

Immigration Reforms after the Elections? Some ideas

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Long term forces and current opportunities

- **Demographics:** Hispanic and Asians are younger and will increase their relevance in the labor market and population/electorate.
- **Mobility:** it is increasing in the world.
- **Growth:** Global competition for talent and human capital, needed for innovation and growth.
- **Fiscal Cliff:** Immigration can be a source of government revenues.

Table 1

**Age- and Citizen Voting-Eligible
Population, Actual and Projected:
2012 and 2030**

(in millions)

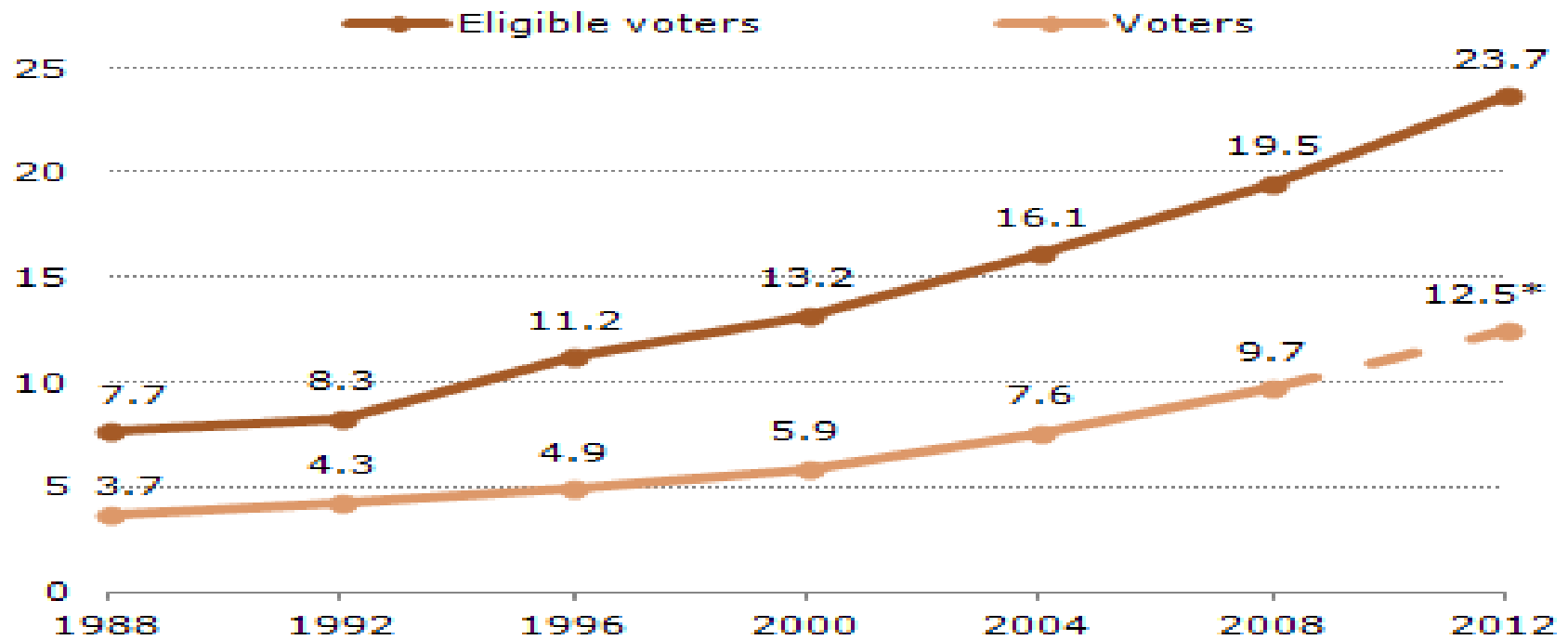
	2012	2030	Share of growth (%)
All	215	256	100
Hispanic	24	40	40
White	154	163	23
Black	27	35	21
Asian	9	16	15

Notes: "White," "Black" and "Asian" include only the non-Hispanic components of those populations. American Indian/Alaska Native not shown. "Share" calculated before rounding.

Source: Pew Hispanic Center tabulations of the August 2012 Current Population Survey and Pew Research Center projections, 2012

Figure 1
Latino Participation in Presidential Elections,
1988-2012

(in millions)



Note: Eligible voters are U.S. citizens ages 18 and older.

Source: For 1988 through 2008, Pew Hispanic Center tabulations of the Current Population Survey November Supplements; for 2012 number of eligible voters, Pew Hispanic Center tabulations of the August Current Population Survey; * for 2012 number of voters, Pew Hispanic Center estimate based on the National Election Pool national exit poll and number of votes tallied as reported by media outlets and election turnout experts.

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Immigration Laws: Current limits

- Complicated system, many visas and category (temporary and permanent).
- Cumbersome procedures, arbitrary cap, rarely changed, no role for the labor market.
- No consideration for the strong economic forces driving immigration. Most immigrants come to work but most permits are for family reunification.

