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Econ 309

Weeks 10-12: Immigration Restrictions

I.   Basics of Immigration, I: The Numbers
       A.   Migration remains rare. Roughly 3.5% of human beings currently reside
              outside their nation of birth – up from 2.8% in 2000.
       B.   Where do migrants come from? Asia, then Europe, Latin America, and
              finally Africa.
       C.   Where do migrants go to? Asia, then Europe, North America, and finally
              Africa.
       D.   The U.S. contains more migrants than any other country by a large
              margin. According to the U.S. Census, we're slightly below the historic
              high as a share of the population.

Immigrant share of U.S. population approaches historic high

% of U.S. population that is foreign born
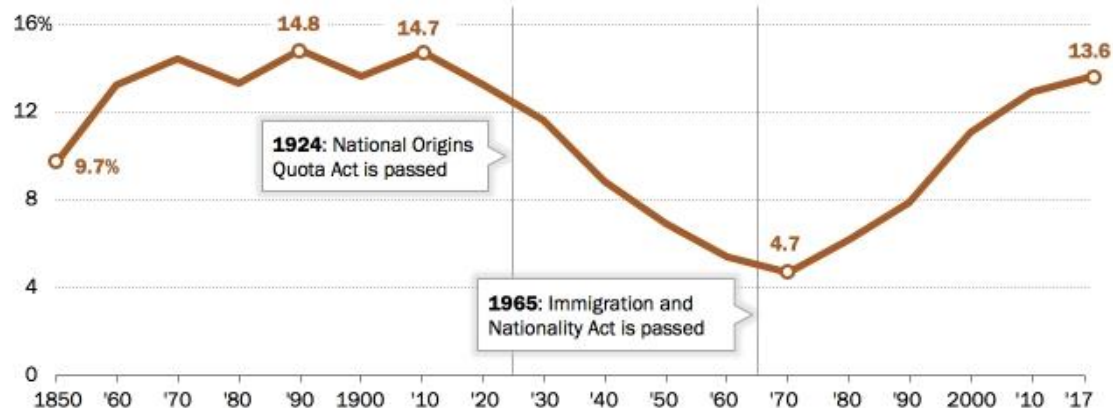
Note: Share foreign born is for the 50 states and District of Columbia.
Source: U.S. Census Bureau, "Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000" and Pew Research Center.

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       E.   As a percentage of population, however, the foreign-born share in the U.S.
              is moderate. Micro-states (<1M population) aside, the highest foreign-
              born shares are in UAE (88%), Qatar (79%), Kuwait (72%), Oman (46%),
              Macao (40%), Hong Kong (40%), Saudi Arabia (38%), and Singapore
              (37%). (All U.N. 2019 figures)
       F.   Out of Western democracies, the highest foreign-born shares are in
              Australia (30%), Switzerland (30%), New Zealand (22%), Canada (21%),
              and Sweden (20%).
II.   Basics of Immigration, II: Regulation in the U.S. and Globally
       A.   Despite its open borders history, the U.S. foreign-born share is now fairly
              typical for a First World country.

B.   The U.S. gives roughly 1 million per year lawful permanent resident status, and grants citizenship to roughly 750,000 per year.
C.   Breakdown for new lawful permanent residents in 2018: 44% immediate relatives of U.S. citizens, 20% family-sponsored, 19% refugees/asylees/crime victims, 13% employment-based, and 4% diversity lottery.
D.   How many wish to come? Multiple sources of evidence confirm the rationing is draconian.
   1.   Black market prices
   2.   Surveys – For 2018: over 750M want to migrate; 158M name U.S. as first choice, over 100x the typical annual number admitted.
   3.   Diversity lottery – about 0.8% make the first cut; about 80% of these apply; about half of these get accepted. Even if everyone who wants to come applies (!), this implies about 12.5M more immigrants per year.
E.   How can strict regulation and high illegal immigration co-exist? Simple: Immigrants migrate despite the high costs because the gains are vast.
F.   Why isn't illegal immigration higher?
   1.   Geography
   2.   High smuggling cost (+ credit market imperfections)
   3.   Punishment (especially for "illegal *re*-entry")
   4.   Danger
G.   Globally: The Gulf monarchies have the easiest immigration policies, but even they have considerable regulation – and make naturalization almost impossible.
H.   The EU has near-open borders internally, but strict regulation for non-EU members – especially from Third World nations.
   1.   The outsourcing of draconian measures
I.   Countries like Canada and Australia allow relatively high levels of skilled-based immigration, but strictly regulate other kinds of immigration.
   1.   Remoteness and seas substitute for direct enforcement.
J.   The number who say they want to come vastly exceeds the number any rich country allows to come.

