

Part 1

2. What are the two *biggest* reasons why immigrants are so much more productive in rich countries than in poor countries? Defend your answer.

The biggest reason immigrants are so much more productive in rich countries compared to poor countries is a byproduct of immigrants' enhanced access to productivity-enhancing inputs/resources, etc. upon arrival in the rich country. For example, in their work on the place premium, Clemens et al. estimate that a Nigerian (who produces \$1,000-2,000 of goods and services per year in Nigeria) can produce 16x as much upon moving to the U.S., thereby enriching the world by about \$30,000 per year. It's not that the Nigerian immigrant received magical powers upon arriving to the U.S., it's rather that they moved from a low-productivity country to a high productivity country, thereby benefitting from greater access to capital, better technology, and management practices that all boost productivity. Importantly, these are only proximate causes. More fundamentally, the immigrant is more productive because of the institutions (culture, political stability, property rights protections) that permit these proximate causes to exist at all. As Caplan points out, we can think of this as the TFP from growth models.

Secondly, immigration has effects upon innovation that are akin to "unlocking" squandered ideas and potential. As Caplan points out, immigration has both supply and demand effects as far as innovation goes. For the individual immigrant, this has much to do with the demand side effect, that there's a much bigger market to produce for, and more customers incentivizes creative people towards innovative action. In this regard, it is staggering to consider how much Chinese and Indian talent was squandered, especially during the 20th century, as Caplan points

out. This relates to a key point raised by Garrett Jones, namely, that the IQ of people around you matters a great deal. In this context, immigrants migrating to centers of innovation where they are surrounded by other creative people enables them to realize their comparative advantage as a creative person and innovator.

7. Carefully explain both parts of Borjas' dilemma for those who expect open borders to drastically raise GWP.

The objections raised by Borjas with respect to those who believe in the GWP-enhancing properties of open borders has to do with the overstating of social and economic benefits, though for very different reasons.

First, Borjas makes the point that the social benefits are overstated as a byproduct of the embedded assumptions in the Clemens model. That is, for the “trillion-dollar bills” on the sidewalk to actually exist and be picked up, billions of people around the world would have to move to actually realize those gains. In this regard, Borjas is simply stating that it’s one thing to point out vast potential gains in an economic model, and it’s quite another thing for that to actually happen in the real world. As such, Borjas makes the quip of why nobody ever bothers to pick up the trillion-dollar bills, writing in his essay, “The problem is easy to summarize: those bills are probably fake”. Simply put, Borjas is looking at the world with the assumption that the open borders GWP-enhancing analysis understates the costs of migration as perceived by the many individuals around the world that, in fact, choose *not* to move.

Second, Borjas raises the point that even if billions do come, this will lead to swamping dynamics that crowd out the social and economic benefits laid out in the Clemens model. This is in reference to the “Swamping” or “snowballing” concerns with respect to mass migration. Looking at Collier’s model, migration depends on the size of the diaspora, and if the diaspora is large, migration will be easier. Critically, Collier states that migration *adds to* the diaspora, which is distinct from the

idea of migrant “absorption into mainstream society”. As such, this objection raised by Borjas is related to the economic and social degenerating effects (i.e. short-run burden upon the welfare state, congestion, social unrest) that could potentially come about with excessive levels of migration. Relatedly, Borjas (in his review essay) refers to the “infrastructures” of the developed-world countries, meaning the political, social, and cultural institutions that undergird social and economic life. As such, Borjas argues that the gains put for by Clemens and the like “...depend largely on how the infrastructure in the receiving economies adjusts to the influx of perhaps billions of persons”. He goes on to say “although we have no idea about how this adjustment will pan out, there *will* be an adjustment”. In general, Borjas implicitly suggests that the Clemens model takes for granted that the massive influx of immigrants will not have damaging effects upon the societal infrastructure.

8. What are diaspora dynamics, and why are they important for “swamping”?

As Caplan points out, Collier’s diaspora dynamics framework is a formalization of the two-pronged objection raised by Borjas. In other words, this idea takes that view that, while some migration is certainly good, a snowballing trend of migration from poorer to richer countries is a dangerous scenario that policymakers in the developed world should take seriously.

For Collier, the level of migration depends on the size of the diaspora of a poorer country already in some developed country. Intuitively, the costs or ease of migration is inversely correlated with the size of the diaspora population. As Caplan puts it, the “flow” of migrant depends positively on the “stock” of migrants, as people of a given cultural background want to be around those who share their cultural background. As such, the level of migration can begin to snowball. Caplan provides the example of Puerto Rico in the notes. When the U.S. border was opened for Puerto Rican migration in 1902, what started out as a few decades of low-to-moderate levels of migration became a few decades of very high “snowballing” levels of migration (hundreds of thousands of

Puerto Ricans per decade). As such, Collier is of the view this sort of outcome is one to be avoided, as such a level of migration is likely to have negative effects on the economic and social gains that come along with “some” migration.

