

Competing Approaches to Selecting Economic Immigrants: Points-Based vs. Demand-Driven Systems

By Demetrios G. Papademetriou and Kate Hooper



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Executive Summary

Since entering office, President Donald Trump has made repeated calls for the United States to adopt a "merit-based" immigration system, moving away from prioritizing family-based admissions to instead focus on economic immigration and the admission of skilled workers. If he were to succeed in this quest, it would mark a sharp departure from the U.S. immigration system that has been in place since the 1960s. While Trump is not alone in looking to Canada and Australia for inspiration on immigration reform—meritor points-based elements were included in ultimately unsuccessful legal immigration reform efforts put forward by the U.S. Congress in 2007 and 2013—his reform vision is a first for a U.S. president.

Currently, the United States selects economic-stream immigrants through a demand-driven system, whereby employers select the foreign workers they need, with the government playing a hands-off role that focuses on enforcing immigration and employment rules. This approach is in sharp contrast to the merit-based systems of Canada, Australia, New Zealand, and others, in which the government uses both employer demand and human-capital considerations to select economic-stream immigrants, awarding points for professional experience, a job offer, education, proficiency in the destination-country language, and other factors. Canada, for example, uses a points-based, two-stage system to assess applications for three federal programs—the Federal Skilled Worker Program, the Canadian Experience Class (for those with skilled work experience in Canada), and a nascent Federal Skilled Trades Program—as well as a share of the Provincial Nominee Programs run by most of Canada's provinces and territories. As of 2017, some 85 percent of points that could be awarded were for human-capital factors.

Expectations of profound labor-market upheaval coupled with ongoing demographic change challenge all countries that aspire to be internationally competitive.

The points-based system appeals to policymakers both for its transparency, since it involves clear and objective selection criteria, and its flexibility, as policymakers can adjust the system's criteria and distribution of points in response to changing estimates of labor demand or evaluations of selected immigrants' integration outcomes. For example, Canada, Australia, and New Zealand have all experimented with ways to encourage immigrants to settle in relatively less populated regions of their countries, by facilitating regional sponsorship and by awarding points for links to employers in these regions.

It is this flexibility that has allowed Canada, Australia, New Zealand, and other countries to move toward a hybrid selection system that attends to current labor-market needs while still using points to assess and select pools of prospective economic-stream immigrants. Concerns raised about poor initial labor-market outcomes for immigrants selected on the basis of points alone led policymakers to introduce more demand-side criteria into the selection process, such as awarding points for a job offer (or even making one compulsory, as in the United Kingdom) or for factors linked to better integration outcomes (e.g., in-country education or work experience). Moreover, some countries with U.S.-style employer-led selection systems, such as Japan, South Korea, and China, as well as Austria and several other EU Member States, are now experimenting with using points tests to assess applicants entering through employer-sponsored routes. In effect, most employer-led and points-based systems are now somewhere nearer the mid-point along the continuum between labor-market and human-capital considerations.

Expectations of profound labor-market upheaval coupled with ongoing demographic change challenge all countries that aspire to be internationally competitive. While demand for skilled workers is likely to grow, policymakers will need to work with their private-sector counterparts to identify and select immigrants



with skills that will continue to be needed and valued in fast-changing labor markets. Success will hinge on regularly assessing employer needs and how immigrants fare in the labor market, and using this evidence to inform and adapt both the design and the priorities of immigration systems. Ensuring that these mechanisms can respond quickly to emerging needs is crucial. This may involve, for example, incorporating regional input into the selection process, and updating the lists of shortage occupations used in decision-making to reflect growth industries. Policymakers may also wish to explore ways to measure and reward soft skills, in light of research pointing to their growing value in the workforce. And as more countries enter the competition for talent, governments will need to look beyond how they select immigrant workers to think about how they *retain* them. Of the many factors that influence an immigrant's decision to move or stay, some of the most important are the professional opportunities offered by employers, the quality of life to be expected, how fair and efficient the immigration system is, and the opportunities the system offers for obtaining permanent residence or citizenship and accessing family reunification.

Immigrant selection systems are shaped by each country's particular governance philosophy and social and economic context, which in turn determine how easy it is to change immigration policies. The United States has struggled to enact comprehensive immigration reform for more than 50 years. Today, even if policymakers were to arrive at a consensus, introducing a fully fledged points-based system would be nigh on impossible, given both the government's reluctance to regulate labor markets and the executive branch's relatively weak powers on immigration that limit its opportunities to tweak the immigration system to reflect changing priorities, as compared to countries such as Australia and Canada. But even so there may be opportunities to bring more human-capital factors into the U.S. employer-led system, and to use evidence on labor-market needs and integration outcomes to inform immigration priorities. Key lessons on how to operate effective and efficient selection systems include:

- Ensure that systems are flexible and responsive. Modelling future labor-market needs remains a very difficult and imprecise task. Given the uncertainty involved, policymakers need to ensure their systems are primed to respond quickly to emerging labor or skills shortages. They should also explore ways to select immigrants with the ability to adapt to fast-changing labor markets, in which the first jobs they hold upon immigration might disappear.
- Mind the interests of the domestic workforce. Immigration policies cannot serve as a substitute for the ongoing large-scale investments in education and training (and retraining) that governments will need to undertake to remain competitive in a fast-changing world of work. This is the least that economies and societies owe to their citizens and workers.
- Review constantly how well the system functions. A key consideration for policymakers is whether immigrants, employers, and regions can navigate the application process easily, and whether it produces timely and predictable results. For example, the introduction of two-step expression-of-interest systems in Australia, Canada, and New Zealand are instructive in how to digitize applications, allow frequent draws of the best-available applicants as needed, and eliminate the backlogs that plague first come, first served systems.
- Use evidence on integration outcomes to inform admission criteria. Australia, Canada, and New Zealand all use longitudinal data on integration outcomes to inform and update their immigration decisions. These data offer opportunities to improve integration policy in turn, such as examining immigrants' barriers to labor-market integration and exploring ways to connect new immigrants with relevant services (such as credential recognition or tailored language instruction) as early as possible.

To give their country the edge in attracting and retaining immigrants, governments will need to be candid about the strengths and weaknesses of their selection methods. Policymakers would do well to consider both labor-market demand and human-capital characteristics as they calibrate their selection



methods to produce the best outcomes for immigrants, employers, and local communities. They can also look carefully at the conditions offered to immigrants (such as access to family reunification, permanent residence or citizenship, health-care and education services, and overall acceptance of diversity) that can encourage them to move to and stay in a country.

I. Introduction

In a March 2017 address to a joint session of the U.S. Congress, President Donald Trump set out the case for U.S. immigration reform, calling for the United States to adopt a more "merit-based" immigration system along the lines of those in Canada and Australia.¹ His proposal is a sharp break with the U.S. immigration system established in the mid-1960s. That system gives priority to family-based admissions—which account for about two-thirds of all permanent entries²—over economic and humanitarian entry streams. The vision outlined by Trump, and legislation that has been introduced but not acted upon,³ would substantially shift this priority to economic immigration channels, and specifically the admission of skilled immigrants.

President Trump is certainly not alone in looking to Canada and Australia for inspiration on how to overhaul the U.S. immigration system—although he is the first occupant of the White House to make deep cuts to family immigration the centerpiece of an attempt at immigration reform. Indeed, ultimately unsuccessful reform efforts put forward by Congress in 2007 and 2013 both included proposals to select certain categories of economic-stream (i.e., employment-based) immigrants using a points-based system, similar in concept (although neither in basic philosophy nor in terms of immigration governance) to the admissions systems of Canada, Australia, and New Zealand.

In addition to cutting back on family admissions, the president's proposals would amount to a sharp departure from the current immigration system's reliance on employers to select the foreign workers they need, with the government constructing and enforcing loose parameters within which employers must operate. This approach is rooted in the traditionally light-touch, limited role of the government in regulating labor markets in the United States. Introducing a points-based system administered by the government would require a substantial rethinking of the government's role in the labor market and the broader economy—a direction radically at variance with the Trump administration's decidedly antiregulation philosophy.⁴

Speech by Donald J. Trump, President of the United States of America, to a joint session of the U.S. Congress, Washington, DC, February 28, 2017, www.whitehouse.gov/the-press-office/2017/02/28/remarks-president-trump-joint-address-congress.

In fiscal year 2017, the most recent year for which data are available from the U.S. Department of Homeland Security (DHS), family immigration (including both immediate relatives of U.S. citizens and family-sponsored channels) accounted for 66 percent of all permanent residence grants." See DHS, "Table 6. Persons Obtaining Lawful Permanent Resident Status by Type and Major Class of Admission: Fiscal Years 2015 to 2017," in *Yearbook of Immigration Statistics, FY 2017* (Washington, DC: DHS, 2018), www.dhs.gov/immigration-statistics/yearbook/2017/table6.

³ Raise Act, S.354, 115th Cong., 1st sess. (February 13, 2017), www.congress.gov/bill/115th-congress/senate-bill/354/text.

⁴ Testimony of Demetrios G. Papademetriou, President of the Migration Policy Institute (MPI), before the House Judiciary Committee, Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law, Examining Point Systems as a Method for Selecting Immigrants, 110th Cong., 1st sess., May 1, 2008, www.gpo.gov/fdsys/pkg/CHRG-110hhrg35114/htm.



Many governments and policy experts look to Canada's and Australia's immigration systems as exemplars of transparent and efficient systems for selecting talented economic immigrants. These two countries, plus New Zealand, award points to prospective labor immigrants who possess certain human-capital characteristics, such as host-country language skills, education, in-demand professional skills, and work experience—qualities deemed indicators that these immigrants have good prospects for successfully integrating into the host-country economy and society. The best points-based selection systems adjust to changing economic and labor-market policy priorities, as well as longitudinal data on selected immigrants' economic outcomes. Thus, ongoing *policy adaptation* is their hallmark.

Discussions of points systems often focus on the selection criteria and the relative value of each attribute, but it is important to not overlook the basic governance and philosophy underpinning such systems.⁶ In turn, the rationale for updating or otherwise changing systems over the years must also be understood in its proper context. At their outset, most points-based selection systems focused on generic human capital (measured primarily by formal education), on the assumption that this was sufficient to help build the destination country's human-capital infrastructure. Over time, selection criteria became more nuanced, incorporating projected labor-market needs and, most importantly, fine-tuning criteria linked to better integration outcomes (for instance, education and labor-market experience in the destination country and proficiency in the destination-country language).

Today, three policy objectives underpin the most successful points-based selection systems:

- Attracting (and retaining) the best available foreign talent. The goal is to admit the most talented applicants, rather than applicants who meet certain numerical thresholds (points totals) on a first come, first served basis. An often unarticulated measure of program success is that the most talented are also the most likely to succeed in the host country quickly (and thus less likely to re-migrate).
- *Matching talent to need.* The policy objective here is admitting immigrants with the best prospects of finding employment in their field of study and work experience—an objective that often evaded selection systems' earlier iterations. This policy goal is being met by incorporating the input of employers (through job offers and ongoing consultations with industry bodies and experts) and, increasingly, regions or localities (through opportunities to "nominate" prospective migrants for selection) into the selection process.
- Promoting successful integration. Policymakers keep a sharp eye on the integration of new arrivals and regularly tweak the human-capital characteristics that selection systems prioritize to achieve that goal. The policy rationale here is simple and compelling: successful integration is critical for immigrants and their families, and decisive in shaping host communities' views of immigrants either as net contributors to the economy and hence as economic assets, or as economic liabilities competing for scarce public resources.

