**Establishing an immigration market: a radical and fair solution to current immigration policy**

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**Abstract:** Immigration policy needs changing. Current legal restrictions ignore economic insights and are not able to deal with increasing migration flows. I propose a *radical and fair solution* based on Gary Becker’s recommendation of the adoption of price mechanisms. The solution involves creating a market for migration rights, the compensation from non-migrants and the simplification of bureaucratic visa processes. This proposal assumes that States have the right to exclude and recommends a policy which is both more efficient and more just under consequentialist theories of justice.

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# Introduction

Migration is a very contentious issue in today’s political agenda. Political figures of various ideological spectra claim that immigration hurts domestic economies and undermine social identity[[1]](#footnote-2). Many others support the adoption of policies that favor skilled migration or that of refugees. An expression of the divide is United States Senate Bill 744 (S. 744), which proposes a 13-year citizenship path for illegal immigrants, the creation of new visa categories and a $40 billion spending increase in border control. Under a period of democratic majority, the Bill passed U.S. Senate in 2013 but it is since then on halt at the House of Representatives[[2]](#footnote-3), where Republicans hold the majority since 2011. It is symptomatic of the current political divide.

Irrespective of the stand one takes towards immigration, it is clear that changes are necessary. There are increasing numbers of people moving across borders[[3]](#footnote-4) and many of them do so illegally. There are approximately 11 million undocumented immigrants in the U.S. alone and many others in Europe. Regional migration patterns also exist in Southeast Asia, Africa, and South America and can cause great social unrest. Policymakers and scholars should continuously investigate this issue and suggest creative solutions.

With this objective in mind, this paper provides advice on how to design innovative and more just policies that are supported by political philosophy. I will argue for a new immigration policy framework, which involves the adoption of economic insights through the creation of an immigration market, the rebalancing of the cost of migration and the simplification of its legal statutes.

My first claim is that current immigration policies are inefficient. The number of candidates far exceeds the number that States are willing to accept. As a result, many choose illegal means of immigration. This leads to the establishment of informal markets and to the distortion in the allocation of goods and services[[4]](#footnote-5). Undocumented immigrants cannot contribute to social welfare systems, they cannot invest in human capital nor have access to government services.

Additionally, current immigration policies are unjust. They place large costs on migrants even in the face of their positive contribution to the countries that they move to and from. These costs can be monetary (training, travel, forgone wages) but also non-monetary (separation from family, violence, discrimination). While recent studies have shown that migration has a positive result for both source and destination countries, little has been done to incorporate compensation for migrants in current policies.

The *radical and fair solution* I propose can also be interpreted as one way that States can exercise the right to exclude. Adopting a “realistic approach”, I assume that sovereign States are entitled to the right to exclude not only in order to preserve cultural identity or economic stability but also if they so please, i.e., under no clear justification. Wellman (2008) argues that this is a consequence of the freedom of association, and more importantly, the freedom to reject association that States enjoy. Although open-borders philosophers would disagree with the establishment of an immigration market, I show that this proposal is a significant improvement if compared to current policies. I suggest that a special case of the radical and fair solution might even be deemed consistent with open-borders principles.

The argument for my policy solution as the most efficient and fair is based on consequentialist theories. This proposal increases the overall level of utility of society. It also supports redistribution of justice to those who are worse-off by requiring immigration compensation from non-migrants to migrants.

The remaining of the paper is structured as follows. Section II proposes a new approach to migration, whereas Section III discusses why it fares well with justice theories under utilitarian and prioritarian measures, and section IV touches on objections to my recommendation. Section V concludes.

# Immigration framework

## Current policies

Almost all current immigration policies place legal restrictions on the movement of people. They are based on the principle that sovereign States have the right to prevent individuals from entering their territories. Perhaps their most solid argument is the existence of a right to the freedom of association[[5]](#footnote-6), whereby people are free to choose to associate or to reject association with others[[6]](#footnote-7). Citizens of a State thus have the right to reject association with aliens.