Top Desired Destinations for Potential Migrants

To which country would you like to move?

	2010-2012 %	2015-2017 %	Estimated number of adults (in millions)
United States	22	21	158
Canada	6	6	47
Germany	4	6	42
France	5	5	36
Australia	4	5	36
United Kingdom	7	4	34
Saudi Arabia	5	3	24
Spain	4	3	21
Japan	2	2	17
Italy	3	2	15
Switzerland	2	2	14
United Arab Emirates	2	2	12
Singapore	1	1	11
Sweden	1	1	9
China	1	1	9
New Zealand	1	1	9
Russia	1	1	8
Netherlands	1	1	7
South Africa	1	1	7
Brazil	1	1	6
South Korea	1	1	6
Turkey	*	1	6

III. What's the Optimal Number of People?
- A. People often worry about "overpopulation" or "underpopulation." What does this mean in economic terms?
- B. It's tempting to say "optimal population"="population with maximum GDP per capita." But:
  1. Anyone who has a baby rejects this at the household level. When my wife and I had twins, our family's per-capita income fell by 50% as a matter of pure arithmetic.
  2. By this standard, the existence of life-loving but below-average people is "suboptimal."
- C. Even by the "maximize per capita GDP" standard, though, the world still might be underpopulated. Consider: Over the last two centuries, both population and per capita GDP have massively increased.

D. Furthermore, over the last 150 years, the real prices of food, fuel, and minerals have fallen by about 1%/year. The main commodity that keeps getting more expensive: labor. If we're "running out" of anything, it's people.

E. In any case, economists' real standard for over- or underpopulation is whether *the marginal baby born has (on net) negative or positive externalities.*

F. Slogan: "You don't have to raise the average to pull your weight."

IV. Negative Externalities of Population

A. As Landsburg notes, many people think that each child born gets a 1/7 billion share of world resources - implying negative externalities.

B. This isn't how the world really works. Instead, when a family has one more child, each child in that family gets a *lot* less, with little effect on anyone else.

C. This is especially clear from bequests. Picture a simple agricultural economy where kids always divide their parents' landholdings equally. If everyone but you has lots of kids, your kid inherits just as much land – and his land will actually be worth more due to higher demand.

D. Lesson: With private property, parents who care about their kids automatically internalize any "poverty externality." Under old-school socialism, in contrast, the poverty externality is very real. You can have an many kids as you like without reducing your family's consumption at all.

E. Poverty aside, people also often worry about the negative *environmental* externalities of population.

F. Key economic point: Limiting population to reduce environmental externalities is using a sword to kill a mosquito. Why not just raise the price of environmental damage with e.g. pollution taxes?

G. The same applies to congestion externalities. If the roads are crowded at rush hour, rush hour tolls are a much cheaper and more humane solution than preventing people from existing.

V. Positive Externalities of Population

A. Does population have any *positive* externalities? Yes!

B. Existence externality: Most people are happy to be alive, but parents can't charge you for the privilege of existing.
1. In Singapore, though, you are financially responsible for your elderly parents.

C. Idea externality: Progress depends largely on ideas, and ideas come from people.
1. Historically, almost all progress comes from populous, connected regions of the world – especially Eurasia.
2. Historically, isolated areas with low populations have low, zero, or negative progress. See Tasmania.

D. Notice: Technology has now connected the whole world. A great idea anywhere quickly becomes a great idea everywhere.

E. Population increases both the supply and demand for new ideas. This is most obvious for languages, but works in all areas of idea creation.

       1.   Imagine deleting half the names in your music collection, or half the Nobel prize-winners.

   F.   Choice externality: More population means more choices. See NYC vs. Hays, Kansas. The fact that urban rents are higher than rural rents shows that people prefer (people + the indirect effects of people) to splendid isolation.

       1.   Pointed question: Why don't people who complain about overpopulation move to the middle of nowhere?

   G.   Retirement externality: Government old-age programs are pyramid schemes. With lots of kids, low taxes can sustain high benefits. Low birth rates are a major reason why Social Security and Medicare are going to be in big trouble.

       1.   What if government benefits for the elderly depended on your number of kids?

   H.   Even without government programs, the elderly benefit if other people have kids. Imagine: What would happen in seventy years if everyone stopped having kids today?

VI.   Immigration as Trade, I: Potential Gains

   A.   With identical workers, immigration raises the workforce without raising worker productivity, so labor supply rises, labor demand stays the same, and native workers are worse-off.

