SELECTIVE IMMIGRATION POLICY IN AUSTRALIA, CANADA AND THE UNITED STATES

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ABSTRACT:

We compare the selective immigration policies in Australia, Canada and the United States over the twentieth century and as they exist today. We then review existing information about the link between selective immigration policy and immigration outcomes in the three countries. The literature reviewed suggests that there does seem to be potential for selective immigration policy to affect immigrant outcomes by altering the skill levels of immigrants. Still, it is clear that other forces are at work as well. Historical accidents, social forces, and simple geography may all have a hand in shaping traditional migration patterns, while labor market conditions—in particular the relative return to skill—are likely to be as important as policy in producing migration incentives.

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INTRODUCTION

Through the years Australia, Canada, and the United States have been the destinations for large numbers of immigrants. While the magnitude of the immigration flow and the characteristics of immigrants themselves have varied between these three nations and over time, it is hard to deny that immigration has had a major hand in shaping the identity of each. The similarities (and dissimilarities) in the experiences of these countries have provided researchers with excellent opportunities to analyze the role of selective immigration policy itself in influencing immigration outcomes. This has been an important area of policy-related research as immigration is the one component of population and labor market growth that comes most directly under the control of policy makers.

This paper will begin by briefly comparing selective immigration policies in Australia, Canada, and the United States over the twentieth century. Although temporary migration has become an increasingly important demographic and labor market phenomenon, our focus will be on the selection of permanent residents. Emphasis will be placed on comparing the implications of various regulations and policies for the skill composition of the immigrant stream. We are specifically interested in comparing the selective immigration programs of these three countries as they exist today. Finally, we review existing information about the link between selective immigration policy and immigration outcomes in the three countries.

1. SELECTIVE IMMIGRATION POLICY THROUGH THE YEARS

Prior to the twentieth century both Canada and the United States essentially operated an 'open door' immigration policy.1 Needing people to push back the frontier, populate the country and defend the borders, Canada and the United States stood ready to receive new immigrants and, overcrowded, Europe stood ready to send them. Other than a few policies to deny entry to the sick, destitute or criminal, immigration was essentially unrestricted. The primary exception to this was the Chinese Exclusion Act of 1882 that limited the entry of immigrants from that country to the United States and made national origin an explicit condition of entry for the first time (Vialet, 1989).2 Similar legislation was passed in Canada in 1885 (Green, 1995). Enormous increases in the numbers of immigrants in the early part of the twentieth century resulted in both Canada and the United States passing legislation that established a process for regulating immigration (specifically limiting immigration through the use of quotas in the case of the United States) and expanded the use of national origin as a selection criterion. Canada made a distinction between “preferred” (Britain, the United States, and northwest Europe) and “nonpreferred” countries (Green, 1995) while the United States distributed visas based on the national origin of the foreign-born population enumerated in the 1920 U.S. Census (Cobb-Clark, 1990).3

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3 Although this policy had been intended to maintain the ethnic balance, it failed to do so mainly because the countries with the largest quotas left them largely unused (Cobb-Clark, 1990).
Australia's immigration policy evolved in much the same way as in the United States and Canada, although as expected given her relative youth, at somewhat later dates. Restrictions on Chinese migration following violence in the gold fields in the 1850's were the origins of the "White Australia" policy (Miller, 1999). Between Federation in 1901 and World War II (WWII), Australia's focus was directed mainly towards retaining a British identity through British immigration. Australia lost a higher percentage of her young men during WWII than any other participating nation (Parcell, et al., 1994), and this combined with a feeling of geographic isolation from Britain gave rise in 1945 to a mass immigration campaign launched with the slogan "Populate or Perish" (Lack and Templeton, p. xiii, 1995). While British settlers who continued to be preferred would receive passage assistance, it was also recognized that Britain alone was unlikely to meet the demand for new immigrants. Thus, the Government set out to expand the immigrant base to include those from other European countries. There was little scope, however, for Asian immigration.

National origin continued to play an important role in the immigration policies of all three countries until the 1960s when the discriminatory nature of the national origins philosophy was called into question. Canada began turning away from national origin and towards individual characteristics as selection criteria in 1962 (Green, 1995; Green and Green, 1999), the United States followed in 1965 (Briggs, 1984), and Australia's "White Australia Policy" ended in 1973 (CAAIP, 1987).

