Understanding Place-Based Immigration: The Proposal, Its Popularity, and Its Prospects

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Understanding Place-Based Immigration: The Proposal, Its Popularity, and Its Prospects

Submitted to
Professor Cameron Shelton

By
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Abstract:
The idea to create a new class of place-based visas is gaining traction in policy circles. These visas, known in some instances as “heartland visas” and as part of a class of immigration reform called “place-based immigration” (PBI), are designed to give state and local governments the ability to sponsor immigrants to live and work in their local communities. The proposal has gained traction among a variety of candidates for federal office and local immigration policy stakeholders. The reason for this support is the proposal’s ability to address a grave issue facing numerous communities across the U.S.—and its ability to do so while appealing to the sentiments and preferences of local stakeholders. As communities across the U.S. face population decline and aging, the question of how to maintain the livability and desirability of those communities looms large. Place-based visas are compelling because they can help communities bolster the numerical, social, and educational stock of local communities to solve the various economic and social challenges raised by population decline, like depressed real estate prices, government revenues, and economic activity. A place-based visa policy would also contribute to the decentralization of both immigration flows and the immigration bureaucracy by giving state and local officials the power to bring immigrants to their less-frequently settled communities. This thesis explores why it is that this visa program shows promise, but it leaves questions about specific forms of enforcement and implementation for future studies. Such questions will be important to clarify to protect local communities from a host of social, political, and economic costs.

Key Words: Immigration policy; place-based visas; heartland visas; place-based immigration
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I.

Introduction

During his bid to for the Democratic party nomination during 2020 Presidential primaries, Pete Buttigieg pitched a little-known idea for how to fix the U.S. immigration system and revitalize shrinking heartland communities at the same time: create a new class of place-based visas. These visas, known in some instances as “heartland visas” and as part of a class of immigration reform called “place-based immigration” (PBI), are designed to give state and local governments the ability to sponsor immigrants to live and work in their local communities. As unknown as this proposal is, it gained traction among a variety of candidates for federal office and local immigration policy stakeholders. Proponents of the policy include former New York City mayor Michael Bloomberg, current president Joe Biden, the Economic Innovation Group (EIG), the U.S. Conference of Mayors, and a variety of other local and national policy stakeholders.

The reason for this niche policy’s popularity can be attributed to its potential to address the ailing and local decline of U.S. cities. Policy and economic proponents of place-based visas, like the EIG, purport that giving declining cities the opportunity to sponsor immigrants will allow them to pare back or reverse the negative effects generated by the hollowing out and aging of their communities. Though the proposal is not featured prominently in the current immigration debates, it would do policy stakeholders well to understand what the potential costs and benefits of such a proposal might be.

To help understand what effect a place-based visa policy would have on the current immigration system, readers must understand the current allocations of visas, the allocation of the right to immigrate, and which political entities control those allocations.
Chapter II discusses the bounds of the current immigration system to give readers a better understanding of how the federal bureaucracy allocates permission to enter the country and seek permanent residence.

Chapter III highlights the policy history of immigration since 1990 to help the readers understand what reasons there might be for a dearth of updates to immigration policy since then. This chapter will attempt to incorporate theories of executive vs. legislative powers and the incentives to act on immigration for both branches of government.

Chapter IV provides a sense of what aspects or dimensions of the current immigration system might be changed by the establishment of a place-based visa scheme. To help explain what form such a policy might take, this paper will look for similarities between previously proposed Congressional bills which would establish a place-based visa, theoretical economic and political writings on decentralization, and research briefs which recommending the institution of a place-based visa.

Chapter V explores the purported benefits of a place-based visa policy. The chapter will first highlight the problems faced by U.S. communities experiencing decline, particularly those in the Heartland. Then, the paper will highlight the findings from key literature to understand the potential benefits of place-based visas. This review of the literature will heavily reflect findings from the EIG’s report “Could A Heartland Visa Help Struggling Regions?” Beyond the economic benefits posited by policy groups like the EIG, there are theoretical economic and political arguments to make this change rooted in economic theory about how to best allocate resources and political theory about the doctrine of federalism. Importantly, this section will also address the question of
whether place-based economic policies—like a city-level minimum wage—can be implemented without distorting contiguous labor markets in nearby cities.

Because place-based visas are a newly formulated, untested policy, there are not many arguments against it. So, instead of looking for nonexistent arguments against a place-based visa policy, Chapter VI will attempt to make up for the lack of attention—and subsequent criticism—by reviewing arguments against immigration policies and place-based economic policies. To do so, this section will review economic and social science literature about the impact of place-based economic policies and immigration on the economic health of and sociopolitical activity within local communities. This chapter ends with a brief discussion about potential political responses to a place-based policy proposal on the national level.

Chapter VII concludes with a summary of this study’s findings and comments about still-unanswered issues, such as looming implementation questions about how place-based visas would be allocated.
II.

The Current Immigration System

A. The Visa System

To understand what changes a place-based immigration reform might institute, it helps to understand what the current immigration system does and does not do. The legal immigration system has a storied history, and it is comprised of a vast network of visas, the refugee and asylum systems, and a handful of temporary permissions.

Visas comprise the bulk of the legal immigration system. They can take two forms: 1) temporary, nonimmigrant visas, and 2) immigrant visas. This dichotomy is meant to distinguish between visas for those who temporarily visit the country on some specific venture, like tourism, business, or education, and visas for those who are authorized to enter the country through some family, employment, or diversity visa with the hope of becoming a permanent resident. Before the COVID-19 Pandemic, the State Department issued 9.2 million total visas in the 2019 Fiscal Year (FY). Of the total, 8.7 million were nonimmigrant visas while 462 thousand were immigrant visas.

The Migration Policy Institute breaks down the nonimmigrant visa distribution for Fiscal Year 2020, noting that historical trends in visa volume were greatly disturbed by the COVID-19 pandemic and its effect on global travel. In any case, the three largest nonimmigrant visa groups were temporary business and tourist visas (B and BCC visa categories), temporary workers and trainees and their family members (H visa categories), and academic students and exchange visitors (F and J visa categories). The percentages of the FY 2020 nonimmigrant visa total for each of these classes were 71 percent, 12 percent, and six percent, respectively.
There are significantly fewer immigrant visas than non-immigrant visas. The reasons for this are varying. Simply, the restrictions on admitting immigrants who wish to live in the country permanently rather than temporarily will naturally be stricter because the government may wish to set a higher bar for those immigrants who may one day become citizens. The maximum number of permanent immigrant visas that the US can issue per year is 675,000. This limitation has been fixed at this level since 1997. This number is determined by the amended Immigration and Nationality Act numerical visa limitations. The exception to this numerical limitation on immigrant visas is immediate family visas used to admit the spouses, parents, and children under the age of 21 of U.S. citizens. Under the current law, there is no limitation to the number of immediate family members that can come to the U.S. and seek permanent residency and citizenship. Hence, visas to immediate family members of legal permanent residents or citizens of the U.S. can only build on the 675,000 visas limit.

This means, however, that family visas for those who do not fit that unlimited family reunification criteria, employment visas, and diversity lottery visas are all restricted by the 675,000 permanent immigrant visa ceiling. Of the 675,000 visas allocated for permanent immigrants, visas for extended family—that is, family members that do not fit the immediate family criteria—are subjected to an annual limit of 480,000. Visas for those who wish to work in the U.S.—and their eligible spouses and minor children—are limited to 140,000, with a hierarchy prioritizing certain immigrants over others based on their skills, education, and work prospects in the U.S. relative to native-born counterparts. For instance, an immigrant who has a special skill, expertise, or education that employers in the U.S. are struggling to source from native-born citizens
will have a higher chance of getting in that an immigrant whose skillsets are common in
the U.S. working population. Finally, the diversity lottery visas have an annual cap of
55,000, of which 5,000 is allocated specifically for use under the Nicaraguan Adjustment
and Central American Relief Act program.

The diversity lottery visa was created in 1990 to increase immigration to the U.S.
from countries or regions of the which previously had low immigration rates. Under this
program, 50,000 people are randomly selected out of a pool of vetted applicants and
awarded the diversity visa. This program’s cap has stayed at 50,000 since it was
implemented, except for a boost of 5,000 visas specially made available to those
unsuccessful asylum seekers from El Salvador, Guatemala, and formerly communist
countries in Europe.

While the cap on these permanent immigrant visas has stayed the same, the U.S.
population has gone up by 30.0 percent between 1990 and 2019 while the share of the
U.S. population that is undocumented went from 1.4 to 3.2 percent during that same time.
It must be noted, however, that the share of the U.S. population that was undocumented
in 2019 was actually lower than the 2007 high of 4.1 percent.

B. Humanitarian Programs

The U.S. has a variety of other systems for admitting foreign-born individuals besides its
visa program. The two main humanitarian programs which the U.S. manages are the
refugee and asylum programs. Under the refugee program, the U.S. admits individuals
who are unable to return to their home countries because of a “well-founded fear of
persecution” due to a variety of factors. Usually, prospective refugees will apply to live in
the U.S. from a “transition” country outside of their home country. This can mean fleeing from country X to settle down in country Y and then applying for refugee status in the U.S. from a refugee camp or some other form of temporary residence. The likelihood of being admitted varies depending on how well individuals can prove that they have a “well-founded fear of persecution.” This requires demonstrating a substantial risk upon returning to their home country. Refugees are also more likely to be accepted to the U.S. if they can prove that there are people in the U.S. who could support them as they transition into life in the country.

During the past few years, the annual limit for the number of refugees admitted to the U.S.—a number determined by the President in consultation with Congress—and the actual admissions rate for refugees have both fallen sharply. In the past five years, the year when the most refugees had been resettled was in 2016 with 84,995 while the lowest was 11,814 in 2020. The cap for admitting refugees for that same time had fallen from 84,995 to 18,000. Prior to 2016, since 2000, the cap on refugees has remained relatively stable, though the actual number of refugees settled has varied. Because of the transition from the Trump administration to the Biden administration, the cap is expected to rise once again. Before refugees can successfully be resettled in the U.S., they must be referred to the U.S. authorities for resettlement consideration and screened and vetted for an average of nearly two years. If approved for resettlement, the refugees will be transitioned into life in the U.S. following at least one cultural orientation and with the help of one of nine domestic resettlement agencies. After a year in the U.S., they would be allowed to apply for permanent residency.
The process for asylum is slightly different. Rather than being done in some
transitory country, the asylum process begins at a U.S. port of entry or within one year of
arriving in the U.S. The criteria for applying for asylum is the same as that for applying
as a refugee—the main difference is that asylum seekers have historically been allowed
to stay in the U.S. while waiting for a hearing related to their asylum case. Recently, the
U.S. implemented a policy which required asylum seekers to wait in Mexico or some
other third country while their case was pending. This policy is now being rolled back as
a new presidential administration begins. There is no annual limit to the number of
asylum seekers who may be granted asylum. Asylees, or those who have been granted
asylum, are also eligible to apply for permanent residency one year after settling in the
U.S.