The existing policies can be interpreted as alternative ways to exercise this right to exclude. In the U.S., immigration is governed by the Immigration and Nationality Act (INA) of 1965. It established most of the visa categories existing today, provided a limit on how many visas could be issued per year and removed the national-origins quota in place since the 1920s[[7]](#footnote-8). The Canadian Immigration and Refugee Protection Act (IRPA) of 2001 and the Common Immigration Policy for Europe are similar attempts at providing a framework under which immigration to these regions is restricted.

None of these legal rules places a (direct) monetary price on migration. The obstacles placed by receiving countries are non-monetary in nature, such as visas administrative processes. Political refugees are only granted entry because they have suffered oppression or violence. Skilled workers underwent extensive training and preparation in their home country. Both face psychological costs of separation from family, adaptation to new cultures and often the perils of the journey itself. Whether the decision to move is voluntary or not, every immigration candidate has overcome one, if not many, non-monetary costs to enter a new country.

## An economist’s radical solution

Some scholars suggest that this is precisely the problem of current migration policies, that they lack economic insights. Becker (2011)[[8]](#footnote-9) argues for a *radical solution*: governments should sell the right to migrate. Except for minimal requirements, such as the reasonable exclusion of criminals, terrorists and terminally ill individuals, everyone who can pay the given price should be allowed entry. He anecdotally suggests an initial price of $50,000 for the U.S.[[9]](#footnote-10)

Becker’s rationale is that, if prices are effective in regulating supply and demand in economic, so should they clear immigration markets. The right to migrate would be similar to a property right that is sold on the market. The government is the “producer” of this right while migrants are “consumers”. Immigration is thus turned into a source of government revenue that could partially offset its administrative costs.

There are a number of benefits in this proposal: governments would spend much less on processes to award visas; prices are a transparent policy; they can easily change to control the number of applicants any country is willing to accept; they are also effective in selecting good candidates – those for which expected earnings, and expected contribution to National income, are larger[[10]](#footnote-11); and, finally, many people who are currently under illegal status would find a clear path to legalization.

Most importantly, auctioning off rights would not give a disproportional advantage to applicants who have the means to purchase them. By establishing alternatives to those who cannot immediately afford to purchase these rights, governments distribute the opportunity of migration equally across applicants. If immigration policy is acceptable under the closed-borders reasoning, the design of the policy and adoption of price mechanisms[[11]](#footnote-12) such as suggested by Becker (2011) is, in fact, permissible.

Becker’s arguments are certainly valid. There currently exist markets for other rights, such as intellectual property, options[[12]](#footnote-13), and pollution licenses. The transactions in these markets are exactly the same: sellers transfer buyers the right to perform an action. In the radical solution proposed by Becker, the mechanism would be strictly the same, whereby the government (seller) would award rights to aliens (buyers).

## A radical and fair solution

I take one step further than Becker (2011). My proposal of a *radical and fair solution* takes into account the argument put forward by Becker and expands it by requiring that governments also shift the costs onto non-migrants as well. If my claim that benefits of migration accrue to all parties, it is only fair that these costs are also evenly spread out. Current policies and Becker’s solution are equal in that they place a large share of the costs onto migrants. While the radical solution is particularly interesting as a more efficient alternative, the *radical and fair solution* is also concerned with the distributional aspects of any of these policies.

Thus, the second measure in adopting it is requiring compensation from non-migrants. I understand that this would generate an extreme and opposing reaction. Their argument is that immigration causes social and economic unrest and so, if anything, they should be receiving compensation. While I agree that this is a fair point to raise, I argue that it is based on false premises. A better way to analyze this issue is to ask oneself whether immigration truly causes more harm than good. And the answer is no.