As the conversation on U.S. immigration reform reignites, governments around the world are beginning to understand how much their economic competitiveness rests on an ability to gain access to the best

For example, the United Kingdom cited Australia as the inspiration for 2008 reforms to the UK immigration system. More recently, proponents of the UK campaign to leave the European Union championed the adoption of an Australian points-based system to replace the UK immigration system (which included free movement of EU nationals). See BBC News, "Immigration Points System Begins," BBC News, February 29, 2008, http://news.bbc.co.uk/2/hi/7269790.stm; Rob Merrick, "Points-Based Immigration System: What Is It and Why Has Theresa May Opposed It?" *The Independent*, September 5, 2016, https://www.independent.co.uk/news/uk/politics/points-based-immigration-system-theresa-may-explained-brexit-referendum-australia-a7227001.html.

⁶ Namely, that an immigration system must serve—and be perceived by the public to be serving—the host country's economic needs and priorities and that the decisions the government makes in delivering the immigration program are transparent and meet the program's stated priorities.



foreign talent. Against this backdrop, this report sets out to compare points- or "merit-based" selection systems to the demand-driven and employer-led system in the United States and elsewhere. Specifically, it examines the evolution of the points-based system in Canada, and suggests various ways forward for U.S. and other policymakers in selecting economic-stream immigrants. In doing so, the report explores how evolving economic and labor-market priorities have shaped—and continue to shape—the design of systems for selecting economic-stream immigrants, and the policy design questions that persist as many advanced economies strive to attract foreign talent in the rapidly changing world of work.

II. How Do Demand-Driven and "Merit-Based" Systems for Selecting Immigrants Compare?

At the heart of the best immigrant selection systems is a simple idea: committing to continuously evaluate economic and labor-market needs and immigrant integration outcomes, and adjusting immigration policies accordingly. To manage immigration well, *and to economic advantage*, most immigrant-receiving countries constantly tweak and regularly re-engineer their immigration systems so as to meet the nation's strategic policy priorities. Canada, Australia, and New Zealand are leaders in this regard, setting an example for the United Kingdom and other European and Asian countries that are becoming increasingly adept at adjusting their systems to gain more from immigration and to deal with unforeseen or otherwise unwanted outcomes.

To manage immigration well, and to economic advantage, most immigrant-receiving countries constantly tweak and regularly re-engineer their immigration systems.

While Canada and the United States (and in many ways, Australia and New Zealand) have typically been in lockstep both in restricting and liberalizing their immigration policies for more than a century, their approach to selecting immigrants differs sharply. The United States stopped relying on immigration as a demographic and nation-building tool with the 1965 *Immigration and Nationality Act*, building on first steps taken by the 1952 *Immigration and Nationality Act*, while Canada, Australia, and New Zealand continued with this policy and added an explicit capital accumulation component, leading to the genesis of the points-based selection system.

Today, the points-based systems of Canada, Australia, and New Zealand contrasts with the demand-driven, employer-led system for selecting economic immigrants of the United States, where employment

With globalization's rewards falling disproportionately on the most competitive firms, businesses are increasingly applying the lessons of "just-in-time" approaches to manufacturing (which reduced costs by receiving goods only as they were needed in the production process) and relying on immigration systems to admit immigrants as they are needed, allowing them to draw on the global talent pool quickly and efficiently.

⁸ In recent decades, growing concerns about certain aspects of international travel and immigration, such as security, have prompted the United States, Canada, Australia, New Zealand, and the United Kingdom to regularly share information.



offers are at the core of the selection process. As the two philosophies on economic-stream immigration developed further, each system introduced distinct refinements while simultaneously doubling down on its fundamental premise. The United States has continued to use immigration to address employment needs, expanding employers' access to foreign workers through an elaborate temporary worker immigration system that tilts heavily toward skilled professionals (through its *Immigration Act of 1990*). Meanwhile, the other three countries have expanded the number and share of permanent visas available to points-selected immigrants, making this selection process the central component of their immigration systems.

But in recent years, points-based systems have started to incorporate more demand-driven criteria, such as having work experience or holding a job offer, into their selection processes, while demand-driven systems have begun to complement employer-led preferences with new categories of entry that emphasize high levels of human capital and accomplishments. Other countries such as Austria and, most recently, China have also moved in the direction of more hybrid systems that use the best ideas from each of these two models and adapt them to their needs. These systems, though different in their approach to immigration governance, may be best understood as being on a continuum with human-capital and labor-market demands at either end, and with each system operating much closer to the center of that continuum than it may appear at first glance.

A. The Employer-Led Model

Employer-led systems are demand driven in that they rely on employers to select immigrants to fill existing vacancies. This contrasts with the points-based approach, described in more detail in the next section, which selects people who meet broader human-capital or labor-market priorities. Long a staple of U.S. immigration policy, employer needs are also at the heart of immigrant selection for an increasing number of relative newcomers to immigration, such as Germany, Sweden, Spain, and Norway.

Specifically, employers identify needs and select immigrants who are then admitted to work in a specific job, as long as their employer has met legal criteria set by the government. These criteria range from onerous requirements that employer receive certification that they can find no suitable domestic workers to do each job in question—at least, for the wages on offer—to requiring employers to agree to comply with certain labor-market conditions vis-à-vis both immigrants and their coworkers, to in certain instances, occupation-wide or employer-specific waivers that exempt them from labor-market tests.

This does not mean, however, that the government surrenders completely its regulatory prerogatives. In fact, the government plays an important role in setting broad criteria that prospective immigrants must meet (e.g., minimum salary or education and experience requirements) as well as requirements for employers, including that the jobs on offer be available to local applicants and that foreign workers are not used to affect the outcome of a dispute with organized workers. Finally, governments always retain the final say over admission. They review nomination applications to ensure eligibility and screen immigrants before admitting them into the country, to both establish their identity and meet security protocols, thus preventing fraud and safeguarding the integrity of the system.

⁹ This section's discussion of the design of employer-led and points-based systems, and their respective advantages and disadvantages, draws on Demetrios G. Papademetriou, *The Canadian Immigrant-Selection System: A Technical Report* (unpublished report prepared for the U.S. Department of Labor, October 1988); Demetrios G. Papademetriou and Madeleine Sumption, *Rethinking Points Systems and Employer-Selected Immigration* (Washington, DC: MPI, 2011), www.migrationpolicy.org/research/rethinking-points-systems-and-employer-selected-immigration; Demetrios G. Papademetriou, Will Somerville, and Hiroyuki Tanaka, Hybrid Immigrant-Selection Systems: The Next Generation of Economic Migration Schemes (Washington, DC: MPI, 2008), www.migration-schemes.

¹⁰ And, in the case of European governments, criteria agreed to on the basis of "solidarity" among government, the business sector, and worker organizations.



Employer-led systems usually offer most employment-based visas on a temporary basis; in some cases, immigrants may gain permanent resident status provided they meet certain criteria (such as length of residence). Most temporary employment-based visas are linked to a specific employer and in some instances even a specific job. In such cases, the work visa can be rescinded if a worker leaves their employer, requiring that person to leave the country. Increasingly, governments offer temporary workers a time-limited opportunity to find a new job, effectively making the initial visa "portable."

The advantage of employer-led systems lies in the ability to match immigrants with jobs and admit them on that basis. By selecting immigrants to fill certain jobs—and screening their qualifications and experience to ensure they meet the stated requirements—the host society can reduce the problems of unemployment and underemployment that some new arrivals have faced under various points-based selection systems (see Box 1).

While employer-sponsored programs are an effective tool for filling jobs, they are not effective in addressing the longer-term needs of the labor market and broader economy.

Relying on foreign workers (however talented) to address labor-market needs, however, is not a panacea. In the last two decades, many skilled foreign workers have been allowed access to a country under a presumption that they are neither likely to compete with nor displace domestic workers, and that the presence of such workers in fact saves or creates more jobs than they take, thus offering important net benefits to the host economy and society. But some of these assumptions are increasingly contested by interest groups and legislators sympathetic to their concerns.

Criticisms of this system include that employers have too much power over foreign employees on temporary work visas. Other concerns range from the potential for lowering wages for all workers in similar jobs, to employers favoring foreign workers as a cheaper and more reliable option than local workers. Most important, relying on foreign workers enables policymakers and employers to postpone the long-term investments in technology or training and education necessary to close current and emerging gaps between demand and supply. Finally, while employer-sponsored programs are an effective tool for filling jobs, they are not effective in addressing the longer-term needs of the labor market and broader economy. For workers who end up staying on a longer-term basis, another issue is that when jobs become redundant, or a firm downsizes (or fails), the firm essentially "socializes" the costs of supporting, retraining, and placing the foreign worker in a new role.

B. The Points-Based Model

The points-based (or "merit-based") system selects economic-stream immigrants on the basis of their human-capital attributes, awarding points for certain skills, education levels, language proficiencies, professional experiences, and age and other personal characteristics. First introduced by Canada in 1967 with the goal of admitting skilled foreigners to meet current and emerging economic needs, Australia and New Zealand introduced their own points systems in 1989 and 1991, respectively, and have become important sources of innovation in points-based selection. Since then, several more countries have

¹¹ As a result, these requirements are often questioned in civil-society circles.

¹² For a discussion of these critiques, see Demetrios G. Papademetriou, Doris Meissner, Marc R. Rosenblum, and Madeleine Sumption, Aligning Temporary Immigration Visas with U.S. Labor Market Needs: The Case for a New System of Provisional Visas (Washington, DC: MPI, 2009), www.migrationpolicy.org/research/aligning-temporary-immigration-visas-us-labor-market-needs-case-new-system-provisional.



adopted variants of points-based systems and used them to admit both permanent immigrants and those on temporary visas. Among them have been the United Kingdom and several other European countries.

In these systems, governments set the criteria for awarding points, and update the criteria and their absolute and relative value. This can be done on a regular basis to respond to changing labor-market priorities or to information on the integration outcomes of previously selected immigrants. As a result, the design and eligibility requirements of points systems vary widely by country. For example, Australia's General Skilled Migration program requires applicants to be qualified to work in a shortage occupation, while New Zealand's Skilled Migrant Category shows preference for applicants with job offers and work experience. And Hong Kong gives top billing to language and education in its Quality Migrant Admission Scheme.

The points system tends to be most successful in countries with strong executive powers over immigration that may be used to adjust the system's criteria and numerical values on a regular basis in response to changing needs or priorities. For example, since the introduction of its Express Entry system in January 2015, Canada has updated its Comprehensive Ranking System several times, changing the number of points awarded for different attributes, introducing new criteria for awarding points, and adjusting the minimum requirements of the system.¹³

A points-based model appeals to governments for several reasons:14

- 1. First, it provides an elegant solution for policymakers wishing to select and admit people with in-demand skills, yet linked to longer-term economic and labor-market objectives, instead of relying on employers to find and recruit the workers they currently need.
- 2. Second, the flexibility of the system enables policymakers to create a dynamic but orderly system that has *adaptability* at its core. Policymakers can adjust selection criteria on the basis of ongoing evaluation of labor-market and social integration outcomes, as well as estimates of future labor-market needs. For example, New Zealand experimented with awarding additional points to immigrants with qualifications or experience in future growth areas (such as biotechnology, information and communication technology, and creative industries such as media and the arts). However, it ultimately chose to simplify its selection formula and removed this provision in August 2017, focusing instead on skilled work experience and qualifications associated with strong labor-market outcomes.
- 3. Third, it offers a transparent way to select prospective economic stream immigrants, relying on clear and objective criteria that can build confidence (and procedural certainty) among

¹³ For example, on November 19, 2016, Immigration, Refugees, and Citizenship Canada (IRCC) published guidance that reduced significantly the number of points awarded for holding a job offer, awarded job offer points to people with work permits issued under the North American Free Trade Agreement (NAFTA) or an intra-company transfer, adjusted job duration requirements, and awarded more points to graduates of a Canadian educational institution. On June 6, 2017, new IRCC guidance awarded additional points to French-speaking candidates and candidates with a sibling already in Canada and removed the requirement for all candidates without a job offer to register with the Job Bank. See Government of Canada, "Express Entry Improvements: Fall 2016," updated November 14, 2016, https://www.canada.ca/en/immigration-refugees-citizenship/news/2016/11/express-entry-improvements-fall-2016.html; Government of Canada, "Express Entry Improvements: Spring 2017," updated June 5, 2017, https://www.canada.ca/en/immigration-refugees-citizenship/news/2016/11/express-entry-improvements-fall-2016.html; Government of Canada, "Express Entry Improvements: Spring 2017," updated June 5, 2017, https://www.canada.ca/en/immigration-refugees-citizenship/news/2017/03/express-entry-improvements-spring2017.html.