\textbf{C. Temporary Permissions}

The U.S. also implements a handful of temporary immigration programs as a form of
humanitarian relief from the vast immigration bureaucracy. The most famous examples
of these programs include the Temporary Protected Status (TPS) and the Deferred Action
for Childhood Arrivals (DACA) programs. These programs are similar in that they have
humanitarian intentions and that they are used as temporary fixes to glaring issues which
the immigration system does not currently address. The first program, TPS, originates in
the Immigration and Nationality Act of 1990. The idea behind the program is to provide
relief from deportation for 6-, 12-, or 18-month periods for foreign nationals whose return
to their home country might be unsafe. TPS is granted based on the country of origin, and
the length of time is determined by an assessment of when it might be safe to return. In
2020, about 319,000 individuals from ten countries were granted TPS, with the largest groups being Salvadorans, Hondurans, and Haitians.

The next and possibly most famous example of a humanitarian temporary permission is the DACA program. Announced in 2012 through executive action, this program is one such example of an immigration policy which is directed and authorized by Presidential rather than Congressional power. The program grants a renewable two-year deportation relief period and work authorization to young undocumented immigrants who meet various requirements. Because the program is designed to provide relief to those who came to the U.S. when they had little to no agency under the direction of parents or guardians, the program only provided relief to those who entered the U.S. before the age of 16. Dreamers—eligible applicants, named after the Dream Act legislation championed by Former-President Barack Obama—had to be at least 15 years old, had to have continuously resided in the U.S. since June 15, 2007, had to be enrolled in school or have earned a high school diploma or its equivalent, and have a relatively minimal or no criminal record. As of September 30, 2020, 640,700 individuals had active DACA status. As of February 24, 2020, there is no path to citizenship for those Dreamers with active DACA status.

D. Transitioning to Citizenship

The goal of many who immigrate to the United States is to acquire citizenship. Ostensibly, this is the goal of those who come to the U.S. on permanent immigrant visas, those 675,000 visas which are allocated by Congress for each year, and those who come under the unlimited family reunification visas category. For those immigrants on
permanent visas or others who have a path to citizenship—refugees or asylees—to become citizens, they must undergo a process called naturalization. A crucial step in this process and one which confers individuals with many of the same rights afforded to citizens is the acquisition of lawful permanent residency (LPR), also known as a “green card.” Once an immigrant has obtained LPR, they must wait at least five years before applying to become a citizen. An individual applying for citizenship must also be at least 18 years old, demonstrate continuous residency in the U.S., demonstrate “good moral character,” pass English and U.S. history and civics exams (with certain exceptions), and pay an application fee, among other requirements. Once a citizen, individuals can also sponsor immediate and extended family members to bring them to the U.S. and for citizenship.

Figure 1: Number of Immigrants Granted Lawful Permanent Resident Status since FY 1950; Source: U.S. Department of Homeland Security.
III.

The History of Immigration Policymaking

A. The Policymaking Process

To understand the current immigration debate and the history of immigration, it is important to understand the policymaking process. Policymaking is largely understood as a process which involves defining the problem, clarifying solutions and alternatives, and building support while minimizing opposition for policy solutions to the purported problems. The ideas broadly involve setting what is called the “policy agenda.” The idea of the policy agenda is that at any one time there is a list of policy problems which policymakers and relevant constituents find themselves trying to solve. If an issue is on the agenda, it does not mean that the general public is violently interested in it—it generally means that the policy makers who can do something about it are engaged in the debate about potential solutions—or are at least trying to seem like they are.

On that point, some problems on the policy agenda may not actually be popular or incredibly public. People might not talk about such issues because, as important as these theoretical issues can be to the policymakers actively working to address them on behalf of key constituents, they are either too mundane, complex, non-political, or regular to warrant public attention. Though policymakers may jockey behind closed doors and in committee hearings to propose their own alternative solutions to the problems, they may be issues which are almost guaranteed an outcome of a specific kind. One example of this is appropriation for military spending—there are likely key constituent groups which pay attention to it, but the entire military spending package passed every year is not the
subject of wall-to-wall media coverage and fierce public debate in the same way a bill to fund alternative energy solutions might be.

Immigration, on the other hand, is one of those issues which lies on the other end of the spectrum in terms of polarization. Debates over immigration policy today can be incredibly passionate—at times, even vehement—for several reasons. But it is best not to jump ahead. How does an issue make it onto the policy agenda to begin with? Thomas Birkland, in *An Introduction to the Policy Process* (2016), defined the agenda setting process as a fierce competition to determine which issues the policy process will be focused on solving at any given moment. This competition takes place between interest groups who are interested in bringing their policy solution to the policy issue that they think is most prominent to the table. Birkland adopts Bachrach and Baratz’s ideas about power to discuss not only how groups 1) put their issues on the agenda, but also 2) keep other groups’ issues off the agenda. Ultimately, the process of getting an issue on the agenda is a competition between various groups to signal to the policymakers why they should care about and signal that they are trying to solve an issue. This requires groups to, at the least, socially construct a problem, signal that there are potential solutions, and communicate that policymakers can solve those problems. An issue making it onto the agenda is the intersection of multiple elements of what John Kingdon, in *Agendas, Alternatives, and Public Policy* (1995), calls the “policy stream.”

Beyond building the idea of the policy stream, Kingdon also details the reasons for which issues disappear from the policy agenda after being on there. The first reason is that, whether because policymakers addressed or failed to address the problem, the requisite stakeholders interested in the problem moved on. The second reason is that the
conditions which characterized the problem itself might have changed—potentially, it may not even be a problem anymore. For instance, maybe talk of regulation caused a firm to clean up their act before they became the subjects of harsh public debate, a move which would allow them to pre-empt public backlash and save their reputation. The third possible reason is that the problem itself—even if the conditions have not changed—either became normalized by the public over time or was re-labeled in a way that no longer made it seem like a problem. Fourth, the problem could have been crowded out by other problems that, for whatever reason, became more pressing recipients of a spot on the policy-makers’ agenda. And, finally, the problem may simply recede from consideration because attention is cyclical—policymakers and constituent stakeholders can only pay attention to a single issue for so long before another issue or set of issues replaces it. A reason which I will add to Kingdon’s theory is that of political exhaustion in the face of gridlock. In the face of complicated issues in a highly polarized political environment, it might be possible that policy makers simply give up on reaching the votes to enact a legislative solution.

So, how does this framework help us understand the immigration policy-making process?

**B. Which Concerns Inform the Immigration Debate?**

There are numerous concerns which inform the debate around immigration. I will broadly sort these concerns under three categories: the national security concerns, the economic concerns, and the socio-cultural concerns. The first of these, the national security concerns, is generally focused on the potential threat that immigrants pose to the health
and well-being of natives in the U.S. Even before the tragedy of September 11, 2001, there were numerous laws and regulations introduced with the intention of keeping the U.S. safe not only from maligned international forces which might employ spies or saboteurs in the U.S.—think, for instance, about the racist internment of Japanese Americans and immigrants—but also from those immigrants who, by virtue of being lower-class, would do violence to the socioeconomic standards of local communities and the U.S. as a whole. A large part of the response to immigration in the late 1800s and early 1900s was an insistence that low-income immigrants were ruining the quality of communities in which they were settling by decreasing the overall living standard and contributing to crime. In a post-September 11 world, immigration restrictionists began to highlight national security concerns in the global fight against multinational terrorist movements. Former-President Donald Trump gave a voice to this fear that extremist terrorists were immigration to the U.S. when he incited panic over the possibility that Islamic extremists were using the border with Mexico as a gateway into the U.S. and when his administration ordered a ban on immigrants from Muslim-majority countries.

The economic concerns against over immigration hinges on the views that immigrants generally compete with native workers and businesses. Particularly, the focus is on low-skilled immigrants who doubly sin in the eyes of immigration restrictionists because they are believed to compete with low-skilled natives and reap the rewards of public benefits. This perception persists even though it can be very hard in some parts of the country even for legal immigrants to access welfare support. Immigrants are unable to receive federal public benefits without first spending a minimum of 5 years in the U.S. and becoming an LPR. Whether immigrants can access state and local public benefits
depends on local policies. At times, restrictionists even target higher-skilled immigrants and argue that the admission of these immigrants is putting downward pressure on U.S.-based private sector and educational institutions to train and employ native workers.

The last concern this study will discuss is the concern that immigrants do not do enough to assimilate, and instead change the society and culture of the country without the consent of natives. This form of exclusion can be racially insidious, and it has been one of the most persistent concerns of restrictionists. Restrictionists often target immigrants for their tendency to sponsor family members to come to the U.S. on reunification visas, a mechanism that results in the creation of large ethnic enclaves that immigrants use to build support networks for themselves. These enclaves are proof to restrictionists that immigrants do not try hard enough to assimilate and “become American,” learn English, and leave behind some of the cultural practices that some restrictions see as being at odds with life in the U.S. President Trump’s ban on immigration from Muslim-majority countries was not exclusively or objectively based in a risk assessment of migration from Muslim-majority countries, and hence also appealed to concerns over foreign, alien, or “incompatible” cultures infiltrating local communities.

On the other hand, proponents of immigration more broadly oppose many of these concerns as being unfounded. To many proponents, immigration is a net positive to society. Some take more policy-oriented approaches to undermine the national security concerns as unfounded and sing praises for the productive and economic capacity of immigrants as a whole. Meanwhile, some appeal to the humanitarian sentiments underlying the idea that the U.S. is a land of opportunity for all.
C. Background About the Current Immigration Debate

The first thing to understand about the current immigration system is that it is entirely federal. This can lead to instances where tensions between state and local governments and federal officials flare up following one-off legislative and enforcement conflicts. The most famous form of this tension persists when the Executive is controlled by an immigration restrictionist. When this occurs, the restrictionist Executive frequently targets so-called “sanctuary cities” or “sanctuary states,” jurisdictions in the United States which in one form or another refuse to cooperate with federal immigration enforcement and statutes. In such jurisdictions, local officials regularly and systematically withhold local resources and knowledge from federal officials. The most popular form of resistance which has been hotly debated is the refusal to cooperate with federal officials in the deportations of non-violent undocumented immigrants. Besides these instances of resistance to federal enforcement, states presently have no authority to create their own immigration legislation.

That is all to say that the policy debate about immigration reform is settled squarely in the Legislative Branch, as the Constitution provides Congress with the ultimate authority to determine the laws around what form the immigration system takes. So, what has Congress done in recent years to answer the concerns which inform the immigration debate? How have Senators and Representatives interacted with potential reforms in the past?

