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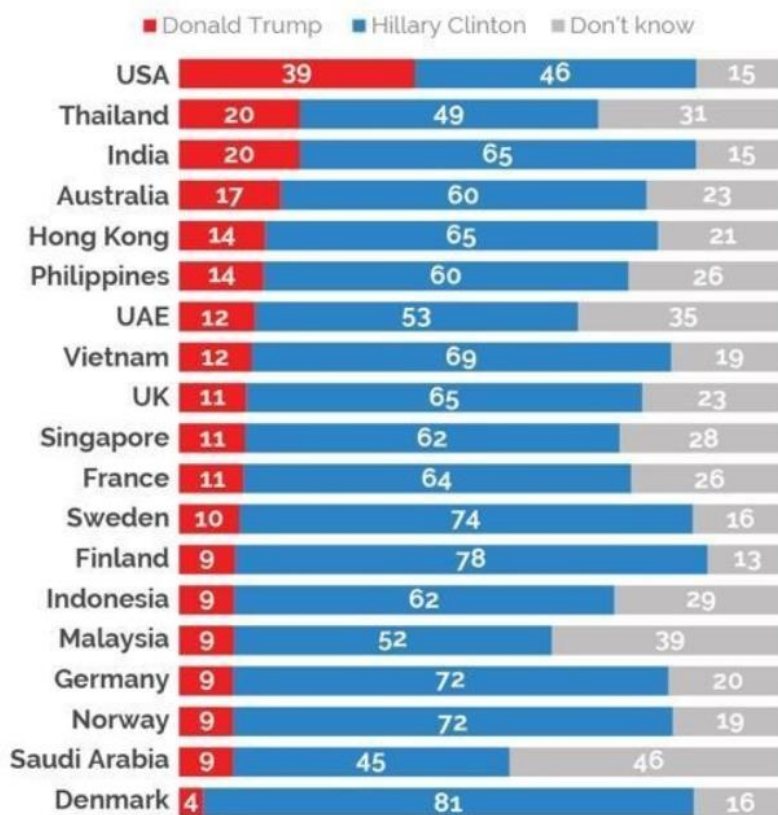http://www.bcaplan.com
Econ 496/895

Weeks 11-12: Political Effects of Immigration

I.   Background: *The Myth of the Rational Voter*
   A.   Do human beings vote their "enlightened self-interest" – at least on average?
   B.   Doubly no. A large body of evidence shows that objective self-interest has little effect on people's political views. Instead, the chief roots of political orientation are:
      1.   Ideology
      2.   Group identity
   C.   The weakness of self-interested voting often comes as a relief to the friends of democracy. Unfortunately, even when people vote for "whatever is best for society," their beliefs about "what the best *is*" are systematically biased.
   D.   Some crucial biases:
      1.   Social Desirability Bias
      2.   Myside Bias
      3.   Availability Bias
      4.   Action Bias
      5.   Anti-market Bias
      6.   Anti-foreign Bias
      7.   Make-work Bias
      8.   Pessimistic Bias
   E.   Political rhetoric is "sociotropic," but this usually entails mutual demonization, not technocratic consensus.
   F.   So what? If everyone voted their enlightened self-interest, we could dismiss the fear that immigrants will vote to ruin their new country.
      1.   They might want marginally different policy, but why "kill the goose that lays the golden eggs"?
   G.   If people don't vote their enlightened self-interest, however, then perhaps immigrants will take the destructive political philosophies of their homelands to their new destinations – and ruin them.
   H.   Why travel to a country whose policies you oppose? Because, unlike political orientation, migration *is* largely determined by enlightened self-interest.
   I.   Why the contrast? Migration is action; voting is words; and actions speak louder than words.
   J.   Slightly different perspective: Voting has "political externalities" – but contrary to naïve "Get Out the Vote" slogans, political externalities can be positive or negative.
II.   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.
   1. This works in the Median Voter Theorem, but much the same holds in almost any model of politics.
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.
III. 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.
IV. Participation, Influence, and Assimilation
   A. Suppose you consider "populist" voters dangerous. How worried should you be about low-skilled immigrant voters? Only moderately, because…

