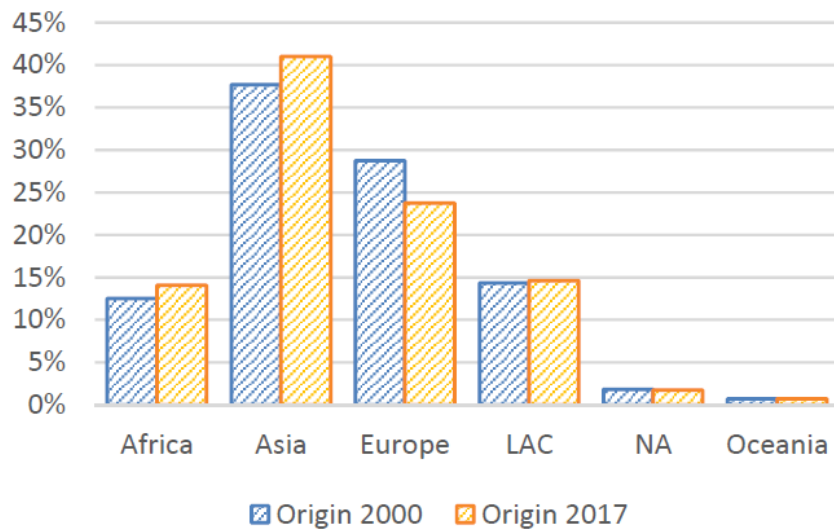


Prof. Bryan Caplan
bcaplan@gmu.edu
<http://www.bcaplan.com>
Econ 496/895

Week 1: Basics of Immigration

- I. Why Immigration?
 - A. Immigration is one of the most hotly-debated topics on Earth, especially in countries like the United States that are habitual net recipients of migrants.
 - B. As with most “hotly-debated topics,” the intellectual quality of popular and political discourse is low. On all sides.
 1. “America First”
 2. “Abolish ICE”
 - C. Higher-quality analysis still struggles with the complexity of the issue.
 1. Results from basic economics
 2. Qualifications from advanced economics
 3. Cultural factors
 4. Political factors
 5. Crises and scandals
 - D. This class explores all of these complexities and more to help students achieve a sophisticated understanding of the issue.
 - E. Disclosure: My own views on immigration are radical and radically unpopular. Throughout the course I will strive to:
 1. Distinguish between the academic consensus and my own views
 2. Acknowledge key uncertainties and ambiguities
 3. Maintain both candor and civility
- II. The Demography of Immigration
 - A. By the numbers, 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.

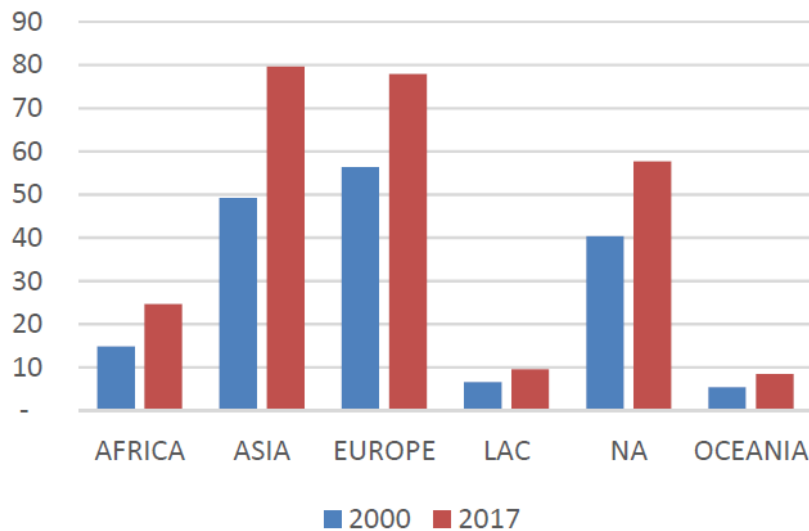
Figure 2: Distribution of international migrants by region of origin, 2000 and 2017



Note: NA = Northern America; LAC = Latin America and the Caribbean

C. Where do migrants go to? Asia, then Europe, North America, and finally Africa.

Figure 1: Number of international migrants by region of destination, 2000 and 2017 (millions)



Note: NA = Northern America; LAC = Latin America and the Caribbean

- D. The U.S. contains more migrants than any other country by a large margin.

