



Immigration policies: The United States and Canada

Abstract

In attracting talented people from around the world, the United States and Canada are exceptional, but for somewhat different reasons. The U.S. economy is powered by immigration, and more than a million people immigrate there every year. Canada also has one of the highest percentages of immigrants: one of five residents is foreign-born. The quality of immigration is high in North America. But immigration policy differs in many ways. The United States attracts migrants through its size, tradition as a country of immigrants, and its contestable labor markets and job opportunities. Of all the immigrants coming to the United States, more than a quarter have tertiary education. But the lack of a comprehensive policy can lead to undocumented migration and weak public institutions for integrating immigrants. Canada has a more comprehensive set of policies based on a “points” system to both meet labor market needs and reunite families.

People migrate for different reasons: they flee from political oppression or for move for economic or personal reasons. But the countries they choose are usually not chosen by coincidence or simple convenience. The United States and Canada both have large immigrant populations, although they approach immigration quite differently. More than a million people immigrate into the United States every year, and Canada has one of the highest percentages of immigrants among developed countries: one of five residents is foreign born. The quality of immigration is also exceptionally high in both countries. Of all the immigrants coming to the United States, 26.1 percent had a tertiary education.¹

Culture versus policy

Over the years, the United States has been a global magnet for immigrants. In 2008, foreign-born people accounted for 12.5 percent of the US population. In 2000 one in four immigrants in the OECD lived in the United States (figure 62).² The composition is diverse, with Asians constituting 40 percent of immigrants (figure 63). In 2009 and 2010, an estimated 1.13 and 1.04 million people, respectively, immigrated to the United States.³ The US Department of State received more than 13 million applications for the 2010 Green Card Lottery, whose winners are granted permanent residence in the country.⁴

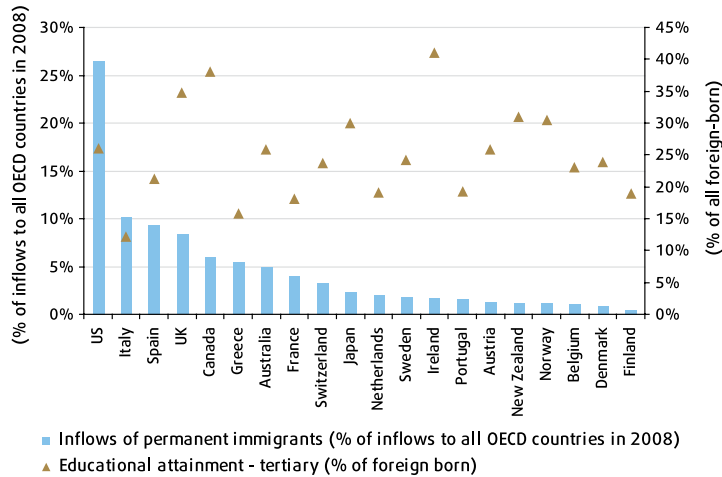
However, these statistics do not capture illegal immigration into the country. The US Homeland Security Department estimates that in 2010 there were around 10.8 million illegal residents in the United States (compared with 63,000 in Canada).⁵

Coming to America

America owes its success as a destination for foreigners in part to its size, wealth, its contestable labor markets and job opportunities. Thanks to its strong antidiscrimination policies, the United States enjoys relatively high diversity among immigrants. Permanent residents are allowed to work, run a business, or receive assistance from government agencies while searching for a job. Newcomers can also receive assistance with learning English. Bloemraad (2006) suggests that such classes can strengthen immigrants’ political and civic ties with the receiving country. However, US policies toward immigrants’ integration are only mildly favorable, according to MIPEX III ranking. The United States was ranked ninth, compared with first for Sweden, second

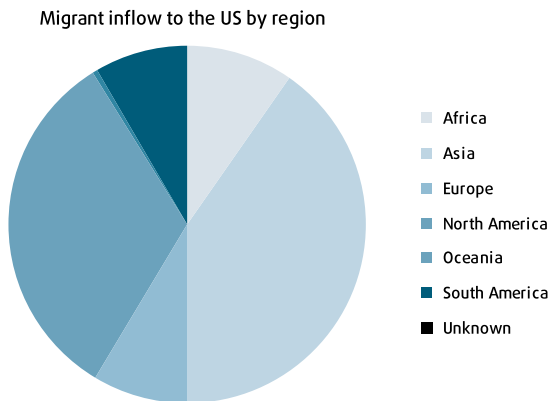
for Portugal, and third for Canada. Caps on visas for family members delay the reunification of families. In contrast with Canada, the definition of family under US law excludes individuals from sponsoring a visa for a same-sex partner.

Figure 62: Inflows of permanent migrants in OECD countries (as a % of inflows of all permanent-type immigrants in OECD countries) and share of immigrants with tertiary education



Source: OECD International Migration Database and OECD (2008b).

Figure 63: Inflow of immigrants to the US in 2010 by region of birth⁶



Source: US Department of Homeland Security.