¹⁴ Demetrios G. Papademetriou and Stephen Yale-Loehr, *Balancing Interests: Rethinking U.S. Selection of Skilled Immigrants* (Washington, DC: Carnegie Endowment for International Peace, 1996), https://files.eric.ed.gov/fulltext/ED406482.pdf.

¹⁵ Demetrios G. Papademetriou, "Selecting Immigrants to Increase Economic Competitiveness: Trends, Challenges, Opportunities" (presentation, Mexico City, October 25, 2017).

Government of New Zealand, Ministry of Business, Innovation, and Employment, "Submission Form for: Proposed Changes to the Skilled Migrant Category" (submission Paper, Ministry of Business, Innovation, and Employment, Auckland, October 2016); Government of New Zealand, "Changes to Better Manage Migration" (press release, April 19, 2017), www.beehive.govt.nz/release/changes-better-manage-immigration; New Zealand Immigration, "Operational Manual, Article SM8.10 Employment in an Identified Future Growth Area (to 27/08/2017)," updated 2018, www.immigration.govt.nz/opsmanual/30554.htm.



prospective immigrants and host-country publics alike.¹⁷ From a political perspective, points systems also help convey to voters that policymakers are being proactive in trying to anticipate the country's needs and prioritize its economic interests by choosing immigrants on the basis of their ability to integrate successfully and to thus make long-term contributions to the country.

But poor or inconsistent labor-market outcomes have often dogged points-based selection systems, particularly those that have not incorporated more recent criteria such as education or work experience in the destination country or a job offer. For instance, in June 2016, Denmark repealed its Green Card scheme following numerous studies pointing to the poor labor-market outcomes of the highly skilled beneficiaries of its points-based program (see Box 1).

Box I. Labor-Market Outcomes for Points-Tested Economic Immigrants

Longitudinal data suggest that points-tested immigrants often have worse labor-market outcomes than employer-sponsored migrants, particularly in their initial years after migration.

Points-tested migrants can struggle to join the labor market and find jobs commensurate with their education and qualifications. A 2010 evaluation of Canada's Federal Skilled Worker program found that those who entered with an Arranged Employment Offer (AEO) were more likely to be in employment after a year (85 percent had held jobs in the past year, compared to 68 percent of those without AEOs), and had substantially higher earnings (CAD 72,700, compared to CAD 32,200 for those without AEOs). Similarly, a 2010 survey of Danish Green Card holders found that 72 percent were employed but nearly half of those surveyed (43 percent) were working in low-skilled jobs (e.g., in the hospitality and catering industries) while slightly more than one-quarter (29 percent) were working in highly skilled roles.

Australian survey data from 2011–14 show that after six months, 83 percent of (offshore*) points-tested migrants were employed compared to 97 percent of employer-sponsored migrants and 87 percent of state-sponsored migrants (those nominated for admission by one of the country's states or territories). After 18 months, however, this gap had nearly closed: 93 percent of both (offshore) points-tested and state-sponsored migrants were employed, while employment rates for employer-sponsored migrants remained steady at 97 percent. Among the first two categories, the share of people working in high-skilled jobs consistent with their qualifications also increased (from 65 percent to 73 percent, and from 51 percent to 59 percent, respectively).

But timeframe is important when considering immigrant outcomes. Further analysis of Canada's system found that while entering with a job offer is linked to higher earnings in the short term, over the long run this effect is small compared to other human-capital factors such as proficiency in the host-country language (English or French).

* Australian visas distinguish between "offshore" (when people apply while outside Australia) and "onshore" (when people apply from within Australia).

Sources: Australian Government, Department of Immigration and Border Protection, Continuous Survey of Australia's Migrants: Cohort 1 Report—Change in Outcomes 2014 (Canberra: Commonwealth of Australia, 2015), www.homeaffairs. gov.au/research-and-stats/files/cohort1-report-change-in-outcomes-2014.pdf; Government of Canada, "Evaluation of the Federal Skilled Worker Program," updated February 18, 2011, www.cic.gc.ca/english/resources/evaluation/fswp/index. asp; Ramboll, Integrationministeriet: Undersøgelse af Greencard-Ordningen (Copenhagen: Ramboll, 2010), www.nyidanmark. dk/NR/rdonlyres/7D130980-B0D0-433F-B6D0-29D7EC623101/0/ramboll_greencardrapport_oktober_2010. pdf; Aneta Bonikowska, Feng Hou, and Garnett Picot, "Which Human Capital Characteristics Best Predict the Earnings of Economic Immigrants?" (research paper 368, Statistics Canada, Ottawa, 2015), www.statcan.gc.ca/pub/11f0019m/11f0019m2015368-eng.htm.

¹⁷ Demetrios G. Papademetriou, "Selecting Economic Stream Immigrants through Points Systems," *Migration Information Source*, May 18, 2007, www.migrationpolicy.org/article/selecting-economic-stream-immigrants-through-points-systems.



Disappointing labor-market outcomes are likely to be partly due to flawed selection criteria that have proven difficult to address. It is difficult, for example, to differentiate among similar qualifications on paper, take the presence and value of "soft skills" into account, and estimate the quality and value of on-the-job training. Matching employers with immigrant workers (and vice versa) remains the biggest challenge, however. New immigrants often struggle to connect with the professional and social networks that might help them find work quickly, and employers can struggle to evaluate foreign qualifications or experience relative to domestic standards.

It is difficult ... to differentiate among similar qualifications on paper, take the presence and value of "soft skills" into account, and estimate the quality and value of on-the-job training.

As points-based selection systems have matured, policymakers have gradually overhauled their design so as to pay closer attention to employer needs and to factors that promote labor-market and social integration. As a result, points systems now include more "demand-side" criteria, such as:

- Awarding points for job offers. Most countries now award a substantial number of points to candidates who hold a job offer. For example, New Zealand awards up to 110 points (out of 340) to skilled applicants who have a job offer in the country, while Canada currently awards up to 200 points (out of 1,200) for a job offer from a Canadian employer. The number of points allocated for a job offer is often the result of trial and error. In November 2016, Canada reduced dramatically the number of points it awards for job offers—under its Labor Market Impact Assessment, would-be immigrants now receive 200 points for senior management roles, or 50 for other skilled positions, down from 600. This choice to place greater emphasis on positions that require higher skills or experience followed observations that many invitations to apply were going to people with job offers in the hospitality sector that typically requires fewer skills.
- Awarding points for factors linked to better integration outcomes. Some systems award points to applicants with existing links to the country, such as temporary workers or recent graduates. Such people may be able to find work relatively quickly. Both Australia and Canada award points to applicants with in-country work experience or education. Australia awards points to candidates with degrees from Australian educational institutions, those who have worked in their profession for a year in Australia, and those who have studied in low-growth metropolitan or rural areas of Australia.²⁰ Canada awards points to candidates who have

Australia requires applicants for most of its skilled migration visas to be qualified in an eligible skilled occupation. It also awards up to 20 points for skilled employment (out of a possible score of up to 100 points, with a minimum threshold of 65 points). See Australian Government, Department of Home Affairs, "Points Table for Skilled Independent Visa (Subclass 189)," updated November 29, 2018, https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/skilled-independent-189/points-table; New Zealand Immigration, "About This Visa: Skilled Migrant Category Resident Visa," accessed March 12, 2019, https://immi.homeaffairs.gov.au/visas/getting-a-visa/visas-listing/skilled-independent-189/points-table; New Zealand Immigration, "About This Visa: Skilled Migrant Category Resident Visa," accessed March 12, 2019, https://www.immigration.govt.nz/new-zealand-visas/apply-for-a-visa/about-visa/skilled-migrant-category-resident-visa; Government of Canada, "How We Rank Your Express Entry Profile: Comprehensive Ranking System," updated August 29, 2018, https://www.cic.gc.ge/ca/english/express-entry/criteria-crs.asp.

¹⁹ CIC News, "Express Entry Exclusive: Human Capital, Skills and Experience to Become More Prominent under New System," CIC News, November 23, 2016, https://www.cicnews.com/2016/11/express-entry-human-capital-skills-experience-more-prominent-under-new-system-118705.html.

²⁰ Australian Government, Department of Home Affairs, "Points Table"; Australian Government, Department of Immigration and Border Protection, "Postcodes of Regional Australia and Low Population Growth Metropolitan Areas," updated December 5, 2018, www.border.gov.au/Trav/Work/Work/Allocation-dates-for-General-Skilled-Migration-applications/regional-growth.



worked or studied in the country, and/or whose spouse has worked or studied there.²¹ Canada also offers permanent residence opportunities to current students or recent graduates and to people already working in the country. The Canadian Experience Class, for instance, provides opportunities for skilled temporary foreign workers, including those who have spent time in Canada as international students, while most Provincial Nominee Programs nominate recent graduates (with or without a job offer) or temporary foreign workers.²²

■ *Making a job offer or experience in an in-demand occupation compulsory.* Some points systems go a step further, requiring a job offer (as is the case in the United Kingdom) or experience working in an in-demand occupation (as is the case in Australia). Specifically, the United Kingdom gradually reduced opportunities to immigrate without a job offer through its points-based system, first capping applications before eliminating that pathway entirely in 2010.²³ However, it still uses a points system to evaluate applicants according to skills, education, and other requirements for each visa category.

In effect, the increasing importance assigned to job offers amount to a hybrid approach to selecting economic migrants, one that pays attention to employer needs while still using a points-based system to assess and select from pools of prospective immigrants.²⁴ This approach has proved popular both among countries with longstanding points systems looking to improve labor-market outcomes (such as Australia, Canada, New Zealand, and the United Kingdom) and among countries with employer-led selection systems that are experimenting with using points tests to assess applicants seeking to enter through employer-sponsored routes. Japan, for example, introduced a points test in 2012 to assess the credentials of applicants for its Highly Skilled Foreign Professionals program, awarding points for education, work experience, age, expected salary (from a prospective employer in Japan), and Japanese language proficiency.²⁵ While applicants are required to have a job offer, those who meet a certain points threshold can apply for permanent residence more quickly. In 2016, South Korea adopted a points test for its E-9 visa for low-skilled workers that considers skills, work experience, and Korean language proficiency, and in 2017, it introduced a new points-tested, employer-sponsored visa (the E-7-4 visa) for skilled workers in the manufacturing, agriculture, and fishing industries. ²⁶ China introduced a modified points-tested visa program for international economic migrants in 2017 that requires a job offer, drawing on the experiences of the United Kingdom, Canada, New Zealand, and others (see Box 2).

²¹ To qualify, applicants must have completed at least two academic years of full-time study (15 hours of classes/week or more) or have worked full-time for at least a year. See Government of Canada, "Six Selection Factors—Federal Skilled Worker Program (Express Entry)," updated August 29, 2018, www.cic.gc.ca/english/immigrate/skilled/apply-factors.asp.

²² Examples include the Alberta Immigrant Nominee Program, the British Columbia Provincial Nominee Program, the Newfoundland and Labrador Provincial Nominee Program, the Nova Scotia Nominee Program, the Ontario Immigrant Nominee Program, the Prince Edward Island Provincial Nominee Program, and the Saskatchewan Immigrant Nominee Program. See Appendix for details on these programs.

²³ UK Home Office and Damian Green, "Damian Green's Written Statement on Changes to Immigration Rules" (written statement by Minister of State for Immigration to British Parliament, December 21, 2010), www.gov.uk/government/speeches/damian-greens-written-statement-on-changes-to-the-immigration-rules.