Considering that the last most notable immigration reform was passed in 1990, with the Immigration Act, it does not seem like immigration has been a productive area of discussion. There have been other bills passed to address such subjects like
deportations, criminalizations, and the question of how to handle those suspected of plotting to commit terrorism in the U.S. However, there has been little legislative action on the questions of who is allowed into the country, at what rate, or on what grounds. The conditions for entering the country—as well as the numerical limits determining how many can enter and the guidelines which clarify the qualifications for entry—have largely stayed the same. For this reason, many proponents of immigration are interested in expanding access to visas, addressing long-standing backlogs for providing visas to immigrants from certain countries, and creating opportunities for non-violent undocumented immigrants, a non-negligible share of whom were brought to the country at a young age by their parents. This final issue is a major point of contention right now. At the same time, restrictionists are currently holding the line on immigration reform by presenting such concerns as having strong, well-defined, and respected borders, rule of law at the border and in the country, preserving the socio-cultural stock of society by bringing in high-quality, “America-loving” immigrants, and protecting natives from foreign competition.

The proposal that got closest to breaking this legislative dry-spell was S.744 - Border Security, Economic Opportunity, and Immigration Modernization Act. This act was passed in the Senate with a final vote count of 68 to 32 in 2013 before being rejected by the Republican-controlled House of Representatives. If passed by Congress, the bill would have provided a path to citizenship for undocumented immigrants and enacted tougher border security provisions. Following the failure of Congress to act on this bill, then-President Obama used powers provided to him by congress to unilaterally extend deportation relief to the Dreamers, thereby creating the DACA Program.
Beyond creating brief outrage over what many saw an abuse of Executive power, this served to push the immigration debate briefly into the background. Since then, the United States has revisited the issue of immigration during major elections and any other time when parties needed to use the highly polarized topic to rally their political supporters. However, effectively little has changed in the legislative arena. This, in some ways, is an example of the cyclical nature of problem definition described by Kingdon. For all the passions surrounding the immigration debate, its time on the policy agenda is naturally transient—and the impetus for immigration reform to jump back onto the agenda often depends on political optimism and opportunism of whichever party has recently taken hold. This is why immigration often emerges as a rallying cry for party activists around elections—it is an issue that some care about very passionately and party leaders believe can help them win elections at the margins.

Furthermore, Presidents have sought to function as stand-in legislators to fulfill immigration campaign promises that they or their party made through unilateral actions such as executive orders. We have discussed a few examples of this when talking about Obama’s creation of DACA and Trump’s employment of the Muslim travel ban. Examples of executive authority over immigration also include Trump’s drastic rollback of refugee admissions and attempted abolition of the DACA program. The concentration of power in the Executive also means that when the party switches, drastic executive actions are almost always capable of being reversed, barring legal challenges. President Biden has famously spent many of the early days of his presidency rescinding many of the orders from the Trump presidency—one which has famously been defined by its desire to roll back and undo any number of Obama-era Executive Orders.
Ultimately, the overwhelming empowerment of the Executive and reticence of the Legislative Branch to deliberate and act on the issue of immigration has relegated it to a partisan campaign rallying cry rather than a conceivably achievable policy dream. Beyond the disempowerment of the Executive—a move intended to incentivize legislators to take initiative on the issue of immigration rather than throw their hands up in dismay and wait for the next election when their party might take power of the White House—or the overwhelming victory of one party over the other in both the Senate and the House that could empower that party to unilaterally pass legislation on their own—there is no clear indication that the current cycle of non-action will meaningfully change. At the moment, the Legislative Branch is not incentivized to legislate, given how much power the Executive has on immigration.

Someone might yet ask why legislators cannot simply revive their most successful legislative actions and try to pick up where they previously left off—for instance, why can’t the same legislators who led the Senate in 2013 pick up and try to pass the same bill today? A few important points are necessary to clarify why legislation continues to stall. For starters, immigration reform is just one item on the national policy agenda, and so it must be one that the public, legislators, the executive, and any number of other actors, are actually interested in attending to. Additionally, it is couched in the national political context of an increasingly partisan public contest between the two major U.S. political parties. For these reasons, it is hard to believe that those same Senators and Representatives who voted one way in 2013 will vote the same way now in 2021. Under the current circumstances where the public and legislators seem more polarized than ever
before, it has arguably become even tougher than it previously was to pass bipartisan legislation on a topic like immigration.
IV. 

How Would PBI Change Immigration?

A. What Wouldn’t Place-Based Visas Change?

To understand PBI and its political prospects, we must note what a place-based immigration policy, specifically the proposal for place-based visas, does not address. Two of the most publicly contested immigration issues which arose in the aftermath of the 2016 U.S. Presidential election were the issues of whether to expel undocumented immigrants and whether to build a U.S.-Mexico border wall. Proponents of PBI reform ostensibly believe in its legislative potency because it avoids those issues which might be considered toxic to the prospects of reform. PBI reform’s appeal to would-be immigration reformers is that it leaves some of the most divisive issues related to immigration unaddressed. PBI inherently appeals to bipartisan sentiments to appreciate the contributions of immigrants to society while also presenting PBI reform as a break from previous, inefficient models of immigration.

B. What Would Place-Based Visas Change?

Now, because PBI reforms come in many forms, we will highlight and explore the common aspects which repeat between the various PBI policies. The first of these common aspects is the idea to create a system to match immigrants with state or local governmental entities which consent to receive the immigrants into their communities. Though the system for opting in and then receiving immigrants—as well as the system which determines which immigrants arrive in which states—can vary, the idea among the many iterations is similar. The Economic Innovation Group (EIG), in their report
regarding heartland visas, lays out a vision for place-based visas wherein “Both communities and visa-holders would ‘opt-in’ on a voluntary basis.” There have been two bills introduced in Congress which advocate for the creation of a similar system. Under S.1040 of the 115th Congress (2017-2018) and its copy in the House, H.R.5174 of the 116th Congress (2019-2020), the Congress would authorize state-sponsored nonimmigrant pilot program which would allow states to directly sponsor immigrants to move to their states. For states with contiguous industries and labor markets, states could form compacts with one another to jointly sponsor immigrants.

Current conceptions of these place-based visas make them additive to the current immigration system. This means that the creation and allocation of these visas does not come at the cost of visas in other categories—for instance, the place-based visas do not replace employment-based or family-based, temporary or permanent visas. There is no consensus or dominant reasoning which argues for how or how many visas would be made available to which states. With that said, S.1040 and H.R.5174 both allocate a minimum of 5,000 visas for each state for their own use. This scheme also allows, given that states ensure that enforcement guidelines are not violated, that the number of visas afforded to every state steadily increases every year.

Another similarity between proposals is the flexibility of the visas in terms of who is allowed to use them. The idea in creating these visas is that they will not be used to only to fulfill labor demand just in the healthcare industry—or the construction industry, service industry, or agriculture industry. They can be used by states to fulfill any labor demand in any industry that the state sees fit. This can mean sponsoring workers of variety of skillsets, educational backgrounds, or experiences. Supporters of the proposal
also point out that visas can even be used to sponsor foreign entrepreneurs to invest in U.S. communities, something that some high-skilled immigration proponents have sought after for a long time. Finally, these visas can be used to supplement visas which are already used to promote high-skilled employment in the U.S., like H1-B visas. With these extra place-based visas, states could bolster the number of visas available to state and local employers—potentially in exchange for some fee—to help them meet labor demands that the local economy and the current immigration system do not satisfy.

As the Cato Institute notes, there is a history of state-level demand for place-based visas: “Colorado passed a bill to expand agricultural visas in 2008. In 2011, Utah passed a bill creating a state-sponsored guest worker visa program and immediately asked the federal government for permission to run it. In 2015, Texas and California state legislators introduced numerous bills to create different state-level guest worker programs.”

Beyond changing the landscape of the formal immigration system, place-based visas can also provide incremental change the status quo immigration inflows. Brookings Institution demographer William Frey talks about this status quo in his book “Diversity Explosion” when he discusses where most immigrants usually end up arriving. Professor Frey describes the existence of “gateway communities”: metropolitan centers where immigrants often first arrive. Frey notes that in these communities, immigrants of similar ethnic or cultural backgrounds cluster together. This results in the formation of ethnic enclaves where immigrants of similar ethnic backgrounds live in close proximity and emulate the lifestyles they had in their home countries. Gateway communities and the resulting ethnic enclaves can be understood to result from family-reunification policies.
like the unlimited number of permanent visas made available for immediate family members. Instituting a place-based visa system can empower state and local communities to which immigrants do not first often arrive to attract and retain a robust immigrant population. In this way, place-based immigration can change in a small way where immigrants to the U.S. settle.

C. Varying Conceptions of Place-Based Visas

The numerous similarities between the proposals for place-based visas should not be used to argue that all the proposals are entirely the same. There are still numerous points of disagreement over the finer details. Where place-based visa proposals begin to differ is in their determinations of which states would be eligible to sponsor prospective immigrants. While some place-based visa proposals allow any state or local governments to sponsor immigrants, proposals like the one put forth by the EIG champion target visas to those areas experiencing demographic decline. For this reason, their visas are called “heartland visas,” because they are designed to empower communities in the U.S. heartland which are confronting chronic population loss or economic stagnation. Under the EIG proposal, metropolitan centers in heartland states would also not be a priority—not if those metropolitan areas are not facing demographic crises, anyway.

The EIG’s proposal is also one that prescribes a more hands-on role for the federal government once place-based visa immigrants arrive. For one, their proposal argues that prospective immigrants should be provided federal resources for smooth assimilation and job matching. This kind of an active role in assisting foreign-born arrivals to the U.S. is most notably used for refugees and asylees, but not for those
immigrating with family or employment visas. The Congressional bills previously mentioned do not outline further resources for place-based visa immigrants—the bills treat them the same way that they would treat immigrants under any other visa.

The Congressional bills also fail to outline a path to citizenship for place-based visa recipients that preserves the resources or allocations made under the current immigration system. By adding this new class of visas without increasing the resources and allocations required to increase the number of permanent residency changes made every year, the Congressional bills make it likely that green card backlogs—an issue which is described by applicants to green cards having to wait incredibly long periods of time before their applications are approved depending on their country of origin—will intensify. The green card backlog is a policy concern because of how it affects the planning and settlement process in the U.S. for immigrants, the hiring process for employers, and uncertainty for children on visas. The EIG’s policy principles clearly outline their opinion that a place-based visa policy should include a path to citizenship that does not constrain or cut from the opportunities available to other immigrants to receive green cards. This likely means accepting more green card applications every year and providing more resources to those agencies which handle green card applications. Some of these new resources will likely be dedicated specifically for allowing helping place-based visa recipients. However, the vision to support the naturalization process for place-based immigrants is not universal.
V.

What are the Potential Benefits of PBI?