B. Immigrants have low turnout.
　　1. In 2012, 72% of eligible natives voted, versus 48% of eligible immigrants.
C. Low-skilled immigrant voters have *very* low turnout.
　　1. In 2012, only 27% of eligible immigrants who dropped out of high school voted.
D. Political scientists have found that government pays little attention to low-income voters in general.
　　1. The Gilens method: Find policies where there is a noticeable income divide in public opinion, then see what actually happens to related concrete policy proposals.
　　2. Gilens' results for middle- versus high-income voters have been challenged, but not results for low- versus middle-income voters.
E. Standard measures indicate fairly high political assimilation. First-generation immigrants have many odd political views, but rarely pass them on to their kids.

V. Immigration, Cohesion, and the Welfare State
A. Bottom line: Public opinion measures provide little reason to think that higher immigration would appreciably *increase* the size of the welfare state.
B. Some researchers, however, fear immigration will *shrink* the welfare state.
C. Key idea: Most people support the welfare state out of a sense of national solidarity, not personal self-interest.
　　1. Hypothesis: Anything that undermines this sense of national solidarity will undermine the welfare state as well.
　　2. "People don't like supporting outgroups."
　　3. Digression on Gilens' *Why Americans Hate Welfare*.
D. Ex: One experiment in Norway found that support for a minimum income program falls from 66% → 45% if you mention that non-citizens would be eligible.
E. Multiple studies on aggregate data, with mixed results.
　　1. Soroka et al.: "Although no welfare state has actually shrunk in the face of the accelerating international movement of people, its rate of growth is smaller the more open a society is to immigration."
F. The left-wing cosmopolitan conundrum.
　　1. The case of Krugman

VI. Ancestry and the Wealth of Nations
A. The correlation between national success today and national success 600 years ago is modest. Some call this a "reversal of fortune."
B. On closer look, however, countries that have dramatically changed their relative success rankings have also often had large-to-massive population replacement – some violent, some peaceful.
　　1. The Americas
　　2. Oceania
C. This insight has inspired a body of research on the effects of national ancestry. Three main steps:

1. Create some measure of success in the distant past.
2. Measure modern nations' ancestral composition.
3. Predict modern nations' success using the success of the current inhabitants' ancestors.

D. Main measures of ancestral success:
1. Adoption of agriculture
2. State history
3. Adoption of key technologies

E. Putterman-Weil is perhaps the best example of this approach. They measure ancestral success using both the adoption of agriculture and state history, then measure ancestry today, then use these measures to predict nations' current GDP.

