# ***Are We Importing Poverty with Immigrants?***

Slate Magazine

August 20, 1996, Tuesday



**Section:** COMMITTEE OF CORRESPONDENCE

**Length:** 16016 words

**Byline:** Herbert Stein

## Body

By 12/1/2004 9:43:52 PM

Herb Stein2:38 p.m. Friday8/16/96 What to do about immigration is now high on the list of national concerns, as it has been at many earlier times in this century and even in the preceding one. Today's questions focus mainly on the economic consequences of immigration:

Is the influx of labor depressing the earnings of American workers, especially those with low ***skills***?

Is providing social benefits, including welfare and education, for ***immigrants*** and their children imposing a heavy burden on American taxpayers?

Complaints about immigration are made doubly irritating by the fact that a large proportion of ***immigrants*** enter the country illegally.

In this week's panel five well-informed students of immigration will assess the validity and weight of these concerns. They will then discuss the policy options that are available for dealing with such problems as are identified. Probably no one thinks that immigration into the United States should be unlimited. Probably no one thinks that immigration should be totally barred. There are humanitarian, political and economic reasons for some immigration. The main policy questions seem to be:

Should the number of legal ***immigrants*** admitted and the condition of their admission be changed?

What can be done to check the flow of illegal ***immigrants***?

What responsibilities does government--federal, state or local--have to ***immigrants***, legal or illegal, and to their children?

Our panelists are: George Borjas, professor of public policy at Harvard University. Barry Chiswick, head of the department of economics at the University of Illinois at Chicago. Mark Krikorian, executive director of the Center for Immigration Studies. Peter Skerry, visiting fellow in the governmental studies program at the Brookings Institution. Sanford Ungar, dean of the School of Communication at American University.

By 12/1/2004 9:45:18 PM

Mark Krikorian 7:45 a.m. Monday8/19/96 Our nation's immigration policy harms the poor.

Although this fact would appear to be beyond reasonable doubt, it doesn't necessarily translate into support for immigration reform. One may argue that immigration is dwarfed by other factors causing wage depression and

income inequality; or, that benefits to the entire nation outweigh the harm done specifically to the poor; or, that mass immigration is the labor-market equivalent of school choice, forcing improvement among the slothful.

As plausible as these arguments against immigration reform may sound, they don't hold water upon closer examination. In this first posting, let me examine the first contention, that immigration plays a real, but minor, role in worsening the plight of the poor. It is said that other factors--economic globalization, technological change, the decline in unionization, the entry of women into the workforce--have played a far greater role than immigration in holding down the wages of the poor and in increasing income inequality. Even if this were true, immigration policy is the only one of these factors government can influence. Congress can't legislate a pause in the expansion of human knowledge or instruct women to exit the workforce or stop the Japanese from setting up factories in Malaysia--but it can cut immigration.

What's more, immigration is not merely one of the extras in the drama of falling wages and growing inequality, but rather one of the lead players. My fellow panelist George Borjas has found that immigration accounted for up to one-third of the increase in earnings inequality between high-school dropouts and others between 1980 and 1988. Bureau of Labor Statistics economist David Jaeger has concluded that immigration accounted for as much as one half of the decline in real wages experienced by native-born high-school dropouts in the 50 largest metro areas during the 1980s. Also, Marc Partridge from St. Cloud State University in Minnesota has suggested that California's income inequality has been among the worst in the nation because of immigration, while Augustine Kposowa, now at U.C.-Riverside, has found that immigration causes significant reductions in the family income of minorities.

The economists can, and should, continue to debate the relative importance of immigration in the economic setbacks suffered by the poor. But what's important for policymakers is that the effect is real, it's big, and, unlike any other contributing factor, it can be ameliorated through legislation.

George Borjas 7:56 a.m. Monday8/19/96 In 1970, natives and ***immigrants*** had roughly the same poverty rate: 13.7 percent of ***immigrants*** and 13.3 percent of natives lived in poverty. By 1990, the poverty rate of ***immigrants*** had increased to over 18 percent, while that of natives was below 13 percent. The main reason for this disturbing trend is that ***immigrants***, when compared to native workers, are as not as skilled as they used to be. In 1970, ***immigrant*** men who had just arrived in the country had.4 fewer years of schooling and earned about 17 percent less than native men. By 1990, the newest ***immigrants*** had 1.3 fewer years of schooling and earned 32 percent less than natives.

The relative decline in ***immigrant skills*** has significant economic and social consequences. For instance, the entry of large numbers of less-skilled ***immigrants*** probably worsened the employment opportunities of less-skilled natives. The 1980s witnessed a sizable increase in wage inequality--the wage gap between the less-skilled and the highly-skilled rose substantially. A number of studies have concluded that immigration was an important contributor to this trend. In particular, the large-scale immigration of less-skilled workers may account for perhaps a third of the wage decline suffered by less-educated workers.

