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Don't Close the Golden Door: Making Immigration Policy Work for Development

by Michael Clemens

International movements of people can spark and sustain the development process in poor countries, helping people climb out of poverty. Creating opportunities for poor people to improve their lives promotes our values, enhances our security, and restores our faltering image abroad. The next president of the United States has an opportunity to advance a migration agenda that is one of several pillars of our leadership position on global development.

Although many Americans legitimately fear the effects of immigration on our economy, the best economic research reveals two surprising facts about the massive immigration of the last two decades: it has not appreciably lowered the average American worker's wages,¹ and the fiscal impact of immigrants on funding for public services is roughly zero over their lifetimes—they contribute to the system roughly what they take out.²

Meanwhile, migrants from today's poorest countries raise their wages spectacularly when they come to the United States, sometimes by as much as 800 percent.³ (Back when we first became known as the land of opportunity around the beginning of the nineteenth century, migrants only doubled or tripled their earnings by coming here.⁴) Over the past decade, immigrants from developing countries sent hundreds of billions of dollars home, dwarfing our official and charitable efforts at foreign aid. And as we will discuss below, this is just the beginning of their effect on development.

This vast contribution to global development has not come at a substantial cost to our prosperity by any reasonable standard. It is a continuation of one of our proudest national traditions. It falls to the president to help Americans understand this and to pursue policies with this in mind.

For all those involved in the contentious U.S. debate over migration policy, considering the issue from the standpoint of development provides an important perspective

Why Migration is a Development Issue

The movement of people across borders shapes economic development across the globe in five ways that are not immediately obvious.

1. Migration creates positive spillovers in sending countries

The prospect of migration changes the decisions of people who do not migrate. Anyone who grew up in rural America understands that the existence of faraway urban centers, and the fact that some people leave to work in those centers, shapes rural communities. One reason rural Americans insist on quality schools for their children is so that some of those children can have opportunities in colleges and jobs far away. Those good schools end up helping even the kids who do not leave.

Similar things happen in the developing world. The Philippines, for example, sends large numbers of nurses to the United States and other countries. One result of this outward migration is that an enormous system of high-quality private nursing education has arisen in the Philippines to prepare (mostly) low-income women to benefit from these opportunities. Since not all of the trained nurses leave, the Philippines today has more professional nurses per capita than richer countries like Thailand and Malaysia—or even Great Britain (see box, next page).⁵

2. The United States and the world benefit from expanded commercial ties

People working abroad interact extensively with their countries of origin. They send enormous amounts of money home; workers' remittances to Latin America last year (around \$45 billion) greatly exceeded our more altruistic foreign assistance to the whole world. Beyond remittances, migrants help build trade and investment ties between the United States and the rest of the world. Indian and Taiwanese immigrants to the United States, for example, have been crucial to the formation

The White House and The World

Each day brings fresh evidence that Americans' well-being is linked to the lives of others around the world as never before. Accelerating advances in technology and the creation of new knowledge offer undreamed-of opportunities. Yet global poverty, inequality, disease and the threat of rapid climate change threaten our hopes. How will the U.S. president elected in November 2008 tackle these global challenges?



The White House and the World: A Global Development Agenda for the Next U.S. President shows how modest changes in U.S. policies could greatly improve the lives of poor people in developing countries, thus fostering greater stability, security, and prosperity globally and at home. Center for Global Development experts offer fresh perspectives and practical advice on trade policy, migration, foreign aid, climate change and more. In an introductory essay, CGD President Nancy Birdsall explains why and how the next U.S. president must lead in the creation of a better, safer world.

The White House and the World Policy Briefs present key facts and recommendations drawn from the book in a succinct form designed for busy people, especially senior policymakers in the executive and legislative branches of government. This brief is drawn from *Don't Close the Golden Door: Making Immigration Policy Work for Development* by CGD Research Fellow, Michael Clemens

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of manufacturing and informational technology hubs in their countries of origin by serving as intermediaries, commercial ambassadors, investors, and conduits for technology transfer.⁶ The United States has consequently benefited directly from the consumption of low-cost, high-quality goods and services available from India, Taiwan, and elsewhere.