According to an increasing body of literature, which analyzes economic and social impacts of migration, it does have net positive gains. U.S. immigrants are no less skilled than natives[[13]](#footnote-14); they help increase local productivity by partnering with native workers[[14]](#footnote-15); they contribute greatly to scientific breakthroughs[[15]](#footnote-16); and, despite a widespread belief, they are not more violent than natives[[16]](#footnote-17),[[17]](#footnote-18). Migrants are also a source of new working-age professionals to countries with decreasing populations, which is a characteristic of developed nations (particularly European ones). They alleviate social welfare pressures because of their contributions to pension funds, public health, and education systems, which serve to supplement otherwise falling social revenues[[18]](#footnote-19).

The justification for the compensation is that migrants generate many benefits to others and not just themselves[[19]](#footnote-20). As a result of the misunderstanding about the net effects of migration, governments design policies that place the largest part of the burden on the people who move. They incur in monetary costs, such as transportation, documentation, time-off labor markets (forgone wages), but also other non-monetary costs, such as the legal barriers, separation from family, in most cases discrimination in receiving countries, traumas from adaptation to a new environment, and so on. If they are responsible for creating economic benefits, they should pay less of the costs.

This is not to say that locals do not experience any problems with migrants. For one, there is certainly an immediate negative effect of people coming to work and live in their communities. Housing prices might go up because of a spike in demand. If there are no units available, immigrants might increase cohabitation and homelessness. Grocery shopping, public transportation, and health services can clog up when new users come to town. The effect can be similarly bad for nations that lose people to emigration. They might face shortages in the labor supply and in the contributions to their own social security regimes. Sending communities might also experience what some people call “brain drain”, namely the departure of individuals with large stocks of human capital to countries which value these skills more.

However, most of these negative effects are offset in the medium term by the benefits of immigration. Production of goods and services to meet the new demand can lead to higher profit and wages, triggering economic growth. In sending countries, the departure of people is associated with more remittances, which are an additional and important source of household income; emigration does not reduce human capital, and it can create positive externalities by making non-migrants work and study harder[[20]](#footnote-21). This brings me to my second innovative idea: compensation should not only come from receiving communities, who reap the largest share of the benefits, but also from sending communities. If we agree that the benefits of migration accrue to source countries, then it follows naturally that they should also share their costs.

The new framework of immigration policies thus becomes complete and is described in the following three points:

1. The creation of a market for immigration rights;
2. The introduction of compensation from non-migrants;
3. The simplification of any remaining non-monetary barrier to immigration.

The first point is basically Becker’s proposal of introducing price mechanisms into immigration policy. Countries would determine price schedules based on how many immigrants they are willing to accept. If no inflow is desired, they could set prices high enough so as to prevent any immigration. Although pricing immigrants out is allowed in this proposal, this is clearly not the best course of action. Since my claim is that migration brings about economic benefits, and, as so, governments should promote it, it only makes sense to adopt prices which are compatible with positive levels of migration.

However, I suggest a change to Becker’s price structure. Instead of adopting a flat price paid upfront, irrespective of immigrant type, countries should exercise their right to discriminate by devising different price structures in accordance with the type of people they want to attract. They could command premiums on individual characteristics such as skills and age. While discriminating on price seems unfair[[21]](#footnote-22), MacKay (2016) has a good account of acceptable bases for immigration discrimination. In order to make price a lesser issue, governments ought to provide alternative mechanisms so as to cover costs for those who cannot afford migration.

An example might be helpful in understanding this idea. Imagine that two individuals want to come to the U.S: one is highly skilled and the other is not. Let us say that baseline price of migration is $1,000 and low-skill applicants pay a premium of $1,000. That makes up the following price schedule:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Baseline price** | **Premium** | **Total** |
| **High skill** | $1,000 | $0 | $1,000 |
| **Low skill** | $1,000 | $1,000 | $2,000 |

Under a pure price system, low-skilled people would be prevented from migrating (i) if they do not dispose of $2,000 upfront and (ii) if they do not have any way to finance the purchase of rights. States should thus allow loans or (temporary) surtaxes on immigrants’ income to cover this premium. Under this strategy, individuals are not prevented from migrating based on monetary barriers; their decision is based on their net expected income in the new country. Instead of focusing solely on whether they have the means to purchase rights, applicants will consider what is their likely gain of immigrating and how long they expect to pay back their ticket. Individuals can effectively migrate even if they do not have the money to pay for the right. Governments could set up different price schedules that avoid price discriminations as long as they also provide alternatives to cover these prices.