Less-skilled ***immigrants*** also have high rates of welfare recipiency. In 1970, ***immigrants*** were less likely to receive cash benefits (like AFDC or SSI) than native households. By 1990, 9.1 percent of newly-arrived ***immigrant*** households received cash benefits as compared to only 7.4 percent of native households. If we take into account the other programs that make up the safety net (such as Medicaid and Food Stamps), the ***immigrant***-native differential in welfare use grows dramatically: 21 percent of ***immigrant*** households receive some type of public assistance, as compared to only 14 percent of native households, and only about 10 percent of non-Hispanic white native households.

The most important consequences of less-skilled immigration may well lie in the future. We cannot predict precisely how the children and grandchildren of the current ***immigrants*** will fare in the next century, but we can use the historical experience of prior ***immigrant*** waves as a guide. The available evidence suggests that it may take three or four generations for the descendants of ***immigrants*** to reach economic parity with natives. Current immigration, therefore, may have set the stage for sizable ethnic differentials in economic outcomes that are likely to play an important social, economic, and political role throughout the next century.

Are We Importing Poverty with Immigrants?

Barry Chiswick 8:26 a.m. Monday8/19/96 The economic consequences of immigration have been a driving force in the debate over immigration policy throughout American history. The economic environment in which the debate takes place has changed, and, as a result, policy conclusions may also have changed.

A century ago the United States was experiencing a mass immigration primarily of low-skilled workers from Southern and Eastern Europe. During the five decades 1871 to 1920, the annual rate of immigration was about eight per thousand U.S. population, in contrast to a rate of about three per thousand U.S. population in the last 15 years. The earlier mass immigration was absorbed into the seemingly unlimited opportunities for low-skilled employment in America's expanding factories, mines and farms. Yet, this mass immigration had a depressing effect on wages in the industrial north and retarded the flow of unskilled workers, both white and black, from the rural areas, especially in the south, to the industrializing centers in the north. The result was an impressive expansion of the size of the American economy and an increase in income per capita, but a widening of what would have been the inequality of income if there had been less low-skilled immigration.

Times have changed. For one thing, income distribution issues now play a major role in the formation of public policy. We are concerned with not just the aggregate or per capita level of income, but also with how that income is distributed among the population. Policies that disadvantage significant segments of the population are not viewed favorably, even if they advantage the population as a whole. Indeed, in spite of recent welfare reforms, the United States will continue to offer a set of programs which, when taken as a whole, provides a generous level of financial support for those who have economic difficulty.

Another change has been in the structure of the economy. Rather than a seemingly ever expanding demand for low-skilled labor, in the past two decades the U.S. has experienced a relative decline in demand for their labor. This has been expressed as a relative decline in the wages of low-skilled to high-skilled workers. The wages of low-skilled workers have even declined in real value (i.e., after adjustment for inflation) in the past two decades. Several factors may be responsible for this trend, including the increased internationalization of the world economy, with the resulting greater competition from low-skilled workers world wide. The technological revolution related to computers may have also favored high-skilled workers at the expense of low-skilled workers.

The third change has been in the ***skills*** of ***immigrants***. In the first two decades of the post-war period most ***immigrants*** had what might be called a moderate level of schooling, say 10 to 12 years of schooling. They did not differ so sharply from the American norm. In recent decades, however, the inequality in the distribution of ***skills*** among ***immigrants*** has increased. A larger number have high levels of ***skill***, whether as doctors, scientists, engineers, technical workers or other high-level manpower. Yet a larger proportion also have very low levels of education generally obtained in schools of questionable quality. Many of these low-skilled ***immigrants*** are illegal aliens. This has arisen from a change in the source countries, from Europe and Canada to primarily South and East Asia, Mexico and other parts of Latin America. The large increase in low-skilled ***immigrant*** workers has added to the downward pressure on employment and wages in the low-skilled labor market.

Of the 804,000 ***immigrants*** admitted to the U.S. in 1994, only 36 percent reported an occupation at the time of application, 13 percent were homemakers, 13 percent were retired or unemployed, 33 percent were students or children under the age of 16, while 6 percent did not report their activity. Of those who reported an occupation, 33 percent were in professional, technical, managerial and administrative occupations. There were as many in operative and laborer occupations (67,486) as in professional and technical occupations (67,286). Of the ***immigrants*** who were not students or under age 16, only 12 percent were in professional and technical occupations.

The immigration of low-skilled workers has therefore had both a direct and an indirect effect on increasing income inequality and poverty. The direct effect is the low-skilled ***immigrants*** themselves. The indirect effect is through their adverse impact on the employment and earnings of low-skilled natives. The public rejection of this outcome is heightened by both the perception and the reality that much of the low-skilled immigration is uninvited. It comes from those who violate both the letter of U.S. law as illegal aliens and its spirit through bogus claims for asylum and amnesty.