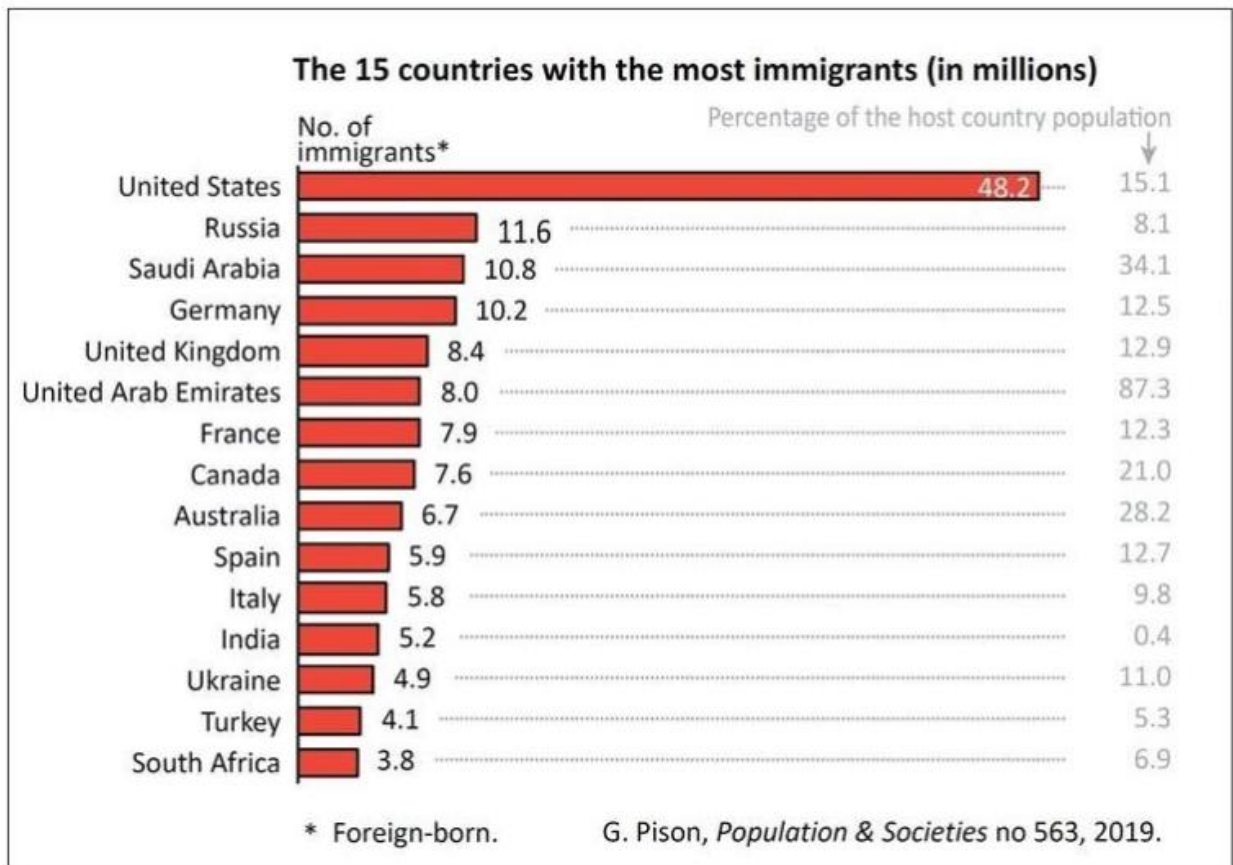


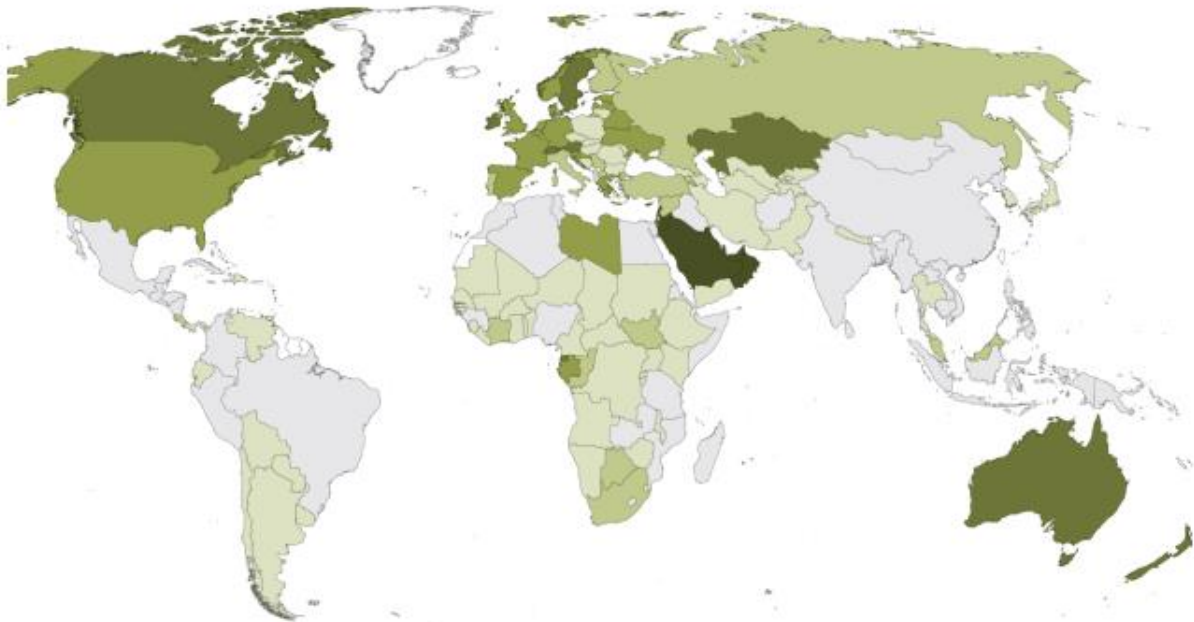
Image: Gilles Pison, based on United Nations data

- 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%).
- G. Global map of foreign-born share (see next page):
- H. According to U.N., the U.S. foreign-born share is now at 15%, slightly above the previous historic high in 1890. According to the U.S. Census, we're slightly below the historic high.

Immigrant share in U.S. is lower than in many other countries

% foreign born, 2017

<1%
 1-5%
 6-10%
 11-15%
 16-30%
 31%+



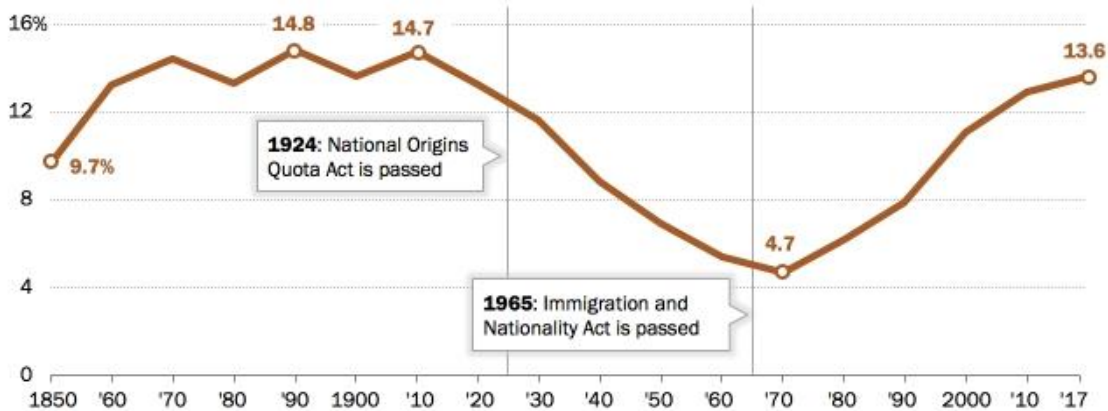
Note: Share foreign born in U.S. is for the 50 states and District of Columbia. Countries and territories without shading have populations less than 1 million and are not included.

Source: Pew Research Center analysis of United Nations and U.S. Census Bureau data.

PEW RESEARCH CENTER

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.

PEW RESEARCH CENTER

- III. Understanding Migration Patterns
 - A. Income/wages are the most obvious predictor of migration. People strongly prefer to migrate to countries where incomes are higher.
 - 1. Immigration versus Social Desirability Bias
 - B. The so-called “gravity model” also clearly explains a lot.
 - 1. Gravity models say that trade is directly proportional to the size of the trading partners and inversely proportional to the distance between them.
 - 2. We can clearly see this with migration: size (population? total GDP?) and proximity both matter.
 - C. Cultural affinity is another big factor. People clearly favor countries where they already speak the language.
 - 1. The case of Spain
 - D. Religious similarity also seems to matter, especially in the Middle East.
 - E. Migrants prefer to migrate to countries that already contain many migrants from their home country.
 - 1. This leads to clear agglomeration effects at both the national and local level.
 - F. Still, all of these factors pale before the power of regulation.
 - 1. Strict regulation of migration leads to very low migration – even if all other factors push toward high migration.
 - 2. Liberal migration policies in rich countries almost always lead to very high migration, even if other factors are unfavorable.
- IV. How Regulated Is U.S. Immigration?
 - 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. (Until coronavirus, anyway).
 - 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.
 - 4. Issues with these measures?
 - 5. Bannerjee-Duflo’s RCT objections
 - E. How can strict regulation and high illegal immigration co-exist? Simple: Immigrants migrate despite the high costs because the gains are vast.