We have seen similar links in the historical development of our own country. The development of the whole nation, not just its urban areas, has been driven by people born in rural areas who moved to urban areas to make their mark and never went back, such as John D. Rockefeller, Abraham Lincoln, and Thomas Edison. These people built networks of trade and investment, shaped ideas, and brought new technologies to every corner of the country—and the whole nation benefited, not just the cities they worked in.

3. When migrants return home, they bring knowledge, skills, and savings

Many immigrants from poor countries return home, bringing with them savings, skills, raised expectations, and familiarity with American institutions. In the 2006–2007 academic year, over half a million foreign students were enrolled in U.S. institutions of higher education. Large numbers of foreign students who get doctorates here return home shortly thereafter, including around half of the students from sub-Saharan Africa, Peru, and Turkey.

These students carry with them not only skills acquired in the world's top system of tertiary education but also firsthand experience of American institutions and raised expectations for their colleagues and institutions at home. Such return migrants in leadership positions in the Indonesian government—Widjojo Nitisastro, Ali Wardhana, and others popularly known as the “Berkeley Mafia”—are widely credited with helping to sustain Indonesia's three decades of growth and poverty reduction beginning in the 1960s.

4. People who depart leave gaps behind them

When large numbers of workers leave a country, the scarcity of labor can cause wages to rise. This happened historically in Ireland, Mexico, and Puerto Rico,⁷ and it is happening today in Morocco, Vietnam, and the Philippines. This process has also happened in the United States; massive departures from economically depressed counties in the Deep South, the Heartland, the Rust Belt, and the Great Plains since the 1930s helped to raise incomes there.⁸

New evidence also suggests that emigration of skilled workers in particular does not necessarily make poor countries worse off. Undeniably, the absence of skilled émigrés, such as

entrepreneurs and scientists who provided key services prior to departure, can make access to those services more difficult for the people staying behind. But it is unclear whether preventing these entrepreneurs and professionals from leaving a poor country would increase investment or provide more efficient services.

Beyond this, these individuals aspire to attain working conditions that professionals fortunate to be born here take for granted. Coercively denying them the ability to choose is unethical and contrary to our values of equality and opportunity. It would be similarly ineffective and unethical to force professionals born in inner cities to stay there against their will as a strategy to develop inner cities.

5. Those who work abroad immediately improve their living standards

Obtaining a job in a rich country makes a certain number of poor people much better off—immediately, massively, and almost certainly. If economic development is the construction of systems of exchange that make people progressively better off, then jobs in rich countries are not an alternative to development—they are a form of economic development for some people from poor countries.

Migration as a route out of poverty is very familiar from our national story. Best known is the frontier homesteading of the 19th century. Less known, but at least as important, is the epochal movement of about one million African-Americans born in the South to cities of the North and West, beginning in the 1920s and 1930s—known as the “Great Migration.” At the

heart of the economic development process for many African-Americans born in western Mississippi was the departure for distant centers of economic activity in prosperous cities.

An Agenda for the Next U.S. President

A president who treats migration policy as part of his development policy must be a leader. It is not enough simply to “enforce our laws.” Our laws do not always serve us well, or serve the cause of justice. President James Buchanan had a responsibility to lead, not just to enforce laws allowing African-Americans to be owned by other Americans. President Calvin Coolidge had a responsibility to lead, not just to enforce laws that placed anyone sipping a beer in violation of the U.S. Constitution. The buck stops with the chief executive.