       1.   Does this mean that immigration is bad for humanity, or for natives generally? Absolutely not: basic CBA of markets still holds!

       2.   The secret of mass consumption is mass production.

   B.   In the real world, native workers and immigrant workers are *far* from identical.

       1.   Most obvious difference: Current immigrants tend to be either low-skilled or high-skilled compared to Americans.

       2.   Potential immigrants tend to be very low-skilled compared to Americans.

       3.   Slightly less obvious difference: Holding overall skill constant, natives usually speak much better English.

   C.   This implies that immigration can actually raise wages. Why? Comparative advantage: People with different skills produce more *total* output if they specialize and trade.

   D.   Suppose that in a day, American and Mexican women can produce:

	American Woman	Mexican Woman
Computer Programs Written	4	.1
Children Cared For	2	2

   E.   Both sides can increase production by immigration and specialization! Have ten Mexican women switch from writing computer programs to childcare (-1 program, +20 childcares), and one American woman switch from childcare to computer programs (+4 programs, -2 childcares). The world is richer by 3 programs and 18 childcares.

   F.   As usual, comparative advantage implies mutually beneficial trade even when one side is worse at *everything*.

VII.   Immigration as Trade, II: The Regulatory Barriers
        A.   Well-established fact: Immigrants to the First World earn vastly more than
                seemingly identical people who stayed in their home country.
        B.   Question: What happens if we analyze *these* earnings gaps using the
                same method we use to measure discrimination?
                1.   Note: Since we're comparing immigrants to people from the same
                        country who stayed home, we're measuring the effect of
                        discriminatory government treatment (some people can migrate;
                        the rest can't) rather than employer discrimination.
        C.   Clemens, Montenegro, and Pritchett pursue this question in their paper on
                "The Place Premium."   They use a Becker-type setup to estimate the
                effect of *mandatory segregation* on wages.
        D.   Estimates are massive. Results by country:

Country	Value	Country	Value
Nigeria	16.308	Peru	4.153
Yemen	15.114	Guyana	4.067
Haiti	14.245	Jamaica	3.790
Egypt	13.526	Brazil	3.769
Cambodia	9.139	Nicaragua	3.643
Vietnam	8.395	Panama	3.635
Ghana	8.160	Chile	3.582
India	7.859	Guatemala	3.226
Sierra Leone	7.608	Uruguay	3.181
Cameroon	7.477	Colombia	3.068
Pakistan	7.433	South Africa	2.985
Indonesia	7.069	Paraguay	2.907
Nepal	6.692	Thailand	2.828
Sri Lanka	6.657	Turkey	2.735
Venezuela	6.532	Belize	2.633
Jordan	5.593	Mexico	2.589
Bangladesh	5.487	Argentina	2.486
Ecuador	5.368	Costa Rica	2.194
Uganda	5.286	Dominican	2.084
Bolivia	5.106	Republic	
Ethiopia	4.585	Morocco	2.026
Philippines	4.504		

V.   Immigration and Wealth Creation, I: Migration and Labor Productivity
        A.   If these place premium results are even close to correct, they imply that
                migration *massively* increases global wealth creation.

B. Key intuition: When a Nigerian who produces $2000/year in Nigeria moves to the U.S., he starts producing 16x as much - $32,000/year, enriching *the world* by $30,000/year.
    1. If 15M Nigerians move, global wealth rises by $30,000*10M=$450B per year.
C. Note: This is *not* the trivial point that increasing population increases the GDP of the receiving country. This is the deep point that moving population from low-productivity countries to high-productivity countries increases G*WP* – Gross World Product.
D. What exactly is going on? For starters, we have comparative advantage. Migration allows specialization and trade.
E. Why not just have trade in goods? Simple: Because *80%* of a modern economy is services, most of which *must* be traded locally. Consider:
    1. Restaurant meals
    2. Childcare and eldercare
    3. Construction

VI. Immigration and Wealth Creation, II: Effect on GWP
A. Standard trade models estimate the cost of trade barriers.
B. What happens if we use standard trade models to estimate the deadweight cost of immigration restrictions?
    1. Michael Clemens famously does this in his "Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?"
C. The estimates are astronomical. From Clemens, with some relevant comparisons:

Table 1

Efficiency Gain from Elimination of International Barriers
(percent of world GDP)

All policy barriers to merchandise trade

1.8	Goldin, Knudsen, and van der Mensbrugghe (1993)
4.1	Dessus, Fukasaku, and Safadi (1999)[a]
0.9	Anderson, Francois, Hertel, Hoekman, and Martin (2000)
1.2	World Bank (2001)
2.8	World Bank (2001)[a]
0.7	Anderson and Martin (2005)
0.3	Hertel and Keeney (2006, table 2.9)

