Border Security, and
International Law
of the
The House Judiciary Committee
U.S. House of Representative**

Hearing on “Examining Point Systems as a Method for Selecting Immigrants”

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Madame Chairwoman, Members of the Subcommittee:

Thank you for the opportunity to appear before you to discuss point and point-like immigrant selection systems. I have studied and written about such systems across the advanced industrial world for nearly two decades now and, at your invitation, I am here to share with you my reflections on whether and how such point systems might be usefully incorporated into the way that the US conducts parts of its immigration business.

While the observations below are my own, they rely on studies that I have undertaken by myself and with others, most notably, with Stephen Yale-Loehr, Kevin O'Neil, and, most recently, Will Somerville and Jeanne Batalova. The results of the collaboration with the last two authors were completed in February of 2007 and I would like to respectfully submit that product for the record.

Today, I will focus my remarks on four areas.

- The first will be a few general remarks about the nature of point systems—why and how they were created and why they seem to be so popular.
- The second will be a series of observations about whether reliance on point systems for selecting certain US-bound immigrants makes sense.
- The third area will focus on the value of point system-like procedures for conducting certain parts of our country's immigration business.
- The fourth and final area draws on my experience to suggest the proper place of point systems in the overall immigration policy toolkit of our country.

A. General Remarks About Point Selection Systems

Point systems are first and foremost human capital accrual mechanisms. They award points for certain individual characteristics that countries choose to value most at a specific point in time among the bundle of attributes that human beings possess. Five criteria seem to be most important as judged by the fact that they appear, and garner most points, across all point systems in use across the globe. They are:

- Education
- Occupation
- Work experience
- Language
- Age

An additional number of criteria also seem to be important, although they do not appear in every system and their valuation—measured in terms of assigned points—typically lags much behind that of the top five. These are:

- Employer nomination/job offer
- Previous or proposed earnings or salary
- Prior work experience or education in the country of proposed immigration

- The presence of close relatives
- Settlement stipulations and considerations (where one commits to locate)
- Investment with job creation responsibilities and retirement

Before proceeding further in this discussion, however, it might be useful to look at the genesis of point systems, particularly in the country that gave birth to them: Canada.

Canada reached the decision to move into point testing its “economic stream immigrants” (roughly what we call employment-based immigrants) in part as a means of avoiding the cycle of numerical feasts and famines in admissions that the ups and downs of its economy had been creating. (This is not unlike our own arguments over admission levels for H-1Bs.) It accomplished this by creating the point system and, after a few false starts (during which the system focused primarily on addressing job shortages) it eventually cast the system decidedly in the direction of advancing the broadest possible economic interests of the country and getting better economic “integration” outcomes for points’ tested immigrants—and if numbers are any guide, it has never seriously looked back. Incidentally, Canada point tests fewer than a quarter of all its immigrants in an average year. In other words, point tested immigrants in Canada are not intended to take the place of family immigrants, refugees and asylees, temporary workers, or any other part of the country’s immigration flow.

Point systems quickly became popular among government planners in other countries, also as a means of addressing another concern: That their higher education systems at the time were not producing enough professionals with the human capital characteristics their economies needed to grow and become more competitive in the emerging global marketplace. (The UK’s decision whereby graduates from 50 top business schools from around the world wishing to immigrate to the UK would automatically meet its points test’s “passmark” of 75 points is rooted on the same impulse. So is the “mad dash” around the advanced industrial world to facilitate the admission—with or without point tests—of selected foreign students who graduate from their universities.) Admitting immigrants selected for the education and qualifications the receiving economies need and could benefit from was thus judged to be good economic and labor market policy for both the short and, if properly weighed, the longer term.

However, point systems have also been useful for political purposes. For instance:

- They can inspire public confidence by appearing to use universal, data-driven, and objective selection criteria to advance clearly defined and easily understandable economic and labor market objectives. Compared to most other selection systems, point systems appear to avoid the case-by-case selection systems’ “gamesmanship” between employers and bureaucrats.
- A point system’s appearance of impartiality discourages individual-level challenges while the appearance of technical complexity and the formula’s increasingly forward thrust (to address longer term economic growth and competitiveness priorities) dampens concerns about adverse effects on domestic workers.

- A point system can reassure the public that the immigrants that gain admission under it are chosen on the basis of criteria that place the country’s broadest economic interests front and center—and thus promote its position in an increasingly competitive world.
- Most significantly, perhaps, a point system conveys to the public that the government is being proactive in anticipating needs and manipulating entries in ways that put national economic interests first; that is, that the government, rather than employers or families, is in charge of the most important part of the immigration system.

Selection systems that rely on point assessments, however, are not only focused on communicating with their own citizens. They also serve as announcements to would-be immigrants anywhere about the skills and preparations that could land them a work or immigrant visa to an increasing number of the most advanced economies in the world (as noted earlier, most countries’ point systems use variations of a small number of basic attributes).