The guiding principle should be that the movement of people is at the heart of the global development process. The United States can and should maintain its centuries-long role as an engine of economic progress for the world, and this can and should be done in a way that those lucky enough to have been born here find acceptable. We cannot “save” the world but we can do much more for many more. Leadership can move the United States and the world a few steps closer to a win-win scenario on migration. The key steps are the following:

1. Increase the number of annual low-skilled guest-worker visas to be between 300,000 and 500,000

There are currently just 150,000 legal slots for authorized temporary low-skill workers to enter the country each year (H-2 visas). Meanwhile, roughly four times that many workers enter the country each year without authorization.⁹ “Enforcement” is

Health professionals: Africa and the Philippines

Health professionals are scarce in Africa, and many fear that international movement of those professionals is partly to blame. The British government has banned their recruitment from all of Africa, while South Africa has imposed punitive measures against their emigration. But will coercion result in better health for Africa?

An African country has two choices. It can “train and trap” its health professionals by heavily subsidizing their training but compensating them poorly for their service and by preventing them from emigrating. Or it can shift from subsidizing training to compensating service and confidently building bridges with international companies and organizations to facilitate its health workers' professional development.

The Philippines has done the latter and sends far more nurses per capita abroad than any African country—while

still retaining more nurses per capita than Africa does. This emigration entails little public cost because many nurses there cover a substantial share of the cost of their own training. Other countries could learn from this success, and replace “train and trap” with limited mandatory post-graduate service, performance incentives, and new credit instruments to allow the professionals themselves to bear a portion of training costs. All such measures seek to expand, not reduce, the range of choices available to professionals in poor countries.

Source: Michael Clemens, “Do Visas Kill? Health Effects of African Health Professional Emigration,” Working Paper 114. (Washington, D.C.: Center for Global Development, 2007.)

Temporary guest worker agreements: A win-win for rich countries and poor people in the developing world

Great Britain recently discovered that labor movement from even very poor parts of Eastern Europe can be truly circular when it occurs legally. As of May 2004, anyone from the ten new E.U. countries could come to work in the United Kingdom, though eight of those countries (the “A8”) are subject to special registration and other limitations. Within two years, about 400,000 citizens of A8 countries came to work in Britain, mostly from Poland, with open-ended visas.

By the third year, the majority of these workers have already returned home. The success of the British experiment has led other E.U. states to drop their barriers to free movement from the A8 countries.

In the United States, a guest-worker scheme would allow many Mexican migrants to return home after working here seasonally and temporarily, as they did before we implemented our draconian border policies. Many workers now remain here permanently precisely because no legal channel allows them to ever return if they depart even briefly.

not the solution: between 1986 and 2002 the budget for patrolling the Mexican border increased about 1,000 percent and the number of patrol officers tripled—but unauthorized entries are at an all-time high.¹⁰ Our strong economy unquestionably demands those workers, and they are willing to work. The answer is to create a legal pathway for energetic workers to supply their labor.

The president should push hard for the establishment of a temporary guest-worker program to allow temporary migrants to work legally in the United States (see box above). This would allow hundreds of thousands more people access to opportunities here—helping them, their families, and the places they come from. It would do little to rile opponents of “amnesty” because it would not address the status of those who have broken laws in the past but rather would create a legal path to limited but substantial opportunity for new migrants. It would placate those concerned about migrants’ consumption of unpaid public services because it would confer strictly limited rights to public services; services that were provided could be paid for by employers.

2. Increase the number of highly-skilled temporary worker visas by 500,000

Shutting the door to skilled workers, aside from eliminating

hundreds of thousands of professional opportunities for highly productive people from developing countries who wish to work here, also lowers our productivity and threatens our ability to remain a center of innovation and job creation.

If Australia, Canada, and New Zealand had the population of the United States and issued the same number of skilled-worker visas in proportion to their populations as they do now, Canada would offer about half a million per year, Australia over one million, and New Zealand over two million.¹¹ The European Union is getting into this game as well, establishing the new “Blue Card” explicitly to compete with the United States for highly skilled workers from around the world.