In addition to the suggested change in the price scheme, my proposal would also require some compensation from non-migrants. Ideally, this would be a monetary contribution alleviating the costs of migration. Non-migrants would contribute through the same price mechanisms as in Becker (2011), such as taxes or (reverse) auctions, and the revenue raised would be used to finance migration. This would be the most transparent policy. However, I am conscious that this proposal would face strong political opposition. Taxes are not welcomed even when they are just. A second best option is non-monetary compensation, whereby the native population would contribute to the inflow of newcomers. This could take the form of tax credits for companies active in supporting immigration, employment quotas at public organizations, larger social benefits, and even subsidies in public services (transportation and health are but two examples). There are a number of ways policymakers could be creative and come up with solutions to avoid the monetary contributions in this proposal. I grant that they are acceptable, but also state that they are not the preferred course of action.

Lastly, *a radical and fair solution* would avoid complex legislation determining visa categories and statuses. The existence of overcomplicated rules imposes costs on both sides. Governments spend a lot of time and money to carry out immigration services and to grant visas under a number of different categories. Applicants often face problems in complying with the law not necessarily because of bad faith, but perhaps for lack of understanding of immigration requirements.

I suggest that the ideal number of visas is three (3): a short-term non-immigrant type, an immigrant type, and a special purpose one. The first type would be aimed at short-term visitors, such as tourists and business people. Since they are not immigrants, they should be charged just the administrative processing fee and zero for immigration rights. The second type is the visa for the right to migrate that I propose in this paper. The one-time payment allows for a limited stay that could then be renewed at the expiry date. States would still have at their discretion the rules and duration of these rights. The third visa meets international relations commitments, so would be used for diplomatic purposes, asylum and refugee status, and humanitarian aid. The reduction of visa categories to just three would be extremely beneficial for not only governments, which would speed up and reduce costs in their administrative processes, but also individuals, who would have a much easier way to comply with legislation.

A *radical and fair solution* to immigration would have to adopt these three measures in order to succeed in establishing a more efficient and more just policy. It would be a significant deviation from current policies, which are focused on establishing legal barriers to immigration but greatly overlook economic proposals. Additionally, it would be an extremely transparent and easy policy to follow. The application of price mechanisms finds precedent in various other markets for property rights, such as intellectual property, financial derivatives, and environmental pollution credits, and it is easily understandable. Lastly, the new policy framework aims at rebalancing the distribution of costs and benefits amongst people who stay and who migrate. Since the distribution of benefits is widespread, it is only fair that the costs are too. In the following section, I will discuss how this policy proposal fares well with justice theories of migration.

# Efficiency and fairness: a utilitarian analysis

I resort to consequentialist views of justice to evaluate whether the *radical and fair solution* is any better than current policies and Becker’s proposal. But, as much as economists have departed from classic utilitarianism and absolute prioritarianism to overcome their shortcomings and objections, I do so as well. My goal here is to prove that the new immigration is realistically (i) more efficient and (ii) more just.

## Policy efficiency

Probably the easiest way to evaluate policy efficiency is by adding up gains and losses in utility. Let us say that country A wants to attract nurses. According to the plan in section II, as long as the discrimination of potential immigrants is compatible with the duty to promote social and economic development, as per MacKay (2016), it would be fair to incentivize the entry of foreign nurses through immigration. Let us suppose further that health officials in A are right and that the importation of nurses will lead to better health outcomes for A’s citizens. Let us first analyze the effects of one such policy irrespective of its type (my proposal or current policies).