Importantly, as Caplan points out, Collier more-or-less takes the undesirability of snowballing for granted, though Collier remains somewhat agnostic on the point of whether any serious negative side effects have happened yet, and if not, when they will occur. These potential negative side effects suggested by Collier have much to do with the rate of “absorption into mainstream society” of migrant groups. His point here is to suggest that “the larger the diaspora, the slower its absorption” will be. In other words, Collier is saying that when the diaspora of a given group is larger, non-assimilation is of relatively low cost to arriving migrants.

Part 2

Carefully explain Collier’s position on migration dynamics. Why exactly does this make Collier relatively supportive of immigration restrictions? Should it?

In his model, Collier lays out three “building blocks” for understanding the dynamics of migration. First, migration depends on the size of the diaspora. That is, “the larger the diaspora is, the easier migration will be” (p. 43). Second, migration adds to the diaspora, as opposed to “absorption into mainstream society” (p. 43), which reduces the size of the diaspora. Third, the rate of absorption depends on the size of the diaspora. That is, “the larger the diaspora is, the slower its absorption” (p. 43).

Taking these together, Collier is relatively supportive of immigration restrictions because feared swamping effects, and that for the bottom billion, “...current emigration rates are likely to be excessive” (p. 23). Rather than a dichotomous orientation of “is migration bad or good?”, Collier argues that while “some migration is almost certainly better than no migration”, excessive migration is likely to occur under increasingly liberalized immigration regimes (p. 26). Collier suggests this is

analogous to eating; it's not sensible to ask "is eating bad or good?", but that eating too much can lead to obesity. As such, Collier argues that sensible immigration restrictions, "far from being an embarrassing vestige of nationalism and racism" (p. 26), are policies of central importance of governments in the developed world to address.

As Caplan Week 3-4 notes suggest, we can take Collier's "diaspora dynamics" model as formalizing the swamping concerns raised by Borjas (though Collier himself doesn't utilize that term). That is, under a greatly liberalized immigration regime, billions from the developing world will emigrate to the developed world, thereby overstating, or "swamping", the social benefits and economic output being left on the sidewalk as argued by Clemens. Again from class notes, the example of Puerto Rico is given as exemplary of Collier's model, particularly the proposition that both migration and the absorption rate of those migrants depends on the size of the diaspora (p. 43). In the Puerto Rican case, when the Supreme Court opened the borders in 1902, Puerto Rican immigration to the U.S. began rather quietly (averaging just over 18,000 out-migrants per decade over the four decades spanning 1900-1940). Then, consistent with Collier, Puerto Rican out-migration snowballs, and the average number of out-migrants per decade over the three decades of 1940-1970 was over 278,000 per decade.

Importantly, Collier takes the snowballing effects for granted. Specifically, Collier appears concerned about the dynamics of high levels of immigration with respect to both the informal and formal norms that undergird broad scale cooperation, including norms concerning violence, trust, and public goods provision (pp. 31-33). This is closely related to the points raised by Borjas in his review essay related to the effects of migration upon the "infrastructures" of richer countries. Referring to the political, social, and cultural institutions that make economic and social cooperation possible, Borjas' concern is that the Clemens "trillion-dollar bills on the sidewalk" claims take for

granted that the newly-arrived immigrants will interact with the societal infrastructure in a way that does not negatively compromise it.

I read Collier as weighting these concerns quite highly, thinking as though a society's infrastructure is something can be damaged or lost, but not easily repaired. Quotations such as this one from Collier strike me as derivative of such a concern: "The pertinent benchmark is not zero migration but somewhat more than current levels or somewhat less" (p. 24).

As Caplan points out, a plausible solution to these concerns is that, rather than snowballing or swamping, mass migration happens gradually, which provides ample time for families, businesses, and governments to prepare. This, in my view, is much more reflective of reality. While it is easy to imagine someone looking at figures of numbers of immigrants arriving per decade (i.e. hundreds of thousands of Puerto Ricans per decade) and have some sense of pause, it turns out that life doesn't happen in increments of decades. Rather, what appears like a snowballing is rarely perceived of as such on a moment by moment basis, and this is data supporting the "immigration building gradually" point raised by Caplan.