

Markets for Visas: A Radical And Fair Solution to Immigration

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Abstract

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1 Introduction

Suppose the NFL Commissioner decides to distribute Super Bowl tickets under a rules-based system. Fans are now required to submit a form with personal information, education levels, current and previous employment, their skills, and answers to questions on why they think they should be given a ticket to attend the Super Bowl. You can quickly see how problematic this system is. The NFL would need additional staff to process the paperwork and assess every applicant against each other, rank them, and finally assign tickets based on internal criteria unbeknownst to applicants.

Alternatively, suppose now the U.S. Citizenship and Immigration Services (USCIS) Director decides to distribute visas under a price system. The USCIS publishes a schedule of visas and their respective prices, applicants review visa conditions, submit forms, and the visa fee to the USCIS. Unless there are red flags with one's application, the USCIS approves the candidate's application and they are allowed entry into the United States. People are also likely to oppose this proposal, fearing that ill-intended individuals will apply and that this policy discriminates against poor people who cannot afford visas.

Why do we generally accept prices mediating the exchange for seats at the Super Bowl but would oppose the rules system? Why do we generally accept rules mediating the exchange for visas in the USCIS but would oppose the price system? This is an inconsistent belief, to say the least. In this essay, I argue that governments should sell visas to prospective immigrants. I supplement the reasoning in Becker,¹ Hidalgo² and Freiman³ and contribute an utilitarian argument in favor of such markets. In fact, the utilitarian supplement developed here is the missing piece for unifying the support for immigration markets across philosophy and economics. The argument constructed here has four main pillars: (i) visa markets are no less discriminatory than existing policies; (ii) they create compensation mechanisms for negative, localized distributional effects of immigration; (iii) they can increase social welfare for both sending and receiving communities; (iv) they are compatible with both open and closed borders approaches to immigration.

Gary Becker⁴ first introduced the idea for an immigration market. He suggested that countries would benefit from charging a market price for immigration (\$50,000 in his seminal example) because they would attract the individuals most likely to succeed, i.e. those who expect positive returns to migration, and the revenue raised with this measure would be used to lower other taxes. Occupations with labor shortages could command lower prices and poor people could borrow the money against future earnings and thus would not be excluded from the market. I develop Becker's⁵ argument further by discussing the compensatory mechanism and the welfare improvement when compared to existing policies.

The moral defense of citizenship markets was recently debated by Javier Hidalgo⁶ and Christopher Freiman,⁷ in which they put forward the argument in favor of a public and a private citizenship market. I modify their proposal and suggest a market in temporary visas in which the government is the monopolistic producer. I show that this is an improvement compared to previous proposals and that, indeed, a visa market could be implemented as of this moment.

The remaining of this paper is as follows. Section 2 presents the motivation for this paper. In section 3, I compare the discriminatory elements of both visa markets and existing policies; in section 4, I sketch compensatory mechanisms; in section 5, I show how markets can produce net welfare both for sending and receiving communities; section 6 discusses how such markets can adjust to both open and closed borders approaches to immigration; section 7 concludes.

¹Becker, 2011

²Hidalgo, 2016

³Freiman, 2017

⁴Becker, 1997 IEA

⁵Also discuss Julian Simon

⁶Hidalgo, 2016

⁷Freiman, 2017

2 Motivating a Market for Visas

The premises motivating this article are the following:

1. Citizens vest governments with the power to make and enforce policy in their best interest.
2. Any policy which improves the welfare of citizens is welcome, regardless of the status quo.
3. An immigration policy improving welfare thus can be adopted in lieu of, or in addition to, existing policies.

If these premises were not reasonable, then there would be no need for changing current immigration policies and the debate would be irrelevant. No one would raise objections to premise one. In principle, if just one community of people has vested a government with the power to rule in its best interest, there is reason to believe that any society can do the same; the United States is one evidence of such case. There are incidental reasons, i.e. special circumstances, preventing governments from acting in their citizenry's best interest but they do not invalidate the general premise. Premise two relies on the plausible assumption that anyone is willing to accept something better than what they currently have and that comes at no cost to them. The eventual decisions on whether to trade it up or not remains subject to empirical testing of individual and collective preferences, but in principle all improvement proposals are welcome. Premise three then follows from one and two and provides the moral ground for the discussion of new immigration policy proposals. If governments have the ability to make and enforce policy in the interest of its citizenry, and an welfare improvement is such an interest, then it is straightforward that a market policy for immigration can be adopted as an improvement or replacement of existing policies. In this case, thus, what is left to prove is whether immigration markets can improve the welfare of citizens receiving migrants in their communities.