Profile of the Unauthorized Population: United States



Demographics	Estimate	% of Total
Unauthorized Population	11,300,000	100%
Top Countries of Birth		
Mexico	5,944,000	53%
El Salvador	655,000	6%
Guatemala	525,000	5%
China	362,000	3%
Honduras	355,000	3%
Regions of Birth		
Mexico and Central America	7,593,000	67%
Caribbean	351,000	3%
South America	685,000	6%
Europe/Canada/Oceania	579,000	5%
Asia	1,774,000	16%
Africa	318,000	3%

- 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. The logic of tourist visas
- H. The case of "Wet Foot, Dry Foot"
- V. How Regulated Is Immigration Globally?
 - A. The Gulf monarchies have the easiest immigration policies, but even they have considerable regulation – and make naturalization almost impossible.
 - B. 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
 - C. 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.
 - D. How many want to come?

Top Desired Destinations for Potential Migrants

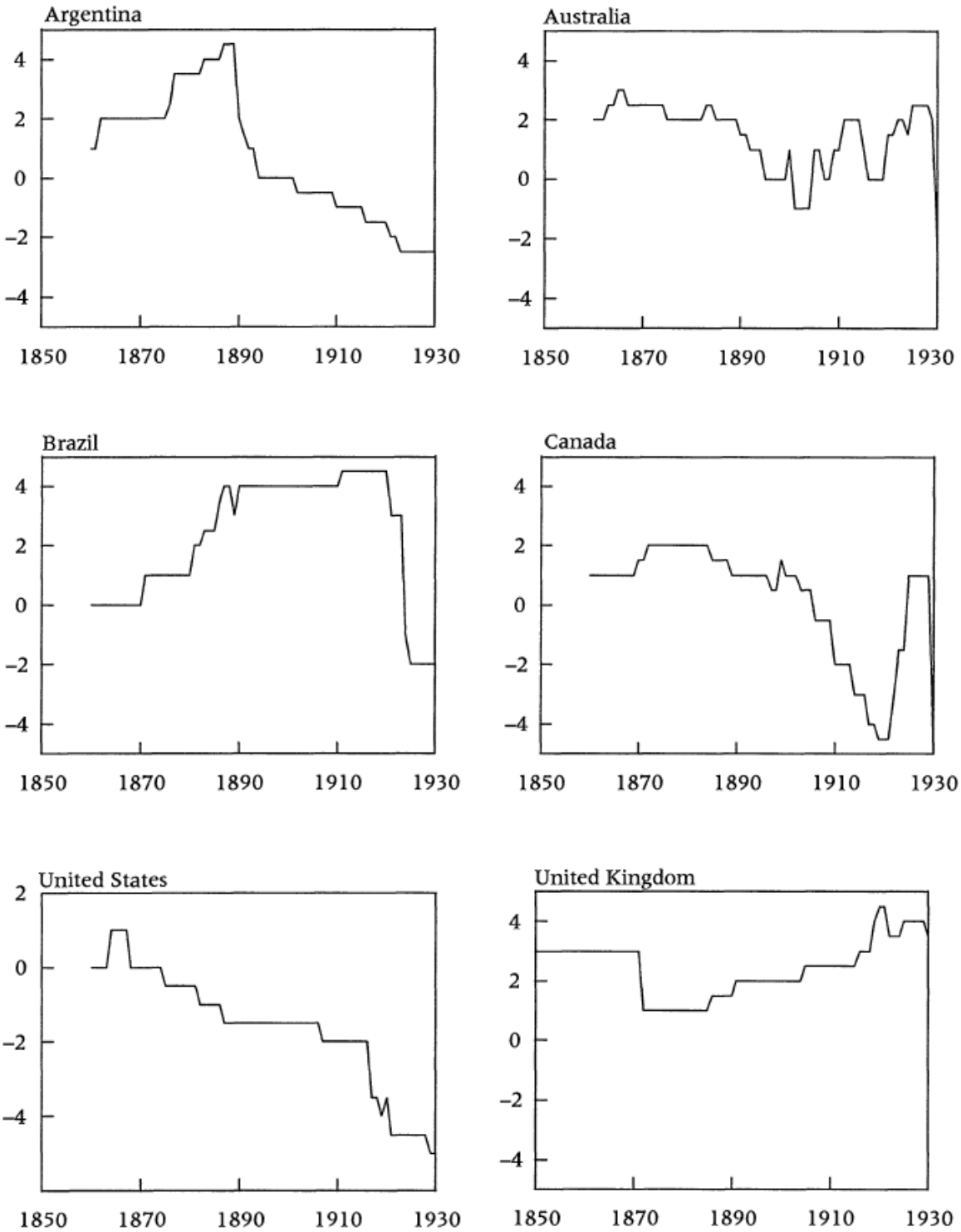
To which country would you like to move?