All barriers to capital flows

1.7	Gourinchas and Jeanne (2006)[b]
0.1	Caselli and Feyrer (2007)

All barriers to labor mobility

147.3	Hamilton and Whalley (1984, table 4, row 2)[c]
96.5	Moses and Letnes (2004, table 5, row 4)[c]
67	Iregui (2005, table 10.3)[c,d]
122	Klein and Ventura (2007, table 3)[e]

D.   In 2019, estimated GWP was \$142T. So if open borders doubled global production, it would increase GWP by another \$142,000,000,000,000 per year.
   1.   Present value with 4% discounting: \$3.6 quadrillion.
   2.   Present value with 4% discounting and 2% continued global growth: \$6.8 quadrillion.
E.   Intuitively, the annual deadweight cost is huge because you are multiplying a huge loss to the world per worker times a very large number of workers.
   1.   The NPV is mind-bogglingly huge because the world gets this annual gain forever.
F.   Disclosure: To capture the full gain, billions of people have to move.

VII.   CBA and the Downsides of Immigration
A.   If these numbers are even remotely correct, open borders could have hellish downsides and *still* pass a cost-benefit test with flying colors.
B.   Why? Because the downsides would have to cause many trillions of dollars of losses, year after year.
   1.   \$1T - \$1B ≈ \$1T
C.   To be blunt, the vast majority of complaints about immigration are just SDB: vague worries, vivid horror stories, and hyperbolic predictions.
   1.   "London's not England anymore!"
D.   CBA, however, insists on seeing price tags, which the most thoughtful critics of immigration sometimes provide.

VIII.   Fiscal Effects of Immigration, I: Basics of Public Finance and Migration
A.   Immigrants use public services, which burdens natives.
B.   Immigrants also pay taxes, which unburdens natives.
C.   In countries like the U.S., the use of public services varies only moderately by income, but the payment of taxes varies tremendously by income.
D.   Upshot: From a fiscal point of view, low-skilled immigrants are plausibly a net burden on native taxpayers, while high-skilled immigrants are plausibly a net benefit for native taxpayers.
E.   Major complication: Many government services are non-rival; i.e., their cost does not depend on population.
   1.   National defense
   2.   Debt service
F.   With non-rival goods, immigrants can be net taxpayers even though they earn less than average, or even less than the median.
   1.   It's the same as the logic of a matinee. Theaters profit by charging some customers much less than AC.
G.   Another major complication: Fiscal burden varies heavily by age. School-age children are extremely burdensome for taxpayers, as are the elderly. Working-age people, in contrast, use few services.
H.   Remember: Welfare states focus much more on helping kids and the elderly than helping the poor per se.
I.   Third major complication: Immigrants come in families – and immigrant parents often have native children.

IX. Fiscal Effects of Immigration, II: Overall, Long-Run Net Fiscal Effects
   A. In the face of all this complexity, how can we measure the *net* fiscal effect of an immigrant?
      1. Key point: Most people have an opinion on the fiscal effect of immigration but have zero patience for actually looking at numbers.
   B. Easy answer: Measure the Net Present Value (NPV) of all the taxes an immigrant will ever pay minus the NPV of all the services an immigrant will ever consume.
   C. Better answer: Count the NPV of the immigrants' descendants as well. This is called the "overall, long-run net fiscal effect."
   D. Do these estimates require assumptions? Absolutely, but all assumptions are not created equal.
   E. National Academy of Sciences estimates (in $1000s) of overall, long-run net fiscal effects, using a 75-year horizon:

FIGURE 8-23 Net Fiscal Impacts of Immigration, by Budget Scenario, Treatment of Public Goods, and Average Characteristics of New Immigrants
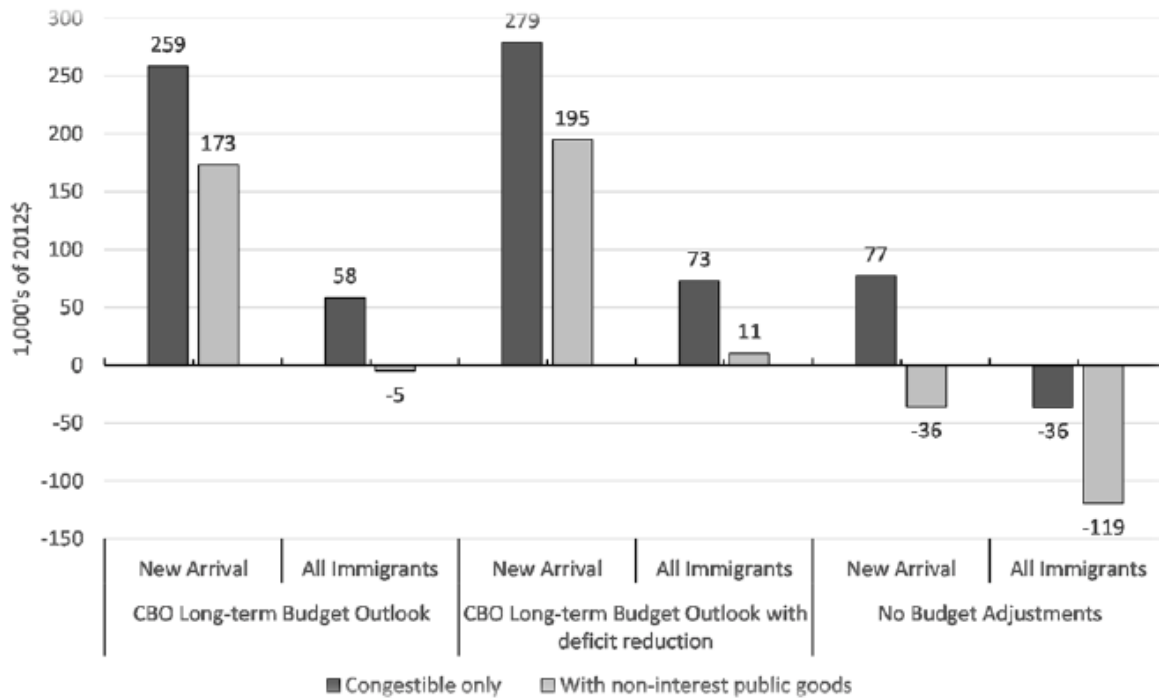
   F. Why makes the "No Budget Adjustments" numbers so bad? Because they assume that the U.S. keeps spending vastly more than it taxes… forever.
   G. The NAS also breaks numbers down by educational and age category.
   A. Primarily due to tax progressivity, more-educated immigrants have a better NPV.
   B. **Corrected estimates:** NPV for *actual* 25-year-old high school dropout immigrants is actually -$186,000. NPV for *actual* 25-year-old high school graduates is +$72,000. (Table 8-13)

  C. While projecting the fiscal effects of liberalization using current averages is naïve, interacting sub-group estimates with estimates of post-liberalization demographics isn't.

VIII. Cultural Effects of Immigration, I: The Value of Assimilation
  A. The American "melting pot" has long been a popular ideal.
  B. Though some have put forward the competing "salad bowl" ideal, almost everyone favors immigrant assimilation along *some* important dimensions.
   1. Language
   2. Support for democracy
   3. Support for human rights
   4. Educational success
   5. Self-support
   6. Rejection of extremism
  C. What's good about assimilation?
  D. Palatable answer: coordination. No culture is "better" than any other, but it is better for people who share a country to share a culture to avoid a "Tower of Babel" situation.
  E. Bitter but potentially better answer:
   1. Good culture makes countries successful.
   2. Successful countries spur immigration from unsuccessful countries.
   3. If immigrants assimilate, larger group gets to enjoy the benefits of the "superior" culture.
   4. Otherwise, receiving countries will eventually be as bad as sending countries.
  F. Example: Is Islamic fundamentalism a good system in culturally supportive countries? Or is it bad everywhere?
  G. Of course, some assimilation concerns could be about coordination, while others are about cultural superiority.
  H. "Magic dirt" – or magic culture?

IX. Cultural Effects of Immigration, II: Linguistic and Educational Assimilation
  A. There is a widespread perception in the U.S. that the latest wave of immigrants is failing to learn English. Is this true?
  B. On the surface, yes. Between 1980 and 2010, the share of the U.S. population that doesn't speak English in the home rose from 11% to 21%. 44% in California!
  C. On closer look, immigrants themselves haven't changed much.
   1. First-generation adult immigrants from non-English countries rarely became fluent in the past, and rarely become fluent today.
   2. Subsequent generations of immigrants, however, continue to attain near-universal fluency.
  D. "Speaks English well" results for kids (ages 6-15) by generation.
   1. Note: These measures understate *adult* fluency.