²⁴ This analysis of hybrid selection systems draws on Papademetriou, Somerville, and Tanaka, *Hybrid Immigrant-Selection Systems*; Papademetriou and Sumption, *Rethinking Points Systems and Employer-Selected Immigration*.

²⁵ Immigration Bureau of Japan, "Points-Based System for Highly Skilled Foreign Professionals," updated 2018, www.immi-moj.go.jp/newimmiact_3/en/system/index.html; Immigration Bureau of Japan, "Points Calculation Table" (fact sheet, Immigration Bureau of Japan, accessed September 29, 2017), www.immi-moj.go.jp/newimmiact_3/en/pdf/point_calculation_forms.pdf.

²⁶ Ock Hyun-ju, "New Visa Scheme to Allow Skilled Foreign Workers' Long-term Stay," *The Korea Herald*, July 19, 2017, www.koreaherald.com/common_prog/newsprint.php?ud=20170719000993&dt=2; Organization for Economic Cooperation and Development (OECD), *International Migration Outlook 2017* (Paris: OECD Publishing, 2017), 204, www.oecd-ilibrary.org/social-issues-migration-health/international-migration-outlook-2017_migr_outlook-2017-en.



Box 2. China's New Selection System for Economic Migrants

China introduced a modified points-tested visa program in 2017 for international economic migrants. Like many other points-based systems, it awards points for education, work experience, language proficiency, and age. At the same time, it also requires all applicants to have a job offer (like the United Kingdom) and awards points for the location of the job (like New Zealand). China also awards points for possessing skills or experience that the local province deems to be in shortage (a variation on an element of Canada's Provincial Nominee Programs), graduating from a university ranked in the top 100 worldwide, and work experience at an enterprise ranked in the top 500 worldwide. In doing so, China chose a hybrid selection system that borrows the best features from both demand-driven and points systems.

The new program was first piloted in select Chinese cities and provinces (including Beijing and Shanghai) before being introduced nationally in April 2017. A number of cities, such as Beijing, Guangzhou, and Shanghai, have also introduced a points-based system for awarding permanent resident status to internal migrants, who must meet a number of requirements (e.g., employment and paying social security and health-care contributions) before being assessed on factors such as education and age. Cities determine the exact pass mark in accordance with their annual population planning targets.

Sources: Richard Hoffmann, "China's New Point System for Expats," Ecovis, March 30, 2017, www.ecovis.com/focus-china/chinas-new-point-system/; Mandy Zuo, "Beijing Spells out Strict Residency Rules for Migrants to the Capital," South China Morning Post, August 12, 2016, www.scmp.com/news/china/policies-politics/article/2002543/beijing-brings-strict-new-migration-policy-cut-citys.

Hybrid selection systems have gained in popularity for an obvious reason: they allow policymakers to take the best attributes of both demand-driven and points-based systems, and thus improve outcomes for immigrants, their employers, the broader economy, and society at large.²⁷ Specifically, selecting immigrants based on a range of human-capital criteria improves the competitiveness of firms (and the broader economy), and encouraging employer sponsorship is linked to stronger labor-market integration outcomes. But amid the tailoring involved in such a selection system, it is important to ensure that the system does not become impossible for prospective immigrants and employers to navigate.

III. A "Merit-Based" System in Practice: How Canada Selects Economic-Stream Immigrants

At the heart of a "merit-based" system lies the objective of selecting economic immigrants with attributes that can help a country build its human-capital infrastructure and broadly address labor-market needs. Canada introduced its first points-based selection system in 1967 in response to expectations that it would need many more qualified workers than Canadian universities were producing at the time. This new system awarded points for education and training, occupational skills and demand, age, knowledge of English and French, and links to Canada. Candidates who met a set points threshold were admitted to

²⁷ This analysis of hybrid selection systems draws on Papademetriou, Somerville, and Tanaka, *Hybrid Immigrant-Selection Systems*; Papademetriou and Sumption, *Rethinking Points Systems and Employer-Selected Immigration*.



Canada, thus setting a transparent benchmark for admissibility that moved Canada away from its former system of selecting immigrants on the basis of nationality, race, and ethnicity.²⁸

Over time, Canada's points-based system has grown in scale and ambition, encompassing not only skilled workers but also those working in skilled trades, as well as middle- or high-skilled workers nominated by Canadian provinces or territories. The system continues to be actively managed, with the government frequently adjusting attributes and points awarded on the basis of mathematical models and other information designed to anticipate the future needs of the economy. Immediate permanent residence remains at the heart of Canada's economic-stream immigration system, distinguishing it from some other countries that rely increasingly on temporary-to-permanent pathways.

Over time, Canada's points-based system has grown in scale and ambition, encompassing not only skilled workers but also those working in skilled trades.

Today, foreign nationals wishing to immigrate to Canada for work can apply to several different programs that offer permanent residence, including: (1) the Federal Skilled Worker Program; (2) the Canadian Experience Class (for people with skilled work experience in Canada); and (3) the Federal Skilled Trades Program (for people qualified to work in select skilled trades). Most of Canada's provinces and territories also nominate immigrants for admission through their tailored Provincial Nominee Programs (PNPs). Nominations play an important role in Canada's immigration system, both in the PNPs and in Canada's three federal programs, which reward offers of employment or provincial nominations.

Canada uses a points-based, two-stage system (called "Express Entry") to assess applications for these three federal programs and a portion of the PNPs (see Figure 1). Express Entry was introduced in 2015 to replace a first come, first served application system that had resulted in long backlogs,²⁹ and relies instead on a two-stage process where eligible candidates apply and enter an initial pool from which authorities draw the applicants with the highest point totals.³⁰ This two-step system had first been developed in New Zealand in 2004 and then adopted by Australia in 2012, an illustration of the close ties between these three immigration systems.

²⁸ Starting in the 19th century, Canada introduced successive laws and regulations that restricted immigration to White American, British, and European nationals in tandem with the United States. Canadian authorities started to lift this bar in the 1960s, once more in tandem with the United States, starting with the *Immigration Regulations of 1962* (with admissions focused on skills, rather than national origin or ethnicity), the introduction of Canada's multiculturalism policy later in the decade, and the complete overhaul of Canada's immigration policy (including codification of nondiscrimination) in the *Immigration Act of 1972*. See Lindsay Van Dyk, "Canadian Immigration Acts and Legislation," Canadian Museum of Immigration at Pier 21, accessed December 12, 2018, www.pier21.ca/research/immigration-history/canadian-immigration-acts-and-legislation.

²⁹ In Canada, huge backlogs in the Federal Skilled Worker Program led the government to stop accepting applications in 2012 and eliminate about 280,000 applications, which had either been filed before February 2008 and had not passed the selection criteria or had not had a decision made by March 29, 2012. Express Entry was introduced as a way to streamline selection, deliver decisions quickly, and prevent the creation of new backlogs. See Government of Canada, "Government of Canada Transforms Economic Immigration Program" (news release, March 30, 2012), www.canada.ca/en/news/archive/2012/03/government-canada-transforms-economic-immigration-program.html.

³⁰ Maria Vincenza Desiderio and Kate Hooper, *The Canadian Expression of Interest System: A Model to Manage Skilled Migration to the European Union?* (Brussels: MPI Europe, 2016), 4, www.migrationpolicy.org/research/canadian-expression-interest-system-model-manage-skilled-migration-european-union.



STAGE 2 STAGE 1 **Express Entry Pool** MINIMUM COMPREHENSIVE APPLICATION APPLICATION INVITATION EXPRESSION RANKING SUBMISSION AND **APPROVED OF INTEREST** TO APPLY **CRITERIA SYSTEM** PROCESSING Applicants who Potential Candidates in the Candidates with Candidates Applications are candidates submit pool are assessed the highest invited to apply assessed by meet eligibility and rankings in the **IRCC** to ensure an online Express and assigned a have 60 days to admissibility pool are invited to submit an they meet program requirements are Entry profile. score according to apply during Those who meet electronic eligibility and approved. the rounds of the **Minimum** admissibility Comprehensive application. invitations that Applicants who do Entry Criteria of Ranking System, They must requirements occur not meet eligibility one of the federal a skills-based provide evidence (e.g., medical approximately and admissibility economic ranking system. supporting the exam, background every requirements are immigration information in check). two weeks. refused and may Candidates are programs subject their online profile Candidates who submit a new ranked against to Express Entry (e.g., identity, others in the pool decline to apply Express Entry are accepted into language according to their are returned to the Profile. the Express proficiency, **Express Entry** score. **Entry Pool.** education, work Pool; those who experience) and neither apply nor pay the decline must necessary fees. submit a new **Express Entry** Profile. Not all candidates who enter the Express Entry pool are invited to apply. The system actively and purposefully issues invitations only to the candidates who are best positioned for economic success in Canada—not to the first in line.

Figure 1. Canada's Express Entry System, Step-by-Step

Source: Author adaptation of chart received from Immigration, Refugees, and Citizenship Canada (IRCC) officials, July 2018.

Prospective immigrants fill out an online profile that details their skills and background (also known as an "expression of interest"), and if they meet the minimum eligibility criteria of one or more of the three federal programs, they can then enter the Express Entry pool.³¹ (See Table 1 for a comparison of the minimum requirements of these programs.) Candidates are then awarded points, out of a possible 1,200 total, for a number of factors:³²

1. Human capital factors, such as age, education, Canadian work experience, and English or French language proficiency. (As of March 2019, a single candidate could be awarded up to 500 points for these factors.)

³¹ Ibid.

³² Applicants can be awarded up to 600 points combined for human-capital factors (both theirs and those of their spouse or common-law partner) and skills transferability. IRCC has adjusted the number of points awarded for different criteria several times since introducing the Express Entry system in 2015. These data are for a single applicant as of March 2019. See Government of Canada, "Comprehensive Ranking System (CRS) Criteria—Express Entry," updated June 28, 2017, www.cic.gc.ca/english/express-entry/grid-crs.asp#a1.



- 2. Skills transferability, which links factors such as education or foreign work experience with Canadian work experience or English or French language proficiency. (As of March 2019, this was worth up to 100 points.)
- 3. The human-capital factors of a spouse or common-law partner, such as their level of education, English or French language proficiency, or Canadian work experience. (As of March 2019, this was worth up to 40 points.)
- 4. Additional factors, worth up to 600 points. These include nomination by a province or territory (600 points), ³³ a job offer (up to 200 points), postsecondary education in Canada (30 points), French language skills (30 points), or a sibling who is a permanent resident or citizen living in Canada (15 points).

Candidates are then ranked, with frequent draws³⁴ from the pool inviting the top-scoring candidates to apply for different programs. Applicants can take steps to boost their score, and perhaps their ranking, while they are in the pool, for example, by improving their language skills or gaining an offer of employment.

Table 1. Minimum Requirements for Canada's Three Federal Economic Immigration Programs

	Federal Skilled Worker Program	Canadian Experience Class	Federal Skilled Trades Program
Education	High school diploma or higher	Not required	Not required
Work experience	12 months of full-time (or part-time equivalent) skilled work experience in past ten years	12 months of full-time (or part-time equivalent) skilled work experience in Canada in past three years	24 months of full-time (or part-time equivalent) skilled work experience in eligible trade in past five years
Job offer	Preferred	Not required	Applicant must have offer of full-time employment (for at least one year) or certificate of qualification for their skilled trade
Language proficiency	Canadian Language Benchmark (CLB) 7	CLB 5 for technical jobs or skilled trades, CLB 7 for managerial or professional jobs	CLB 5 for listening and speaking, CLB 4 for reading and writing

Sources: Government of Canada, "Eligibility to Apply as a Federal Skilled Worker (Express Entry)," updated August 29, 2018, www.cic.gc.ca/english/immigrate/skilled/apply-who.asp; Government of Canada, "Eligibility to Apply for the Federal Skilled Trades Program (Express Entry)," updated August 29, 2018, www.cic.gc.ca/english/immigrate/trades/apply-who.asp; Government of Canada, "Eligibility to Apply for Canadian Experience Class (Express Entry)," updated August 29, 2018, www.cic.gc.ca/english/immigrate/cec/apply-who.asp.

