

Part 1

1. Use the gravity model to explain the differing national origins of immigrants to the U.S. versus Europe.

The “gravity model”, associated with Krugman and others, suggests that trade is directly proportional to the size of the trading partners, but inversely proportional to the distance between them. In other words, countries with large economies are likely to be significant trading partners, though distance may offset this somewhat. There are clear analogues of this with respect to migration patterns, as population and total GDP both matter in this analysis.

In the United States (2018), [data from the census](#) reveals that the top three countries represented in terms of the foreign-born population are Mexico (11.1 million), India (2.6 million), and China (2.2 million). The gravity model implications of these figures are plain to see. It is unsurprising that Mexico should be the top-ranked country, as they are a middle-income country (e.g. able to trade with the United States on a size basis) and more importantly, their proximity as a bordering country of the United States. India and China, on the other hand, have very large GDPs (and as such, proportionality of GDP predicts trade and migration), but are geographically distant. A prediction of this would be that for the latter two countries, the US mostly receives high-skill immigrants, while the U.S. receives mostly low-skill immigrants from Mexico.

The migration patterns of Europe, on the other hand, are strongly reflective of the geographic proximity node of the gravity model over against the size node. [EU data](#) suggests that “an estimated 2.4 million immigrants to the EU-27 from non-EU-27 countries” in 2018. Of migrants to Europe, many are asylum seekers fleeing political turmoil in their home countries, with the top countries represented [since 2014](#) being Syria, Iraq, Afghanistan, Nigeria, and Pakistan. While

Europe is not absolutely “close” to these countries, it is relatively closer than the United States, and as such, the geographic proximity node is a strong predictor of the migration patterns we’ve recently observed in Europe. Likewise, this is consistent with the finding that migrants tend to migrate to countries that already contain many of their countrymen that went before them as migrants.

4. What would the population and demographics of the U.S. look like today if the 1924 Immigration Act were still the law of the land?

In 1924, permanent national quotas based on 1890 Census were implemented as U.S. immigration policy. Throughout the 19th century, the U.S. was largely under an open borders regime, with the exception of “undesirables”, including prostitutes, anarchists, the diseased, and mentally ill. As such, the “Give me your tired, your poor...” largely applied as U.S. immigration policy (except for the aforementioned groups).

From the late 19th century onward, the U.S. experienced a massive influx of migrants from Southern and Eastern Europe. Given that the 1924 Immigration Act was based upon national quotas from 1890 population figures, the U.S. effectively restricted a great deal of immigration from Southern and Eastern Europe compared to what it likely would have been. Caplan addresses this in *Open Borders*, writing, “When the U.S. decisively turned against Open Borders in the 1920s, the rationale was flimsy at best” (p. 23), and in doing so, this legislation “...consciously turned back the country’s demographic clock...” (p. 24). The key results of this were preventing higher immigration (especially that of Italians, Eastern European Jews, Greeks, Poles, and Slavs), and had the effect of nearly banning all immigration from Asia, with [the text of law](#) excluding from entry anyone born in an “Asiatic Barred Zone” except for Japanese and Filipinos.

Had this law not been liberalized in the 1960s, “allowing the diverse immigration we’ve seen since” (p. 24) the demographics of the population would have been dramatically whiter (particularly Anglo-Saxon, Nordic, and Northern European) as a percentage of the overall U.S. population. In 2010, census data suggests that the white non-Hispanic percentage of the U.S. populace was around

65%, and that by 2050, this will be around 46%. Had the 1924 continued to operate, one wonders if the 2010 figures would've been more like 80-90% white non-Hispanic or somewhere in that range.

6. Carefully explain why comparative advantage implies that population growth can – but need not – cause higher wages.

Comparative advantage implies that population growth can cause higher wages, depending on your skill-level, as well as the composition of the migrants' skill-levels. Contrary to the often-hailed political claim that “migrants are coming for our jobs”, the reality is that most Americans are not competing in the same segment of the labor market as migrants are. On the contrary, most low-skilled immigrants compete with *mostly other low-skilled immigrants*.

As Caplan outlines in *Open Borders* (p. 38), supply and demand *does not* ensure that native workers lose with increased immigration “...because there are *many* kinds of labor”. Additionally, the tired political claim referenced above also conveniently overlooks the fact that immigrants are not merely workers; they're also customers! That is, immigrants buy the goods and services of native workers, thereby increasing natives' labor demand, which *increases* natives' wages. Again, this is not *absolutely* the case, but a rather *very likely* case that the available data bears out in practice.

Related, Caplan makes an excellent point that is underrated and/or neglected in this conversation as it typical happens. That is, “Remember: Even ‘low-skilled’ Americans are high skilled by world standards”, insofar as they're fluent in English, acquainted with modern technology, etc. As such, as Caplan notes (p. 38), “they'll normally be managing and training new arrivals, not competing with them!” All of this points to the story that immigrants typically fill positions in differing segments of the labor market than the average (or even marginal) American competes in, and as such, completes that task at a much lower opportunity cost than the American would.

Caplan's example (p 40) also gets at this point. If a sudden influx of preschoolers burst into a room full of NBA players, surely the room's *average* height would plummet, but it's not sensible to say, “we're shrinking!” This fallacy gets at the point that, when the composition of the population is changing, looking at

averages is very misleading. As Caplan puts it, “The average can easily fall, even though everyone is better off!”