Peter Skerry 9:34 a.m. Monday8/19/96 The economic consequences of immigration are critical. But for present purposes I would simply assert that the current influx of relatively unskilled ***immigrants*** has negatively impacted workers, especially low-skilled workers--blacks in particular.

Still more evident are the substantial fiscal burdens ***immigrants*** impose on taxpayers. The most burdensome are education and health costs, which are incurred primarily at the local and state levels.

But before continuing, I would emphasize that such economic and fiscal effects are hardly the only source of public anxiety over immigration. An equally important, indeed overarching, concern is that immigration is straining, even tearing, the social fabric. Americans feel that ***immigrants*** are placing excessive, often unprecedented, demands on them--whether bilingual education or ballots, voting rights electoral districts, or affirmative action benefits. Such concerns are exacerbated by what law enforcement and immigration officials tell me is the growing connection between crime and immigration, especially illegal immigration.

If I am correct, the appropriate policy response should focus not so much on numbers of ***immigrants***, but on the terms of their incorporation into American society. While the public does seem to crave a reduction in levels of legal immigration, we ought to avoid searching for a nonexistent magic number.

Again, the real issue is maintaining the social fabric, of orderly and (to the extent feasible) managed change. To my mind, this points to the familiar litany of de-emphasizing family unification and re-emphasizing ***immigrant skill*** and education levels. The trick, aside from the difficulty of enacting such proposals, is whether we can implement them--which is far from evident.

We also need to get serious about curtailing illegal immigration. This will necessitate enforceable employer sanctions.

At our borders, our efforts will also need to be redoubled. In this context, it is useful to recall that at the turn of the century, three-fourths of all ***immigrants*** to the U.S. went through Ellis Island, which was after all an inspection depot. That kind of ordered process is clearly obviated by modern means of transportation. And having just returned from a field research trip with the border patrol in and around San Diego, I am chastened--all over again--by the obstacles we face.

A good example is the heavy, corrugated metal fence, 44 miles of which have recently been constructed along the Mexican border. The American public believes this fence was built to stop people. But any border patrol agent will report it was built to stop vehicles carrying contraband, especially drugs. This objective helps explain why the fence's corrugated ribs run horizontally, which offer strength against vehicular thrusts, but also make it easier for people to climb over. Stopping vehicles--not foot traffic--also explains why at some places this new fence is only five feet high!

To be sure, the fence is only one component of an overall strategy to stem the tide of illegals. But its present form--and the confusion over it--is a reminder that we have a long way to go when it comes to seriously addressing our immigration problems.

Sanford Ungar 1:17 p.m. Monday8/19/96 Today's immigration debate is, in my view, entirely misdirected and misfocused. Much of the public anger over immigration, illegal and legal alike, has actually been stimulated by politicians (Pete Wilson and Pat Buchanan among them) who have seen ***immigrants*** as convenient scapegoats who can help advance (or salvage) their own careers. This is entirely consistent with the previous history of the public debate over immigration to the United States; nativism has been a frequent response to public unease over other, admittedly profound, issues--like today's widespread feelings of economic insecurity and uncertainty about the future.

The data I have seen, produced by the Urban Institute and others, convince me that non-refugee ***immigrants*** are not significantly more dependent on social benefits than native-born Americans. There are significant burdens on some local authorities, such as in Los Angeles County, and federal help may be necessary to relieve those burdens; but overall the country is not more burdened by ***immigrants*** today than at most times in the past.

I will develop some of these arguments further as the week goes on, but for now I have these answers to the key questions posed: We should deal with the problem of illegal immigration in part by increasing, not decreasing, the number of legal ***immigrants*** admitted, in effect decriminalizing much of what happens on the southern border. The vast, overwhelming majority of the people who enter this country do so because they have received rational economic messages at home that they will find work when they get here--and they do. We should attempt, by some orderly, calm process, to determine more accurately how many people do come here to work every year and adjust our legal limits upward on that basis. Not everyone wants to stay, and so we should revive some of the guest worker programs that Gov. Wilson used to support so enthusiastically when he was a member of the U.S. Senate. Much of today's illegal immigration can be traced to the fact that ***immigrants*** believe our rhetoric about catching and deporting them; they think that increased enforcement will be effective, and so they try to get in as quickly as possible (and bring their families along).

The most foolish and misguided aspect of current policy is the effort to federalize Proposition 187, which has not yet gone into effect (and probably never will) in California. Education and health care are not just a favor for those who receive them, but for the country as a whole, which benefits from having healthy and (relatively) educated residents, whether or not they are citizens. That is why every significant police organization opposes Proposition 187 and the like; law enforcement officials know what happens when children do not go to school. Similarly, public health officials understand the consequences when infectious diseases are not treated.