What are the negative impacts of such importation? An increase in the supply of workers, all else constant, would change the conditions of labor markets and likely decrease the average nurse wage[[22]](#footnote-23). Additionally, foreign workers would displace natives, i.e., fewer people would go into nursing and some nurses would even quit the profession in response to lower wages[[23]](#footnote-24). In fact, most of the evidence does support the existence of negative immediate effects. Under classic utilitarianism, it is straightforward that total aggregate utility goes down. All nurses earn less and some of the native professionals leave their jobs.

Fortunately, this is not the final effect of nurses’ importation. One of the early objections to classic utilitarianism is that it does not account for intertemporal utility, a special case of uninformed preferences. In adopting a policy, social planners should anticipate and also account for future changes in utility. That said, as more nurses work in country A, health care providers face lower costs and are likely to expand their offer of services. In turn, patients will seek more care because prices have gone down for the same quality of care. This effect is well established in the literature[[24]](#footnote-25). Hence, utility for patients and health care providers increases in the long-term.

It is thus straightforward that the chain effect of an increase of professionals can impact country A positively. The increase in the supply of workers will likely be followed by a recovery in wages until the new demand of care is meet, which will then push native nurses back to the labor market. While the immediate impact of this policy might be perverse, particularly on professionals affected, in the long run, States would enjoy a greater level of utility as a result.

This brings us to the efficiency comparison: is it more efficient to promote the policy above using legal restrictions (such as current policies) or the radical and fair solution? Under the former, the State will approve legislations setting out conditions under which nurses are allowed to enter A. Assuming that A is an attractive country, foreign nurses will apply for immigration visas. Some will be approved, some will not. Since my proposal does not suggest a change to the admission criteria, selection processes are irrelevant to evaluate efficiency; my recommendation just brings prices to the equation. In order to respect the right to exclude, States should maintain discretion in selecting whatever criteria is necessary in order to fulfill their duty to their citizens.

What makes the radical and fair solution a much more efficient alternative is that revenue raised from immigration rights is effectively used to reduce the transition costs between short and long-term. Imagine that country A has adopted the innovative policy. They will raise revenues with the sale of rights. If applicants cannot pay for rights, they can still come and work. They can pay the government back through higher (temporary) income taxes. People will decide whether to immigrate based on their expectation of income, i.e., how long they will take to pay back the right. The money raised could then be used to compensate native nurses who face short-term negative impacts until the nursing market adjusts. It goes beyond increasing total utility by also reaching out to those who are worse-off as a result of more immigration.

In addition, this proposal increases efficiency by making it easier to incorporate undocumented immigrants into the formal economy. Under a price system, illegal immigrants in A can make right by signing up to buy rights. The State can even charge a penalty for illegal entry in order to reduce under the table migration. In that sense, these individuals will contribute to social security systems and will have more opportunities to progress towards a more fulfilling life. Whereas current policies rule these people out as illegal and effectively deny them rights, making their living conditions even worse, the radical and fair solution policy extends the coverage of rights to all everyone.

By proposing an immigration market, the radical and fair solution has two features that make it the most efficient policy: it attenuates the negative short-term effects of immigration and it provides a basis upon which undocumented aliens can legalize their condition and part take in the formal economy. These features also exist in Becker’s proposal, but mine goes beyond the latter by adopting redistributive justice measures such as those in the following subsection.

## Policy fairness

The strongest opposition to utilitarianism is that it lacks redistribution concerns. Wolff (2006) claims correctly that it can be used to justify horrors as severe as violence and oppression if the maximization of utility is taken to the letter. This is not the approach I use here.

Let us look at the effect of the nurses’ importation policy on other citizens of country A. A hint has been given in the previous subsection by the discussion of what patients would do in response to an increase in the number of nurses. But what about others participants of the health care market? It is likely that doctors will face better work conditions since they will have more coworkers when supplying care to patients. Physical therapists, dentists, psychologists and other health professionals will also benefit. These workers perform complementary tasks, which means that they are able to be more productive when there are more nurses working with them.