A final advantage of point systems also deserves mention. Adopting them can encourage the creation of “virtuous circles” whereby a country uses the fact that it must constantly adjust both the attributes it chooses to emphasize and the point value it assigns each—adaptability, flexibility, and simplicity are hallmarks of the most successful point selection systems—as the reason for engaging in systematic, targeted and ongoing research and evaluation studies on immigration. Such studies will naturally focus on improving macroeconomic outcomes and anticipating and addressing labor market imbalances. Done right, however, they can also move us in the direction of looking at the selection formula’s effect on social and economic outcomes for the foreign workers themselves—a crucial priority if the frequently asserted “competition for talent” becomes more pronounced.

The Independent Task Force on Immigration and America’s Future (the Abraham/Hamilton Task Force), which my own Institute impaneled with the cooperation of two other distinguished think tanks, proposed to assign these tasks to a Standing Commission on Labor Markets and Immigration.

B. Adopting a Point System for the US?

The US, unlike most countries that use or are contemplating the use of point systems, has an “employer-driven” immigrant selection system, that is, it allows employers to judge which workers they need and empowers them to select such workers within certain loosely constructed parameters. This tradition—part history, part a reflection of the (un)availability of and (low) investments in the requisite data systems (and hence governmental capacity to embark on a different course), part philosophy about how much the government should be involved in and regulate labor markets, part keen appreciation of how labor markets function in practice—argues against importing yet another practice from political systems in which the role of government vis-a-vis the economy and labor market and the place of the business sector in society are dramatically different from our own.

Yet, there are circumstances, albeit narrow ones, under which a point system that is well calibrated, is constantly fine tuned, and casts its eyes to near future economic needs (a three-to-five year horizon), might be appropriate. Such a system might be relied upon to:

- Supplement the supply of labor in economic and labor market niches while building up educational and training capacity to meet fast growing demand.
- Give US states the opportunity to recruit some of the specialized workforce they may need in order to implement economic development goals.
- Give US states the ability to augment their pool of workers in hard to fill occupations. These may range from medical and associated fields to fields in which the willingness to work hard is the main prerequisite. Uneven demographics and high out-migration rates in some US states, especially among the young and educated, make gaining access to such workers/settlers an economic imperative.
- Build up a workforce in an emerging strategic industry, such as a new energy technology, at a rate that is faster than the reaction time of the educational system.
- Simplify the process through which the EB-1 and investor visas are issued.

C. Using Point Systems for Purposes Other Than Selecting *New* Workers

There are additional immigration policy areas in which a point-like system can introduce an orderly and transparent way for conducting parts of our immigration business. Two such uses come most readily to mind:

- Allowing illegally resident persons in the US to earn legal status, just as Senator Hagel proposes to do in the bill he introduced last week (“The Immigrant Accountability Act of 2007”); and
- Allowing future (new) temporary workers, regardless of skill level, to gain/earn lawful permanent resident status.

D. Concluding Observations

Generally speaking, point and point-like systems can be a useful tool to add to our immigration policy toolkit – as long as we use them for purposes that the concept can support readily and keep in mind what point systems are not. That is, that they are not mechanisms for meeting specific needs, by specific employers, within the narrow timeframes that most firms operate.

My long study of point systems allows me to make the following judgments about their utility in the US context.

- Point systems should not become the centerpiece of economic stream immigration in the US. As noted above, however, there are instances in which sparing and selective use of them can be very effective, especially if the race for talent intensifies (as it is widely projected to do).

- The countries that developed the concept—Canada, followed by Australia—have continued to rely on point systems but are showing considerable flexibility by adopting several ideas from elsewhere, particularly the US! Specifically, after a period during which job offers had been assigned fewer and fewer points, Canadian and Australian employers are now increasingly allowed to bring the workers they need from abroad, albeit initially as temporary workers. In my mind, this points the way toward a future in which hybrid selections systems will dominate the immigrant selection field. Such hybrid systems would facilitate selecting immigrants in ways that are most consistent with a country’s traditions and with the way in which its economy and labor market operate.
- Point systems will continue to be relied upon by increasing numbers of states during the early phases of opening themselves to international migration. The reasons are many. Some of them track those I identified in the first part of my testimony. But there are more. These countries need a way to get out of the “no immigration” traps they set for themselves over the last several decades. In their new calculus, opening themselves to the highly skilled, and doing so in ways that put the government in charge, may modulate the spike in the inevitable adverse popular reactions (and continue to satisfy their own bureaucracies’ need to remain in charge!).
- As they mature as immigrant receiving societies, however, I expect even these countries to enter the high skill and competitiveness sweepstakes in the most direct way—by empowering their firms to gain access to the skills and talents they need speedily, although always with many more responsibilities and requirements after entry than the US demands of its corporate citizens today.

The future of selecting “economic stream” and employment-based immigrants, in other words, is likely to gravitate much closer to our way of doing things than the US having to move toward theirs. And when that happens, the race for the most talented – rather than those who simply have the right formal qualifications – will really be on. The immigration reforms the Subcommittee will propose will either enable US firms and the US economy to be at the top of the heap in the years and decades ahead or it will create obstacles to it.

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