	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

- E. The number who say they want to come vastly exceeds the number any rich country allows to come.
 - F. Some Unpleasant Immigration Arithmetic: Openness Index = (# Immigrants/# Would-Be Immigrants).
- VI. A Brief History of Immigration Regulation
- A. The U.S. case until the late 19th-century: Open borders with small exceptions for “undesirables,” including prostitutes, anarchists, diseased, mentally ill.
 - B. Then, the Chinese Exclusion Act, followed by the Gentleman’s Agreement with Japan.
 - C. 1917 Literacy/Asiatic Barred Zone Act (vetoed by Wilson, overridden by Congress).
 - D. Temporary (“emergency”) 1921 national quotas based on 1910 Census.
 - E. Permanent 1924 national quotas based on 1890 Census.

- F. The accidental liberalization of the 1965 act; family reunification was intended to keep America white while avoiding explicit racism.
- G. Timmer and Williamson scores (-5 to +5, with 0 indicating "Open doors, no encouragement, no discouragement"):

FIGURE 1 POLICY: An immigration policy index



- H. Europe, the wars, decolonization, and immigration.
 - I. *Emigration* restrictions in the Communist world.
- VII. The Standard Story of Immigration
- A. The standard story of immigration:
 1. In earlier times, when America was underpopulated, free immigration was a good idea.
 2. Once the economy matured, however, the country adopted immigration restrictions to suit changing conditions
 3. These restrictions prevent economic and social collapse.
 - B. The first two parts of the story have little basis in fact.
 - C. Most of the United States remains virtually empty, so why aren't we still "underpopulated"?
 1. Wages are much higher now than they were in the 19th-century, so economically speaking we're more underpopulated than ever.
 - D. Immigration restrictions weren't imposed because the "economy matured." They were imposed because of racial and ethnic prejudice: first against the Chinese and Japanese, then against Southern and Eastern Europeans.
 - E. At the time, most Americans favored immigration restrictions because they were convinced that these unpopular racial and ethnic groups were "inferior" and would remain so. But most Americans were wrong.
 1. Chinese, Japanese, and Southern and Eastern Europeans have been at least as successful as the rest of the population.
 - F. Still, the failings of the first two parts of the story hardly show that the last part is incorrect.
 - G. Even if the last part is hyperbole, immigration restrictions could still be wise policy. Perhaps they merely have net benefits even though they don't literally "prevent economic or social collapse."
- VIII. Immigration Regulation: What's the Point?
- A. The overriding goal of immigration regulation is to reduce immigration.
 - B. Most countries eagerly prevent low-skilled immigration, but very few countries admit even high-skilled immigrants with open arms.
 1. In the Australian point system, a young fluent-English speaker with a Ph.D. has 70 points, but needs 85 points for admission.
 - C. To many people, justifying immigration restriction is superfluous, because the desirability of the goal is obvious.
 1. "Are you on drugs?"
 2. From this point of view, the key policy question is, "What's are the most effective ways to restrict immigration?" not "Why bother?"
 - D. In this class, we will not take the desirability of restriction for granted. Instead, we will consider and assess arguments for restriction.
 - E. The top four:
 1. Immigration causes poverty.
 2. Immigration is a fiscal burden.
 3. Immigration causes cultural harm.
 4. Immigration causes political harm.

- F. Also-rans:
 - 1. Immigration harms the environment.
 - 2. Immigration spreads contagious disease.
- G. Note: Most people resolve even the most technical uncertainties about immigration via wishful/morbid thinking.
 - 1. If you like immigration, all problems are fake.
 - 2. If you dislike immigration, all problems are dire.
- H. Don't do this.