Herb Stein 1:39 p.m. Monday8/19/96 Four of our panelists--Mr. Ungar hasn't yet answered the question directly--agree that we are importing poverty with ***immigrants***. Moreover, they seem to agree that the negative effect on the incomes of low-skilled native workers is substantial. Before we proceed to policy questions we might probe this agreement a little further.

How do we know about the effect of immigration on the income of low-skilled native workers? I ask because I have a little impression of studies of what seems to me a related question. Are we importing poverty with the importation of goods and services? Studies of this question seem to result in more disagreement than we find to the similar question about immigration. But what seems to me the preponderance of the evidence is that imports play only a small part in explaining the slow increase, or even decline, in the incomes of low-skilled American workers. Why the difference? Is it a matter of magnitudes? We now import about $1000 billion of goods and services a year. How does that compare with the value of the labor supplied by the ***immigrants*** who have arrived in the U.S. in, say, the last 10 years? What is the nature of the studies on which our panelists have reached their agreed conclusion about the effects of immigration?

I would like to learn more about the budgetary effects of immigration. This goes to a point raised by Mr. Ungar. ***Immigrants*** who earn income in the United States pay taxes. They also exert a claim on some kinds of government expenditures. For some kinds of government expenditures their claims are probably large relative to the taxes they pay. But for some other kinds of government expenditures their claim is surely small. We don't spend more on defense, or on the interest on the debt, because we have more ***immigrants*** in the country. Is it possible that the government makes money on ***immigrants***.

The way I phrased the initial question did not invite the panelists to consider economic consequences other than poverty. But there are other consequences. The residents of Southern California whose gardens are tended by ***immigrants*** gain something, and, of course, that is only an obvious but small example. Isn't it likely that Americans who supply capital and high ***skills*** gain from the influx of people with low ***skills***? Should we give that any weight when we come to think about policy?

By 12/1/2004 9:46:05 PM

Mark Krikorian 7:13 a.m. Tuesday8/20/96 The moderator raises an important question in comparing immigration and trade. Both our trade deficit and our migration surplus have increased the implicit supply of unskilled labor, but there are two important distinctions. Each year's trade deficit increases the effective supply of labor for that year, while immigration increases the supply of labor for many years (as long as the ***immigrant*** keeps working). This highlights a fundamental difference, for policymaking, between immigration and trade: trade results in the exchange

of goods, services, capital and ideas, inanimate things, while immigration results in a permanent addition to the receiving society. In other words, ***immigrants*** are more than simple factors of production, to be used however economically beneficial, but rather human beings, created in the image of God, and possessing human and civil rights as residents of their new home.

Regarding the budgetary effects of immigration: This is a debate which cannot be settled objectively. The Urban Institute calculated a net fiscal benefit of immigration of nearly $30 billion, while Professor Donald Huddle of Rice University concluded that ***immigrants*** cost the public more than $40 billion, and the Center for Immigration Studies estimated a net cost of nearly $30 billion. These sums are so widely variable because they are based on varying assumptions, all of which are at least plausible. Should the costs associated with American-born children of ***immigrants*** be counted? Or the costs resulting from the displacement of American workers? Or the Social Security contributions of the employers of ***immigrants***? The sterility of this line of inquiry should point debate in other directions.

Finally, what about the economic benefits of low-skilled ***immigrants***? Aren't those who employ gardeners, nannies, pool men, waiters, seamstresses benefiting from low-skilled immigration? Yes, they are, and therein lies part of the problem. Not only are the poor being challenged by an increase in competition, but the well-off are benefiting from the lower labor costs. In other words, low-skilled immigration creates a shift of wealth from the poor to the rich--income redistribution of a kind not envisaged by, at least, the liberal proponents of large-scale immigration.

George Borjas 8:13 a.m. Tuesday8/20/96 The moderator, I think, touched on an extremely interesting fact: All four of the panelists who directly addressed the question of immigration and poverty agreed on some of the fundamental facts: Yes, ***immigrants*** today are relatively unskilled and contribute directly to poverty. Yes, today's unskilled ***immigrants*** have an adverse impact on the employment opportunities of native workers. These two questions have been the center of much debate for the past two decades, and the fact that a consensus has been reached is remarkable.

Mark Krikorian makes two valuable points about the connection between immigration and trade: Immigration is not like trade because ***immigrants*** increase the supply of labor permanently, and because ***immigrants*** are human beings that cannot be discarded like a cheap plastic toy imported from China. I want to add a third. A consensus is being reached that trade may account for 10 to 20 percent of the decline in relative wages of less-skilled workers in the United States. Is that a lot or a little? Well, it's a little less than what is usually attributed to immigration, but it's a lot more than can usually be established for other factors. The leading competing explanation, which economists call ***skill***-biased technological change (a fancy way of saying that the machines now being introduced into the work place go better with skilled workers), remains a conjecture. Since this type of technological change is hard to observe and measure, there is practically no empirical evidence showing the link between it and relative wages. In the end, therefore, we are left with a very striking implication: the globalization of the U.S. economy may well account for about half of the decline in relative wages of less-skilled workers.