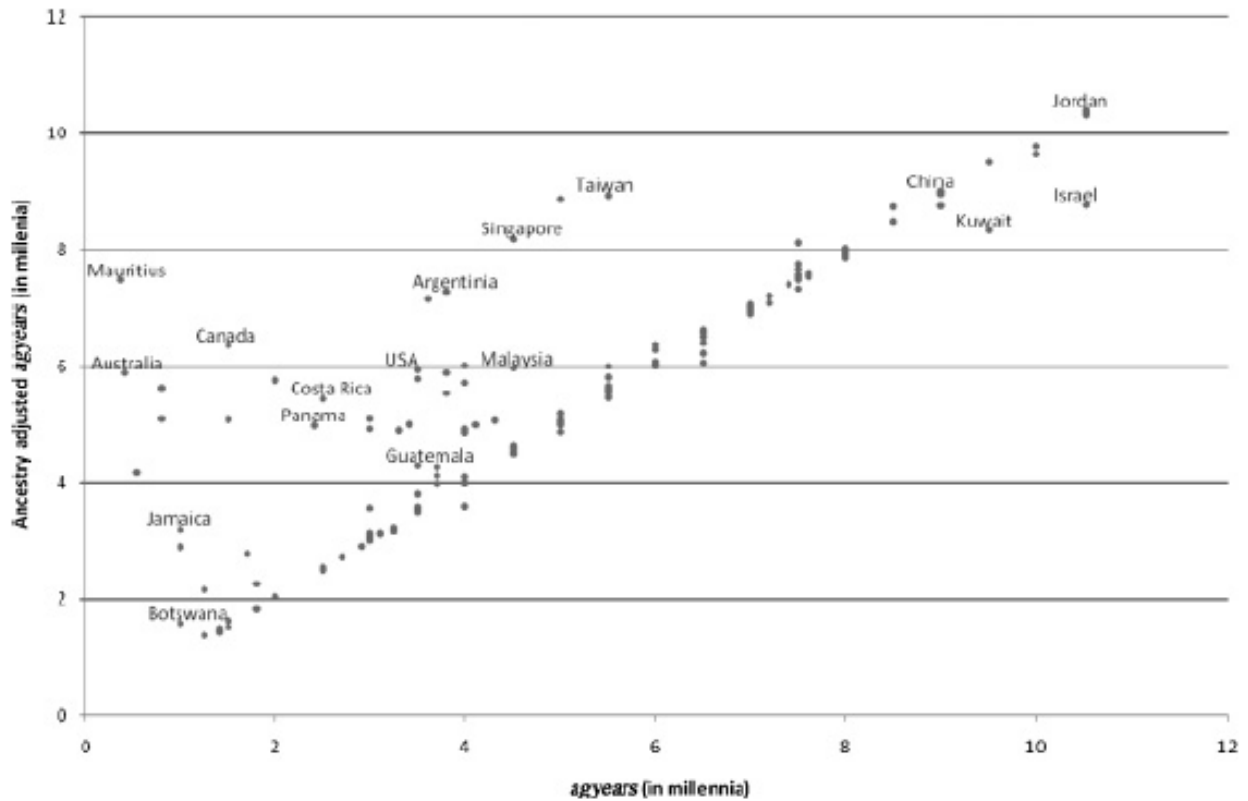F. Illustration of the difference between geographical and ancestral "time since adoption of agriculture."

FIGURE IV

Adjusted vs. Unadjusted *agyears*

G. What happens when you regress per-capita GDP today on these measures?

TABLE II
HISTORICAL DETERMINANTS OF CURRENT INCOME

Dependent var.	ln(GDP per capita 2000)					
	(1)	(2)	(3)	(4)	(5)	(6)
statehist	0.892***		−1.43***			
	(0.330)		(0.32)			
Ancestry-adjusted *statehist*		2.01***	3.37***			
		(0.38)	(0.41)			
agyears				0.134***		−0.198***
				(0.035)		(0.044)
Ancestry-adjusted *agyears*					0.269***	0.461***
					(0.040)	(0.054)
Constant	8.17***	7.61***	7.51***	7.87***	7.05***	6.96***
	(0.14)	(0.17)	(0.16)	(0.21)	(0.23)	(0.22)
No. obs.	136	136	136	147	147	147
R^2	.060	.219	.271	.080	.240	.293

Note. Robust standard errors in parentheses.
***$p < .01$, **$p < .05$, *$p < .1$.

H.   What about the vast array of confounding factors? The ancestry results seem fairly robust to multiple geographical controls. (Table IV)