Hospitals and health maintenance organizations (HMOs) would also benefit. They would be expanding the supply of care or reducing costs due to the larger pool of nurses in the market. The effect is not restricted only to health care. Incoming nurses are consumers of goods and services in other markets. They do their groceries every week. They drive to work and need schools for their children. These migrants effectively increase the pool of consumers in country A and promote economic growth across sectors.

Economists name these effects externalities, which are when changes in one market impact other markets. They can be negative, such as the case of pollution. When buying more fuel-consuming cars, we impose a negative externality on the life of others by increasing the amount of carbon monoxide in the atmosphere as a result of combustion. However, here we are interested in positive externalities. Herd immunization is one good example. Mass vaccination protects oneself but also society at large because it decreases the spread of viruses. Likewise, an inflow of workers impacts many other markets by means of increasing the demand for other goods and services.

When positive externalities exist, economic theory suggests that providers of externalities tend to underinvest in goods or services because they are unaware of the social benefits to everyone else. This is precisely the case of immigration. Migrants create many social benefits to non-migrants that go unnoticed by the average citizen, and yet they incur in high costs in order to move countries. All the monetary and non-monetary costs that these people have to bear are ultimately incompatible with the benefits they generate.

The compensation for migration deals with this injustice and follows economic recommendations to deal with externalities. One solution to underinvestment is the adoption of compensatory taxes. Governments levy a tax on those who benefit from the externality in order to compensate producers and increase their aggregate level of production. In our immigration case, the government of A should tax its non-migrant citizens and transfer the revenue in order to alleviate the costs incurred by immigrants. By making immigration less burdensome, governments are effectively inviting more people to come and increasing the positive externalities experienced by their citizens. If States have a duty to promote social and economic development, and migration supports the achievement of this goal, then they should be supporting more movement of people across borders.

Under Becker (2011) or current policies, there is no such provision. Whereas Becker’s solution makes policies more transparent and efficient, it still falls short of redistributing justice amongst individuals. Migrants are not compensated for long-term gains and pay for short-term losses. Since the most important reasons why people want to move countries are to escape violence or poverty, his solution strictly violates prioritarian approaches to justice, whereby policies should benefit those who are worse-off[[25]](#footnote-26). Current policies have a similar nature. By resorting to non-monetary barriers to mobility, they also impose excessive costs on those capable of generating many benefits to others.

Imposing compensation from non-migrants follows strict prioritarian recommendations. Since policies are morally justifiable when aiming at increasing total welfare at the same time as placing extra weight on the wellbeing of the worse-off, States are promoting morally justifiable policies by alleviating the costs of migration to those who are already suffering from violence or oppression and increasing the total welfare of their citizens by adopting the radical and fair solution.

# Objections to the radical and fair solution

Two objections are straightforward and can be addressed immediately.

Open-borders supporters will claim that placing a price on migration is morally wrong. Some argue that the freedom of movement is a human right[[26]](#footnote-27) and States cannot auction these off. *Erga omnes* rights precede the State and trump sovereignty. This is not, however, an opposition to the adoption of market mechanisms. Rather, it is an opposition to market systems with positive prices, which is just a special case of the radical and fair solution.

Every human right can be interpreted just like a good traded at markets. We transact human rights on a daily basis, but we do so subconsciously. Individuals are both producers and consumers of these rights. As a human being, I naturally produce the right to bodily integrity and distribute across my fellow humans in exchange for the same rights from others. We mutually exchange safety from physical harm. These transactions occur at price zero and last indefinitely. Supply and demand are unlimited. However, the fact that these transactions happen implicitly does not strip them from market properties. Systematic violations of human rights can be understood as humans who refuse or fail to honor these exchanges. They throw away all their natural production of rights and we collectively face a supply shortage.

