

Using a point system for selecting immigrants

A point system can select economically desirable immigrants but it cannot prevent poor labor outcomes for immigrants

Keywords: migrants, immigration policy, selection, point system

ELEVATOR PITCH

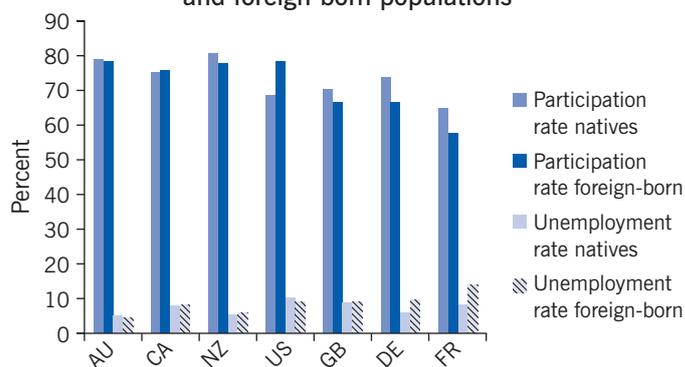
Restricting immigration to young and skilled immigrants using a point system, as in Canada, Australia, and New Zealand, succeeds in selecting economically desirable immigrants and provides orderly management of population growth. But the point system cannot fix short-term skilled labor shortages in a timely manner nor prevent poor labor market outcomes for immigrants, since domestic employers can undervalue schooling and work experience acquired abroad. Furthermore, the efficacy of a point system can be compromised if unscreened visa categories receive higher priority.

KEY FINDINGS

Pros

- + A point system acts as an effective binding constraint on applicants.
- + Individual applicants are selected according to the objectives set by the country of destination.
- + A point system elicits better quality immigration candidates.
- + The initial phase of the immigration process is streamlined, requiring fewer resources to process valid applications.
- + The assessment process is transparent.

Participation and unemployment rates for male natives and foreign-born populations



Source: [1].

IZA
World of Labor

Cons

- Comprehensive and regular data collection is needed for policy evaluation and fine-tuning.
- Applicants are selected solely from observable characteristics, not from unobservables like innate ability or attitude.
- Successful applicants may still end up in jobs and at pay levels below their true potential.
- A point system is unsuitable for providing fast responses to skill shortages in the domestic labor market.
- The effectiveness of a point system can be compromised if higher priority is given to unscreened classes of applicants.

AUTHOR'S MAIN MESSAGE

A point system using measurable criteria selects economically desirable immigration applicants and results in the orderly management of population growth, which can reassure the native population that immigration is being properly managed. Yet the point system does not avoid the possibility that immigrants will end up in jobs below their level of education, ability and experience, hence contributing less than their true potential to the economic well-being of the host country.