English Skills - Asian Kids (Ages 6-15)

English Skills - Hispanic Kids (Ages 6-15)
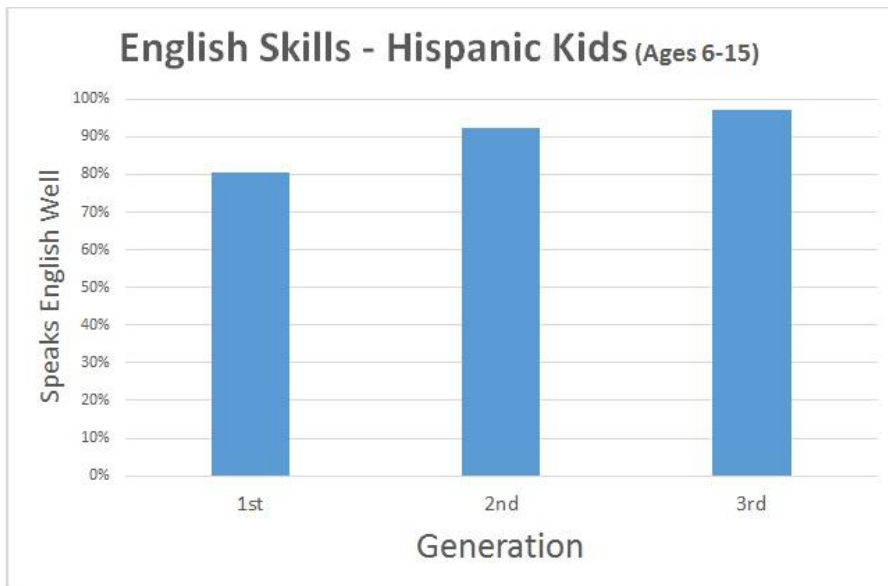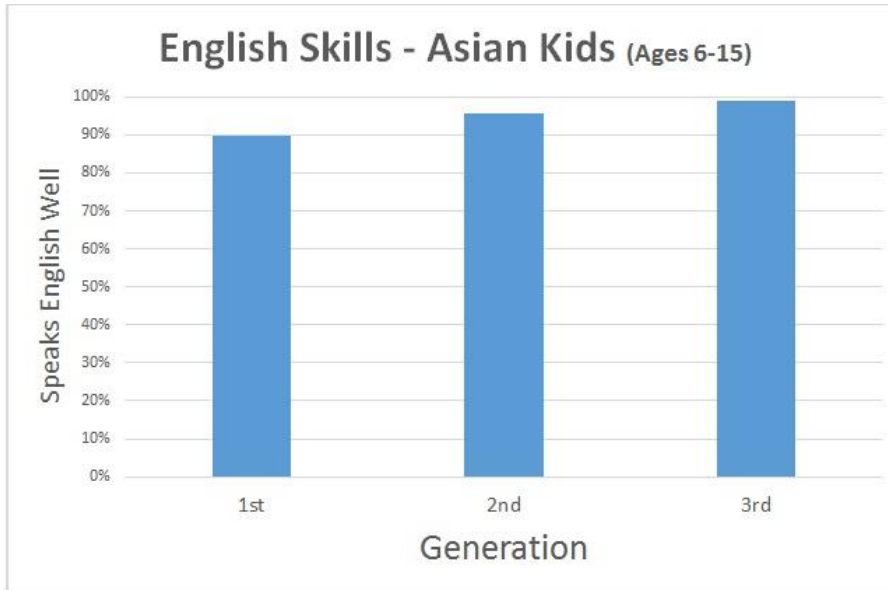
E.   There is normally a high correlation between parental education and child education.

F.   Question: If we admit lots of low-education immigrants, should we expect this to sharply depress the education of the next generation?

G.   Answer: No, because the children of immigrants have *much* higher upward mobility than children of natives.

H.   The pattern for children of natives:

TABLE 8-9 Predicted Educational Distribution of U.S.-born Children of a U.S.-born Parer Percentages of Parental Offspring Expected to be in an Educational Category (rows add 100)

	Child's education					Color Scale:
Parent's education	Less than high school	High school graduate	Some college	Bachelor's degree	More than bachelor's	
Less than high school	29.4	50.9	18.4	1.3	0.0	10-20
High school graduate	7.6	42.2	42.2	7.8	0.2	20-30
Some college	1.0	16.9	50.1	28.8	3.2	30-40
Bachelor's degree	0.0	2.3	26.0	51.8	19.9	40-50
More than bachelor's	0.0	0.3	7.0	40.3	52.4	>50

I.   The pattern for children of immigrants:

TABLE 8-8 Predicted Educational Distribution of U.S.-born Children of a Foreign-born Parent, Percentages of Parental Offspring Expected to be in an Educational Category (rows add to 100)