For each round (i.e., when people are invited to apply for one of the programs listed in Table 1), the Canadian government decides how many people it wishes to admit, ranking the candidates and issuing a set number of invitations in line with that goal. As a result, the score applicants need to progress to the next step can vary between rounds, in line with the number of invitations being issued and the profiles of the people already in the pool. Scores also fluctuate in line with changes to how the Express Entry system assigns points to applicants. For example, after the number of points awarded for a job offer was

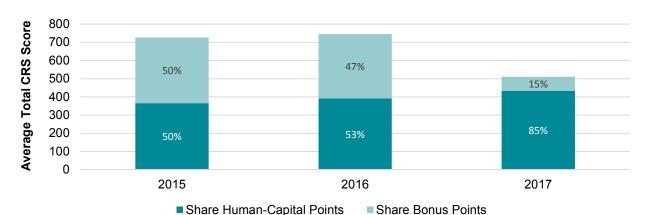
³³ Most Provincial Nominee Programs (PNPs) offer an Express Entry stream as part of their program, but it is not compulsory.

³⁴ The frequency of draws varies, but the current norm is about every two weeks.



reduced in November 2016, the share of points awarded for human-capital factors (such as education, work experience, or language ability) rose dramatically, from 53 percent in 2016 to 85 percent in 2017, as illustrated in Figure 2.

Figure 2. Admissions to Canada Using the Express Entry System: Average Comprehensive Ranking System (CRS) Score and Share of Points Awarded for Human-Capital Factors, 2015–17



Note: Points awarded for human capital include age, education, work experience, and English/French language proficiency. Bonus points are awarded for the human capital of a partner, skills transferability (e.g., if someone has a postsecondary degree and Canadian work experience), and other factors, such as a job offer, provincial nomination, French language skills, postsecondary degree from a Canadian institution, or a sibling who is a permanent resident or citizen living in Canada. For a breakdown of the points awarded currently for different factors under the CRS, see Government of Canada, "Comprehensive Ranking System (CRS) Criteria—Express Entry," updated June 28, 2017, www.cic.gc.ca/english/express-entry/grid-crs.asp#a1. Source: Compilation by authors based on administrative data received from IRCC, July 19, 2018.

Alongside these federal immigration programs, most provinces and territories in Canada operate their own PNPs.³⁵ While Quebec remains an outlier in terms of the extraordinary autonomy it has over its immigration policies (a reflection of its special standing within the English-dominant Canada; see Box 3), most of Canada's provinces and territories have also entered into agreements with Immigration, Refugees, and Citizenship Canada (IRCC) over the past two decades to run immigration programs tailored to provincial/local needs. Under these programs, the province or territory nominates an immigrant who meets certain criteria, and who will then apply to IRCC for permanent residence.³⁶ These programs have also helped disperse immigrants away from the biggest cities in Canada.

Each province or territory sets the parameters of the process, including the groups to target, such as skilled or semi-skilled workers, university graduates, or business professionals, and the criteria for nomination (see the Appendix).³⁷ These streams can include:

1. Skilled immigration. All PNPs offer immigration opportunities for skilled workers, although each province or territory sets different requirements. Most PNPs require skilled workers to

Nunavut does not operate a PNP. While Quebec does not specifically have a PNP, it operates equivalent economic immigration programs through which it selects all of its immigrants, with the exception of those joining family members (the "family class") and protected persons determined to be refugees in Canada. See Box 3 for a discussion of Quebec's separate immigration policy. See Government of Canada, "Provincial Nominee Program: Who Can Apply (Paper Process)," updated November 14, 2018, www.cic.gc.ca/english/immigrate/provincial/apply-who.asp.

³⁶ Government of Canada, "Immigrate as a Provincial Nominee," updated November 14, 2018, www.cic.gc.ca/english/immigrate/provincial/index.asp.

³⁷ Some PNPs also include Express Entry streams.



hold a job offer, but some admit skilled workers without one (e.g., Manitoba³⁸) or workers who are qualified to work in certain in-demand occupations (e.g., Saskatchewan³⁹). Nova Scotia and Saskatchewan also operate separate streams to admit health-care professionals.

- 2. Entrepreneurs. Most PNPs operate business immigration streams for entrepreneurs to invest in and manage a company in their province or territory. Alongside its entrepreneur stream, Nova Scotia also operates a stream geared toward recent foreign graduates of Nova Scotia educational institutions who have been running a company in the province for at least a year.⁴⁰
- 3. Recent graduates. Some provinces and territories target international students who have graduated recently from postsecondary institutions either in their province or territory, or in Canada more generally. In most cases, international students are required to hold a job offer, but Ontario makes an exception for those holding a master's degree or PhD from an Ontario institution, while British Columbia makes an exception for those with a postgraduate degree in the natural, applied, or health sciences from a British Columbia university.⁴¹
- **4. Semi-skilled immigration.** While the federal Express Entry system is focused primarily on skilled migration, some provinces and territories offer visas to immigrants willing to work in low- or middle-skilled occupations. Usually, a job offer is required; however, Alberta has employer-sponsored and non-employer-sponsored admission opportunities for semi-skilled immigration, with the latter open to temporary foreign workers qualified to work in various occupational trades or with engineering work experience in Alberta. Examples of the types of occupations prioritized under these programs include long-haul truck drivers and jobs in hospitality and food processing.
- 5. Farming. One of the most striking examples of how a PNP can be tailored to local needs is the farm category in Alberta, Manitoba, and Saskatchewan's programs. In these programs, immigrants with farm management experience can be nominated if they purchase and operate a farm in the region.

Canada also operates a number of smaller programs for certain categories of temporary or permanent immigration. The list includes programs for entrepreneurs, the self-employed, and caregivers. Moreover, Canada runs the Atlantic Immigration Pilot Program, an employer-sponsored pilot program for skilled workers and university graduates that operates in New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. Its purpose is to recruit and retain immigrant

³⁸ Government of Manitoba, "Immigrate to Manitoba—The Manitoba Provincial Nominee Program," accessed October 16, 2017, www.immigratemanitoba.com/immigrate-to-manitoba/.

³⁹ Government of Saskatchewan, "Saskatchewan Immigrant Nominee Program (SINP) Application," accessed November 16, 2018, https://www.saskatchewan.ca/residents/moving-to-saskatchewan/immigrating-to-saskatchewan/saskatchewan-immigrant-nominee-program/apply-to-the-sinp.

⁴⁰ Government of Nova Scotia, "Immigrate Here," accessed October 16, 2017, http://novascotiaimmigration.com/move-here/.

⁴¹ Government of Ontario, "Ontario Immigrant Nominee Program (OINP)," updated January 18, 2018, www.ontarioimmigration.ca/en/pnp/OI_PNPABOUT.html; Government of British Columbia, "International Post-Graduate," accessed October 16, 2017, www.welcomebc.ca/Immigrate-to-B-C/BC-PNP-Skills-Immigration/International-Post-Graduate.

⁴² Government of Alberta, "Alberta Immigrant Nominee Program (AINP)," updated November 30, 2018, www.alberta.ca/ainp.aspx.

⁴³ Another recent example was Canada's Immigrant Investor Venture Capital Pilot Program, which was launched in December 2014, after the Canadian Immigrant Investor Program was terminated, and was open for applications until December 2015. The requirements for this program, applicants' personal net worth of at least CAD 10 million, and investment of CAD 2 million in the Immigrant Investor Venture Capital Fund, represented a significant increase from those of the Canadian Immigrant Investor Program it replaced, which stipulated a minimum net worth of CAD 1.6 million and investment of CAD 800,000.



workers to build up the skilled labor forces of the participating provinces.⁴⁴ The program operates three entry streams: the Atlantic Intermediate Skilled Program, the Atlantic High Skilled Program, and the Atlantic International Graduate Program. All require applicants to have job offers and set additional eligibility criteria such as education and work experience. Employers first apply to the province's immigration office to become a designated employer. Once designated, they can then offer a foreign national a job and apply to the province to endorse the applicant for permanent residence.⁴⁵ The three-year program will run from 2017 to 2020, and forms part of a larger Atlantic Growth Strategy to foster economic growth in that region of Canada.⁴⁶

Box 3. Quebec's System for Selecting Economic-Stream Immigrants

The Canada-Quebec Accord Relating to Immigration and Temporary Admission of Aliens, which came into force in 1991, granted Quebec all powers of selection in all classes of immigrants, with the exception of the family class and refugee admissions. As a result, Quebec designs its own immigrant selection (and integration) policies and programs. Immigrants selected by Quebec receive a selection certificate, after which they must apply to Immigration, Refugees, and Citizenship Canada (IRCC) for permanent residence in Canada.

Quebec operates several economic immigration programs that offer permanent residence: (1) the Regular Skilled Worker Program (or Quebec Skilled Worker Program); (2) the Quebec Experience Program (PEQ) for students, university graduates, or temporary workers employed in Quebec; and (3) Quebec's business immigration programs—the Self-Employed Worker Program, the Investor Program, and the Entrepreneur Program. In August 2018, Quebec launched its Système de déclaration d'intérêt (expression of interest system), which is similar to IRCC's Express Entry. The Système de déclaration d'intérêt replaces Quebec's Regular Skilled Worker Program. Instead of applications being processed on a first come, first served basis through an online portal (Mon project Québec), now only those with a profile that meets the needs of Quebec will be invited to submit a formal immigration application.

Quebec also operates an employer-sponsored Temporary Foreign Worker Program open to all skill levels (ranging from high-skilled to seasonal agricultural workers). Skilled temporary workers may then be able to apply for permanent residence through the PEQ or Regular Skilled Worker Programs.

Note: The 1991 concession to Quebec's special status within a largely Anglophone country led to other provinces demanding, and securing, the right to develop their own immigration policies within parameters agreed to with Ottawa. Annual intergovernmental immigration consultations between Ottawa and the provinces are now a well-established and legally protected feature of Canada's immigration system, and are one of the practices that account for the relative success of Canada's immigration model.

Sources: Government of Quebec, Office of Immigration, Diversity, and Inclusion, "Permanent Workers," updated October 31, 2018, www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/permanent-workers/index.html; Government of Quebec, Office of Immigration, Diversity, and Inclusion, "Businesspeople," updated November 15, 2018, www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/temporary-workers," updated June 15, 2018, www.immigration-quebec.gouv.qc.ca/en/immigrate-settle/temporary-workers/index.html.

⁴⁴ Atlantic Canada Opportunities Agency, "Building a Vibrant Economic Future for Atlantic Canada" (news release, July 4, 2016), www.acoa-apeca.gc.ca/eng/Agency/MediaRoom/NewsReleases/Pages/4824.aspx.

⁴⁵ The pilot program offers permanent residence, but employers can apply for a candidate to receive a temporary work permit if they can prove an urgent need. Under the pilot program, employers are exempt from having to obtain a labor-market opinion. See Government of Canada, "Atlantic Immigration Pilot—A Step by Step Guide," updated November 26, 2018, www.cic.gc.ca/english/immigrate/atlantic/infographic-steps.asp.

⁴⁶ Admissions for 2017 were set at 2,000, with the idea that they would increase in subsequent years. See Atlantic Canada Opportunities Agency, "Building a Vibrant Economic Future for Atlantic Canada."