If immigration is a human right, then open-borders theorists are satisfied by an immigration price of zero for an infinite amount of time. Applicants sign up to visa allocation processes and States assign them these rights, irrespective of individual characteristics, willingness to pay or expected net income. Whoever wants to immigrate is allowed to. All of the elements that are dear to open-borders theorists are compatible with my proposal. What they actually oppose, therefore, are positive prices. The provision of a right in exchange for a (positive) monetary amount is the issue here.

This brings us to their real question: are positive prices of migration violations of human rights? If they are singled out as the only selection criterion, then the answer is yes. *But this is not part of my proposal*. I recommend that governments establish market systems at *the same time as supplying alternatives for those who cannot afford to pay for immigration*. In this sense, positive prices work just like loans – which migrants then receive back in the form of future income. Rather than asking “do I have the means to immigrate to A?”, migrants will be asking “does the benefit of immigrating to A exceed its costs?”, which is precisely *what* *they already ask themselves*. Positive prices are just a more transparent way to answer this question. In current policies, costs are largely non-monetary, so migrants cannot precisely answer their question. Unless open-border theorists suggest loans are not permitted, there is no inconsistency with the radical and fair solution.

A second and weaker objection comes from non-migrants who are forced to pay taxes to subsidize immigration. They conceive of immigration as net negative and claim that, if compensation is to exist, they should be on the receiving end. This argument is, however, based on false premises. Recent economic research shows that immigration is net positive. Besides the articles cited here, Simon (1999) presents a survey of twenty-seven leadings economists in late 1980s, many top officials at the American Economic Association or the National Council of Economic Advisors. *None claims that the immigration to the U.S. in the twentieth century has been unfavorable*. Twenty-two classify immigration as “very favorable” and five as “slightly favorable”.

Still, even if it is proven that immigration has positive benefits, does that give the State the right to charge taxes to promote it? *Yes*. Based on the evidence present in the literature, immigration has positive externalities that require government intervention to increase investment. It is a necessary action so that governments meet their duties of social and economic development with their citizens, to increase total utility and to assist those who are worse-off. Governments already charge taxes to meet these objectives in other policies, so there is nothing unusual in adding immigration to the bill.

Even if opponents of my suggestion are convinced of the validity of the argument above, they would still have a final claim on the immorality of compensations from non-migrants: why should I pay this tax if the externalities might accrue to others but not myself? I grant that direct impact might not exist. However, indirect effects do exist. The benefits of immigration are a public good[[27]](#footnote-28) and, as such, accrue to all. Human capital, innovation, wealth, and development are commonly enjoyed by all citizens in one given country so that all should also partake in costs. Governments cannot prevent people from enjoying these benefits (non-excludability property) and one’s consumption does not prevent another’s (non-rivalry property). These externalities transcend borders, which is exactly why my claim is that both *source and destination countries* should charge compensation from their non-migrant populations. Opponents to my proposal are right in that these compensations should not be charged equally. The impact will be greater for some and lower for others. Under my proposal, governments are allowed to charge differential compensation in accordance to impact. *But this is not the same as saying that a few should pay zero compensation*. The whole non-migrant population enjoys the benefits of migration and thus, all should contribute, even if at different rates. All of these claims are incorporated and dealt with in the radical and fair solution.

# Conclusion

It is not easy to come up with innovative policy solutions. Scholars and policymakers put a lot of effort in order to suggest just and efficient government interventions which increase the welfare of individuals. I showed that the radical and fair solution to immigration fares well with both criteria. It will, however, face a strong opposition in government and nations because its points are counterintuitive. I address two of these oppositions in this essay to support my claim with policymakers.

The proposal is based on three elements: (1) the creation of an immigration market, (2) the introduction of compensatory measures from non-migrants and (3) the simplification of non-monetary barriers to immigration. They are ranked in order of importance. To solve immigration issues of today, the adoption of (1) and (2) is mandatory while (3) is optional. The latter contributes to transparency and reduces administrative costs, so it should not be overlooked, but it can certainly be incorporated at a later stage after (1) and (2).