TABLE IV
HISTORICAL AND GEOGRAPHICAL DETERMINANTS OF CURRENT INCOME

Dependent var.	ln(GDP per capita 2000)					
	(1)	(2)	(3)	(4)	(5)	(6)
			Panel A			
Ancestry-adjusted *statehist*	2.38*** (0.40)	1.32*** (0.43)	2.21*** (0.41)	1.75*** (0.55)	1.31*** (0.42)	1.24*** (0.42)
Absolute latitude		0.0386*** (0.0062)				0.0337*** (0.0084)
Landlocked			−0.628** (0.272)			−0.558*** (0.172)
Eurasia				0.594** (0.286)		−0.327 (0.247)
Climate					0.609*** (0.096)	0.235* (0.121)
Constant	7.44*** (0.17)	6.94*** (0.15)	7.65*** (0.21)	7.44*** (0.16)	6.92*** (0.17)	6.99*** (0.20)
No. obs.	111	111	111	111	111	111
R^2	.294	.527	.339	.334	.494	.593
			Panel B			
Ancestry-adjusted *agyears*	0.313*** (0.048)	0.172*** (0.053)	0.289*** (0.051)	0.219*** (0.062)	0.178*** (0.060)	0.153*** (0.054)
Absolute latitude		0.0393*** (0.0058)				0.0404*** (0.0087)
Landlocked			−0.500** (0.236)			−0.577*** (0.160)
Eurasia				0.631** (0.250)		−0.172 (0.237)
Climate					0.516*** (0.101)	0.053 (0.133)
Constant	6.85*** (0.25)	6.61*** (0.21)	7.07*** (0.28)	7.04*** (0.26)	6.74*** (0.25)	6.80*** (0.25)
No. obs.	116	116	116	116	116	116
R^2	.293	.523	.320	.334	.426	.563

Note. Robust standard errors in parentheses.
***$p < .01$, ** $p < .05$, * $p < .1$.

I.   Troubling problem with Putterman-Weil: The world's three most-populous countries – China, India, and the U.S. – are all extreme outliers.
    1.   China and India have great ancestry measures.
   2.   U.S. has mediocre ancestry measures.

3. Bechhofer-Caplan, verified by Putterman: If you re-estimate with population-weighting, geographical predictors are robust but ancestry predictors are not.

VII. Ancestry and Immigration

A. What does ancestry research have to do with immigration? Simple: immigration *changes countries' ancestry scores*. If you interpret the results causally, immigrants from relatively poor countries cause per-capita GDP to fall (and presumably inflict many other sorts of damage).

B. The effect could be entirely cultural. If so, cultures seems to last for centuries or longer.

C. Ancestry scores by where ancestors were c.500 years ago:
1. High: East Asia, South Asia, the Middle East
2. Mediocre: Europe
3. Low: Africa, Americas, Oceania (especially Australia)

D. Ancestry seems to provide a NIMBY argument against migration from people who drag down your country's score.

E. But does it really? Remember the Arithmetic Fallacy: When the population is changing, per-capita GDP is a bad measure of social effects.

F. Furthermore, remember all the geographic results. You can't change geography, but you can change where people live!

G. Thought experiment: What happens if everyone on Earth moves to the U.S.?
1. Even though the U.S. outscores the average *country*, it still underperforms the world average!
2. State history rises from .57 to .62.
3. Agriculture rises from .59 to .68.
4. Gross World Product skyrockets – multiplying by over 4x. Clemens is a pessimist by comparison.

H. Aside: Although a few fans of ancestry research have used it to rationalize the exclusion of Middle Easterners, people from this region have humanity's *highest* agriculture and state history scores, because civilization began in the Fertile Crescent.

VIII. IQ and the Wealth of Nations

A. Tests of cognitive ability – often called "IQ tests" – are highly predictive of individual life outcomes.
1. Educational success
2. Income
3. Occupational prestige
4. Family status