	Child's education					Color Scale:
Parent's education	Less than high school	High school graduate	Some college	Bachelor's degree	More than bachelor's	
Less than high school	17.1	44.1	32.4	6.2	0.3	10-20
High school graduate	4.3	27.2	46.2	20.3	2.0	20-30
Some college	0.7	11.9	40.2	38.0	9.2	30-40
Bachelor's degree	0.1	2.2	21.7	46.5	29.5	40-50
More than bachelor's	0.0	0.6	8.8	37.7	52.9	>50

J.   Suppose we code the five educational categories from 1-5, then look at the conditional expectation for children's education as a function of parental education. Results:
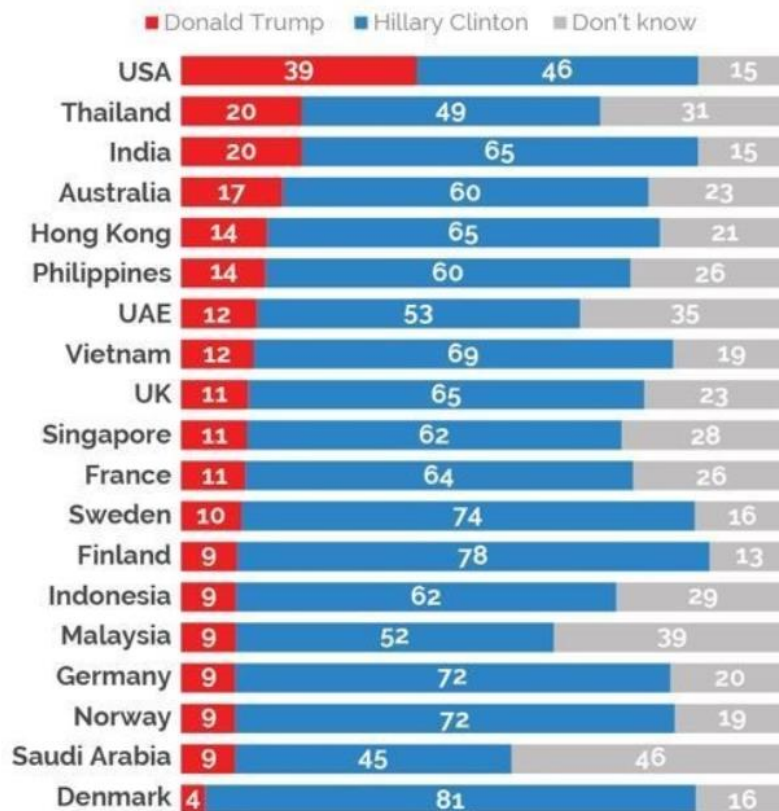
Parental Education	Native Parent	Immigrant Parent
1	1.9	2.3
2	2.5	2.9
3	3.2	3.4
4	3.9	4.0
5	4.4	4.4

K.   We can use this information to construct another table mapping immigrants' observed education into their *potential* education – i.e., the education they would have acquired if they'd been born in the United States.

Immigrant Education		Environment Deprivation
Actual	Potential	
1	1.67	-.67
2	2.57	-.57
3	3.29	-.29
4	4.20	-.20
5	5.00	-.00

L.   This gives us a plausible measure of the environmental deprivation effect of growing up outside of the U.S.
        1.   The poorer the country, the greater the likely deprivation.

X.   Political Effects of Immigration, I: Nativity and Party Identification in the U.S.
    A.   If you're worried about negative political externalities of immigrant voting (or political participation more broadly), you can't merely show that immigrants vote badly. You have to show that they are *worse* than natives.
    B.   "Worse" by what standard? For partisans, the obvious answer is: "Immigrants who vote for my party are good; immigrants who vote against my party are bad."
    C.   Back in the 1980s, immigrants were almost as likely as natives to be Republicans. Since then, however, a large gap has opened up.
    D.   Foreign-born voters are now 10 percentage-points more Democratic than natives.
        1.   The gap is even bigger for immigrants who don't or can't vote.
        2.   Worldwide, Democrats are much more popular than Republicans. 2016 international poll:

Who would you rather was president of the USA? %

■ Donald Trump   ■ Hillary Clinton   ■ Don't know

Country	Donald Trump	Hillary Clinton	Don't know
USA	39	46	15
Thailand	20	49	31
India	20	65	15
Australia	17	60	23
Hong Kong	14	65	21
Philippines	14	60	26
UAE	12	53	35
Vietnam	12	69	19
UK	11	65	23
Singapore	11	62	28
France	11	64	26
Sweden	10	74	16
Finland	9	78	13
Indonesia	9	62	29
Malaysia	9	52	39
Germany	9	72	20
Norway	9	72	19
Saudi Arabia	9	45	46
Denmark	4	81	16