A. The Problems at Hand

The Empty Planet & Japanese Pension Troubles

The idea to create a place-based visa system does not exist without the conception that there is a problem to be solved. So, what problems do proponents of the policy believe a place-based visa can solve? The first of a handful of problems is stagnant population growth and population loss. Professor Charles Jones, in a working paper titled “The End of Economic Growth? Unintended Consequences of a Declining Population,” (2020) lays bare the deleterious effects of population decline. Jones begins by pointing out that a number of economic models which study and project endogenous growth trends assume a constant or increasing population. The issue with this crucial assumption is that it does not always hold true. In the case of higher-income countries like Japan, Germany, Italy, and Spain, the natural growth rate—the population growth rate without considering immigration—has gone negative. When ignoring immigration, the fertility rate—or the number of children born alive to women as a proportion of the average annual population of women—in a country with a constant population size must be slightly above 2.0. This helps the country’s population account for the rate at which people die before they reach a certain age and maintain a stable population size. In high-income countries like the U.S., the fertility rate as of 2018 has gotten as low as 1.73. If the fertility rate continues to stay below 2.0, the U.S. will face a population decline crisis—barring immigration, of course.
Nevertheless, population decline undermines economic growth in a few ways. Charles calls the overall effect of stagnant population size the “Empty Planet result,” and shows that both endogenous and semi-endogenous growth models which fail to satisfy the assumption of a constant population size can lead to the Empty Planet result. The result is simply that “Economic growth stagnates as the stock of knowledge and living standards settle down to constant values. Meanwhile, the population itself falls at a constant rate, gradually emptying the planet of people.” This, in turn, depresses per capita GDP and the economic dynamism which arises from having a younger, prime-working-age population. This will be discussed in more detail later in this thesis.

The immediate decrease in net population growth, however, can yield further economic issues down the line. Japan exemplifies the trouble of a declining population well. It is also one of the aforementioned high-income countries. As a high-income country, Japan has a robust social security and pension system—while also having a fertility rate of 1.42 and one of the oldest populations in the world. Noriyuki Takayama, in his chapter “Pension Issues in Japan: How Can We Cope with the Declining Population?” for the book, *The Economic Consequences of Demographic Change in East Asia*, (2010) uses a balance sheet approach to analyze how demographic factors in Japan affect the economic reality facing the country. The effect of having both an older population and a lower fertility rate is an increase in the total cost of the pension system and a gradual decrease in the revenue generated from all workers. While workers grow older, the costs for pension increase, while the decrease in fertility means fewer workers over time to generate revenue. When this book was published in 2010, it was expected that the effect of the aging population alone would increase the cost of pension from 17.5
percent of Japanese GDP in 2006 to 19.0 percent of Japanese GDP by 2025. The second-order and third-order effects which follow result from the attempts to reform the pension system to lower the redistributions to elderly Japanese. These attempted reforms likely signaled to present and future pensioners that the government was not committed to the pension system. Pension reform strife was associated with a later increase in non-participation in the pension system by various workers.

The EIG’s Heartland Visa Report: Local Government Revenues Falter

The EIG also makes population loss the central focus of why place-based visas should be implemented. They use demographic data from the U.S. to show that while the share of the population that is 65 years or older increases, the size of the prime working age population remains low across the U.S. while decreasing in certain heartland states and counties. The report estimates that by 2037, two-thirds of U.S. counties will contain fewer prime working age adults than they did in 1997.

The example from Japan highlights the first of three economic strains posed by population decline outlined by the EIG’s heartland visa report. The first economic strain is on government budgets, particularly regarding retirement, pensions, and social security. These demographic effects hit local governments especially hard, where property taxes, sales taxes, and income taxes all suffer because of population decline. There are some who might look at this explanation that local government finances suffer because of population decline and respond that revenue decreases are acceptable because as population declines, so do costs of local governance. However, as the EIG argues in most if not all cases, population decline results in a greater loss of revenue for local
governments than it results in a decrease of costs. An intuitive explanation of why this might be is that government administration of public goods like roads or sanitation systems may be modeled as an economy of scale. Holding factors like government administration, political polarization, and the kinds of governmental services equal, very large or very small constituent populations may not yield as much net revenue as a constituent size within a certain medium zone. A related explanation for this is that public goods may carry substantial fixed costs that are not liable to change simply because the population decreased.

Another reason for why the lower cost explanation falls short is that the kind of demographic loss matters. Because many rural and suburban counties are getting older while losing their prime working age population, those residents who yield the most benefit from government are the ones who stay, while the ones who on net contribute to local government finances are the ones who leave. In other words, even if the cost to a government is proportional to the size of the overall population, the revenue is proportional to the size of working population. If the community is emptying out and getting older, they are likely to be losing working-age revenue contributors more quickly than their costs decrease.

The EIG’s Heartland Visa Report: Housing Markets Decline

The next notable reason why the EIG is concerned about population decline is its effect on the local housing markets. The EIG first explains how population is intimately linked with housing prices: the more people you have, the more demand you have for housing in the local area. This increased, unmet demand can raise prices—unless supply is increased
to meet demand. To increase supply, developers and local housing market stakeholders would need to provide more housing by building and developing more housing units, or by repurposing real estate used for lower capacity housing to real estate used for higher capacity housing. This may require local governments to change zoning laws. Absent a strong anti-density lobby or voting sentiment, increased demand can be met by increased supply just by building more housing.

Population decline is more difficult to handle, though. Whereas population growth can be met by building more housing, population decline is less likely to be met by a decrease in supply. That would almost certainly require that local real estate be destroyed rather than built. Demolishing local real estate can be complicated by a myriad of political, economic, and legislative factors. The question of who will pay for demolition is both relevant and complicated. In 2012, for instance, an article titled “When the best way to save a neighborhood is to tear it down,” noted that amid the effects of the foreclosure crisis that followed the housing bubble of 2008, “Federal programs such as the Neighborhood Stabilization Program and the Obama administration’s proposed Project Rebuild [didn’t] allow federal housing funds to be used mainly for demolition.”

With that said, some might look at local housing market prices decreasing as positive thing, at least in some respects. This may especially be the case for renters, even though it would clearly be a bad thing for landlords or homeowners who see their properties as stable investments. The EIG notes that some might tallying up the costs or benefits to numerous stakeholders an conclude that it is a wash—there are some gains and some losses, but they should even out. The EIG presents four concrete reasons why decreased housing prices can still pose a threat to local communities. The issues to which
lower housing prices contribute include negative wealth effects, low construction activity, vacant housing, and strained local government finances.

The first issue of low housing prices is that house equity is the most immediate source of wealth for most U.S. citizens. If housing prices suffer, and the value of a family’s home decreases, that hurts their ability to build wealth to pass down to their children. Hence, lower housing prices can mean that wealth-building and social mobility are inaccessible to areas experiencing population decline. The second issue of low prices is that these low prices can result in lower construction activity. If the price of houses or real estate is low, then there are few incentives to invest in that real estate by buying up or building more properties or renovating older properties. This directly hurts the construction industry in areas experiencing population decline. Granted, unless construction presents society with a positive externality, there are some questions about whether they should be subsidized.

In any case, the EIG’s third issue is called the “vacancy effect.” Most intuitively, population decline can simply mean fewer people are living in that area, resulting in vacant properties. Vacant properties can lead to a decay of the local real estate—beyond lower prices, real estate will show physical signs of decline, such as decrepit, unkempt properties, and trash. These signs of decline pose as physical hazards in the neighborhood. Vacancies can also lead to a rise in crime rates in that area, further decreasing the property values of even occupied homes. Lastly, as we said before, local government revenue streams suffer. Before, we attributed revenue shortfalls to having fewer people to pay taxes, but it is also worth noting that lower housing prices, increased
vacancy rates, and decreased household wealth can all deal a huge blow to the finances of local budgets as wealth and property taxes also experience shortfalls.

**The EIG’s Heartland Visa Report: Reducing Dynamism**

Finally, the EIG points out that population decline can hurt what they call “dynamism.” Dynamism is a concept used to describe economic activity and it can be used when talking about productivity and employment. Effectively, if an area or region has a higher level of dynamism, or is more dynamic, then the area can also be said to exhibit higher levels of productivity, economic activity, economic growth, and/or overall employment. The EIG argues that the compounding pressures of population decline and the aging of local populations are leading to a decline in several dimensions important to dynamism.

The first dimension is that of innovation. When a local population experiences population growth, they are also more likely to experience the moving in of businesses and franchises or investment from those who try to start new businesses. The EIG writes “A 1 percentage point increase in average annual population growth is associated with a 1 percentage point increase in the startup rate, all else equal,” with the association likely being causal. The report cites the work of past studies that has demonstrated “that growth in local population and, in particular, the prime working age population, drives startup rates.” Startups, or new businesses matter to innovation and dynamism because new businesses can employ the local population, generate tax revenue, and attract consumers and others to the local region. When population decline is taking place, new businesses
are less likely to start or move into an area, likely because they do not see any business opportunities to do so.

The second dimension is that of productivity. An important factor of productivity in an economy is the age of the workers. The younger the workers in an economy, the more productive it is likely to be. This initially runs counter to the economic understanding of human capital returns made by training and work experience which is accumulated over time. On the one hand, older workers who have more experience are likely to be paid more because they have more expertise, training, and industry knowledge. This allows them to work more efficiently than younger, less-experienced coworkers. However, the EIG cites research which shows that a critical mass of older workers in a workplace can dampen productivity. This association between an older workforce and lower productivity is robust when accounting for state, industry, and firm fixed effects.

The EIG notes that more research is needed to try to explain this association, but the working hypothesis at the time is that the older a worker, the less efficient it is to train them with new technologies. This can be because the uptake with the technology may be lower for older workers and because older workers will make use of the training for less time because they will retire sooner, meaning that employers will have less time to recoup the costs of training their older workers. Younger workers, on the other hand are perceived to be more robust, more innovative, and more active. What they lack in experience, they might make up for in their energy, technological aptitude, and fresh ideas. An analysis by Moody’s Analytics finds that a 1 percentage point increase in the share of the workforce age 65 and up reduces productivity by between 1 and 3 percentage
points. Some economists use this finding to explain between one-quarter and three-quarters of the productivity slowdown over the past decade or so.

The third and final dimension of dynamism is that of human capital. Many of these areas are experiencing population decline because the residents of those areas are likely to be less educated than those residents of areas experiencing population growth. This means that elements of human capital like training, professional development, professional work experience, or technological aptitude are likely to be missing from those areas with lower rates of education. This human capital gap can be found in the innovation disparity between low and high growth areas, measured by the rate at which members of different geographic areas obtain patents. The fastest-growing counties in the U.S. obtain 3.4 patents per 1,000 people, while the fastest-shrinking counties in the U.S. obtain 1.1 patents per 1,000 people. This lack of innovation, as we said before, can further contribute to the dilemma of low levels of employment opportunities. Without innovation, investment, and the creation of new businesses, it is hard to attract and maintain workers because those workers will not see economic opportunities for themselves in the area, though high-skilled workers are more likely to relocate. If there is no innovation, high-skilled workers will find no reason to live in the area, which makes it hard to sustain a service economy which might employ low-skilled workers.