Part 2

Pick one research literature Caplan builds upon in Ch. 1-2 of *Open Borders*. Read any three of the papers Caplan cites in this area. Based on your reading, carefully assess the fairness and accuracy of Caplan’s use of the evidence.

- Borjas (2015), “Immigration and Globalization: A Review Essay”
- Clemens (2011), “Economics and Emigration: Trillion-Dollar Bills on the Sidewalk”
- Salam (2018) *Melting Pot or Civil War? A Son of Immigrants Makes the Case Against Open Borders*

I had not read a Borjas paper prior to engaging with this question, though I have listened to a few debates. That said, I found him to raise a reasonable set of concerns in Borjas (2015) essay, “Immigration and Globalization: A Review Essay”, some of which Caplan addresses fully, and others which could have utilized a greater response.

For example, Caplan (p. 8) writes, “Careful surveys find hundreds of *millions* want to immigrate”. Of this, Borjas, in his discussion of why many Puerto Rican construction workers don’t in fact move to the USA and easily double their income, raises the point, “This fact is consistent with the canonical income maximization model of migration only if the costs of migration are at least that high for the many people who choose not to move.” To be clear, people *choosing not to move* does not suffice as evidence to say that they don’t want to move, but I found Caplan’s assertion that hundreds of millions “want to immigrate” to be somewhat of an over-assertion, or if not that, perhaps placing too much weight on aggregated survey data.

Likewise, Borjas raises some reasonable counterpoints to the “Trillion-dollar bills on the sidewalk” claim of Clemens (2011), which is the basis for Chapter 2 of *Open Borders*. Borjas writes that “...the gains from unrestricted immigration depend largely on how the infrastructure in the receiving economies adjusts to the influx of perhaps billions of persons.” Defining “infrastructure”

as referring to physical capital as well as political, social, and cultural institutions and organizations that regulate our social/economic interactions, I'm sympathetic to Borjas' point that the trillion-dollar bills viewpoint overemphasizes the wealth creation point at the expense of dealing with the difficult reality of uncertainty regarding what happens when hundreds of millions (or billions) of people migrate. Of this, Borjas does well to raise the well-known quip, "We wanted workers, but we got people instead."

Of this (in Borjas' view) skewed emphasis, Borjas writes, "If these workers bring along their families, the 95 percent mobility rate implies that nearly 5.6 billion persons would move from the South to the North. It is fair to say that this particular implication of the model has not received nearly the same emphasis or attention as the fact that world GDP would increase by tens of trillions of dollars". Caplan somewhat addresses this concern with reference to the fact that the USA was largely under an open borders regime until the 1920s, and indeed, that counts for something. Likewise, Caplan (p. 34) qualifies Clemens' claim in point out that under a "pessimistic" scenario, open borders "gives humanity an extra *half planet* of wealth a year".

Of course, this is a massive increase in wealth and output worth pursuing, but I again am struck by Borjas' point of the assumptions undergirding the analysis of how society's "infrastructure" interacts with this scale of migration. That is, while I'm very sympathetic to the claims made in *Open Borders*, the trillion-dollar claim made by Clemens (2011) appears to be derivative of generous assumptions about how that scale of migration interacts with the political, social, and cultural institutions of society. While the story of pre-1920s partially mitigates this point, we're dealing with a much larger scale of immigration here. In my view, the within-China and within-India comparisons made by Caplan (pp. 42-43) form a stronger comparison. This is to say, there are limits to equating these scenarios that are perhaps underrated in Caplan's treatment.

Upon reading Clemens (2011), I felt Caplan dealt very fairly with the issues of the external effects of migrants upon non-migrants (p. 48), which is a common objection to those advancing welfare-enhancing arguments of increased migration. Citing the example of African countries (the ones the experienced the largest outflows of doctors and nurses) actually having *better* health conditions, Clemens (2011) points out the human capital externalities “...might be small enough for their effects to be swamped by other forces”.

Likewise, I also felt Caplan dealt fairly with the set of concerns raised by Salam (2018). Of course, the title of Salam’s work, *Melting Pot or Civil War*, is rather hyperbolic, but the substance of the book itself is less that way. Claiming that the melting pot of American immigration assimilation is no longer an applicable model, Salam argues that the last few generations of low-skilled immigrants to the United States are creating a permanent racialized underclass. Further, descendants of these migrants are more-or-less trapped, and will not rise to become middle- or upper-class Americans. While it’s reasonable to suggest that immigration contributes to “social unrest” and “political turmoil” (as least to the angry people on television), Caplan does well to turn down the temperature of these claims. For example, he points out (p. 45) that “...the first-movers will be relatives and friends of existing migrants”, which suggests that migrants aren’t starting from zero in their new country, but rather with some positive amount of social capital. Further, Caplan does well to point out (p. 43, 49-50) that migration *within* the United States has been massive. Citing Pritchett on this, Caplan notes that “falling labor supply cushioned wages for those who chose to remain”. The flip-side of this is that for many migrants, there are a remarkable number of locales within the United States to which migrants could move, and due to the ongoing in-country migration, earn decent wages and experience rising standards of living.