B. Nations, like individuals, differ in their average IQs. Despite the expected data problems, the basic pattern is robust. Global map:

| ≤65 | 70 | 75 | 80 | 85 | 90 | 95 | 100 | >105 | N/A |
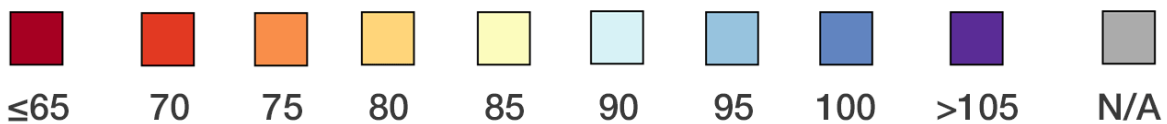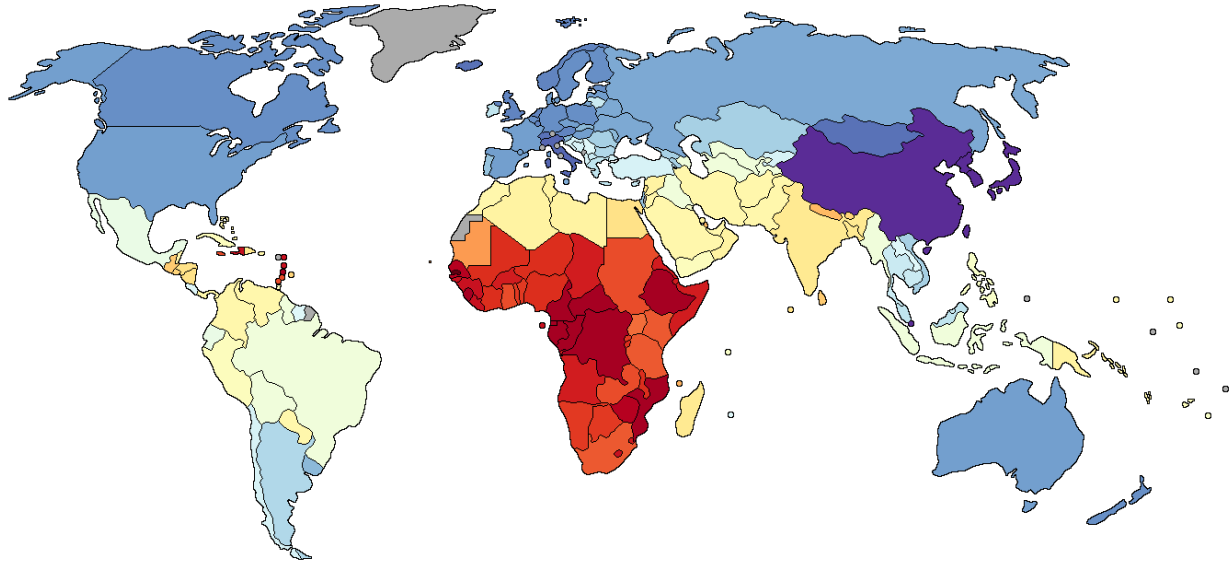
C. Can you use national IQ scores to predict societal success?

D. Only a few researchers have tried, but the results seem very strong. Garett Jones' *Hive Mind: How Your Nation's IQ Matters So Much More Than the Own* is the most technically sophisticated and up-to-date.

E. Big Jonesian result: National IQ doesn't merely matter for national success; national IQ matters much *more* for national success than individual success.

F. Jones: +1 IQ point raises individual income by about 1%, but national income by about 6%, controlling for many other variables.

G. Hanushek provides similar results for math and science scores. Why, though, would these specific skills be so important when most jobs use little math and almost no science?
   1. Every job, in contrast, taps human intelligence.

H. Are the results causal, though? Jones documents three main causal mechanisms:
   1. Savings
   2. Cooperation
   3. Politics

I. *Hive Mind* would inspire strong politically-motivated objections even if the evidence were bulletproof. Are any objections actually good?
   1. The recurring outliers of China, India, and the U.S.
   2. Population-weighting?
   3. At the individual level, IQ is much more predictive of job performance than income. So perhaps the apparent IQ externality merely reflects intra-national pay compression?

