Immigration in the First Days of the Biden Administration

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Executive Summary

- The newly inaugurated president plans to send Congress a legislative proposal for reform of the U.S. immigration system and has issued serval immigration-related executive orders on his first day in office.
- The primary focus of the proposal is legalization of illegal immigrants, especially the so-called Dreamers.
- Notably, the proposal makes little change to the core criteria for granting visas, missing an opportunity for pro-growth reforms.

Introduction

Reform of the foundations of the U.S. immigration system is overdue. The policies setting immigration priorities of the United States have not fundamentally changed for over half a century, yet during that time U.S. demographics, the labor market, and the economy have evolved significantly. The last time the United States significantly changed its method for awarding visas was in 1965, when Congress passed the Immigration and Nationality Act (INA). This law changed the immigration system from one based on country-of-origin limits to one based on family reunification. This change established the main priority of U.S. immigration policy: family reunification.

There is a solid economic case for immigration reform. The growth rate of gross domestic product consists of two important pieces: (1) the growth rate of the labor force, and (2) the growth rate of output per worker, or productivity. Immigration can have powerful impacts on both. Immigration can raise the overall pace of population growth. At present, in the absence of immigration, the current low birth rates mean that the U.S. population will shrink. And because foreign-born individuals tend to have higher rates of labor-force participation, immigration translates into an even more rapid pace of growth in the labor force than simple demographics would suggest.

Immigration can also affect productivity and the standard of living. Immigrants have traditionally displayed an entrepreneurial bent, with rates of small business ownership above that of the native-born population. New entrepreneurial vigor offers the potential for productivity-enhancing innovations. In addition, to the extent that new innovation is "embodied" in new capital and consumer goods, more rapid economic growth *per se* means that more output will have these advances embedded within, and productivity per worker will rise.

For these reasons it is of interest that, as planned, newly inaugurated President Joseph Biden will send to Congress a proposal for immigration reform entitled The U.S. Citizenship Act of 2021 (USCA). In addition, his administration is expected to reverse many of the Trump Administration executive actions regarding immigration into the United States. In fact, in his first day in office, President Biden issued six immigration-related executive orders focused on quickly reversing much of the action done by the Trump Administration. The proposed USCA would include legalizing 11 million unauthorized immigrants already in the United States

and other provisions.

Provisions

The key provisions in this comprehensive reform include:

Legalization of Unauthorized Immigrants. The USCA creates an eight-year pathway to citizenship for nearly 11 million unauthorized immigrants in the United States. Under current law, the legal pathway to citizenship takes about 13 years. Under the USCA, the unauthorized immigrants would be put into temporary status for five years, be granted a green card if they meet certain requirements, and then apply for citizenship after three years. Deferred Action Childhood Arrivals (DACA) recipients, Temporary Protected Status (TPS) recipients, and immigrant farmworkers would be able to apply for a green card immediately.

Border Enforcement. The USCA will allocate additional funds to the Department of Homeland Security (DHS) to develop a plan for immigration enforcement at the southern border. This DHS plan is expected to rely on modern technology and other infrastructure to secure the border and expedite screenings.

Legal Immigration. The USCA would modestly reform the systems of employment- and family-based visas. The proposal calls to clear backlogs by recapturing unused visas from previous years. The plan would also help immigrants with advanced STEM degrees stay in the United States, make green cards more accessible to lower-wage workers, and provide dependents of H-1B visa holders authority to work in the United States. In addition, the plan would change certain visa caps. For example, per-country visa caps would be eliminated, the cap for Diversity Visas would be raised from 55,000 to 80,000, and the U Visas cap would be raised from 10,000 to 30,000.

Focus on Root Causes of Migration. The USCA includes code and funding for a $4 billion, four-year interagency plan intended to address what the Biden Administration sees as the main reasons of why migrants seek to leave their home countries and seek safety by illegally coming to the United States. This plan includes increasing assistance to El Salvador, Guatemala, and Honduras, and creating Designated Processing Centers throughout Central America to assist with refugee resettlement to the United States or elsewhere.

Analysis

The U.S. Citizenship Act of 2021 begins an overdue effort for immigration reform in the United States. The primary focus of the proposal is legalization of 11 million unauthorized immigrants, especially the so-called Dreamers. Further protections for Dreamers were created when President Biden signed an executive order his first day in office "preserving and fortifying" the Obama-era program. In addition to the legalization of unauthorized immigrants, there is a change in border security strategy focusing on technology and foreign policy outreach instead of physical barriers. In fact, President Biden signed a proclamation on his first day in office to end the national emergency that allowed the allocation of Department of Defense funds to build a wall at the southern border. The USCA would be a dramatic change in immigration policy compared to the past four years under the Trump Administration.

A notable weakness is the absence of large-scale changes to the core criteria for obtaining an immigration visa, such as the American Action Forum has proposed. Given the low fertility of the native-born population, the diminished rates of business startups, and poor recent productivity growth, this is a missed opportunity to raise the trend growth rate in the United States. One would expect pro-growth additions to USCA to be at the center of the legislative debate.