**Immigrant Visas Resource-Allocation Problems**

This final problem is more political than it is economic or developmental, but it will be crucial to understand so we can discuss the political possibility of passing a PBI reform. The present immigration system is centralized within the federal government. The
authority to determine who can enter or live in the country and become a permanent resident in the country is controlled almost entirely either by the executive branch and the president and their cabinet or by the legislative branch and the many members of Congress capable of voting on immigration legislation. Congress derives its power to determine such matters from the Constitution, as it is the sole legislative authority of the federal government. The President and their cabinet, on the other hand, does not have any natural authority in the matter. It is only with the statutory and financial consent of Congress via bills dictating the structure of the executive agencies and spending bills that the President and their cabinet can act on matters of immigration. Hence, while Congress has the power to issue new visa quota guidelines and institute new programs, and grant new powers to the Executive Branch, the Executive—the President and their cabinet—oversees implementing and exercising those powers in accordance with Congressional legislation. Because it is impossible for Congress to delineate the Executive's authority and legal course of action in exactly every situation, the Executive has some discretion in using the powers granted to them by Congress.

So where does this leave state governments on the question of authority over the immigration process? Under the current framework, states are afforded no power over immigration. They cannot decide who or which immigrants to admit, or whether the immigrants spend more or less time in their states or local communities, primarily because they have no control over the visas. This suggests that the federal process may fail is not legislating effectively with respect to local preferences. This is due to the nature of the federal legislative process and the politics of immigration reform, which produces a nearly one-size-fits-all policy after accumulating input from over 400 state-
and county-level elected officials. This imprecise legislation does not allow state and local communities to self-determine the allocation of visas that would work for them. Ultimately, this means that the government’s action on visa policy is creating an allocation problem.

**B. How would Place-Based Visas Help?**

*The Economic and Political Case for Decentralization*

The case for decentralizing the immigration process is based on the last problem we discussed, the inefficient allocation of visas. The current structure and institutions dedicated to crafting and enforcing immigration policy in the U.S. do not leave room for state and local governments to tailor immigration policies to their local-level circumstances. This means that state and local governments, if they had some preference for which immigrants or how many immigrants they wanted to bring into their jurisdictions, could not act on that preference. In this way, the current immigration system is experiencing an allocation problem that does not direct visas to be used in the ways that would be most beneficial.

Allocation problems, particularly those which result from preference-aggregation problems, have economic solutions. Assume, for instance that a manager runs a manufacturing firm and needs to distribute 100 units of raw material A and 100 units of raw material B to 100 workers, 50 of whom specialize in working with A and 50 of whom specialize in working with B. If each worker can efficiently produce using their respective, specialized resources, then the most efficient distribution will send two units of A to each of the first 50 workers who specialize in working with A, and two units of B
to each of the 50 workers who specialize in working with B. Assume that each worker, because the manager does not know each worker’s specialization, received one unit of A and one unit of B. This outcome would be less efficient that the first because workers will have to work with materials outside of their specialization. Now assume, because the manager underestimates the number of workers available to her, that four units of A are distributed to just 25 workers each who specialize in A while four units of B are distributed to just 25 workers each who specialize in B. This also will not be efficient because not all the workers are engaged in the production process, and some are doing relatively more work than their peers. These are simply two examples of what might be called a top-down preference-aggregation problem that results in an allocation problem.

What is the solution to this allocation problem? In the previous circumstances, the manager was in charge of determining who received what resources. It was possible to conceive of a situation in which the manager allocated the resources efficiently such that the most utility was derived from the productive process as possible. However, it was also possible to see that a single manager could operate on faulty information and run into a preference-aggregation problem whereby they misallocate resources because their knowledge about preferences and other productive factors was incomplete. Ultimately, preference-aggregation problems are solved by creating a mechanism to communicate ground-level information to the level of administrators and policy makers. In the case of immigration policy on the state and local level, however, aggregating information does not seem to be the problem. As we said before, there are more than 400 state- and local-level elected officials who are meant to represent the interests of state and local
constituents. The fact that these roles exist is evidence that the government is at least in some ways aggregating the preferences of state and local constituencies.

So, if the allocation problem is not resulting from preference-aggregation issues, then how might we explain the fact that there are some state and local governments whose preferences for immigration are not being met? Simply, the issue lies in the state- and local-level flexibility of the legislation produced, and the ability of state and local governments to have a say in its implementation. The source of this allocation problem, then, is not the inability of the federal government to aggregate preferences, but the inflexibility and on-size-fits-all nature of the federal policies created in response to those preferences which does not allow for local-level tailoring. This is the heart of the allocation problem—state and local governments have no say in the allocation of visas.

The solution to this issue in the economic and political sense is decentralization. The idea that decentralized systems in which individuals are given a stake in making distributive and allocative decisions is better than systems where allocation systems handled by a single manager is the impetus behind the doctrine of federalism. In a federalist system, a country is governed jointly by a general, overarching national government in conjunction with numerous, exclusive regional or state governments. In the U.S., the federal government exists as a separate entity from the many state, tribal, and territorial governments which make up the U.S. and its territories. The Constitutional Founders sought to create this system to unite the original thirteen states under a central authority, currency, and territorial identification while allowing regional state authorities to govern themselves according to their own interests. The intuition behind this approach was that a single national government would not be able to govern all thirteen states as
easily as those states would be able to govern themselves. Hence, one theory of
governance dictates that policy should be pushed to the lowest levels of governance
possible—the exception to this is when pushing a policy debate down to a lower level of
governance will generate undesirable externalities for jurisdictions outside of the lower
government’s jurisdiction. If two cities each border a lake and have partial jurisdiction
over that lake, then the two cities must agree about certain policies, such as the policies
pertaining to dumping into and upkeep of the lake. If there are discrepancies, then at least
one locality will be wasting its resources.

Under the current system of government, legislation, statute, and regulations
around citizenship and immigration are controlled nearly entirely by the federal
government. As we said previously, the current system does not allow state and local
governments to determine for themselves who will be brought into their local
communities or for what purposes. A PBI reform would decentralize the immigration
process by giving states and local communities the power to sponsor immigrants in
accordance with their own economic, social, and political preferences. This idea
conforms with the economists’ proclivity for decentralized allocation decisions as well as
the doctrine of federalism which inspired the country’s democratic republican system of
governance. The next question worth asking is how local-level immigrant placement
decisions affect social, economic, political, or cultural outcomes for jurisdictions outside
of the original jurisdictions. Put another way, how does City A’s policies affect social,
economic, political, or cultural outcomes for neighboring City B.

Examples of State and Local Policies
There are hundreds, if not thousands, of examples of state and local governments writing policies which are designed and tailored to local-level circumstances. One such example is that of localized minimum wage laws. The purpose behind a minimum wage law is to set a standard for how much workers in a certain jurisdiction will be paid. Guaranteeing a minimum wage to workers affects not only workers—such laws also affect low-wage employers, families or dependents of low-wage employees, producers and retailers who sell goods and services to low-wage employees, and a myriad of other stakeholders. Because the political and economic reasons for raising a minimum wage vary widely from region to region or locale to locale, the minimum wage itself can also vary widely. In one city, the minimum wage set by the federal or even state government may do little to assist citizens in meeting their minimum cost of living. In another city, raising the minimum wage above the federal or state level might put undue pressure on small business owners who might already be struggling to meet labor costs. For this reason, the minimum wage is one such example of a policy that can be tailored in a place-based way.

The benefits of treating minimum wage and other compensation policies on a place-based rather than one-size-fits-all basis is theoretically clear: to meet the economic and political needs of local areas, local governments need to tailor compensation policies according to local circumstances. If the cost of living is increasing but wages remain substandard, then, holding all other factors constant, the minimum wage should also increase. The one concern for a local-level change, however, is that it might affect outcomes in, or its intended effects might be dampened by the existence of a contiguous city. Citizens who live at the border of two cities might simply choose to work in the city with the higher minimum wage. This can increase labor supply in the city with the higher
minimum wage and tighten the labor market. Hence local-level policies, though they are tailored to the circumstances for those living in certain communities, need to be wary of spillover effects that result from a discrepancy in policies between contiguous communities.

Professors Arindrajit Dube and Attila Lindner, in “City Limits: What Do Local-Area Minimum Wages Do?” (2021) studied the increasingly frequent localization of minimum wage policies. The impetus behind this study was the increased likelihood that cities in the U.S. impose their own minimum wage laws—in 2010, they found only three cities who minimum wages exceeded those set by the federal or state government standards. In 2020, they found 42. Although they recognized that the increasing localization of minimum wage policies had to be balanced with the trade-offs to aforementioned stakeholders besides minimum wage employees, they found that, overall, place-based, “city-level minimum wages seem to be able to tailor the policy to local economic environment without imposing substantial distortions in allocation of labor and businesses across locations.” Showing that local policies could be crafted with no significant distortions to neighboring or semi-contiguous local labor markets speaks to the power of some forms of localized policymaking to enact change without the need for input from neighboring local communities. Regarding a place-based visa system, this shows that state and local governments can truly tailor their policies to their own constituency’s needs with relative sovereignty.

Localized—or place-based—minimum wage policies are just one example of how policy at the local level can differ from that of federal level. The successful localization of minimum wage policies lends credence to the idea that local communities may want to
take some level of control over the immigration process to use visas to meet local needs and preferences rather than rely on the federal immigration system alone.

*The Economic and Political Benefits of Place-Based Visas*

Beyond giving state and local governments power over the allocation of visas, there is a case that place-based visas can also combat the detrimental effects of population decline. We once again turn to the EIG’s heartland visas report.

It is important to note first that policymakers must also consider longer-term interventions to combat the looming threat of population decline, and not just in heartland areas of the U.S. Families and couples across the country worry every day about the costs associated with raising children, chief among them being childcare costs. Because of such costs, some families with productive, high-earning guardians put off having children because of the disruption this would pose to their career tracks. To address concerns over low fertility rates and subsequent population decline across the U.S., policy makers will likely need to look at long-term social policies which can make it worth it for people to have children again.

Nevertheless, the EIG believes that at least in the medium term, place-based visas can offer a meaningful path to addressing population decline. The immediate logic proceeds as follows: if population decline is causing so many problems for areas all over the country, then bolstering local populations with immigrants should stem the resulting issues of population decline. The EIG study explores exactly how immigration can combat the specific effects of population decline. The report draws on economic
literature to discuss how local immigration can bolster housing markets, improve local government finances, rekindle dynamism, and strengthen local labor markets.

The EIG cites economist Albert Saiz, who finds in a 2007 study that a 1 percent increase in the immigrant population in a local community is associated with a 1 percent increase in the housing rents and housing prices in that community. Though this may mean that immigration can put stress on cities or areas experiencing tight housing markets—metropolitan cities like New York City or San Francisco might come to mind—this increase in housing market prices can keep communities afloat in areas of the country experiencing population decline. As has been discussed before, bolstering housing prices not only aids families hoping to use real estate as a means for social mobility and wealth-building, but it also improves local government finances.