Getting back to immigration: Unskilled ***immigrants*** contribute to poverty; they add to the welfare rolls; they take jobs away from native workers. Nevertheless, some people still benefit. Are these benefits sufficiently large to suggest that we should continue importing less-skilled persons?

Sanford Ungar 12:27 p.m. Tuesday8/20/96 I confess that I evaded answering the question about importing poverty, because 1) I have no special expertise to offer on the subject, and 2) it is such a skewed way of looking at the immigration issue. Of course many of the ***immigrants*** entering the country are poor. That has always been the case, in part because of our holding out the hope that this was THE PLACE to come if one wanted to improve oneself economically (not to mention avoiding the draft or political or religious persecution in one's country of origin). So yes, to some extent, we are importing poverty; but we are also importing people willing to work hard, people who, as the moderator helpfully suggests, make many contributions after they get here. They not only pay taxes, but they also stimulate economic activity of many sorts: They buy clothes, food, cars, and housing (***immigrant*** home-ownership has greatly increased in recent years). But we are also still importing many skilled people, and we are importing young, bright, energetic leaders of the future. (It is no accident that a third to a half of the finalists in the Westinghouse Science Talent Search every year are from ***immigrant*** families.)

I am not persuaded that overall unskilled immigration necessarily harms the poor. Surely there is competition in some markets for certain jobs at the lower end of the economic scale. But historically, ***immigrants***, by their willingness to take certain jobs at the bottom, have also helped bump others up the wage scale and brought them closer to realizing the American Dream. Surely, if we are worried about income inequality in the United States, and we should be, there are many other causes to be found besides immigration.

There are some foolish policies that have helped turn large segments of the public against immigration. Bilingual education has probably gone too far in some places, and the emphasis should always be on helping ***immigrants*** gain English-language ***skills*** that will enable them to participate more meaningfully in the economy. No one has taken employer sanctions very seriously until now, and in southern California, it is the people who speak loudest against illegal ***immigrants*** who are also the quickest to hire them to do exactly the kind of jobs described in others' submissions.

I would like to offer my own thoughts about the fence and the southern border tomorrow, but in the meantime want to remind everyone that this issue has nothing whatsoever to do with liberal/conservative arguments. Immigration cuts across the conventional political divides.

Peter Skerry 1:33 p.m. Tuesday8/20/96 I thought economists believed that in the long run, we're all dead. Herb Stein apparently believes that in the long run, we'll get to talk about policy. I hope so. As a Catholic, I know I should patiently prepare for the sweet bye-and-bye, but it does get difficult. In the meantime, as always, Dr. Stein's points are extremely well taken.

He asks how we know about the effect of immigration on the income of low-skilled native workers? The fact is we don't know as much as we should. And what we know has been fragmentary and very slow in coming--particularly in light of the importance of the topic and the availability of funding for much less pressing ones. Why this is so is, I believe, the really interesting question.

The answer, as with so much in our public life, involves race. Low-skilled native workers translates politically to blacks. This means that research into possible competition between ***immigrants*** and black Americans has threatened the received wisdom that people of color (blacks, Latinos, and even Asians) have fundamental common interests.

Thus, there's been a whistling-past-the-graveyard quality to much of the research purporting to look at this issue. In The Fourth Wave, the Urban Institute broadly assured us that ***immigrants*** in metropolitan Los Angeles did not negatively impact low-skilled workers--of any racial or ethnic group. But the fine print indicated some negative wage-effects. Other studies aggregated data such that significant but localized immigration impacts were washed out. Completely ignored was the out-migration of less skilled workers from immigration-impacted areas. This dynamic was finally documented in the early 1990s by University of Michigan demographer William Frey. He showed that low-income, relatively uneducated families, especially blacks, were leaving Los Angeles--and not because they being pulled by opportunities elsewhere, but because they were being pushed out.

Finally, there's the case of William Julius Wilson's Chicago urban poverty and family life study, which revealed Mexican ***immigrants*** to be out-competing blacks along a number of work-related dimensions. The Wilson study also documented employers' accurate perceptions of these trends. Yet these data and findings have received little attention.

Of course it's easy to Monday-morning quarterback. Some of these findings (such as Frey's) necessarily awaited the passage of time and the collection of data. But as the Wilson study demonstrates, this explanation does not always apply. Meanwhile, anyone vaguely familiar with what was going on in our cities during the 1980s could see what was happening. Common sense should never be an easy substitute for policy-oriented research. But neither should it be ignored while policy elites get their act together.

Which point brings me to Herb Stein's question about the weight to be given the interests of Americans with capital and high ***skills*** who benefit from low-skilled immigration. I would argue that we have already given too much weight to the Zoe Baird Party. One reason why our policy elites have been so obtuse about the negative impacts of the

present influx is their class bias--a bias that has often been cloaked in the rhetoric of racial tolerance, whose stultifying effects I have just criticized.

