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Econ 496/895

Week 13: Immigration Policy

- I. The Status Quo
 - A. What is current immigration policy in the U.S.?
 - B. To recap:
 1. The U.S. gives roughly 1 million per year lawful permanent resident status, and grants citizenship to roughly 750k per year. (Until coronavirus, anyway).
 2. 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.
 3. Roughly 46M foreign-born in the U.S, including about 11M illegal immigrants.
 - B. Who truly favors this package of policies and results? Hardly anyone champions the status quo.
 - C. How would you begin to defend existing U.S. immigration policies?
 1. Compromise between many competing values.
 2. Priority on emotional bonds with existing U.S. citizens over economic benefits.
 3. Modest philanthropy.
 - D. The connection with any of the social science we've discussed is tenuous at best. The background assumption seems to be that immigrants – even high-skilled immigrants – are generally bad for natives.
 1. Total neglect of effect of immigration on GWP.
 2. Strong pessimism about wage, employment, fiscal, cultural, and possibly political effects (though few non-Republicans mention the latter).
 3. Pronounced residual sense of obligation to natives with foreign relatives.
 4. Slight desire to attract Einsteins and Brins.
 - E. What do Americans like and dislike about immigration? Latest Gallup results suggest that the fiscal and crime arguments objections carry the most weight.

Americans' Views of Immigration's Impact Mixed

For each of the following areas, please say whether immigrants to the United States are making the situation in the country better or worse, or not having much effect. How about -- [RANDOM ORDER]?

	Better	Worse	No effect	Net (% Better - % Worse)
	%	%	%	pct. pts.
Food, music and the arts	57	10	32	+47
The economy in general	43	31	25	+12
Social and moral values	31	28	39	+3
Job opportunities for you and your family	19	25	56	-6
Taxes	20	42	37	-22
The crime situation	7	42	50	-35

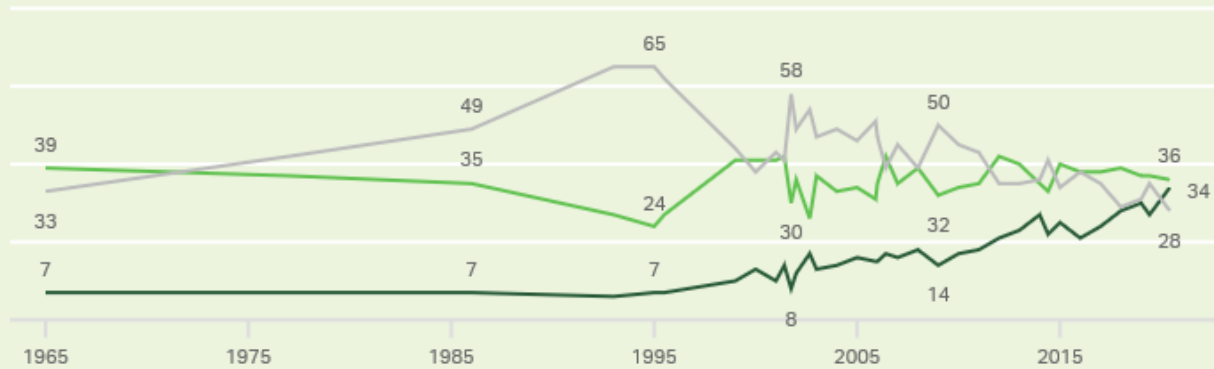
GALLUP, JUNE 3-16, 2019

- F. How popular is the status quo? Until about 10 years ago, the median American wanted less immigration. Since then, the median favors the “present level” of immigration.
- G. Over the last two decades, even Republican support for immigration has a slight upward trend. Support is way up for Democrats and independents.

Americans' Preferences for Immigration

In your view, should immigration be kept at its present level, increased or decreased?