This policy is more efficient than current policies because it raises revenues to offset short-term costs of migration and because it provides a clear path of incorporation of illegal immigrants to the formal economy. Gary Becker was the first scholar to suggest such *radical solution*, but he does not cover the entire justice implications of immigration. The creation of an immigration market (1) is sufficient to guarantee more efficiency (i.e. utility) but does not increase fairness.

Going beyond Becker, the *radical and fair solution* addresses redistribution of justice with measure (2), the introduction of compensation from non-migrants. Ideally, these should be monetary transfers, which would increase the investment in the production of immigration. This is consistent with economic solutions to positive externalities. Besides being an economic solution, it also abides by moral principles of consequentialist theories of justice, as compensation is oriented towards those who are worse-off in society.

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1. N.D. (2015) [↑](#footnote-ref-2)
2. Parker and Martin (2013) [↑](#footnote-ref-3)
3. Clemens (2011) [↑](#footnote-ref-4)
4. Not to mention human rights violations which would arise from a political and ethical analysis. [↑](#footnote-ref-5)
5. There are also cultural and economic claims (Miller 2008). [↑](#footnote-ref-6)
6. Wellman (2008), White (1997). [↑](#footnote-ref-7)
7. Under the previous Immigration Act of 1924, the U.S. administered a system of national quotas. Foreigners would be allocated an amount of visas equivalent to two percent of their total countrymen population in the U.S. according to the 1910 Census. [↑](#footnote-ref-8)
8. There is also an interesting, but outdated, account of Becker’s proposal in Simon (1999). [↑](#footnote-ref-9)
9. Clearly the $50,000 price is just for the sake of the argument. Governments would have to calibrate what is the ideal price of immigration based on how many migrants they are willing to admit and how much these applicants are willing to pay. Becker acknowledges this in his paper. [↑](#footnote-ref-10)
10. Simon (1999) [↑](#footnote-ref-11)
11. A market of the right to migrate could also be structured in different ways. Governments could place a higher income tax on those who hold immigration status and it could also auction pre-established visa quotas. [↑](#footnote-ref-12)
12. An option is a type of financial contract in which the buyer acquires the right to buy another asset at a future expiry date. When this date comes, they can choose not to buy the underlying, incurring in the loss of the right. [↑](#footnote-ref-13)
13. Butcher and DiNardo (2002), Cortes and Pan (2014). [↑](#footnote-ref-14)
14. Kerr and Lincoln (2010). [↑](#footnote-ref-15)
15. Stephan and Levin (2001). [↑](#footnote-ref-16)
16. Miles and Cox (2014). [↑](#footnote-ref-17)
17. I focus on the U.S. because it is where there is enough conclusive research on immigration. I can reasonably expect that the effects are the same in similarly developed countries. [↑](#footnote-ref-18)
18. Simon (1999). [↑](#footnote-ref-19)
19. These are elsewhere known as positive externalities. [↑](#footnote-ref-20)
20. Docquier and Rapoport (2012), Clemens (2011), Dinkelman and Mariotti (forthcoming), Adams and Page (2005). [↑](#footnote-ref-21)
21. Becker (2011). [↑](#footnote-ref-22)
22. Card (2001) provides evidence that wages of various levels of skills will go down between 1-3 percentage points. [↑](#footnote-ref-23)
23. Cortes and Pan (2014). [↑](#footnote-ref-24)
24. Gaynor and Town (2011) provide a comprehensive review where they discuss both patient-induced demand and physician-induced demand for health services. [↑](#footnote-ref-25)
25. Parfit (1997). [↑](#footnote-ref-26)
26. Oberman (forthcoming). [↑](#footnote-ref-27)
27. Public goods are non-excludable and non-rival. The former means that the provider of the good cannot exclude people from consuming their good. National defense is one example, governments cannot exclude people within their territory from consuming protection. Non-rivalry is the property that any one’s consumption of a good does not reduces the consumption of the other. The air that I bread does not detract from the amount of air you can bread. [↑](#footnote-ref-28)