That said, I move on to clarifying what the immigrant market proposal in this paper is and what it is not.

First, it should be clear that my goal is showing that an immigration market, and more specifically a market for temporary visas, is permissible in practice this day and age. This is an important departure from Javier Hidalgo,⁸ who claims that selling citizenship might be impermissible if we accept that any type of immigration restriction is unfair. I claim that a market for visas is not limited by our views on the morality of immigration restrictions. In fact, a full-fledged embrace of market reasoning shows that a market for visas is compatible with both open and closed borders approaches to immigration, as I demonstrate in section 6. Nonetheless, the other arguments developed by Hidalgo against the objections to citizenship markets (i.e. the sale of citizenship changes its value to worse, it corrupts civic norms, and the unfairness imposed on poor foreigners) also hold for the purposes of this paper.

Second, my defense of a market for visas is not equivalent to a defense of free and unregulated market for visas. In contributing the utilitarian approach, I acknowledge the existence of market failures in immigration policy that require government intervention for improvement of social welfare. In particular, I claim that market power, information asymmetry, public goods, and externalities are all present in the market I propose. As such, government regulation is perfectly compatible with cash-for-visa systems. Rather than an unconditional defense of markets, the point is that societies would benefit greatly from this type of market; whether markets are always better is beyond the scope of this study.

I lastly claim that visa⁹ markets are marginally better than citizenship markets. In Gary Becker's original proposal, he talks of a fee paid in exchange for the right to immigrate, but makes no further clarification on whether these are temporary or permanent rights. Hidalgo and Freiman specifically talk of a citizenship sale. Though I do not oppose the cash-for-citizenship scheme, I believe that temporary visas extending certain rights and obligations to non-citizens are better in two dimensions: (i) they do not infringe upon the right to exclude; (ii) they are less likely to face opposition from the status quo.

Let us address each point in turn. The collective right to exclude should be preserved if the market proposal

⁸explain Hidalgo's point

⁹I am defining visa as the right to enter, leave, or stay in a country for a specific period of time.

is to be compatible with arguments in favor of immigration restrictions.¹⁰ David Miller¹¹ justifies limits to immigration under two arguments: preserving culture and controlling population. According to Miller, a common public culture is necessary because it constitutes the political identity of a community of individuals and it supports valuable social goals; moreover, Miller believes that a right to immigration removes the control societies have over the continuity of their common culture. Secondly, Miller claims that population size should be of government concern as it stretches resources thin, both at the national and at the global level.

Whether I agree with Miller is irrelevant. What is relevant, however, is the extent to which a market for immigration can preserve control over cultural change and does not impose excessive burden on national resources. If these two conditions are met, my proposal remains compatible with immigration restrictions. The solution to both objections is the adoption of temporary permits to enter, leave, or stay in a country's territory for a finite period of time – in other words, visas. A temporary visa does not remove control of cultural change neither imposes excessive burden on resources because it limits the amount of time any single receiving community will be exposed to either problem. It allows for adjustments to immigration flows if societies feel that cultural change or use of resources is not occurring in accordance with their expectation. In the absence of limits on visa (or citizenship) sales, which I discuss in section 4, a temporary permit is the only way to morally preserve the right to exclude.

- 3 Argument 1: Visa markets are no less discriminatory than existing policies**
- 4 Argument 2: Visa markets creates compensation mechanisms for negatively affected communities**
- 5 Argument 3: Visa markets can increase social welfare for sending and receiving communities**
- 6 Argument 4: Visa markets are compatible with both open and closed borders approaches to immigration**
- 7 Conclusion**

¹⁰This point is irrelevant for open border advocates because they do not agree that the individual right to exclude extends naturally to the collective right to exclude. For more on this, please see: Huemer, The Right to Move Versus the Right to Exclude ???, Wellman 2008 and Fine 2010

¹¹Miller find reference