These changes in selection policies presented an important policy challenge for Australia, Canada, and the United States because whereas the assessment of national origin had been straightforward, the assessment of individual characteristics was not. Each country struggled to find the appropriate balance between the desire to first, reunite families, second, increase the skill base of the population, and third, meet humanitarian responsibilities through the acceptance of refugees. The U.S. system gave more weight to the reunification of families, with relatively few visas (approximately 20 percent) reserved for immigrants selected on the basis of their labor market skills. Australia and Canada placed relatively more weight on encouraging skilled migration with Canada first introducing a points test for judging the admissibility of skilled immigrants in 1967 (Green, 1995, Green and Green, 1995; 1999) and Australia following in the late 1970s (Birrell, 1990). Though the intervening years saw many changes in the specifics of each country's immigration program, the basic framework adopted by each country as selection on the basis of national origin ended remains today.

2. Selective Immigration Policy Today

Australia's immigration program is modeled on Canada's and, with minor exceptions, the policies of the two countries are broadly the same (Clarke, 1994). Both Australia and Canada separate nonhumanitarian immigration into two components: one based on close family relationships with citizens or permanent residents and the other based on
an individual’s potential contribution to the labor market. In between are the Skilled-Australian Linked migration program in Australia and the assisted relative class in Canada that assess individuals on both skills and more distant family relationships. Skilled migration also consists of independent migrants without family relationships who are points tested and migrants intending to establish businesses in either Australia or Canada who must meet certain investment requirements.

Each year Australia’s Minister for Immigration establishes numerical planned intake levels. Caps are set separately for each major category (i.e., family and skill) and applicants passing the points test are issued a visa so long as the relevant cap has not been reached. Once the cap has been reached, qualified applicants are placed in a queue to await the availability of a visa. Adjustments may be made at any time to the planned intake level or to the pass mark of the points tests to control the number of visas granted. Since 1996-1997, the family stream has also been subject to planning levels (though not a points test) (Miller, 1999). The Canadian system operates in a similar fashion, with the federal government also setting a targeted level of immigration. Although this target is reviewed annually, it is meant to be maintained at the predetermined level for five years. In the 1990’s the Canadian government began to take a more long-term view of the benefits of immigration and consequently moved to maintain large inflows of immigrants despite high domestic unemployment (Green and Green, 1999). Finally, the Canadian system treats assisted relatives and independent migrants as the residual giving preference to family class migrants and refugees (Green and Green, 1995; Green, 1999).

The points tests are the primary mechanism for regulating the level and influencing the characteristics of skilled immigrants in Australia and Canada. It is difficult to construct a historical overview of the specifics of the points system because regulations changed from year to year. Not only did the overall pass mark, and the specific points awarded to a particular characteristic, say “employability” or occupation, change over

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4 Under the 1973 Trans-Tasman Travel Arrangement, New Zealand citizens are allowed to enter Australia to visit, live, and work without the need for a visa.

5 Until 1989 the Concessional Family Migration (the predecessor to the Skilled-Australian Linked program) and Independent Migrant classes were combined and fell under the skilled immigration category in Australia (Parcell, et al., 1994).

6 In both Australia and Canada the points tests in the Skilled-Australian Linked program and assisted relative class differ from the tests applied in the Independent category. In particular, individuals are given additional points for family relationships. Pass marks also differ (ADILGEA, 1991; Green and Green, 1995; 1999).

7 In practice it appears that labor market considerations, specifically the unemployment rate, play an important role in the setting of these targets.

8 Individuals who fail to achieve the requisite pass mark, but who do achieve a lower “pool” mark remain active in the pool of visa applicants for 12 months in case the pass mark is subsequently lowered (Miller, 1999).

9 This has the obvious implication that skilled immigrants make up a small proportion of the overall flow of immigrants in years when the demand for immigration visas from family members and refugees is high.