IX. IQ and Immigration

A. What does any of this have to do with immigration?
    1. Look at the map: Large groups of would-be immigrants have low IQs.
B. If Jones' model is correct, welcoming large numbers would depress national IQ, causing large declines in GDP per capita and other measures of social success.
C. This once again provides a NIMBY argument against many kinds of immigration (though a YIMBY argument *for* East Asian immigration to European-ancestry countries).
D. How solid is the argument, though? The Arithmetic Fallacy aside, IQ remains one factor among many that predict national success.
E. Thought experiment: According to *Hive Mind*'s main estimate, what happens if everyone on Earth moves to the U.S.?
    1. Average IQ in the U.S. falls from 98 to the global average of 89.
    2. GWP rises by +81%, right in the Clemens ballpark.
F. Jones rebuttal: More than 100% of the gains go to immigrants!
    1. Since per-capita GDP of the U.S. falls, and individual IQ has only a weak effect on individual income, U.S. natives' incomes still fall by about 40%.
    2. In other words, the problem is that under open borders, incomes would be too equal.
G. My rebuttal to his rebuttal:
    1. A massive increase in overall GDP that greatly hurts any sizable group is historically unprecedented. Large increases in total production have been broadly beneficial, without fail.
    2. Jones' estimates of the private payoff for IQ are too low.
    3. Other countries with bigger IQ inequality also have much bigger income inequality.
    4. Finally: If IQ inequality sharply rises, so would the payoff for IQ.
X. Adoption, Immigration, and Child Development
A. Does Jones' argument assume that causation only goes from IQ→GDP per capita? What about reverse causation?
B. *Hive Mind* actually has a whole chapter on environmental effects on IQ, but with no quantitative estimates of how much life in the Third World causes its inhabitants to have low IQ.
C. However, there is a credible way to estimate this effect. International adoptees are almost always born in the Third World but raised in the First World. What happens to their IQs?
D. Ideally, you would compare international adoptees to siblings who remained in their home country. As far as I know, no such studies exist.
E. Alternate and do-able approach: Compare international adoptees to the *average* person in their birth country.
    1. Since adoptees typically come from relatively poor families in their birth countries (or even orphanages), this is probably a lower-bound estimate of the causal effect.

F. What happens if you apply this method? Swedish results for "other non-Western" adoptees' adult IQs by age of adoption:

Other Non-Western IQ by Age of Adoption

Age at Adoption	IQ
0-6 months	90
7-12 months	88
13-18 months	89
19-24 months	89
2-3 years	87
4-5 years	85
7-9 years	76

    1. Average IQ in home country is only 84; for native-born Swedes, it's 99. Adoption at 0-6 months wipes out 40% of the IQ gap.

    2. By the standards of IQ research, this is an amazing long-run gain, because environmental-driven increases in childhood IQ typically exhibit full fade-out.

G. Can we legitimately use the effect of international adoption on IQ to estimate the effect of international *migration* on the IQ of second-generation immigrants?

H. Yes, because the broader IQ literature finds little or no lasting effect of adoption on IQ. The effect is driven by the country you reside in, not the family you're raised in.

I. Most researchers in this area are dismayed that IQs of international adoptees don't fully converge to the host country's, even for those adopted at the earliest ages. Possible explanations:

    1. Pre-natal environment

    2. Very early child environment

    3. Negative intra-country genetic selection (i.e. adoptees tend to come from their countries' relatively low IQ families)

    4. Cross-country genetic differences

J. In any case, the glass is half-full. If migration could eliminate 40% of the Third World IQ gap, global IQ would rise by *a lot* in a single generation.

K. If you really believe that IQ is important for social outcomes, this is an amazing opportunity.

L. If global average IQ rises just 6 points as a result, Jones' model implies that open borders will raise GWP by 160%.

XI. Population and National Power

A. Country's global influence heavily depends on GDP, not GDP per capita.

B. Upshot: All else equal, higher population → greater global influence.

C. This is especially clear for military strength. Low-population countries occasionally beat high-population countries, but the odds are stacked against them.

    1. Tim Kane's *The Immigrant Superpower*

D. Thought experiment: Imagine WWII if all the German immigrants had stayed in Germany.