Falling housing prices undermine local government finances because taxes on property, wealth, or real estate transactions may be integral to local government finances. Immigration can help reverse these trends. However, bringing immigrants into a state or local community also directly affects local government finances by bringing in taxpayers. Immigrants, especially if they are the kind of high-skilled or working immigrants which state or local governments might like to prioritize if given the opportunity to offer visas to their states, are taxpayers in multiple forms. The Center for American Program (CAP) found that immigrants with active DACA status contributed as much as “$5.7 billion in federal taxes and $3.1 billion in state and local taxes annually… [and boosted] Social Security and Medicare through Payroll taxes.” DACA recipients also tout “a combined $24.1 billion in spending power… each year.” Any state or local government which implements a sales tax continues to generate tax revenue from immigrants even after the
immigrants’ income is taxed. The EIG also cites what they call the National Academy of Sciences’ “most comprehensive analysis of the effects of skilled immigrants on state and local fiscal conditions,” which found that “every skilled immigrant with a bachelor’s degree adds a net of $105,000 to the fiscal balance of state and local governments over a 75-year period. Immigrants with a graduate degree add $200,002.”

In addition to aiding the public sector in generating revenue for local governments, immigrants can assist the private sector by rekindling dynamism. Increasing immigration to declining areas is likely to increase dynamism because it reverses or addresses many of the problems which result from population decline. The ideal forms of immigration proposed by the EIG can directly increase population growth, slow the aging of the population, and increase average human capital. More than that, immigrants to the U.S., particularly skilled immigrants who might benefit from place-based visas, are more entrepreneurial than native-born citizens. The EIG writes that “Immigrants represent 18% of global patent-filers in the United States, are inventors or co-inventors of about 25% of all technologies developed in the United States, and account for 33% of all U.S. Nobel Prizes.” The Pew Research Center, in an article titled “Key findings about U.S. immigrants,” finds that the share of the U.S. population in 2018 was 13.7 percent. The all-time high for the share of the population that is foreign-born was in 1890, at 14.8 percent. Given these two statistics, and data between 1940 and 1990 which puts the share at less than 10 percent, immigrants are over-represented in their contributions to the forms of innovation discussed above. This lends credence to the idea that immigrants can play an outsize role in starting new businesses, attracting consumers,
and innovating or inventing new products and service in areas experiencing population decline.

These contributions to dynamism also mean a strengthening of the local labor market. This may seem counterintuitive at first when looking at immigration from a simple labor supply and labor demand standpoint. An influx of working-age immigrants can increase labor supply, which many argue will necessarily increase labor competition and depresses wage growth for local, native-born workers. An often-overlooked caveat to this logic is that immigrants may also increase labor demand—by immigrating to a local economy, they can drive up demand for local goods and services. This increased demand in the local economy increases the labor demand from those firms and businesses that try to meet the new economic demand.

The simple supply and demand perspective of immigrant labor also assumes that immigrants are looking for jobs in industries with tight labor markets or which are already occupied by native workers. Often, restrictionists will forget that immigrants can look for high-skilled jobs, jobs in industries facing labor shortages or which do not normally employ natives, or even start their own businesses. When high-skilled immigrants come to the U.S., they might be doing so because they have secured a job in an industry that was already facing labor shortages and was having trouble finding qualified native applicants. Additionally, when immigrants start their own businesses, they not only avoid competing with native born workers—they may also draw consumers to the local economy and hire local workers. This puts upward pressure on labor demand while avoiding an increase in labor supply.
This logic about the local economic gains made through immigration are supported by analysis and insights from the Cato Institute and Alex Nowrasteh, Cato’s Director of Immigration Studies. In the fall of 2019, Nowrasteh spoke on a panel hosted by the House of Representatives’ Problem Solvers Caucus to discuss an immigration reform proposal put forth by the research-advocacy group, the New American Economy. During the panel, Nowrasteh detailed his reasons for disagreeing with the economic grievances often raised when talking about immigrants and immigration. He directly opposed the findings of anti-low-wage-immigrant economists like George Borjas to argue that the labor effects of immigration are not unambiguously negative, arguing using much of the same logic included above.

In a Cato journal entry titled “Does Immigration Reduce Wages?” Alan de Brauw, now a senior research fellow at the International Food Policy Research Institute, also critiques Borjas’s work and discussed what he thought were shortcomings which, when addressed, undermine the magnitude of Borjas’s findings of the negative effects of immigration on labor outcomes for native-born workers. De Brauw ultimately concludes that for all the hotly debated research on the effect of immigration on native-born labor outcomes, the most stable research findings indicate that the effect of immigration on the wages of native-born workers is “either very small or zero.” When considering that place-based visas could be used exclusively to draw a higher proportion of high-skilled, entrepreneurial immigrants than the current immigration process, it would certainly be possible that such immigration would bolster the local labor market. Of course, this depends on how state and local governments distribute visas.
This brings us to the final and primary point which should be used to emphasize the benefits of a place-based visa system on the local labor market and generally: place-based visas are exactly that. They are place-based. They are not national, and they are not one-size-fits-all. Because they are place-based, state and local governments will have the power to determine what kinds of immigrants their local communities need. If a local community is facing a shortage of entrepreneurs, the local government can sponsor prospective business owners or immigrants who can prove their ability to invest in the local community. If the local community is facing a tight labor market for childcare workers, then the government can sponsor visas for those who would work in the U.S. as childcare workers. This would allow state and local governments to also avoid bringing in immigrants who would increase labor supply in industries facing already-substantial labor surpluses.
VI. What are the Potential Costs of PBI?

A. What are the Concerns over Place-Based Visas?

Place-based visas, and place-based immigration reform in general, are not the central focus of the immigration debate today. The consequence of this is that though some political institutions like think-tanks, advocacy groups, and research organizations may have generated numerous studies supporting this proposal, the idea to create place-based visas does not yet have the level of attention it need to garner a critical mass of policy-specific concerns. That is to say that there are not enough stakeholders paying attention to place-based visa proposals to gather the attention of potential critics. This also says nothing about the fact that immigration reform itself is such a gargantuan, loaded topic with a number of preceding issues that it would not immediately make sense for place-based visas to come up in the debate when there are more pressing and entrenched political concerns that pre-date this proposal. Finally, the current political divisions over immigration—evidenced by the lack of consequential, bipartisan immigration reform in the past 30 years—make it hard for even bipartisan measures to pass while partisan proposals poison and muddy the policy process.

None of that is to say, however, that economic, social, or political concerns over place-based visas do not exist in more general forms. Place-based policy proposals can generate concerns over its ideas to target the economic effects of the policy by place and to increase immigration in general. These two ideas individually have a fair share of criticism aimed at them, so it would be helpful to see how much of that criticism is warranted when applying it to the proposal to create place-based visas.
B. The Potential Economic Distortions of Place-Based Policies and Immigration

Place-Based Distortions of Market Forces

We will begin by reviewing the logic and criticism of place-based economic policies. It is necessary to clarify our previous discussion of localized policies like localized minimum wages to say that, for the purposes of further discussion, the term “place-based policies” will not be used to describe localized policies. Instead, “place-based policies” will be used to describe, economic, social, or political policies meant to address a specific case of economic or social decline.

The primary reason for designing and instituting place-based social or economic policies is to counter some crisis in a state or local community. One such case would be a policy that institutes opportunity zones or place-based enterprise policies. These policies are designed to incentivize private citizens and businesses to invest in local communities by moving there, spending money there, or starting a business there, among other things.

These policies have their own fair share of criticism—one critique raised against such place-based policies is that trying to incentivize and instigate economic prosperity in declining locales is that such efforts are inefficient. Some economists, for instances, question why those locales deserve economic support to attract people, businesses, and activity without first asking why those places are declining in dynamism first. David Kraybill, in describing this discontent with such policies, writes that “economists in the mainstream of the economics discipline have long viewed place-oriented development policies as a form of protectionism promoted by local, landed interests who wished to resist inevitable change. Rather, mainstream economists have generally had a preference
for people-oriented policies, viewed as both efficient and redistributive.” Effectively, economists are concerned that place-based policies fail to serve the people in those places, and ultimately function as subsidies for inefficient or outdated socioeconomic arrangements that attract and ultimately trap low-income workers.

However, recent studies seem to indicate that place-based economic policies may not be as deleterious as theoretical economic models have generally indicated. For instance, Kraybill argued that the place-based policies can be effective when they are less costly than people-based alternatives. One such example Kraybill gave is “a place-based policy of providing lump-sum grants to small-town entrepreneurs to help them retool or upgrade to become competitive and successful in the market economy, and to help their town grow to achieve the critical mass of population to sustain itself.” It was thought that this policy might be more fiscally feasible and thus more effective than a people-based policy which would require that local governments pay large sums of money out to individuals hit hardest by the local decline. Unfortunately, people-based policies which increase expenditure while experiencing population decline are likely to exacerbate the issue of strained local government finances.

This brings us to “Jobs for the Heartland: Place-Based Policies in 21st Century America,” (2018) a study by Professors Benjamin A. Austin, Edward L. Glaeser, Lawrence H. Summers. This study adds empirical evidence to the idea that place-based economic changes can effectively combat decline. It finds that in areas where labor participation has been low or decreasing, increases in labor demand appear to have a disproportionately beneficial effect on employment relative to areas that do not experience such high rate of labor non-participation. To the authors, this suggests that
using policies which would subsidize employment, such as enhancing the Earned Income Tax Credit based on place, could theoretically improve economic outcomes for those in areas experiencing decline. This credit is offered to low- and moderate-income working individuals and couples. Increasing the credit specifically in areas of low labor participation would act as an employment subsidy to incentivize workers to participate in the labor market. In this way, the benefit of the place-based policy goes directly to low and middle-income workers with ripple effects for the broader community given a greater worker purchasing power. This would allow for a place-based enterprise policy that avoids creating inefficient socioeconomic arrangements which benefit local property owners.

The effect of a PBI policy on market forces, however, is still not made clear through this discussion. A PBI policy would not provide the kind of subsidy to local native workers that an EITC—rather, it would likely work to increase the total economic pie in the local area. At the same time, it might subsidize local economic institutions and generate rents for property owners. If an immigrant is granted a place-based employment visa, they will live, work, and pay taxes almost solely in that area. Though this means higher rents to local owners of capital, it can still boost local government finances. Besides creating employment opportunities for natives and bolstering local economic activity, place-based immigrants may be able to support the local native population through their contributions to local government finances. These contributions can then be used to distribute an employment subsidy to citizens.

*Immigration Distortions of Native Location Choice*
There are numerous ways that immigration could also change various economic outcomes or distributions. To start, it is hard to imagine that immigration does not change anything about how economic activity is distributed; for a casual empiricist to argue that, they would need to assume not only that immigrants would mimic all the same economic behaviors as the native population in which they are settling, but also that the native population does not change their economic behavior in response to presence of these new immigrants.