10 See Miller (1999) for the details of the Australian point system. Details of the Canadian point system can be found on the website for Citizenship and Immigration Canada (www.cic.gc.ca) or see Green and Green, (1995) and (1999).
time, but the way in which officials were meant to evaluate that characteristic also varied. For example, whereas Australia's points test in 1988/1989 awarded points separately for employability (including English), skills, and education; the 1989/1990 points test awarded points for employment skills (including education) and English (ADILGFA, 1991). In general, however, both Canada's and Australia's points tests take into account an individual's, age, education, occupation (or intended occupation), and language ability (AADILGFA, 1991; Green, 1995; Green and Green, 1995; 1999). Changes to the Australian points test in the late 1990's resulted in additional points being awarded if the applicant's spouse also meets the minimum age, skill and English language requirements or if the applicant holds an Australian degree. At the same time, the Australian government established minimum age, skill, and English language criteria which skill-based migrants to Australia must meet in addition to passing the points test.

The U.S. immigration program as it emerged from the national origins system appears quite different. Immigration levels are established by Congress through amendments to the immigration statute. Thus, the United States, unlike Australia and Canada, does not attempt to make the level of immigration responsive to stages in the business cycle. Prior to 1990, the United States did not separate immigrants into distinct family and skilled immigration programs as was the case in Canada and Australia, but instead established a system of six hierarchical preference categories. Preferences three and six were reserved for individuals with "exceptional ability" or whose skills were in short supply. Remaining preferences were reserved for various family members. The Immigration Act of 1990, however, in addition to increasing overall immigration, established a three-track preference system for family-sponsored, employment-based, and diversity immigrants (Viallet and Eigh, 1990).

Table 1 shows the proportion of Australian, Canadian, and U.S. immigrants by broad class admission and region of origin. In 2002 family-based immigrants made up a similar share of the overall immigration flow in both Australia and Canada, although a much higher proportion of Canadian immigrants entered under a skilled category (58.7 percent) than was true in Australia (40.5 percent). This latter difference results because

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11 Before 1989, points testing was based on policy guidelines in Australia. In 1989, changes in migration legislation introduced a legal basis for the points test (ADILGFA, 1991).
12 Throughout most of the 1980s, Australia operated an Occupational Shares System (OSS). This was an eligibility category for a limited number of people in trades and professions whose skills were—based on an annual industry survey—difficult to fill locally in the short to medium run (Parcell, et al, 1994).
13 Specifically, all applicants must be under the age of 45, be proficient in English at the vocational level, and meet the Australian requirements for (and have recent experience in) an occupation set out on a skilled occupations list. See Cobb-Clark, 2003 for a review of Australian policy changes over the 1990s.
14 The Nonpreference category applies to anyone not eligible for one of the first six preference categories. However, due to a large backlog in visa applications no one was admitted to the United States in this category between the late 1970s and 1990 (Cobb-Clark, 1990).
15 It is important to note that like Australia and Canada, the United States also permits some individuals, in particular immediate relatives (spouses, minor children, and parents of adult) of U.S. citizens, to enter without limitation (Viallet, 1989).
of the large numbers of New Zealand citizens entering Australia under the 1973 Trans-Tasman Agreement. The picture is quite different in the United States with almost two in three immigrants (63.3 percent) in 2002 entering the country as either immediate relatives of U.S. citizens or as a family-sponsored migrant. Only 16.4 percent of immigrants entering the United States do so as employment-based immigrants.\textsuperscript{17}

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<th>Table 1. Australian, Canadian and U.S. Legal Immigrations, by Region of Origin and Broad Class of Admission</th>
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<td>Sources are as follows: Australia (DIMIA, 2002, Table 1.3); Canada (CIC, 2003); United States (USINS, 2002, Tables 7 and 8).</td>
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\textsuperscript{a} Includes Mexico, Central America, South America and the Caribbean.

\textsuperscript{b} Includes Skilled-Australian Linked immigrants.

\textsuperscript{c} Includes individuals for whom no visa is required, in particular New Zealand citizens and others.

\textsuperscript{d} Includes only immediate relatives of U.S. citizens.

\textsuperscript{16} New Zealand citizens accounted for 15,468 of the 21,458 (72.1 percent) non-program migrants entering Australia in 2001 – 2002.