Don't get me wrong. As an eager entrant into this class, I believe its interests should be given due weight. But in the immigration debate, [this class] has already been afforded excessive weight. Now, of course, the losers in this process are weighing in--and getting excessive attention themselves. I await a balancing of the two.

Barry Chiswick 1:49 p.m. Tuesday8/20/96 The moderator has raised two issues: the labor market impact of ***immigrants*** on the native born and the impact on government budgets.

A-The Impact on the Native Born:

We know from numerous studies that the demand curve for workers of a given ***skill*** level is negatively sloped, and that workers of different ***skill*** levels (say, high-skilled and low-skilled) are complements in production. So the immigration of large numbers of low-skilled workers, whether legal or illegal aliens, would depress the wages and employment of low-skilled workers and increase the wages and employment of high-skilled workers. This increases the low-income population in two ways. One is the low-skilled, low-income ***immigrants*** themselves. And the other is through depressing the income of low-skilled natives.

For some time, much of the empirical research in this area was on the wrong track. By looking at wages in cities or states that are different in the percent of ***immigrants*** in the work force, the literature concluded incorrectly that there were no labor market effects. Yet this absence of a relation between immigration and wages across areas was due to the equalizing effect of internal trade and labor mobility.

One needs to be careful not to slip from the conclusion that low-skilled ***immigrants*** have an adverse effect to the conclusion that all immigration should be curtailed. The benefits of high-skilled immigration to the economy as a whole in terms of aggregate or average income, and in terms of reducing income inequality and reducing poverty (by raising the incomes of low-skilled natives), are important. What these arguments suggest is that the U.S. should change the ***skill*** composition of ***immigrants*** in favor of high-skilled workers.

One panelist implied that the U.S. should admit all the low-skilled workers who wish to enter the U.S. as a way of ending illegal immigration. This would be the worst of all possible policies. There would be an even larger number of low-skilled workers depressing the wages of all low-skilled workers, and the new ***immigrants*** would be eligible for the range of income-transfers currently offered.

B-Impact of ***Immigrants*** on the Budget:

The policy issue to me is the impact on the economic welfare of the native population. The impact on the budget, or the net transfers to the natives from ***immigrants*** through the budget, is only one dimension of the impact on the native population. Most studies of budget impacts focus on taxes paid by ***immigrants*** and benefits received by ***immigrants*** in a year. The broader issues of fiscal impacts currently and over time are ignored. As a result, there tends to be a good estimate of taxes paid, but by focusing on a small set of income-transfer programs, the fiscal impact is substantially underestimated. Moreover, indirect effects, such as increased welfare benefits received by the native population, are generally ignored.

The relevant question is not the overall budget impact of immigration since ending all immigration is not a realistic policy option. Rather, the research question should be what is the effect on the budget of changes in the number and characteristics of ***immigrants***. The full budgetary impact of high-skilled ***immigrants*** would be much more favorable than that of low-skilled ***immigrants***.

The fiscal impact approach would also call for an expansion of high-skilled immigration and a reduction of low-skilled immigration.

Herb Stein 2:40 p.m. Tuesday8/20/96 We have been talking about just the facts for a day and a half and Peter Skerry is eager to get to the policy matters. I am not going to stand in the way. Some panelists have already jumped the gun anyway.

Although Sanford Ungar may disagree, suppose we start with the proposition that the present volume and character of immigration makes the incomes of unskilled native workers less than they would otherwise be. That is what intuition and Economics 101 would lead you to expect, although, as I remember, Economics 101 was always very good at saying more or less but silent about how much more or less. But let us also accept what the studies seem to show, that in this case the result is significantly less. Then what is to be done?

I was surprised at Krikorian's saying that controlling immigration was the only thing that Congress could do to improve the lot of the lowest-income Americans. There are people who suggest a lot of other things. Some would prohibit imports from countries with lower average wages than ours. Since a large proportion of our poor are in families headed by single mothers, there are people who think that tough love--i.e., welfare reform--will help. Others emphasize the improvement of education in the poor neighborhoods. And there is a large school of people who count on the rising tide to lift all the boats, although there is much disagreement about how to get the tide to rise.

But those are not the problems for this panel. What should we do about immigration? In his acceptance speech, Bob Dole said that there should not be a single illegal ***immigrant***. Would that solve the problem? Is there any feasible restraint on illegal immigration that would solve the problem? How do we begin to think about what is the proper number of legal ***immigrants*** of various kinds? These questions lead us into the area of the non-economic considerations that are relevant. I welcome the panelists' further thoughts.