Examples

- H1B visas (highly educated) and H2A,H2B visas (agricultural-seasonal) have rigid caps, cumbersome procedures, no connection with permanent permits.
- The F (study) visas are a better system: no cap, mostly electronic, the number of potential international students is increasing, this is a key export of services for the US

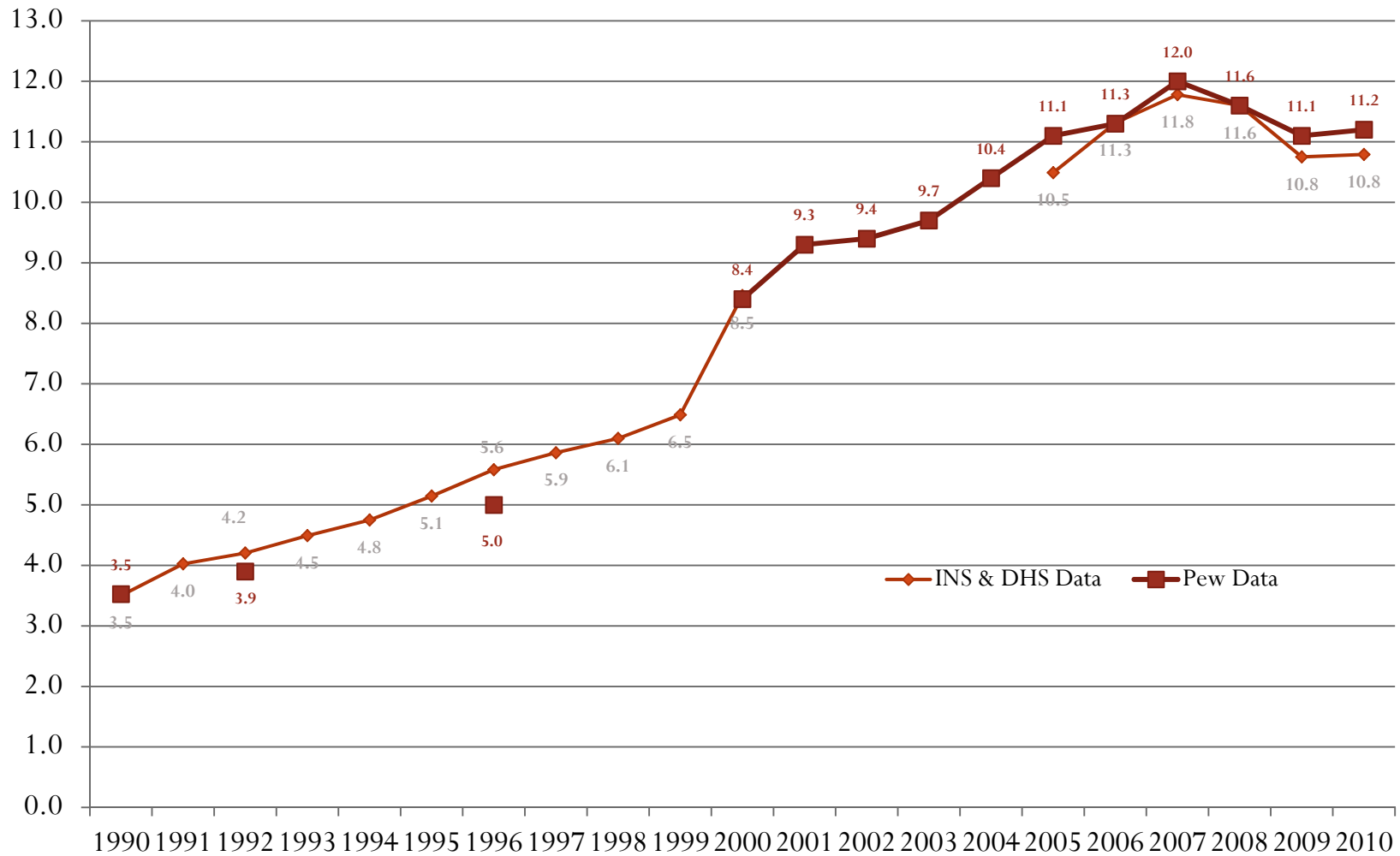
What should a reform do?

- Simplify the system. Allocate working visa with market criteria. Auction them to employers and let them trade the permits.
- Set a reasonable cap and let the price signal the value of and demand for immigrants workers. Connect temporary and permanent visas.
- Enforce the law on the workplace and not at the border. 40% of undocumented enter legally.

What about the Undocumented?

- The flow is under control, we need to take care of the stock.
- Only a reasonable policy of documented immigration will guarantee that the problem will not surface in the future.
- 11 millions, most of them in the country for at least 3 years. Set a fee/penalty based on the “value of a work permit” and allow a path to citizenship.

Estimates of undocumented immigrants in the US 1990-2010



Fiscal Revenues from the Reform

- Example: If individual fees for a path to citizenship are 5,000 \$, revenues would be around 50 Billion \$. This is the total federal fiscal revenue from a state like Maryland.
- These could be channeled to states and school districts.
- In a period of fiscal austerity the money could help the transition.

So:

- The demographic trends and the need to appeal to Hispanic and Asian,
- The need for fiscal revenues,
- The inefficiency and unfairness of the current system.

- May create the proper conditions. A reform of the legal entry is needed at the same time as undocumented immigrants are considered.