\textsuperscript{17} Note that for all countries the number of skilled individuals is actually smaller because the numbers reflect accompanying family members as well as principle applicants.
There are also interesting differences in the distribution of immigrants across these entry categories by region of origin. Relative to the overall immigration stream, individuals from Asia and Oceania mainly enter the United States on the basis of their employment credentials, but are more likely to enter Canada on the basis of family connections. At the same time, European immigration appears to be skill based in Canada and Australia, while a disproportionate number of Europeans enter the United States as refugees. Latin American immigrants enter the United States predominately as family members, but tend to enter Australia and Canada as refugees. Immigrants from Africa and the Middle East are most likely to enter Australia or Canada as skilled immigrants, whereas the United States accepts a relatively large number of African and Middle Eastern refugees and family reunification migrants. Finally, it is perhaps not surprising that relatively large numbers of both family- and skilled-based immigrants move between the United States and Canada.

3. The Effect of Selective Immigration Policy on Immigrant Outcomes

The patterns highlighted in Table 1 resulted from changes to immigration programs in Australia, Canada, and the United States over the 1990s that placed a greater emphasis on productivity-related characteristics in the immigrant selection process. These policy changes stemmed primarily from the belief that skill-based immigrants do better in some sense than immigrants admitted on the basis of their family relationships—a belief which researchers have begun to examine. Interestingly, Lowell (1996) suggests several reasons why the superior performance of immigrants selected primarily for their skills may not be a foregone conclusion. He points to the similarity in the jobs held by family- and skill-based immigrants, the high skills of many family migrants, the support provided by sponsoring family members, and the inability to use skills to completely predict labor market success as potential reasons for believing that the difference in the outcomes for the two types of migrants may be smaller than commonly believed.

Cross-National Studies:

Some researchers have used the similarities in the Canadian, U.S., and occasionally Australian labor markets and the dissimilarities in their immigration policies to gain insight into the role of the selection process in immigrant outcomes. For example, Duleep and Regets (1992) analyze 1980 U.S. and 1981 Canadian Census data to compare immigrants in the two countries. They conclude that immigrants to Canada are younger and more fluent, but that there is no consistent difference in education. Furthermore, the differences in characteristics generated by the Canadian point system do not appear to translate into a consistent earnings advantage for Canadian immigrants relative to native-born workers of the same age. In contrast, Borjas (1993) uses data

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19 The authors note, however, that the questions regarding language ability vary greatly between the two censuses.
from two censuses for each country to compare the experiences of immigrants. As a result, he is able to focus on the effects of structural changes in policy, in particular the introduction of the point system in Canada, on immigrant characteristics. He concludes that the point system "attracted" more educated immigrants, because it altered the national origin mix of Canadian immigration not because the expected wages or skills of any particular national origin group were higher in Canada.

Antecol, Cobb-Clark, and Trejo (2003a) and (2003b) re-examine this issue using Australian, Canadian, and U.S. data. Like Borjas (1993) they find that much of the difference in the skills of immigrants across these countries lies in the large numbers of relatively unskilled individuals from Mexico, Central and South America in the U.S. immigration stream. Interestingly, the cross-national patterns are similar for men and women even though women are much less likely than men to gain immigrant status through assessment of their labor-market skills. Thus, the authors conclude that factors other than immigration policy per se—i.e., geographic, historical, and or social explanations—are also important in contributing to the observed cross-national differences in immigrant skills.29

Longitudinal Evidence:

The difficulty with using the stock of immigrants to assess the impact of policy is that the skills of the immigrant population are the result of a complex interaction in the demand for and supply of immigrants (Chiswick, 1987; Cobb-Clark, 1993; Cobb-Clark and Connolly, 1997). While immigration policy (specifically, regulations regarding immigrant selection or efforts to reduce illegal migration) may be thought of as the demand for immigrants, other historical, social or economic forces (for example, wars, relative economic conditions, or the geographic location of ones relatives) determine the supply of potential immigrants. The observed skills of the immigrant stock at a point in time are determined by demand, supply, and selective remigration. Previous analyses of immigrant stocks often ignore the supply or remigration effects, attributing differences between immigrant populations in different countries to differences in demand (or policy).30

An alternative methodology uses time series data on immigrant flows to gauge the impact of policy changes. Green and Green (1995) construct a series of quarterly data on the intended occupations of Canadian immigrants. Their use of entry data

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29 Chiswick (1987) also uses Census data for Australia, Canada, and the United States to analyze changes over time in the source countries of immigrants and in immigrant skills. He concludes that in general immigrants from newer source countries do less well than immigrants from more traditional sources. See Chiswick (1986) for a more detailed analysis for the United States.