And there are several ways we could imagine these assumptions falling apart—immigrants might be slow on the uptake of local spending habits, particularly in the realm of food. Immigrants might want to buy different produce to make ethnic meals or spend on food in different restaurants than the local population. They might have different cyclical spending habits when it comes to celebrating holidays and giving gifts to those around them. If the local immigrant population for any one group reaches a critical mass, the group might start to look like an ethnic enclave with ethnically and culturally relevant businesses, social norms, and community events.

And what would the native community think about this development? Though it is hard to assume what any one community’s response would be—and because it might even depend on how “compatible” the native community believes the immigrants are with them and their society—it is hard to assume that local behavior would not change in response to immigration. Even the simple fact that new businesses which had not previously existed would either add onto or replace the previous businesses which has existed in that ecosystem suggests that natives will end up changing their economic habits in some form or another.
In “Immigration and the Neighborhood,” (2011) economists Albert Saiz and Susan Wachter attempt to prove this by studying the effects of local immigration, local immigrant density, and localized settling patterns (segregation or self-segregation) for immigrants on native flight and housing value appreciation. In a model where the economists assumed perfect migratory mobility, they found that housing values grew more slowly in neighborhoods with increasing immigrant density relative to neighborhoods where the density of immigrants grew more slowly. Furthermore, the authors specify that the results which indicate a negative association between immigration and local housing prices seem driven more by the low socioeconomic and minority group status of the immigrants than by immigrant foreignness specifically. This conforms with the intuition that it is perceived socioeconomic and cultural differences with immigrants that leads to frictions with the native population and changes to native economic behavior. At the same time, the authors find evidence of a tendency of immigrants to self-segregate with other immigrants, leading to the creation of low-income ethnic enclaves. The authors believe that those natives who live at the margins of these enclaves are more likely to take flight from the community than those who live farther from the enclave.

George Borjas, in “Native Internal Migration and the Labor Market Impact of Immigration,” (2006) also studied inter-local migration and similarly found that greater local immigration is associated with lower in-migration rates as well as greater out-migration rates. We can understand this through the lens of native response to the growing prominence of ethnic enclaves and the lens of local real estate price. While difference with immigrants might be one qualitative reason for which native take flight,
the economics immigration-induced local population growth also suggest that natives would want to move because of saturated labor markets. This can cause natives both to move away and decide not to move there to begin with.

This literature does not clarify how PBI would affect local native choice, however. The Saiz-Wachter study does not fully illuminate this question because it associates immigration with slower relative growth in the prices of the local housing market—meaning that many of the subjects in its study are growing anyway. Place-based visas, however, are not seen as a policy proposal meant to target areas with housing growth but are instead meant to target areas which are facing housing decline. Furthermore, this study assumes perfect migratory capability of the local population. This, however, is not a fair assumption for those same areas which are experiencing economic decline—not everyone who might want to move out in response to new immigrants will be able to, likely because the resources of those who are stuck in those areas are constrained. Otherwise, what reasons did they not have to move out already? Finally, the study establishes these results while it also establishes that there is a tendency of new immigrants to self-segregate, a practice which likely contributes to the negative native response to the creation of low-income, ethnic enclaves. If state and local governments wish, they can try to address the self-segregation concern and resulting socioeconomic responses by choosing where the immigrants are settled. Some level of local government involvement in the settlement process of place-based visa recipients will likely take place anyway, at least as far as coordination is concerned.

Additionally, Borjas’s 2006 study does not help us understand what effect a place-based visa would have since his finding that immigration tends to increase out-
migration and decrease in-migration does not clarify what employment-based immigration would do for those areas already experiencing population decline. If place-based immigrants can revitalize local economies, then that might encourage in-migration. The reason for this possible difference is that Borjas’s study focuses on immigrants broadly, while place-based immigrants will inherently be targeted and specific to the preferences of the state and local government. Place-based visas still show promise in their ability to combat decreasing real estate prices because they address population decline.

**Immigration Distortions of the Local Labor Market**

In trying to understand how place-based visas might rekindle dynamism in declining areas, we already reviewed some of the potential benefits to local labor markets. In doing so, we also alluded to the broad literature regarding immigration’s effect on local and inter-local labor outcomes for native workers and earlier immigrants. In the last subsection in Chapter 4, we discussed what the generally accepted findings of immigration’s effect on native wages looked like. We also looked at de Brauw’s revision of Borjas’ findings on immigration’s effect on native wages, which have generally been the most pessimistic. Whereas Borjas has typically found the immigration elasticity of wage to be -.3 to -.4, adjusting his model brings his findings closer to the typical findings the immigration elasticity of wage is -.2. This adjusted elasticity means that if the number of immigrants were to increase by 10 percent, it would be expected that wages for native-born workers would decrease by 2 percent.
Economists Giovanni Peri and Chad Sparber, in “Task Specialization, Immigration, and Wages,” (2009) conduct a broad view of the literature on immigrants’ effects on wages to find differences in how various models perform. Their paper introduces a microsimulation methodology to test for inherent bias in regression models and finds that Borjas’s model from 2006 displayed a strong bias for indicating that simulated datasets exhibited local displacement of natives. The models of other economists, namely that of David Card in his study “How Immigration Affects U.S. Cities,” (2007) were more accurate and unbiased. Card’s study “Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration” (2001) finds that a 10 percent increase in the relative population share of a group is associated with a .5 percent decrease in the employment rate of that group. Though this elasticity does not discuss wages as Borjas’s and de Brauw’s work do, it does show that even a substantial increase in a population generates relatively small economic impacts on that population’s labor prospects.

Much of this research, however, focuses particularly on the depressive effects of immigration when immigrants compete with natives in the labor market. As has been discussed previously, this need not necessarily be a concern in the place-based visa policy debates if local policymakers and stakeholders can work together to identify which and how many immigrants are required to revitalize their local communities, fill local labor gaps, and preserve wages for native workers in the area.

C. The Potential Socio-Political Distortions from Immigration

Immigration Distortions of Native Support for Public Policies
If we believe that the presence of immigrants changes native economic choices, we can also assume that it would also affect native political choices. In “Immigration and Redistribution” (2018), Professors Alberto Alesina, Armando Miano, and Stefanie Stantcheva conduct a cross-national survey to identify how, if at all, the perception of the presence of immigrants affects native attitudes around certain public policies. The surveys took place in 2017 and 2018, two years which followed a particularly tense time for Western countries wrestling with new nativist and populist strains which arose in response to the Middle Eastern refugee crises brought about by the Syrian Civil War. They found, first, that survey respondents first greatly overestimated the presence of culturally dissimilar and economically feeble immigrants. When the researchers followed up with questions meant to gauge support for native welfare programs, respondents who believed that there were more immigrants rated their support for public goods programs as being lower. The researchers also found that even trying to provide facts meant to clear misperceptions about the number or quality of immigrants did not substantially raise support for public goods policies. The researchers believed that during a time of such negative coverage of immigrants, simply making people think about immigrants—even when trying to clear up misperceptions—still made individuals support public programs less frequently than when they were not thinking about immigrants.

This negative effect of immigration on attitudes toward public goods is borne out in other studies. In the study “Public Goods and Ethnic Divisions,” (1997) professors Alberto Alesina, Reza Baqir, and William Easterly find that what they call “ethnic fragmentation” is inversely related to shares of spending on productive public goods like sanitation, roads, and education, even when controlling for other socioeconomic and
demographic determinants. Their conclusion is that some form of ethnic conflict, which we will call ethno-social tension, is an important determinant of spending on public goods. Effectively, this study, in trying to explain why some multi-ethnic communities faced lower relative expenditures on productive public goods, pointed to the resistance of some ethnic groups to contribute to public goods which might be used by other ethnic groups.

This literature builds off the intuition that natives might see immigrants as competitors in the social, political, and economic sense—for that reason, natives would want to resist allowing in those “competitors” or contributing to public goods that the “competitors” could use. The paper “The Political Impact of Immigration: Evidence from the United States” (2018) by Anna Maria Mayda, Giovanni Peri, and Walter Steingress builds on this idea. They studied county-level data to understand how local immigration affected the outcome of elections. Both the level and “quality” of immigration to local areas was associated with variation in electoral outcomes. The study found that immigration seemed to affect vote shares for candidates from the Republican party, which is associated with a more restrictive immigration platform, though the kind of immigration mattered. While high-skilled immigration was associated with a decrease in the vote share for Republican candidates, a higher rate of lower-skilled immigration was associated with an increase in the vote share for Republican candidates. Additionally, it was found that the effect of lower-skilled immigration was more pronounced in non-urban, lower-income counties which would be more likely to see immigrants as “competitors” in the local job market.
As to how this factors into considerations about a potential place-based visa policy proposal, the question for local policy makers is “how do we want to frame this policy to our constituents?” In some ways, policymakers can pre-empt these concerns by openly tailoring the program to bring in higher-skilled, more entrepreneurial immigrants who can revitalize the local economy and avoid competing with native workers. Further, they can frame the use of these visas as an attempt for their local constituency to take control of the federal immigration process to make it work for them. Overall, the local concerns which arise out of mass low-skilled immigration into local communities need not be top of mind to policy makers because they can use their platforms to assure their constituents of how this form of immigration may differ from other, more contentious forms. Hence, the ability of this policy to survive backlash depends on the political ecosystem and the framing from various stakeholders, from the local to the national level.

Immigration Distortions of Overall Political Activities

Like the previous section, if it is possible that the presence of immigrants would change overall economic choice-making in local communities, then it should also be possible for immigrants to affect the overall policy-making process. Beyond changing the political choices of their native counterparts, they can, even before becoming eligible to vote, take part in various political activities. First-generation immigrants are still able to organize and affect policy through the simple fact of their economic capabilities. If the economic system allows them property rights, they will naturally have some local stake in the community in which they live, rent, buy property, and do business.
As we said before, migratory patterns themselves may shift with relation to the stock of immigrants in the local community. If we assume that natives and immigrants differ in their political choices, then a change in the stock either by increased immigration or decreased native presence will likely shift local political outcomes. Professor Allison Shertzer explores this in her study, “Immigrant group size and political mobilization: Evidence from European migration to the United States,” (2016). Her study explores the effect of an immigrant group’s size and their ability and willingness to mobilize politically. What she found is that as the size of immigrants in a local community increases, so does their willingness and ability to mobilize on a political level. Among the plethora of reasons why this might happen, two come to mind. The first reason is endogenous to the ethnic group and uses Mancur Olson’s theory on “inclusive goods” in collective action to argue that the gains made from political mobilization might be more easily obtained if the ethnic group has more members to back any certain political initiative. If the inclusive good is one that all members of the ethnic group would favor, then having more members of that ethnic group in the constituency is better than having fewer because having more members can lead to more votes on and higher mobilization around an issue that is in their interest. The second reason is exogenous to the ethnic groups and relates to the desire of political parties to pander to and capitalize on a potentially sympathetic constituency. Professor Shertzer identifies the desire of the Democratic party to mobilize ethnic groups in certain areas where they needed more votes to win various elections as one example of this.