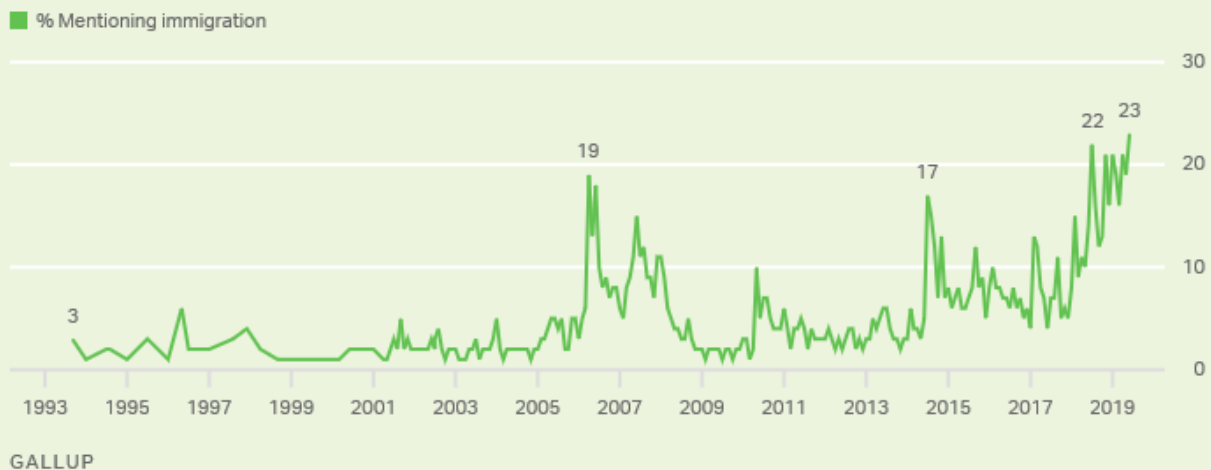
■ % Present level ■ % Increased ■ % Decreased



GALLUP

- H. However, the share of Americans who consider immigration the “most important problem” keeps rising, too.

Mentions of Immigration as the Most Important Problem, 1993-2019



- II. Liberalization
 - A. While support for more immigration remains a minority position, most economists – and immigration researchers generally – favor liberalization.
 - B. Key question: How *much* liberalization?
 - C. Puzzle: If complaints about immigration have little merit, why stop with 10%, 50%, or 100% more immigration?
 - D. Perhaps researchers think that the standard complaints will eventually *become* true if immigration gets high enough? (The out-of-sample problem).
 - E. Or do they simply fear the transition costs of any radical change?
 - F. Observation: Most advocates of moderate liberalization use arguments that justify radical liberalization. Since they picture themselves arguing with advocates of the status quo, they make little effort to rationalize their moderation.
 - G. Most sophisticated response: “backlash.” If you push for too much immigration, you’ll get less than if you asked for less.
 1. Backlash vs. resistance.
 2. True? The case of Brexit voting.
 3. Who believes the backlash argument for any other policy?
- III. Open Borders
 - A. If the benefits of free migration are immense and the costs are questionable, why not just have open borders?
 - B. Policy numeracy: The economic benefits come to many trillions per year, so even many multi-billion-dollar drawbacks would be minor by comparison.
 1. \$1T - \$1B ≈ ???
 - C. Diaspora dynamics allow for a smooth glide after even radical liberalization.
 - D. The fiscal out-of-sample problem: New immigrants would be less-skilled than current immigrants, but low-skilled immigrants remain a net fiscal positive unless they’re old.