30 To some extent, Duleep and Reges (1992; 1996) deal with this problem by explicitly incorporating demand measures, i.e., the proportion of the cohort who enter the United States under an occupational preference category, into the analysis. They find that groups admitted primarily on the basis of family relationships have lower earnings than groups admitted on the basis of their skills, but have higher earnings growth.
avoids the selective remigration problem encountered in the previous studies. The authors conclude that the introduction of the Canadian points test in 1967 had a large and direct effect on occupational distribution of the immigrant flow.\textsuperscript{2} Green (1995) follows the same basic methodology as in Green and Green (1995), but compares both Canada and the United States. He agrees with Borjas (1993) that the Canadian points test effectively allowed Canada to block the entry of unskilled immigrants. His interpretation, unlike that of Borjas, is that with the exception of migration from Latin America, Canada and the United States draw mainly from the same source countries, but the composition of immigrant skills in the two countries has been very different.

Studies of Individual Migrants:

Finally, there have been a limited number of studies that make use of individual data to evaluate the impact of policy on immigrant outcomes. Jasso and Rosenzweig (1995) use individual-level U.S. data on a sample of immigrants who received legal permanent residence status in 1977 and had chosen to naturalize by 1990. Although the data do not contain wage information, the authors are able to compare the occupational attainment at entry and naturalization for two groups of immigrants: those entering as spouses of U.S. citizens and those entering under third or sixth preference. They suggest that the occupational distribution for the third and sixth preference immigrants is more skilled at entry, but over time the skills between the two groups become more similar. This occurs both because of downward mobility among employment immigrants and upward mobility among marital immigrants.

Other researchers have matched U.S. Social Security earnings information to a sample of aliens registered in the 1980 Alien Address Registration Program for whom visa status is known (Sorensen, et al., 1992). Overall the authors conclude that employment-based immigrant have higher earnings and are more likely to be working as professionals or managers. Still, in many other ways family-based and employment-based immigrants appear similar. The two groups have similar labor market attachments, naturalize at the same rate, and tend to make locational decisions based on the same factors.

Australian individual-level survey data point to large differences in the labor market outcomes of individuals in different visa categories, though these differentials largely appear to reflect the underlying characteristics of immigrants themselves rather than immigrant categories per se (Miller, 1999; Cobb-Clark, 2000). This is especially true for established—as opposed to recent—immigrants. While the observable characteristics of individuals within visa categories do seem to be correlated, there

\textsuperscript{2} In related work, Wright and Maxim (1993) find that increases in the proportion of a cohort entering Canada as independent migrants is related to increases in relative entry wages. They find similar (though smaller in magnitude) effects for the proportion of a cohort holding family reunification visas.
is little unobserved heterogeneity associated with visa category. To the extent that migration programs operate by selecting individuals on the basis of readily observable characteristics, this is perhaps not surprising.

Finally, Cobb-Clark (2003) considers the relative capacity of immigration policy to facilitate the migrant settlement process. She compares two cohorts—entering Australia five years apart—with dramatically different labor market outcomes. The results indicate that while changes in selective immigration policy may have led to increased human capital endowments, as much as half of the fall in unemployment rates among women and one third the decline among men appears to have occurred as the result of changes in the labor market returns to demographic and human capital characteristics.

CONCLUSION

As major immigrant receiving nations, Australia, Canada and the United States have provided researchers with many opportunities to assess the extent to which selective immigration policies influence the migration process. The literature reviewed above suggests that there does seem to be potential for selective immigration policy to affect immigrant outcomes by altering the skill levels of immigrants. Still, it is clear that other forces are at work as well. Historical accidents, social forces, and simple geography may all have a hand in shaping traditional migration patterns, while labor market conditions—in particular the relative return to skill—are likely to be as important as policy in producing migration incentives. Furthermore, immigration policy cannot be made in a vacuum as evidence suggests that demand for visas to one country may be affected by the immigration policy of another (Cobb-Clark and Connolly, 1997).
REFERENCES