YouGov | yougov.com   October 2016 (US results from Oct.6-10)

- E. This is not just about race. In 2012, white immigrants voted 9 percent-age points more Democratic than white natives.
- F. Why the gap? One popular Republican story points to immigrant self-interest. Yet Republicans also do poorly with wealthy, socially conservative Asians.
    1. Consider Indian-Americans, with a 4:1 D/R ratio.
    2. Alternate story: the Respect Motive.
- XI. Political Effects of Immigration, II: Nativity, Education, and Policy Opinions in the U.S.
    - A. Unless you're a professional politician, winning *policies* matter much more than winning *parties*.
        1. Ponder: Democrats in Republican states vs. Republicans in Democratic states.
    - B. Big question then is: Relative to natives, what do immigrants think about policy?
    - C. Answer: On average, the differences are very mild.
        1. Immigrants are microscopically more liberal (.18 gap on a 1-7 scale).
        2. Immigrants are moderately more in favor of government activism (.44 gap on a 1-5 scale).

3. Almost exactly as hostile to taxes on the poor and middle-class, and slightly more hostile to taxes on the rich.
D. Disaggregated results:
   1. Immigrants are more supportive of welfare spending.
   2. Immigrants are less supportive of social security, health, education, and environmental spending.
   3. Immigrants are notably less supportive of defense spending.
   4. N.B. It's all relative, because government spending is absolutely popular with natives and immigrants.
   5. Immigrants are more socially conservative the natives on most issues, including abortion, gay marriage, marijuana legalization, and free speech for radical Muslims.
   6. Finally, immigrants are more pro-immigration (/less anti-immigration) than natives.
E. These are results for immigrants who currently reside in the U.S. But open borders would drastically change immigrant demographics. Mostly notably, it would allow far more low-skilled immigrants.
F. Key question: What are the political opinions of low-skilled foreigners like?
   1. Answer: Quite "populist" – economically liberal, socially conservative.
   2. Free speech index: U.S. mean is at 50th percentile; immigrants without high school degrees 28th percentile; other immigrants 47th percentile.
   3. Statist economic policy index: U.S. mean is at 50th percentile; immigrants without high school degrees 79th percentile; other immigrants 60th percentile.
G. Suppose you consider "populist" voters dangerous. How worried should you be about low-skilled immigrant voters? Only moderately, because…
H. Immigrants have low turnout.
   1. In 2012, 72% of eligible natives voted, versus 48% of eligible immigrants.
I. Low-skilled immigrant voters have *very* low turnout.
   1. In 2012, only 27% of eligible immigrants who dropped out of high school voted.

XII. Keyhole Solutions
A. Even if these estimates of fiscal, cultural, and political harm are optimistic, none seem remotely close to trillions of dollars of annual harm. The CBA case for radical deregulation is very strong.
   1. But can we do even better?
B. A major innovation in medicine: "keyhole surgery." The idea: Surgeons try to minimize side effects by carefully crafting the least invasive approach required to fix the patient's problem.
C. Keyhole surgery has inspired some policy analysts to develop "keyhole solutions" for social ills. The idea, again, is to minimize side effects by carefully crafting the least invasive approach required to fix society's problems.

1. Pollution regulations versus pollution taxes
2. Government provision versus vouchers

D. When people criticize immigration, however, the proposed remedies have little to do with the specific complaints.

E. Instead, the focus is on (a) exclusion, and (b) removal/deportation, despite severe side effects.

F. What would keyhole solutions for immigration problems look like? Let's take the soundness of the main complaints about immigration for granted, then consider how you could craft a cheap, humane remedy.

G. Immigration and American poverty: If immigrants are reducing the living standards of low-skilled Americans, there's no need to reduce immigration. We could simply charge immigrants an admission fee or extra taxes, then use the revenue to compensate low-skilled Americans.

H. Immigration and American taxpayers: If immigrants aren't paying their way, we could restrict immigrants' eligibility for various government benefits.

I. Immigration and American culture: If immigrants aren't learning our language and/or culture, we could make passing grades on language or "cultural literacy" tests a condition of entry.

J. Immigration and American liberty: If immigrants are bad voters, we could restrict their right to vote.

K. If any of these alternatives to immigration restrictions seem unfair, they're clearly *less* unfair than preventing people from coming at all.

L. The Gulf monarchies, the countries with the world's most open immigration, all make heavy use of keyhole solutions.

M. Are keyhole solutions impossible in Western democracies? Hardly. Many are already in use, even in the U.S.