The relevance of this research to the place-based policy proposal really depends on whether the use of place-based visas would contribute—either in the short or long-
term—to the creation of large-enough ethnic groups such that the electoral calculus for local elections would change. Because the place-based visas are designed to be distributed on a skills basis to revitalize local economies and fill local labor market shortages, it is not immediately clear how a local government’s preferences and visa-distribution choices might lead to a sizeable constituency of any one ethnic group. However, the presence of even a small ethnic group can, once that ethnic group becomes more established in the U.S. and especially once enough members of that group start receiving citizenship, family reunification visas can play a large part in speeding up the diversification of a local community and the growth of any one ethnic group. At that point, the implications of this research would be borne out. However, it is worth asking whether that should be a worthy concern to local policy makers or constituents. With how much certainty can stakeholders identify how local political calculus might change as demographics change? Furthermore, are such concerns more pressing than possible solutions to economic and demographic problems in the local community? Without a clear answer to either of these questions, it is not immediately clear that this concern is worth it for policymakers and constituents to mull over. Even though the second question could be answered in some referendum, local policy makers would need serious fortune-telling capabilities to answer the first question.

D. Concerns for New Immigrants to Areas with Different Ethnic Identities

As we previously discussed, a natural extension of current visa programs, especially family reunification visas, is the formation of ethnic enclaves. These ethnic enclaves, as previous literature has shown, can pose serious concerns for policy makers who are afraid
of the economic and social reactions of natives. Such responses include but are not limited to: taking flight from the local community, lower political support for public goods, and a decline of landed social capital and entrenched networks. Furthermore, some opponents argue that ethnic enclaves stifle the pressure to assimilate, “Americanize,” and integrate with the general population. The question of how to measure assimilation is a complicated subject because forms of measurement vary. Measuring assimilation can involve measuring English language retention, social mobility over time for first- or second-generation immigrants, amount of time involved in community activities, diversity of the community in which an immigrant lives, or, simply, the likelihood of naturalization. It is possible, using these dimensions, to conceive of immigrants who both have or have not assimilated successfully.

At the same time, ethnic enclaves are not altogether negative developments. The presence of a mono-ethnic enclave can provide some opportunities for social mobility for recent immigrants of that ethnic group. The enclaves decrease language barriers while preserving the relevance of social and cultural skills from the immigrant’s community of origin. Furthermore, the presence of a critical mass of immigrants of a single ethnic identity can open economic opportunities for others of that same identity. Opening a restaurant that serves an array of Ethiopian foods may not be a successful business move without a nearby ethnic enclave of Ethiopian immigrants that can patronize that establishment. The presence of ethnic enclaves, in this way, can create economic activity in at least one way by creating an ethnic subeconomy that, while by no means self-contained, services a select subgroup of the society. This subeconomy, because it can
never be truly independent from the broader local or supralocal economy, will likely
generate rents for those who can coordinate across the cultural divides.

The primary question, here, however, is to what extent ethnic enclaves help or
hinder new immigrants hoping to assimilate with the broader population. We have
discussed how enclaves can diminish incentives to assimilate, but the possibility that
enclaves can assist immigrants in slowly transitioning into life in the U.S. has some
theoretical merit. Professors Natasha T. Duncan and Brigitte S. Waldorf find some basis
for this merit in their study “Becoming a U.S. Citizen: The Role of Immigrant Enclaves,”
(2009). This study explores the effect that living in an ethnic enclave of various sizes and
maturities—defined by the aggregate share of immigrants in the enclave that have already
been naturalized—has on the likelihood that an immigrant who is eligible to be
naturalized—has lived in the U.S. for at least 7 years—is naturalized. It finds that of
those immigrants who are eligible for naturalization, those who live in enclaves which are
more mature are more likely to be naturalized than those immigrants who live in enclaves
that are less mature. When the enclave is poorly assimilated, then the size of the enclave
is positively associated with naturalization rate of an immigrant. This means that of the
immature enclaves, the smaller ones will yield immigrants with a higher likelihood of
being naturalized while of the mature enclaves, the larger ones will yield such
immigrants.

Though naturalization rate is by no means a perfect proxy for assimilation, it does
indicate which immigrants have passed certain requirements for citizenship, as
determined by the USCIS, and for which immigrants the barriers to entry for certain
social, welfare, and employment opportunities have disappeared. Place-based visas will
likely lead to a different flow of immigrants than the flow imposed by the current system, which often funnels immigrants into gateway cities that already have many immigrants. This place-based policy has the potential to introduce immigrants into areas with few or no immigrants of the same ethnic identity in them. This means that immigrants will likely have to assimilate without some of the cultural supports that ethnic enclaves can provide. If the goal for local and state governments is to bring in immigrants to contribute to the long-term health and dynamism of communities, then relevant policy makers will need to think about how and where they settle place-based immigrants. They will want to strike a balance between the size and maturity of potential ethnic enclaves to ensure that immigrants can obtain LPR and then citizenship. Their ability to control such factors will likely stem from a place-based visa policy’s empowerment of local stakeholders to determine where place-based immigrants might ultimately settle.

Another point of interest which Duncan and Waldorf raised is the extent to which government can get involved in the process of assimilation. One reason that they alluded to for why the quality and size of enclaves mattered to the assimilation process is that there are not many well-known, long-term assimilation services provided by government. The brunt of the work done to bring immigrants up to speed with local customs, social practices, and cultural skills—including the retention of language—is done by civil society organizations, some smaller local government programs, and the enclaves themselves. So, if immigrants have to depend in a large part on their enclaves for their assimilation journeys, it will be easier for them to default to their native cultural and linguistic practices. It is worth it to local and state governments interested in locally settling and assimilating immigrants to explore potential interventions or compulsory
programs which can be designed to immerse immigrants in the local society and help smoothen the transition process.

Finally, the only addition I would make on the point of assimilation is that local stakeholders need not attempt to strip immigrants of their individual cultural practices—doing so may not only be problematic by way of personal liberties, but it may also hinder adherence to the visa program. As has been demonstrated, ethnic enclaves can be a smoothing force for immigrants hoping to make a life for themselves in the U.S. It would benefit policymakers if they can figure out how to provide immigrants with an immersive experience in the local culture while giving them space to celebrate and take comfort in the cultural practices with which they grew up.

E. Concerns for the National Legislative Agenda

The final concern posited by place-based immigration is its effect on the national agenda. It is important to note that this section is not meant to forecast how, if at all, a place-based visa proposal may or may not pass in Congress. However, it is possible speculate about how potential ways that both proponents and opponents to immigration might respond to a place-based visa, given an understanding of the typical concerns which often get involved in the immigration debate to speculate. Namely, this section entertains the possibility that both groups—granted, neither of these groups are monoliths—express some form of disapproval toward a place-based visa proposal.

Why might restrictionists disapprove of this policy? Generally, for many of the same reasons that we have discussed previously. The primary reason would be that it is not designed to change any of the current components of the immigration systems which
restrictionists deride, such as reunification visas or lottery visas. Furthermore, all conceptions of such a place-based visa policy adds to top-line immigration levels. Restrictionists would prefer, among other things like a guarantee that immigrants only be admitted if they are unlikely to compete with native workers, that place-based visas replace some of the visas that they see as “inefficient” or non-meritocratic rather than add onto the current visa threshold. Altogether, some restrictionists might see this policy as adding onto rather than amending an overwhelming visa bureaucracy that they see as inefficient.

So, why might some immigration proponents disapprove? Funnily enough, for the exact opposite reason. Some proponents might see this measure as opening the door to the abolition of what they believe makes the immigration system just and humanitarian. Some proponents might believe that such visas might be popular enough that they are expanded at the detriment of existing immigration programs used for humanitarian and equity purposes. In effect, some proponents might see approval for immigrants as a zero-sum game—there is only so much public approval to capture and shifting approval to meritocratic measures could come at the cost of approval for humanitarian and non-meritocratic immigration.

Neither of these responses are certain or definitive of either the mentality of all proponents or all opponents. There are several reasons for immigration proponents and opponents to appreciate place-based visas—that is what makes it a promising bipartisan policy. Nonetheless, the policy itself may be bogged down at least for another reason that we previously discussed: the immigration debate comes with years of political baggage. There is little reason to believe that a legislative debate on any one immigration proposal
could take place without summoning the years of polarized dialogue and partisan
proposals from bygone immigration debates. A bipartisan bill focused on establishing a
place-based visa is likely to receive any number of amendments from politicians hoping
to sneak in either incremental or radical immigration reforms. Such reforms would mire
the bill in controversy by putting numerous partisan targets on its back. Realistically,
without some way to address those years of baggage—or to shut down debate on such
matters—it is hard to imagine a debate about place-based visas that focuses solely on its
merits.
VII.

Conclusion

It seems that among those niche policymakers and policy researchers who have encountered the proposal to implement place-based visas, the proposal faces optimistic interest and support. The reason for this support likely stems from the proposal’s ability to address a grave issue facing numerous communities across the U.S.—and its ability to do so while appealing to the sentiments and preferences of local stakeholders. As communities across the U.S. face population decline and aging, the question of how to maintain the livability and desirability of those communities looms large. Place-based visas are a compelling policy solution because of their ability to bolster the numerical, social, and educational stock of local communities to solve the various economic and social challenges raised by population decline, like depressed real estate prices, government revenues, and economic activity. A place-based visa policy would also contribute to the decentralization of both immigration flows and the immigration bureaucracy by giving state and local officials the power to bring immigrants to their less-frequently settled communities.

Though the costs of a place-based visa policy have not explicitly been established, a review of the costs of immigration and place-based policies more broadly seems to indicate that they a potential place-based visa policy will not come with great costs. The typical concerns about immigration and its effect on the local community, such as slowing the growth of real estate values, increasing local political tensions across ethnic divides, or increasing competition for local native workers can be handled through specific implementation of the policy. Conceivably, the possible costs of the policy can
be minimized so long as the policy is implemented with consent and buy-in from local constituents before offering visas and visas are only offered to those immigrants who will avoid competing with native workers.

Unfortunately, these assumptions are quite optimistic. It is easy to imagine that state and local officials, as the policy is currently specified, could allocate visas according to factors unrelated to one’s ability to fill a local labor gap. If local or state governments are captured by some preference for immigrants of a certain ethnic or cultural background, then visas might be allocated in ways which defeat some of the economic purposes of the visa, like create dynamism through providing visas for technically-skilled immigrants. Allowing visas to be captured by individuals interested in bolstering opportunities for family reunification may also introduce local economic complications which this study does not anticipate. As promising as the proposal for creating place-based visas might seem to some, its ability to achieve its goals will depend on the details around its implementation and enforcement. Without certain guidelines informed by a common set of goals, state and local governments will experience disparate political and economic outcomes.
Works Cited:


