Supply and Demand: Settler Immigrants
There are two major ways to select migrants for economic/employment reasons: supply and demand:

- **Supply** approaches usually award points for individual characteristics associated with economic success, including youth, education, language skills, and work experience. Regulators select migrants, who are sometimes offered integration services after arrival.

- **Demand** approaches usually allow employers to decide who is best to fill particular jobs. Regulators check to ensure that recruitment of local workers occurred at prevailing wages and qualified local workers were not available.

Each approach has advantages and disadvantages. Supply or points approaches admit migrants in a transparent way who can circulate between jobs, which may help to improve worker protections. However, supply selection can lead to unemployment if newcomers cannot find jobs or brain waste if the jobs they hold do not use their skills.

Demand or employer-driven systems, on the other hand, can assure newcomers jobs, but may tie them to particular employers and allow employers to favor “tied” foreigners over local workers. If foreign workers who receive immigrant visas are not tied to particular employers, they may leave the job vacant that the employer and regulator agreed they are uniquely qualified to fill.

Australia, Canada, and New Zealand use primarily supply or points to select economic immigrants, while the US relies mostly on demand or employer preferences to distribute immigrant visas for economic/employment reasons. Supply and demand converge when points are awarded for having a job offer (A-C-NZ) or when employers can most easily obtain visas for foreigners with certain qualifications such as a college degree (US).

Auctions could be used to distribute visas to immigrants or employers. Under the supply approach, individuals could bid for visas, while under the demand approach, employers could bid for visas. Auction issues include: (1) what share of the wage gap that motivates migration should go to advisors and recruiters who help immigrants and employers; (2) whether there are any guarantees to individuals or employers that entitle them to refunds under some circumstances; and (3) the exact rules for auctions, including open versus sealed bids etc. If auctioned visas were implicated in trafficking etc cases, an auction system could be open to criticism as 21st century slavery.

Supply and Demand: Temporary Migrants
Most governments admitting temporary guest worker migrants tie them to particular employers who request them, that is, they use an employer-led or demand approach. The US has about 15 non-immigrant or temporary visas that allow foreigners to work, and the major H-visas use several strategies to regulate employer access to guest workers:

- H-1B gives most employers E-Z attestation access to foreigners who generally have a college degree coming to fill a job that requires a college degree, and aims to protect US workers with an annual quota (65,000+20,000+unlimited)

- H-2A requires employers to undergo a certification process to employ guest workers, but has no cap on admissions

Employers of H-1B workers want to raise the cap, and farm employers want an attestation process.

The US has been debating whether and how to change employer access to guest workers. Senate immigration bills in 2006 and 2007 would have added “market-based” guest worker
programs to the current mix, giving employers E-Z access to guest workers if sufficient US
workers did not respond to jobs posted in a new electronic jobs registry (there was little
discussion of how to deal with US worker complaints that they were not hired). The Senate
plans would allow new guest workers to change US employers (if the new employer had
posted the job vacancy and failed to find a US worker) and in one version allow guest
workers or their employers to apply for immigrant visas.

Academics and think tanks have proposed expert commissions to determine the extent of
labor shortages in the US and recommend how many immigrant and temporary worker visas
to issue each year or over a several-year period. Most commission proposals deal more with
how commissioners should be appointed to ensure their independence, and whether their
visa recommendations would become law unless Congress votes to overturn them, rather
than using available data to simulate the work that a commission would actually do.

There are two major approaches to a regulator or commission using data to deal with
employers seeking immigrants or guest workers: top-down and bottom-up:

- **Top-down approaches** use data to establish a list of labor-short occupations that give
  employers automatic or easy access to guest workers. A typical rule is to say that labor-
  short occupations must satisfy two criteria, wages rising faster than average and
  employment increasing faster than average.
- **Bottom-up approaches** usually involve a regulator checking employer efforts to recruit
  local workers. If recruitment at prescribed wages and other conditions fails to find
  sufficient local workers, the employer is authorized to recruit and employ guest
  workers.

The UK’s Migration Advisory, established in December 2007, uses both top-down and
bottom-up indicators to answer 3-S questions, is the job in question skilled, is there a labor
shortage, and are guest workers a sensible solution? To answer the shortage question, the
MAC compiles 12 indicators by narrowly defined occupation:

- 3 employment-based (employment growth, vacancies etc)
- 3 price-based (change in wages etc)
- 4 work-related (changes in hours worked etc)
- 2 administrative (UI claimants who last worked in this occupation)

Not all indicators are available for each occupation but, to be placed on a labor-shortage
occupation list, the MAC expects 2/3 or more of the indicators to suggest shortage, defined as
the indicator for the occupation in question differing from the average for all occupations.

The MAC also permits bottom-up evidence, that is, it allows employers, unions, workers and
others to present evidence that must be considered before the MAC makes a decision to
accept or reject a request to consider a particular occupation to face a labor shortage. Perhaps
the main contribution of the MAC has been to improve the quality of the debate over
managing labor migration, e.g. care workers in London.

This suggests several strategies:

1. It may be useful to shift from how a US commission would be appointed etc to the
   work it would do by e.g. using the MAC methodology to evaluate several S&E
   occupations and see if they satisfy MAC labor-shortage criteria (are geographic
   distinctions needed in the larger US labor market).
2. Study current programs, such as the effects of the longer F-1 visas for STEM graduates,
   tweaks to the current H-1B visa distribution process (allow employers to rank
   foreigners for whom they are seeking visas?), and introducing a premium price to be
   “guaranteed” an immigrant visa (one form of auction)