Like the United States, Canada offers an employer-sponsored program to meet temporary labor needs. The Temporary Foreign Worker Program allows employers to identify immigrants to fill temporary jobs. This program was introduced in 1973 to address high-skilled labor shortages, but is now open to applicants with various skill levels. Employers are required to get a labor-market opinion from Employment and Social Development Canada (which jointly manages the program with IRCC) to verify that they were unable to find a Canadian citizen or permanent resident for the role, in a way very similar to that of several work visas in the United States. Once they secure this opinion, the application process can take as little as two weeks for managerial or professional roles or certain tech occupations. Some temporary foreign workers may also be able to seek permanent residence through the Canadian Experience Class or PNPs, effectively transitioning from temporary to permanent immigration status, something that the United States introduced in 1990 in its H-1B temporary visa for professional workers.

IV. Equipping Points Systems for Fast-Changing Labor Markets

Over the years, policymakers have experimented extensively with the design and focus of points-based systems. In Canada, for example, demographic realities such as low fertility rates among Canadians, an aging population, the very uneven spatial distribution of both the Canadian- and foreign-born populations,⁵¹ and labor-market realities (including employer demands and counter-pressures to protect Canadians' jobs) have underscored these changes.⁵²

In an era of labor-market upheaval, governments will need to actively manage and fine-tune or even overhaul their points-based systems more frequently than in the past. Advances in automation, machine learning, artificial intelligence, and digital technology are set to disrupt labor markets and further fuel demand for knowledge workers. As a result, skilled workers capable of carrying out the nonroutine, cognitive tasks that appear to be more resistant to automation are likely to be in highest demand. Points-based systems will thus need to meet this growing pressure for immigrants with the right cognitive and problem-solving skills while also working out how to select people with the soft skills that selection systems have struggled to identify and assess. And policymakers will need to work out how to select immigrants with skills that will continue to be both needed and valuable in a fast-changing labor market—while at the same time finding ways to retain their most skilled and talented immigrants as global competition for talent grows.

⁴⁷ Ray Marshall, *Value-Added Immigration: Lessons for the United States from Canada, Australia, and the United Kingdom* (Washington, DC: Economic Policy Institute, 2011), 35–37, www.epi.org/files/2013/Marshall-Value-Added-Immigration. pdf.

An important exemption from this rule are people eligible for the International Mobility Program (e.g., people who can enter Canada under the terms of NAFTA, with a "TN" [Treaty NAFTA] visa), which doesn't require a labor-market opinion. See Government of Canada, "Fact Sheet—Temporary Foreign Worker Program," updated February 19, 2015, www.cic.gc.ca/english/resources/publications/employers/temp-foreign-worker-program.asp; Government of Canada, "International Mobility Program: International Free Trade Agreements," updated September 25, 2017, www.canada. ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/international-free-trade-agreements.html.

⁴⁹ Papademetriou and Yale-Loehr, Balancing Interests.

⁵⁰ Government of Canada, "Hire Temporary Workers Faster with the Global Skills Strategy," updated December 5, 2018, www.cic.gc.ca/english/work/employers/gss.asp.

⁵¹ Both the Canadian and foreign-born populations are concentrated in a handful of big cities in Alberta, British Columbia, Ontario, and Quebec.

⁵² Papademetriou and Yale-Loehr, Balancing Interests.



A. Anticipating Future Labor-Market Needs

The most successful points systems are evidence driven. Governments collect and analyze information on the labor market and the integration outcomes of immigrants, and use this evidence to inform and adapt the design and priorities of the system. Put differently, the best systems involve a commitment to "curiosity" about policy outcomes.

Methodologies for assessing labor needs and outcomes, and calibrating selection systems in response to such information, vary by country. The United Kingdom, for example, relies on the Migration Advisory Committee (MAC) to carry out evaluations of the labor market and recommend shortage occupations to the government. MAC's evaluation utilizes price-, employer-, and volume-based indicators (such as changes in pay, reported difficulties in hiring, and employment levels) and the vacancy/unemployment ratio in key occupations.⁵³ In Australia, the Department of Jobs and Small Business runs this consultation process itself, soliciting input from industry, employers, and trade associations annually, and then advising the Minister for Immigration, Citizenship, and Multicultural Affairs on the shortage occupation list. This process involves shortlisting occupations that have a long lead time for education or training, high qualification requirements, and where shortages pose a serious risk to the economy (meeting at least two of these three categories), and then evaluating the results of its analysis against an array of inputs from stakeholders, labor-force data, and data on immigrant outcomes.⁵⁴

Accurately anticipating labor needs, however, remains a deeply imprecise science. While governments can access an array of labor-market data, employers often have a better grasp of the real-world dynamics in the labor market, including the factors driving shortages and in-demand skills. And the fast-paced changes unfolding in the labor market make it difficult to keep up with changing needs or to assess how long these needs will persist—for example, whether a computer programmer's job will move overseas or be performed by computer systems in a few years.⁵⁵

While governments can access an array of labor-market data, employers often have a better grasp of the real-world dynamics.

Moreover, governments undertaking labor-market assessments will need to balance these efforts against two other priorities. The first is protecting the domestic workforce from unscrupulous employers who may exaggerate their "shortages" because they prefer hiring immigrants who are cheaper to employ and less mobile (for example, if they enter on an employer-sponsored visa and have limited recourse to change employers or sectors). Drawing up shortage occupation lists is part science and part art, relying on a wealth of data (that are not as objective or robust as they may appear) and testimonies, and weighing various socioeconomic and political considerations and consequences. This includes scrutinizing whether reported shortages can be met by retraining the current workforce (or even helping people re-enter the workforce), or simply by offering more competitive wages and better

⁵³ Migration Advisory Committee, *Assessing Labour Market Shortages: A Methodology Update* (London: Migration Advisory Committee, 2017), 27–28, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586110/2017_01_26_MAC_report_Assessing_Labour_Market_Shortages.pdf.

⁵⁴ Australian Government, Department of Jobs and Business, "Skilled Migration Occupation Lists," updated March 12, 2019, www.jobs.gov.au/SkilledMigrationList.

⁵⁵ See Demetrios G. Papademetriou and Meghan Benton, "Building Competitive Migration Systems in a Fast-Changing World of Work" (paper prepared for the 19th meeting of the Transatlantic Council on Migration, Migration Policy Institute, Brussels, September 24–25, 2018).



working conditions. The second priority is to ensure that while meeting current labor or skills needs, governments do not overlook workers with skills that will become ever more valuable in the medium to long term.

Monitoring immigrants' labor-market outcomes is another critical source of information that influences the design of points systems. Canada, Australia, and New Zealand, for example, collect longitudinal data on the labor-market and economic outcomes of different categories of immigrants. Over the years, these data have regularly informed changes to the points systems in all three countries. For example, longitudinal data on immigrant outcomes in Canada revealed that the gap in employment rates and earnings between immigrants and the native born widened during the 1990s and early 2000s. In response, in 2002 policymakers adjusted the points system to emphasize factors associated with longer-term labor-market success, such as education, language proficiency in one (or both) official languages, age, and work experience. This move followed the example of Australia, which in the mid-1990s began awarding more points for factors linked to better employment outcomes, such as work experience in shortage occupations, Australian qualifications and work experience, and higher English language proficiency—changes that resulted in Australia's skilled migrants having much stronger employment outcomes than their Canadian peers. Similarly, longitudinal data documenting stronger outcomes for skilled labor migrants in New Zealand in the 2000s helped inspire Australian policymakers to adopt an Expression of Interest system in their own country.

B. Adapting Selection Systems to Emerging Priorities

A central attribute of all points selection systems is their ability to adapt to changing circumstances and capacity to learn from research evidence on whether the selection formula and specific components meet their stated policy goals. This political commitment to adapt sets such systems apart from relatively inflexible immigrant selection systems, such as that of the United States.

Policymakers have a number of avenues to adjust points-based systems to respond to new needs. Options include updating shortage occupation lists to reflect emerging or growing industries with labor or skills shortages, or awarding additional points to candidates with qualifications or experience in certain in-demand fields (e.g., science, technology, engineering, and mathematics, or STEM).⁶⁰ Policymakers are also beginning to explore ways to measure and reward soft skills in their selection system in light of projections suggesting a growing emphasis on nonroutine, cognitive, and problem-solving tasks in the future workforce.⁶¹ Looking beyond specific occupations to think about valuable skills that can be put to use across jobs can also address the most difficult challenge for policymakers

⁵⁶ Ana M. Ferrer, Garnett Picot, and William Craig Riddell, "New Directions in Immigration Policy: Canada's Evolving Approach to the Selection of Economic Immigrants," *International Migration Review* 48, no. 3 (2014): 846–67; Aneta Bonikowska, Feng Hou, and Garnett Picot, "Which Human Capital Characteristics Best Predict the Earnings of Economic Immigrants?" (research paper 368, Statistics Canada, Ottawa, 2015), www.statcan.gc.ca/pub/11f0019m2015368-eng.htm.

⁵⁷ These reforms eliminated the variable of occupation altogether. But in the wake of mounting evidence of disappointing employment outcomes in the mid-2000s, the system was gradually reweighted to place greater emphasis on job offers and other demand-driven criteria—thus creating the hybrid selection system discussed here.

⁵⁸ Lesleyanne Hawthorne, "Labour Market Outcomes for Migrant Professionals: Canada and Australia Compared," updated December 2006, https://papers.csmr.com/sol3/papers.cfm?abstract_id=2808943; Marshall, Value-Added Immigration.

⁵⁹ Richard Bedford and Paul Spoonley, "Competing for Talent: Diffusion of an Innovation in New Zealand's Immigration Policy," *International Migration Review* 48, no. 3 (2014): 892.

⁶⁰ Australia, for example, awards points to applicants with a specialist education qualification in the science, technology, engineering, and mathematics (STEM) fields or information and communication technology for its Skilled Independent (subclass 189) visa. See Australian Government, Department of Home Affairs, "Skilled Independent Visa (Subclass 189) (Points Tested Stream)," updated October 31, 2018, https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/skilled-independent-189.

⁶¹ In Canada, for example, the government is exploring different options to measure soft skills, including utilizing U.S. O*Net data that maps the soft skills needed to practice different occupations.



charged with managing points-based systems: ensuring they are selecting immigrants who can readily adapt to changing labor needs. Another option is to introduce new visa pathways for emerging industries, alongside traditional employer-led or points-tested routes. For example, New Zealand and Canada have introduced pilot, non-points-tested start-up visa programs that aim to connect prospective foreign entrepreneurs with funding opportunities and mentoring. Even if they are found to be unsuccessful, such pilots offer lessons for future policy.

Another option is to introduce new visa pathways for emerging industries, alongside traditional employer-led or points-tested routes.

The flexibility of points-based systems is also evident in the increasing emphasis on regional input to address regional labor or skills needs. The most common approach is introducing regional immigration programs, which allow regions to sponsor prospective immigrants, as done in Canada's PNPs and Atlantic Immigration Program, and Australia's regional skilled and business migration programs. Alternatively, policymakers can weight a system to favor regions with acute labor or skills shortages by awarding additional points to people willing to settle in those parts of the country. For example, New Zealand awards points to people with an offer of skilled employment outside Auckland. However, an ongoing challenge for both approaches is how to create socioeconomic opportunities in these regions that would encourage workers and employers to stay. This is especially critical once immigrant workers become permanent residents and can move and settle freely throughout the country.