- E. The cultural out-of-sample problem: About a billion potential immigrants are already pre-assimilated. With diverse global immigration, English remains the focal language.
 - F. The political out-of-sample problem: New immigrants would be more socially conservative and fiscally liberal than current immigrants (and current natives), but the difference is modest and their participation is low.
 1. Would political assimilation of next generation really plummet?
 - G. Utopian? Open borders was the norm in the 19th century.
- IV. Skill-Based and Culture-Based Immigration
- A. Some policy analysts want to *add* more skilled migration on top of the status quo; others want to *reallocate* existing slots toward skilled migrants.
 1. Credentials
 2. Specific majors (e.g. STEM)
 3. Specific occupations (e.g. doctors)
 - B. Either way, the arguments are straightforward:
 1. Skilled immigrants created more economic value.
 2. Skilled immigrants are clear-cut fiscal gain.
 - C. Advocates also often believe that skilled immigrants are more culturally and political assimilated, or at least easier to assimilate.
 - D. Similarly, some policy analysts want to *add* more culturally-compatible migrants on top of the status quo, while others want to *reallocate* existing slots toward the culturally-compatible.
 - E. What does “culturally-compatible” mean?
 1. Common language
 2. Common religion
 3. Common ancestry (e.g. favorable UK treatment for descendants of UK colonial settlers).
 - F. Again, the arguments are straightforward:
 1. Culturally-compatible immigrants are more culturally assimilated.
 2. Culturally-compatible immigrants are more politically assimilated.
 - G. Advocates also often believe that culturally-compatible migrants are more economically productive and fiscally sound.
 - H. Australia is famous for its “point system,” which blends skill- and culture-based migration, but many countries have similar policies.
 - I. Main question: If you have a fixed quota, it is easy to see why you would favor high-skilled, culturally-compatible migrants. But why have a quota in the first place?
 1. Quota only makes sense if lower-skilled, less-compatible migrants are not merely *worse*, but a net *negative*.
- V. Nativism and Malthusianism
- A. Even today, a large minority of the public – and a handful of prestigious researchers – thinks the status quo allows *too much* immigration.
 - B. Two main strands:
 1. Nativism
 2. Malthusianism

- C. Nativism emphasizes that existing citizens are better than immigrants along important dimensions. Most immigrants are bad citizens and a burden on society, so we should keep them out.
 - 1. In the rare cases where nativists recognize gains to GWP, they focus on the immigrant-biased distribution of the gains.
- D. Malthusianism emphasizes that the total population of the U.S. is already dangerous high. Immigrants may not be worse people than natives, but resources are already stretched so thin that new arrivals are almost inevitably a net burden.
- E. Main difference: Nativists have no reason to favor slower domestic population growth; Malthusians clearly do.
- F. Earlier social science speaks to the main nativist claims. What about the Malthusian position?
- G. Remember the early discussion of the net externalities of higher population.
 - 1. The neglected positive externalities of population
 - 2. The long-run decline in food, fuel, and mineral prices
 - 3. The Environmental Kuznets curve

VI. Keyhole Solutions

- A. 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.
 - 1. “Minimally invasive surgery.”
- B. 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
- C. When people criticize immigration, however, the proposed remedies have little to do with the specific complaints.
- D. Instead, the focus is on (a) exclusion, and (b) removal/deportation, despite severe side effects.
- E. 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.
- F. 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.
- G. Immigration and American taxpayers: If immigrants aren’t paying their way, we could restrict immigrants’ eligibility for various government benefits.
- H. 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.

- I. Immigration and American liberty: If immigrants are bad voters, we could restrict their right to vote.
- J. If any of these alternatives to immigration restrictions seem unfair, they're clearly *less* unfair than preventing people from coming at all.
- K. The Gulf monarchies, the countries with the world's most open immigration, all make heavy use of keyhole solutions.
- L. Are keyhole solutions impossible in Western democracies? Hardly. Many are already in use, even in the U.S.
 - 1. Foreign tourists and students can't vote or collect government benefits.
 - 2. Welfare reform imposed a 5-year wait on most federal benefits.
 - 3. You have to wait at least five years to apply for citizenship.
 - 4. The bracero program (WWII – 1964)
 - 5. H1-B, H2-A, H2-B visa holders pay taxes but are ineligible for almost all federal benefits (usually including SS and Medicare).
- M. What exists, is possible – and expandable.