By 12/1/2004 9:46:47 PM

Mark Krikorian 7:26 a.m. Wednesday8/21/96 What is to be done? Limiting immigration is obviously not the entire solution, though the results of 30 years of government efforts to lift up the poor recommend a certain amount of caution in considering the new social-engineering projects advocated by some.

Be that as it may, reducing and reformulating immigration is at least part of the answer. However, focusing only on illegal immigration is inadequate. Even in the unlikely event we were able to achieve Sen. Dole's objective of zero illegal immigration, the bulk of immigration would remain, since the illegal-alien population grows by about 300,000 per year, while legal immigration in FY-95 was more than 720,000. While it is true that the low-skilled and poorly educated are over-represented among illegals, and thus the ***skill*** level among legal ***immigrants*** is somewhat higher, the fact remains that most ***immigrants*** are legal, and any successful changes in immigration policy need to deal with both kinds of migration. What's more, legal and illegal immigration are not even as distinct as the politicians would have us believe. I've estimated that about one-quarter of last year's legal ***immigrants*** (i.e., those who received green cards in 1995) were actually illegal ***immigrants*** using the legal system to launder their status. And it is very common for citizens, legal aliens, and illegal aliens all to be represented within a single family.

What specific changes should be made? First of all, with regard to legal immigration, I don't think there is necessarily a magic number we can name, and then craft a policy to fit within its confines. Rather, we should work from the bottom up, and see what number we arrive at.

There are three strains of legal immigration--family, employment, and humanitarian. The Commission on Immigration Reform suggested limiting family immigration to the spouses, minor children, and parents of citizens and the spouses and minor children of legal residents (non-citizens). This would eliminate the special preferences now in the law for siblings and adult children of citizens. I would go further, and eliminate the preference for spouses and children of non-citizens, since it really only applies to family members acquired after the alien has received a green card, but before he becomes a citizen. Defining family immigration in this way would result in more than 300,000 per year, based on this year's level, but the number would likely fall to 200,000 or less in short order.

The second stream of legal ***immigrants*** is employment-based, i.e., those admitted because of their ***skills*** or because jobs await them. There are 140,000 slots for such people, only about 85,000 of which were used in FY-95. Of those 85,000, nearly 10,000 were unskilled ***immigrants***, who acquired a special preference category in the 1990 Immigration Act. Of the remaining 75,000, many are not the best and brightest we keep hearing about from cheerleaders for mass immigration, but, rather, cooks, librarians, clerical workers, physical therapists, etc. We could easily reduce skilled immigration to 50,000 highly skilled people a year and inflict no real harm on American business.

Finally, humanitarian immigration (refugees and political-asylum recipients) has been promiscuously misused over the past 15 years. By reintroducing discipline to our definition of refugee and asylum, we could admit 50,000 total humanitarian refugees a year (as Congress expected when it passed the 1980 Refugee Act) without welshing on our international humanitarian commitments.

These measures, along with the abolition of the visa lottery, could reduce legal immigration to perhaps 300,000 per year, without any harm to important national interests, while resulting in a higher proportion of skilled ***immigrants*** than we admit now.

George Borjas 8:08 a.m. Wednesday8/21/96 The moderator wants us to turn to the policy implications of the research. I would argue, however, that simply knowing that unskilled natives earn significantly less because of unskilled immigration is no reason--in and of itself--to be concerned. The lower earnings lead to higher profits for firms and lower prices for consumers. If these gains are much larger than the reduction in earnings suffered by less-skilled workers, it should be possible to set up a redistribution scheme that makes everyone in the United States better off. So there are two questions: Are the gains much larger, and is it realistic to expect such a redistribution to take place?

As far as I know, no serious study has ever shown that the net gains from immigration to the economy as a whole are very large. My own calculations suggest that they are small, on the order of $7 billion per year. Moreover, the United States does not currently have, nor is it likely to have in the foreseeable future, a mechanism that would redistribute these meager gains to the losers. If we are concerned about the amount of income inequality in society and about the economic well-being of those at the bottom of the distribution, the current practice of importing large numbers of less-skilled workers will not do.

So what should we do instead? The United States is unique in pursuing an immigration policy in which family connections are about the only thing that matter. We should explore alternative policy options--similar to those followed by Canada, Australia, and New Zealand--where family connections are but one variable in the list of things that determine who gets an entry visa. I think it would be prudent to switch to a policy where an ***immigrant***'s economic potential, in addition to family connections, enters the formula that determines admission in some way.

Barry Chiswick 9:10 a.m. Wednesday8/21/96 I agree with Sanford Ungar that the supporters of each side of the immigration debate include individuals who for other issues might be labeled (and self-described) as liberal or conservative. Liberal environmentalists and conservative nativists want to reduce immigration; liberal civil libertarians and conservative voices for business interests favor more open borders. This is what helps make the immigration debate so interesting.