The Immigration Policy Center indicates that the current cap of 65,000 on H-1B workers limits the inflow of professionals, and the accompanying procedures may hinder the policy response to a changing demand for skilled labor. Prior to the recent recession, the H-1B quota was filled on the first day; the total number of visa holders stood at 727,000 in 2007, but was down to 477,000 in 2009. Due to the recession, many employers did not use the visas that they had applied for before the crisis. MIPEX III (2011) indicates that high fees and backlogs connected to immigration processes played a role. Finally, permanent citizens living in the United States have lower security than their counterparts in Europe or Canada. Immigrants working and living in the



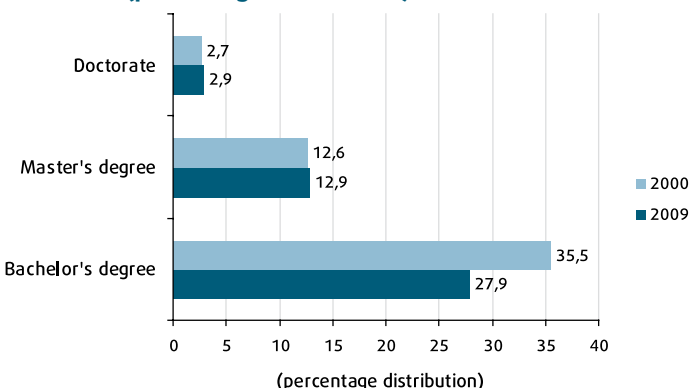
United States for a number of years can face deportation due to various reasons, regardless of having family in the United States (Lonegan 2007).

Going to Canada

In 2008, the foreign-born labor force in Canada accounted for 21.2 percent of total employment, compared with 16.5 percent for the United States. In 2009, the main sending countries were the United States, followed by Mexico, France, and the Philippines. About 20 percent of people living in Canada was foreign born, in comparison with 12.5 percent for the United States.⁷ In spite of the crisis, the inflow of foreigners was relatively stable. In 2010 there were 281,000 permanent immigrants coming to Canada, with 8.8 percent of them being refugees.⁸ The country has experienced a sharp rise in temporary worker inflow, from 116,540 in 2000 to 178,478 in 2009.⁹ Finally, between 15 percent and 20 percent of foreign students remain in Canada and start working.

According to the MIPEx ranking, Canada has one of the most attractive policies for migrant workers and their families. Gera and Songsakul (2007) suggest that Canada has proven to be especially attractive for high-skilled permanent migrants (figure 64).

Figure 64: Permanent residents in Canada 15 years of age or older by gender and level of education (percentage distribution) in 2000 and 2009



Source: Citizenship and Immigration Canada.

Such results stem partly from favorable policies toward workers' rights. Permanent immigrants have the same access to work opportunities as Canadian citizens, including setting up a business. The Canadian system is designed to treat all immigrants equally, regardless of ethnicity, race, religion, or nationality. Immigration policy provides stable solutions for fostering family reunion. Universal access to education for all children living in the country, regardless of their immigration status. Political participation is one of the few aspects of life from which permanent immigrants are excluded. Canada chooses whom to give a visa based on a score system that ranks candidates according to their profile (e.g., having a job offer or tertiary education grants additional points). In order to attract highly skilled labor, talented immigrants can be admitted to the country without having a job offer. Yet some professional qualifications are not fully recognized. In order to become an official citizen, one has to pass a citizenship test, which measures language abilities and basic knowledge about the country.¹⁰ According to MIPEx, Canada has one of the most professional citizenship tests from all countries included in the ranking.

European challenges, North American lessons

Despite differences in policies, the United States taps the largest share of immigrants coming to OECD countries. Immigration's diversity makes it relatively easy for foreigners to find their niche. Over the years the immigrants became an important source of workers as well as consumers. It is estimated that immigrants in 25 US metropolitan areas (MAs) accounted for 20 percent of the population and contributed to 20 percent of economic output.¹¹ Nearly a quarter of immigrants in the 25 MAs worked in managerial and professional occupations. Immigrants accounted for nearly 70 percent of those choosing a career in science or engineering, between 1995 and 2006. Finally, due to illegal immigration, some parts of the labor force are unaccounted for in the official statistics. The Immigration Policy Center (2010) indicates that leaving a large number of people without an official status might be partly a source of the socioeconomic gap.

Comprehensive solutions for drawing talent should probably start with streamlining the selection process for immigrants. For example, Canada with its scoring system of visa applications can prioritize certain features of the labor force crucial for the country's future development. Those solutions need to take into account cultural and language differences among incoming migrants. The OECD estimates that on average 80 percent of British migrants coming to Canada are employed, whereas the rate for Chinese-born stands at 61.5 percent. Finally, policies are not the only important factor in the immigration decision. Such factors as a country's size, diversity, or culture play also an important role. Many immigrants choose the United States due to what they describe as a "feeling of being free." Fifty states within one country, each offering somewhat different regulations, provide a lot of choice.

All in all, in the era of ageing societies, only those who can draw and then make full use of the potential of newcomers will be able to compete on the global market. Hatton (1995) and Fertig (2001) suggest that while considering to migrate, individuals calculate the expected income, probability of employment abroad, and cost of moving. Thus, countries with booming economies and/or high levels of income are likely to remain the obvious destinations for immigrants from poorer backgrounds. However, using the right combination of policy, culture, and economy might be an important leverage in getting the brightest in the workforce.



Sources

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Notes

- 1 OECD weighted average: 24.3 percent.
- 2 Numbers are from around 2000, according to OECD database based on national census information 1998–2002.
- 3 Immigrants are understood as those who obtained lawful permanent residence. Figure from U.S. Department of Homeland Security estimates.
- 4 The Green Card lottery is aimed at granting permanent resident status to nationals of countries with low immigration rates to the United States.
- 5 Canada lacks official estimates of illegal immigration. According to auditor general Sheila Fraser, there were 22,000 immigrants facing deportation and additional 41,000, whose whereabouts remain unknown.
- 6 Immigrants understood as those who obtained lawful permanent residence.
- 7 Reference year: 2008.
- 8 Canadian Citizenship and Immigration Authority estimates.
- 9 Canadian Citizenship and Immigration Authority estimates
- 10 An applicant needs to speak English or French.
- 11 Fiscal Policy Institute (2009).