Comment on "How do U.S. visa policies affect unauthorized immigration"

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1. Introduction

The issue of migration has long been an important area of research within Economics. More recently, the seminal paper of Kennan and Walker (2011) examined the determinants of migration decisions using a dynamic discrete-choice framework. In particular, that paper focused on the role of expected income for young men and found that low location-specific match quality in terms of wages and geographic differences in expected mean wages were both important determinants of migration. Since then, the literature has used similar frameworks to extend the set of possible determinants of migration. For example, Gemici (2011) considered the impact of spousal decisions in the migration; Bishop (2016) allowed for spatial- and time- variation in local amenities to estimate the role of pollution in determining migration; and Lessem (2018) extended the framework to include international migration, including both legal and illegal migration decisions.

This innovative paper by Kovak and Lessem complements the previous literature by focusing on the dynamic incentive structure of migration decisions in the context of U.S. immigration policy. In particular, this paper considers a novel source of potential migration costs relative to the literature: the potentially reduced option value of authorized migration in all future periods for currently unauthorized migrants who risk deportation. This deterrent effect comes from current US immigration policy that instates a ban on future authorized entry for individuals who have been previously deported.

The paper delivers several timely and policy-relevant results. First, it documents that, at the current rates of legal immigration from Mexico, the policy impact of future entry bans is effectively zero. This intuitive result comes from the fact that the current rate of authorized immigration is sufficiently close to zero that driving it fully to zero in future periods does not present a contemporaneous deterrent effect. Second, in counterfactual simulations, the paper shows that a substantial increase in the rate of authorized migration would be required for the deterrent effect of a future entry ban to have "bite" from a policy perspective. Third, the paper shows that this substantial increase in the authorized immigration rate need not come in the form of increased access to permanent legal status as similar deterrent effects may be obtained by increasing the rate of temporary work visas.

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2. Discussion and comments

A key feature of the literature is the estimation of fully specified behavioral models of migration, explicitly accounting for the tradeoff between the costs of migration, including both physical and emotional moving costs, and the benefits of migration, including higher wages and improved amenities. An important aspect of this tradeoff is that it is inherently dynamic; while the costs of migration are typically incurred upfront at the time of the move, the benefits of migration primarily accrue over time. While simplified, the model presented in this paper retains the important aspects of this dynamic tradeoff while extending the definition of migration costs to include a novel future component of costs, i.e., future bans on legal entry. I provide discussion on a few aspects of this well-executed paper that will hopefully suggest avenues for future research.

2.1. The value of retirement

In the model, agents choose to live in either the US or Mexico and are forward-looking over the horizon of their working life, which is assumed to end at age 65 for all individuals. In order to solve the model recursively, a normalization needs to be imposed. In the paper, this normalization is that the continuation value associated with all periods past retirement is equal to zero, whether the agent is living in the US or in Mexico. This "retirement" normalization is stronger than is required to solve the model, as the paper could normalize only one of these continuation values to zero (either that associated with taking retirement in the US or that associated with taking retirement in Mexico) and estimate the other one. The concern here is that if, for example, the retirement value of living in the US were higher than living in Mexico, the model would overestimate the per-period utility associated with living in the US. This would have implications for the relative impacts of immigration policy over the lifecycle.

Going forward, a potentially interesting area of research would be to use a similar dynamic discrete-choice framework to examine how migration from Mexico to the US varies with age. For example, how different is the rate of migration for a 40-year-old individual versus a 20-year-old individual and how does age affect a potential migrant's sensitivity to the deterrent aspects of US immigration policy. By additionally allowing for cross-border utility differentials in the terminal period, this paper's framework would be well-suited to address these lifecycle questions.

2.2. The cost of deportation

A key channel in the model is the risk of deportation. In the model, deportations arrive stochastically if the agent is unauthorized and living in the US. In the counterfactual analyses, a deportation is the trigger that shuts down the future probability of legal status in the US, which follows current US policy. This future cost of decreased legal migration is the only cost associated with deportation in the paper. In other words, if the individual is deported in a given period, they start the next period in Mexico having incurred no moving costs. This is distinct from the case where the individual chooses to return to Mexico in a given period and does incur a moving cost (which is defined to be both financial and psychological). While this simplification is noted in footnote 24, it would be nice to see this relaxed in a future model as it suggests that the benefits associated with unauthorized immigration would be overstated in the current model.

2.3. Data and sample selection

This paper employs a novel dataset from the Mexican Migration Project. These data are constructed from repeated cross-sectional surveys dating back to 1982 and provide a rich set of demographic and migration information, including gender, age, education level, and detailed migration histories between Mexico and the US for each individual, including any changes in their US legal status. There is little doubt that this is the best available data describing return migration between the two countries.

The Mexican Migration Project surveys are conducted primarily in Mexico and, therefore, exclude almost all individuals who permanently moved to the US at any point. A concern is that this sample-selection rule could impact the interpretation of model coefficients. First, the estimation sample includes those individuals who voluntarily chose to return to Mexico after a previous US move. These individuals, by construction, would have weaker preferences for the US relative to Mexico than migrants who did not return. Second, the estimation sample includes those individuals who were involuntarily returned to Mexico (through deportation) after a previous US move. These individuals potentially differ from the population as a whole, and potentially have weaker preferences for the US relative to Mexico than those unauthorized migrants who were not returned to Mexico.[1] Overall, if sample selection leads to the value of living in the US being underestimated, this would imply an overestimate of the effectiveness of deportations in counterfactual analyses. As a path for future research, there may be opportunities to supplement the Mexican Migration Project data with survey data describing Mexican migrants living in the US, e.g., the Current Population Survey or the American Community Survey, to add a new source of identifying variation.

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[1] Note that this does not negatively impact the transition rate to legal status used in the paper. The analysis is supplemented with administrative data directly describing these transitions.

3. Conclusion

To conclude, Kovak and Lessem (2020) provide a thoughtful analysis of US immigration policy from the perspective of forward-looking potential migrants. The topic is both timely and policy-relevant and the model delivers a transparent framework in which to analyze the dynamic costs and benefits of unauthorized immigration to the US. The authors employ this framework to perform a series of novel counterfactual analyses and find that without access to legal immigration paths, the deterrent effect of future bans on legal immigration is effectively zero.

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