These facts offer three lessons: first, much larger inflows of skilled workers will not harm us, as they have not harmed our friends; second, other countries are stepping in to take advantage of this costless, invaluable resource because we are not; and third, our economy has the strength to offer professional job opportunities to hundreds of thousands and perhaps millions of skilled, educated people from developing countries every year at no cost.

3. Increase annual admissions of refugees and asylum-seekers to between 100,000 and 150,000

Today, refugees comprise about 0.2 percent of our population. Hosting them is a global service we should be proud of. But Sweden manages to host five times that many as a share of its population—while maintaining a secure, equitable, and wealthy society. In Canada and the United Kingdom, refugees comprise about 0.5 percent of their populations; we can, and should, do at least that. We are strong enough, and it is the right thing to do. Even doubling our current refugee admissions would merely return us to the level under the Reagan, Bush, and Clinton administrations.

4. Direct the Bureau of the Census, the State Department, and Citizenship and Immigration Services to collaborate and lead international efforts to collect and compile migration statistics

Even countries with the largest migrant populations and the best immigration statistics—France, the United Kingdom, and the United States—do not carefully track departures. This is like collecting statistics on imports but not on exports but even more bizarre because people are so much more important than commodities. The president should direct the agencies above to lead international efforts to generate migration statistics that are as good as our trade statistics. This is essential to better understand the broader U.S. contribution to global development.

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Conclusion

Imagine telling Americans in 1900 that over the course of the 20th century, roughly sixty million people—that is, 80 percent of the population at the time—were going to come and stay in the United States in addition to tens of millions more who would come for a while but not stay. People would have been terrified of how that would affect their privileged position in the world. Yet that is precisely what happened, and here we are today: the richest nation the world has ever seen.

Few could have envisioned the degree to which we have grown economically while continuously enhancing our ability to provide opportunities to low-income people from around the world. It is something liberals can embrace because it effectively and enormously reduces poverty, and it is something conservatives can embrace because it is one of our longest and grandest traditions. The next U.S. president has a historic opportunity to turn today's shameful disarray into tomorrow's win-win breakthrough.

Further Reading

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Endnotes

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² See for example Ronald Lee and Timothy Miller, "Immigration, Social Security, and Broader Fiscal Impacts," *American Economic Review* 90, no. 2 (2000): 350–4.

³ Michael A. Clemens, Claudio Montenegro, and Lant Pritchett, "The Place Premium: Wage Differences for Identical Workers across the U.S. Border," Working Paper 149 (Washington, D.C.: Center for Global Development, 2008).

⁴ Kevin H. O'Rourke and Jeffrey G. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (Cambridge, Mass.: The MIT Press, 2000), chapter 7.

⁵ World Health Organization, *Global Health Atlas* (2007), <http://www.who.int/GlobalAtlas>. Accessed June 2007.

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⁷ See for example Prachi Mishra, "Emigration and Wages in Source Countries: Evidence from Mexico," *Journal of Development Economics* 82 no. 1 (2007): 180–199.

⁸ Lant Pritchett, *Let Their People Come: Breaking the Gridlock on Global Labor Mobility*, (Washington, D.C.: Center for Global Development, 2006), p. 49.

⁹ Michael Hoefler, Nancy Rytina, and Christopher Campbell, "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2006," *Population Statistics* (August 2007). DHS Office of Immigration Statistics Policy Directorate.

¹⁰ Douglas S. Massey, "Beyond the Border Buildup: Towards a New Approach to Mexico-U.S. Migration," *Immigration Policy in Focus* 4 no. 7 (2005) (Washington, D.C.: American Immigration Law Foundation).

¹¹ Canada issues 40,000–50,000 skilled-worker visas per year (Citizenship and Immigration Canada, *Facts and Figures 2006* [2007], p. 76), Australia about 70,000, and New Zealand about 30,000 (OECD, "Managing Migration—Are Quotas and Numerical Limits the Solution?" in *International Migration Outlook* [2006], pp. 133–7).