C. Attracting and Retaining Talent as International Competition Intensifies

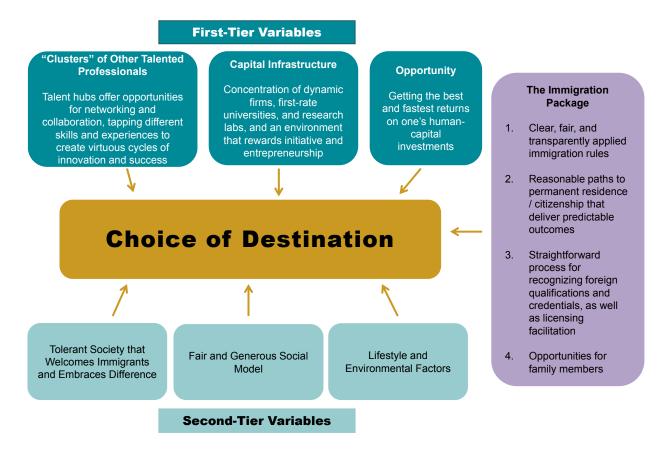
Creating effective selection systems goes beyond the criteria governments use to choose which immigrants to admit. Policymakers must also consider whether the overall conditions a prospective immigrant will encounter at destination will lead them to make a longer-term commitment to staying there. The importance of such conditions for attracting *and retaining* talented immigrants cannot be emphasized enough. As increasing numbers of high- and middle-income economies seek to gain a competitive edge by enhancing their human-capital infrastructure, a selection "sweepstakes" of sorts is developing in which countries are thinking not only about the conditions they offer to prospective immigrants but also how their offer compares to those of other countries. Growing competition from other countries, including emerging economies, is driving (or at least, *should* drive) policymakers to think harder about what gives their country an edge in attracting and retaining foreign talent.

Figure 3 maps out the variables that influence immigrants' choice of destination. These go beyond the immigration "package" on offer to include a number of conditions within the destination country.

⁶² New Zealand Immigration, "Global Impact Visa (GIVs)," accessed March 12, 2019, <a href="www.immigration.govt.nz/new-zealand-visas/options/start-a-business-or-invest/i-want-to-invest-or-do-business-in-nz/the-global-impact-visa; Government of Canada, "Start-Up Visa Program," updated November 29, 2018, www.cic.gc.ca/english/immigrate/business/start-up/index.asp. For a full discussion of the development of various start-up visa programs, see Liam Patuzzi, "Start-up Visas: A Passport for Innovation and Growth?" (paper prepared for the 19th meeting of the Transatlantic Council on Migration, Migration Policy Institute, Brussels, September 24–25, 2018).



Figure 3. How the Most-Qualified Immigrants Choose Destinations



Note: An earlier version of this scheme was published in Demetrios G. Papademetriou, Will Somerville, and Hiroyuki Tanaka, *Talent in the 21st-Century Economy* (Washington, DC: Migration Policy Institute, 2008), 22–30, www.migrationpolicy.org/research/talent-21st-century-economy.

Among the most important conditions that influence the decision-making process of a prospective highly qualified immigrant are the professional opportunities a firm (and the broader host-country economy) offers. Key questions include:

- 1. What opportunities do highly qualified immigrants have to collaborate with other talented professionals in their field or related disciplines? What steps do firms take to build "talent hubs" and foster collaboration, and do immigration policies facilitate or inhibit the formation and thriving of such hubs?⁶³
- 2. What infrastructure is in place to support and reward entrepreneurship and innovation? Are there clusters of globally competitive firms or top-level universities and research labs that are global leaders in key economic sectors?
- 3. What opportunities do immigrants have for professional development? Does the host country offer immigrants rapid returns on their human-capital investments?

⁶³ The basic concept here is that constant innovation (and hence competitiveness) relies heavily on the organic collaboration of teams with different skill sets and experiences, as well as the capital infrastructure to capitalize on new ideas and create first-to-market products.



Another set of variables—important, but less so than professional opportunities—relate to quality of life for both the principal immigrant and their family. These can be gauged by asking several key questions:

- 1. Does the society at destination welcome immigrants? Does it offer a tolerant and safe environment that embraces difference? (This is particularly important as skepticism about immigration continues to grow in many countries.)
- 2. Is there a fair and generous social model? For example, is there a strong public education system, universal health care, and generally a good social welfare system? What protections and opportunities does the destination country offer workers?
- 3. Does the destination country offer a good quality of life (e.g., in terms of climate, clean environment, or natural beauty)?

A last set of variables addresses the design and implementation of the immigration system itself, and the conditions and opportunities it offers to prospective immigrants. These can be tweaked to make a country more attractive to immigrants—and benefit most from the human capital they bring along. Key elements of this "immigration package" include:

- 1. Is the application process easy to navigate and can it deliver decisions quickly and fairly? Does it produce predictable outcomes for all who meet the stated requirements?
- 2. Do temporary workers (or students) with in-demand skills have opportunities to qualify for permanent immigration programs? How clear and reasonable is this process? And are the requirements for obtaining citizenship sensible and consistently applied?
- 3. How straightforward is the process by which immigrants get their foreign qualifications and experience recognized—either by a licensing body or by local employers? Are there public and private bodies that can help newcomers identify opportunities for further credentialing or qualifications to build on their skills and experience?
- 4. What opportunities are available for family reunification? Can immigrants' family members work, and can they access education opportunities or social supports (such as health care) on the same terms as long-term residents or citizens?

At the end of the day, the design and operation of a country's immigration system are only part of the calculus that highly qualified prospective immigrants will make when deciding where to go—and, importantly, where to stay. The most-qualified immigrants seek out and respond to opportunity differentials above all else. To attract and retain talent, policymakers across government will also need to think about the professional opportunities available to newcomers, including avenues to build on their human-capital investments and pursue their talents wherever they may take them, as well as broader lifestyle factors. As competition for the most talented immigrants intensifies, the day when such immigrants will have multiple choices and can choose the country that offers the best conditions for them and their families is just around the corner, if not already here.

V. Conclusion

Immigrant selection systems are imbedded in each country's governance philosophy and specific social and economic context. Some countries, such as the United States, are focused on filling current



labor-market gaps directly and efficiently by allowing employers to identify and hire the workers they need, within parameters set by the government.⁶⁴ In this system, success is measured by how quickly employers can access the global labor pool to meet their needs.⁶⁵ Others, such as Australia and Canada, view their systems as a way to meet both human-capital and labor-market needs.

The political context in which each system operates also dictates the relative ease with which immigration policies may be reformed. The United States, with a constitutional system built on the principle of power separation and coequal branches of government (in which Congress has and exercises plenary power over immigration), has become bound to a specific set of selection formulae over the years. It has struggled to adapt the system to changing circumstances, as the political process has stymied necessary legislative reforms.

The best systems are distinguished by their commitment to constant review and adaptation.

Points-based selection systems, on the other hand, have flexibility at their core and continue to hold great appeal for immigration policymakers as an effective and transparent way to select immigrants for current and future needs, building an economy's human-capital infrastructure in the process. Such systems are almost always found in parliamentary systems of government where the executive branch commands a majority in the legislative body, thus allowing for the recalibration of selection systems to reflect changing immigration priorities in response to new information about labor needs or integration outcomes. The best systems are distinguished by their commitment to constant review and adaptation. Moreover, points systems may offer a potent antidote to employer-driven ones by putting a country's economic priorities front and center, leaving the government as an impartial referee—a key consideration in an era of rising public skepticism about immigration and its effects on local labor markets.

But focusing on the contrast between these two types of economic-stream immigrant selection systems, while a useful way to understand each system in its own philosophical and political context, obscures today's reality: most employer-led and points-based systems are hybrids, operating on a continuum between labor-market needs and human-capital considerations. Any reforms should center on using elements of each approach to the extent that they are practically and politically feasible. For example, introducing a points-based selection system would be difficult in the United States, given the government's reluctance to regulate labor markets and the comparatively weak powers of the executive on immigration, which limit the scope to undertake regular tweaks to the system. Nonetheless, there may be opportunities to incorporate more human-capital factors into the employer-led system—as well as lessons on how to use evidence on labor-market needs and integration outcomes to inform immigration priorities.

As policymakers think about the best way in which to select, attract, and retain the immigrants their economy needs and society can embrace, they should keep in mind several policy design considerations:

• Whether the system they already have functions well. In countries where employers choose the immigrant workers they need, the short- to medium-term advantages are clear.

⁶⁴ These parameters typically center on wages, working conditions, and more or less direct ways of protecting opportunities for domestic workers. In the United States, the system works well enough in meeting labor-market needs, although it has some powerful detractors, especially unions.

⁶⁵ The approach works particularly well at the higher end of the labor market where global companies have the reputation and means to identify and attract the best candidates for a job, and the ability to choose among candidates who may look similar, even identical, on paper but quite different upon closer examination.



At the same time, such systems are prone to a backlash from labor organizations and native-born workers wary of the prospect of job competition and downward pressure on wages and working conditions. In countries where most economic-stream immigrants are selected through points-based systems, policymakers have been working hard and smartly on innovations that will improve labor-market and broader integration outcomes to create a win-win situation for all concerned. Recent innovations include improving the application process itself, most notably through introducing two-step systems (such as Canada's Express Entry system) to digitize applications, allow frequent draws in response to changing needs, and eliminate the backlogs that plague first come, first served systems. A key consideration for immigration policymakers is whether the application process is transparent and reasonably easy to navigate for prospective immigrants, employers, and regions—and whether it attracts high-quality applicants and produces timely and predictable results.⁶⁶

- **Don't sideline the domestic workforce.** While skilled immigrants can make an important contribution to building a country's human capital, governments will still need to rely primarily on educating and training—and crucially, constantly retraining—their workforce if they are to maintain an internationally competitive economy. Such an economy, in turn, will attract more talented immigrants, creating the virtuous cycles that are at the core of the most successful economies.
- Use evidence on integration outcomes as a guide to setting criteria for admission. Australia, Canada, and New Zealand all serve as examples of how to use longitudinal data on integration outcomes to inform immigration decisions. Evidence on how well immigrants fare in the labor market, for example, has encouraged a greater focus on incorporating demand-driven criteria and adjusting integration benchmarks alongside human-capital factors. Looking forward, policymakers can use this evidence to inform integration policy further—for example, focusing on the barriers to success that immigrants encounter when entering the workforce and exploring ways to connect new immigrants with relevant services (such as language instruction or credential recognition) as early as possible in the process.
- Continue to focus on managing flexible and responsive systems. Modelling future labor needs remains imprecise and hard to do at best—especially as the labor markets of the future will need to manage ever greater turmoil. Given such uncertainties, policymakers need to ensure their systems are flexible enough to incorporate new information on labor and skills needs as they emerge, and to explore ways to select immigrants with the ability to adapt to fast-changing labor markets and thrive even if the first jobs they hold after immigrating disappear. Policy experimentation will be a critical tool in this regard—something that points-based selection systems do much better than employer-led ones. New Zealand has been a hotbed of such experimentation in the last decade or so.

Policymakers need to think carefully about what will give their country the edge when it comes to attracting and retaining the best and brightest immigrants. For some countries, it may be factors such as a good quality of life, a strong and fair welfare system, or broad opportunities for professional development—factors that are outside the control of immigration policymakers and difficult to replicate. But policymakers can think carefully about other factors that are critical to immigrants' decision-making process, such as access to permanent status and citizenship, opportunities for family reunification, access to health services and education and training opportunities, and overall acceptance, even embrace, of difference. As countries move towards hybrid systems, they will need

⁶⁶ Attracting high-caliber—instead of just highly credentialed—applicants is the Achilles' heel of all points-based systems, which can exert only indirect influence over who enters the expression of interest pool from which the government ultimately selects immigrants.

⁶⁷ See Papademetriou and Benton, "Building Competitive Migration Systems."



to be candid about the strengths and weaknesses of their immigration package—and draw ideas from both demand-driven and human-capital-focused systems elsewhere to calibrate *their* selection methods to produce the best outcomes for immigrants, employers, and the communities in which newcomers settle.



Appendix. Canada's Provincial Nominee Programs

Table A-1. Provincial Nominee Programs (PNPs) in Canada, as of November 2018

Province	Program	Streams	Details
2 H 2 H 2 H 2 H 2 H 2 H 2 H 2 H 2 H 2 H	Alberta Immigrant	Alberta Opportunity Stream	For temporary workers and international graduates (of Alberta institutions) in Alberta who have a job offer in most skilled, semi-skilled, or low-skilled occupations. (Alberta also has a separate Express Entry stream.)
Alberta	Nominee Program	Self-Employed Farmer Stream	For immigrants (with relevant experience) who purchase or invest in and manage a farm in Alberta. Applicants must have a personal net worth of at least CAD 500,000 and relevant experience, and show they are able to invest at least CAD 500,000 of equity into the business.
British	BC Provincial Nominee	Skills Immigration	Covers skilled workers, health-care professionals, international graduates, and entry-level or semiskilled workers (e.g., in tourism, hospitality, trucking, or food processing). All categories but international postgraduates in the natural, applied, or health sciences require a job offer to apply. (BC also has a separate Express Entry stream.)
	Program	Entrepreneur Immigration	Covers high-value individuals who are willing to invest in and actively manage a company in BC. Applicants must have a personal net worth of at least CAD 600,000 and relevant experience, and be willing to invest at least CAD 200,000 in the business.
Manitoba	Manitoba Provincial Nominee	MPNP for Skilled Workers	This includes two categories: Skilled Workers in Manitoba, and Skilled Workers Overseas. Temporary foreign workers and international graduates can apply for the Skilled Workers in Manitoba stream, provided they hold an employment offer. Applicants for Skilled Workers Overseas can qualify if they can demonstrate their "established connection" to Manitoba through family or friend support, prior education or work experience in Manitoba, or an invitation to apply from a Strategic Recruitment Initiative. (Manitoba also has a separate Express Entry stream.)
	Program (MPNP)	MPNP for Business	This stream includes the (1) Entrepreneurship Pathway and (2) Farm Investor Pathway. Applicants for the Entrepreneur Pathway must demonstrate a minimum net worth of at least CAD 500,000 and relevant experience, and are required to invest at least CAD 250,000 in the Manitoba Capital Region (CAD 150,000 outside). Applicants for the Farm Investor Pathway must demonstrate a minimum net worth of at least CAD 500,000 and relevant experience, and are required to invest at least CAD 300,000 in establish a farming business in rural Manitoba.
	New Brunswick	Skilled Workers with Employer Support	Covers workers with a job offer in a skilled occupation, and some semi-skilled and low-skilled occupations (e.g., in administrative, health, trades, agriculture, and manufacturing occupations). (New Brunswick also has a separate Express Entry stream.)
New Brunswick	Provincial Nominee Program	Entrepreneurial Stream (temporarily closed at time of writing)	Covers high-value individuals (with a minimum net worth of CAD 600,000), with relevant experience, who are willing to invest at least CAD 250,000 in and actively manage a company in New Brunswick.
Newfoundland	Newfoundland and Labrador Provincial	Skilled Worker	Covers skilled immigrants with a job offer. Immigrants with job offers in low- or semi-skilled occupations are required to meet minimum language requirements. (Newfoundland and Labrador also has a separate Express Entry stream.)
alla Labladol	Nominee Program	International Graduate	Covers recent graduates with a Post-Graduate Work Permit and a job offer.
Northwest	Northwest Territories	Employer- Driven Stream	Two categories: (1) critical impact workers (for entry-level jobs in low- or semi-skilled occupations); and (2) skilled workers. Both require job offers. (The Northwest Territories also has a separate Express Entry stream.)
Territories	Nominee Program	Business Stream	Covers high-value individuals who are willing to invest in and actively manage a company in the Northwest Territories. Applicants must have a minimum net worth of CAD 500,000, and be able to invest at least CAD 350,000 in a business in the Yellowknife area (CAD 150,000 outside).



Table A-1. Provincial Nominee Programs (PNPs) in Canada, as of November 2018 (cont.)

Province	Program	Streams	Details
		Skilled Worker	Covers foreign workers and recent international graduates with a job offer in skilled, semi-skilled, or low-skilled occupations. (Nova Scotia also operates Express Entry streams for skilled workers with or without job offers ["demand" and "experience" categories], and for workers in shortage occupations, such as early childhood education.)
0	Nova Scotia	Physician	Covers general practitioners, family physicians, and specialist physicians with employment offers from the Nova Scotia Health Authority or the Izaak Walton Killam Health Centre.
NOVA SCOTIA	Program	Entrepreneur	Covers high-value individuals who are willing to invest in and actively manage a company in Nova Scotia. Applicants must have relevant experience and a minimum net worth of CAD 600,000, and be willing to invest at least CAD 150,000 in establishing a business in Nova Scotia.
		International Graduate Entrepreneur	Covers recent Nova Scotia graduates who started or bought a Nova Scotia company and have run it for at least a year.
		Employment Job Offer Category	Covers employer-sponsored immigrants with three separate streams: one for skilled workers, one for recent graduates, and one for agricultural and construction workers.
Ontario	Ontario Immigrant Nominee Program	Business Category	Involves two separate streams: (1) corporate and (2) entrepreneur. Under the corporate stream, corporations can nominate up to five staff (working in skilled occupations) to establish a business in Ontario Ontario. Corporations are required to invest at least CAD 5 million in expanding a business in Ontario or purchasing an existing business, and are required to create at least five jobs per nominated staff member (i.e., up to 25 jobs). Under the entrepreneur stream, applicants must have relevant experience and a minimum net worth of CAD 1.5 million if investing in the Greater Toronto area (CAD 800,000 if outside this area, or if the business is in the information and communication technology/digital communications sector). Applicants are required to create at least two full-time jobs.
		Human Capital Category	Two separate streams, under which international students with a master's or PhD gained in Ontario can apply to live and work in Ontario without a job offer. (Ontario also has an Express Entry stream for skilled trades, French-speaking skilled workers, and human-capital priorities [either the Federal Skilled Worker or Canadian Experience Class programs].)
		Critical Worker Stream	Covers employer-sponsored immigrants in low-skilled or semi-skilled roles (e.g., truck drivers, customer service representatives, laborers, food and beverage servers, housekeeping attendants).
Prince Edward	PEI Provincial	Skilled Worker Stream	Covers employer-sponsored immigrants in skilled roles, either who are currently working in PEI or who are based overseas with a job offer. (PEI also operates an Express Entry stream.)
Island (PEI)	Nominee Program	International Graduates Stream	Covers employer-sponsored immigrants in skilled roles, who have graduated from PEI postsecondary institutions and are currently working in PEI.
		Entrepreneur Stream	Covers high-value individuals who are willing to invest in and actively manage a company in PEI. Applicants must have a minimum net worth of CAD 600,000.



able A-1. Provincial Nominee Programs (PNPs) in Canada, as of November 2018 (cont.)

Province	Program	Streams	Details
		International Skilled Worker Category	Covers workers either with a job offer in a skilled occupation or a trade, or with experience in an indemand occupation. (Saskatchewan also operates an Express Entry stream for skilled immigrants.)
Saskatchewan	Saskatchewan Immigrant	Saskatchewan Experience Category	Covers workers or recent graduates living and working in Saskatchewan (i.e., with a job offer) in certain occupations. There are separate streams for skilled workers, recent graduates, health professionals (e.g., nurses, doctors), semi-skilled agricultural workers, long-haul truck drivers, and hospitality workers (e.g., housekeeping, food and beverage servers, or attendants).
	Program	Entrepreneur Category	Covers high-value individuals who are willing to invest in and actively manage a company in Saskatchewan. Applicants must have a minimum net worth of CAD 500,000, and be willing to invest at least CAD 300,000 in Regina or Saskatoon, or CAD 200,000 outside.
		Farm Category	For immigrants (with relevant experience) who purchase and run a farm in Saskatchewan. Applicants must have a minimum net worth of CAD 500,000, and be willing to deposit CAD 75,000 in a trust (returned within two years if applicants meet the terms of their performance agreement).
		Skilled Worker Program	Covers employer-sponsored immigrants in skilled roles. (Yukon also operates an Express Entry stream.)
Yukon	Yukon Nominee Program	Critical Impact Worker Program	Covers employer-sponsored immigrants in low- or semi-skilled roles.
		Business Nominee Program	Covers high-value individuals who are willing to invest in and actively manage a company in Yukon. Applicants must have relevant experience, a minimum net worth of CAD 500,000, and be willing to invest at least CAD 300,000 in the business.

require a college diploma or apprenticeship, e.g., chefs, plumbers, and electricians). The other job categories are Skill Level C (intermediate jobs with high school and/ or on-the-job training, e.g., long-haul truck drivers, food and beverage servers, and industrial butchers), and Skill Level D (jobs with on-the-job training, e.g., cleaners, mmigrate-pei-worker; Government of Prince Edward Island, "Immigrate to PEI as an Entrepreneur," updated January 25, 2018, www.princeedwardisland.ca/en/topic/ mmigrate-pei-entrepreneur; Government of Saskatchewan, "Saskatchewan Immigrant Nominee Program (SINP) Application," accessed November 16, 2018, www. Yukon, Department of Education, "Yukon Nominee Program," updated April 23, 2018, www.education.gov.yk.ca/ynp.html; Government of Nova Scotia, "Immigrate Notes: Under the dedicated Express Entry streams, the province or territory can provide a Notification of Interest to candidates who qualify for one of the Express pnp/OI_PNPABOUT.html; Government of Prince Edward Island, "Immigrate to PEI as a Worker," updated January 25, 2018, www.princeedwardisland.ca/en/topic/ averseskatchewan.ca/residents/moving-to-saskatchewan/immigrating-to-saskatchewan/saskatchewan-immigrant-nominee-program/apply-to-the-sinp; Government of Start a Business in the Northwest Territories—Northwest Territories Nominee Program: Business Stream," accessed November 16, 2018, www.immigratenwt.ca/ immigrate-to-manitobal; Government of New Brunswick, "Immigration and Settlement in New Brunswick, Canada—New Brunswick Provincial Nominee Program mmigrating-to-newfoundland-and-labrador/provincial-nominee-program/overview/; Government of Northwest Territories, "Employers in the Northwest Territories professional jobs that usually require a university degree, e.g., doctors, dentists, and architects), and Skill Level B (technical jobs and skilled trades that usually Sources: Government of Alberta, "Alberta Immigrant Nominee Program (AINP)," updated November 30, 2018, www.alberta.ca/ainp.aspx; Government of British Entry programs. Canada uses the National Occupations Classification system and defines skilled occupations as Skill Type 0 (management jobs), Skill Level A Sovernment of Newfoundland and Labrador, Office of Multiculturalism and Immigration, "Overview," accessed November 15, 2018, www.gov.nl.ca/immigration/ oil field workers, and fruit pickers). Table last updated in November 2018. Government of Canada, "Find Your NOC," updated May 3, 2018, www.canada.ca/en/ Nominee Program for Employers," accessed November 16, 2018, www.immigratenwt.ca/employers-northwest-territories, Government of Northwest Territories, nvest-northwest-territories; Government of Ontario, "Ontario Immigrant Nominee Program (OINP)," updated January 18, 2018, www.ontarioimmigration.ca/en/ Government of Manitoba, "Immigrate to Manitoba—The Manitoba Provincial Nominee Program," accessed October 16, 2017, www.immigratemanitoba.com/ Columbia, "BC PNP Pathways," accessed November 15, 2018, www.welcomebc.ca/lmmigrate-to-B-C/B-C-Provincial-Nominee-Program/BC-PNP-pathways; NBPNP)," updated November 28, 2018, www.welcomenb.ca/content/wel-bien/en/immigrating/content/HowTolmmigrate/NBProvincialNomineeProgram.html mmigration-refugees-citizenship/services/immigrate-canada/express-entry/eligibility/find-national-occupation-code.html Here," accessed October 16, 2017, http://novascotiaimmigration.com/move-here/



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The Migration Policy Institute is a nonprofit, nonpartisan think tank dedicated to the study of the movement of people worldwide. MPI provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic and thoughtful responses to the challenges and opportunities that large-scale migration, whether voluntary or forced, presents to communities and institutions in an increasingly integrated world.

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