Ungar is also correct that there are many factors other than low-skilled immigration that cause income inequality and poverty, and which have caused an increase in both in the last two decades. But that does not mean that this cause should be ignored. Perhaps there are compelling reasons why we want a continued high level of legal and illegal immigration of low-skilled workers. And perhaps these reasons outweigh the adverse effects that I and several other panelists have indicated. If so, this too should be part of the debate. I, however, am not aware of overriding factors prevalent at this time.

As Peter Skerry indicated, the literature is full of negative impacts of low-skilled immigration, but these tend to be ignored because they are not politically correct. The Urban Institute report that concluded there were no adverse impacts misrepresented the data in its own report. Low-skilled blacks in the Los Angeles area had the slowest growth in earnings and the highest rate of out-migration as a consequence of large-scale low-skilled immigration into the area. In addition to William Frey, Randall Filer, in an NBER-edited conference volume on immigration, used census data to show that immigration results in internal migration of those adversely affected.

One question is why would I, a free trader, not also be an advocate of free immigration? The reason is that ***immigrants*** receive political and economic rights (either immediately or after a few years) that the workers overseas who make the goods we import do not receive. Political rights, of which voting is only one part, give ***immigrants*** some power to change social institutions, property rights, and the distribution of income and wealth. Economic rights give them access to various income transfers and subsidies. To give a specific example: A large

low-income family in which the father picks tomatoes will, if it lives on this side of the border, get free education at least through grade 12 for all of its children, as well as Food Stamps, WIC, free school lunches, subsidized housing, and Medicaid; it will get none of these if it lives on the other side of the border and we import the tomatoes.

Some people do want to extend economic rights to those who produce the goods we import. Recall the recent policy guidelines proudly announced by President Clinton and Kathie Lee Gifford regarding labels on imported garments to the effect that they were not made with sweatshop labor. Good PR, but does it make sense? That is for another debate.

The moderator raised the issue of Robert Dole's opposition to illegal aliens. Nearly everyone opposes illegal immigration, just as we still favor (low fat) apple pie. For some, the solution is amnesty and free immigration. For others, it means sealing the border. Greater enforcement resources at the border and IN THE INTERIOR and PENALTIES BEYOND MERE DEPORTATION against illegal aliens can reduce illegal immigration, but it can not be ended given current income differences across countries and the freedom available in the U.S. I have purposely put in capitals interior enforcement and penalties on illegal aliens because these are policy options that get ignored. Bigger, stronger, thicker fences at the border policed by an enlarged high-technology Border Patrol will reduce illegal entry and change the method of illegal entry but not end illegal immigration.

Nor should we throw up our hands in despair if illegal immigration cannot be eliminated. There is an optimal level of enforcement for every law, including the immigration law. I believe we are below the optimal level and have poorly managed enforcement resources.

Finally, the issue is not just illegal immigration. More important is that our laws regarding legal immigration are counter-productive. Our immigration policy asks to whom you are related, or if you can come up with a claim of persecution (real or imagined). The question of what you can contribute to the American economy or society is of lesser importance. I will say more about legal immigration policy later.

Herb Stein 2:15 p.m. Wednesday8/21/96 We have heard from the economists. They seem to agree in wanting more limited definition of family relationship as a qualification for immigration, stricter definition of refugee status and, especially, more attention to the contribution that potential ***immigrants*** may make to the U.S. national income. I see the logic of all that. But still it leaves me a little sad. Probably because I feel so blessed that my father and my mother's parents were able to come here about 100 years ago, I feel sorry to be part of a decision that would deny that blessing to even one person. Also, I would like America to continue to be, as it is, not only the richest of all nations but also the most magnanimous.

When I think of screening ***immigrants*** for their potential contribution to the GDP, I think of Israel Baline, who came here at the beginning of this century with no money, no degrees, and no ***skills***. Would he have passed the test? Once here, he went on to write over 100 songs that exhilarated Americans and expressed America to the rest of the world. One of them was God Bless America, and he was, of course, Irving Berlin.

These are sentimental considerations. I realize that if carried very far, they lead to intolerable conclusions, especially when the burden of immigration is borne by that fraction of the native population least able to bear it. But do not these sentimental considerations deserve some weight when we get down to the hard questions about what degree of family connection to recognize, how tightly to define refugee, and how to identify economic potential? We ought to be getting to these questions anyway.

As for the illegals, Chiswick is surely right to say that beyond some point, the devotion of more resources to the enforcement of the law is not worthwhile. That brings us directly to the point he promised to say more about--what and how much should be done about the illegals.

As a side note, I was interested in what Skerry said about the special interest of native blacks in the immigration problem. I wonder what position the organizations that claim to speak for blacks, like the Congressional Black Caucus, have taken on immigration.

By 12/1/2004 9:48:13 PM

George Borjas 8:01 a.m. Thursday8/22/96 What to do about illegal aliens? It seems to me that the current focus of the debate on cutting off social services to illegal aliens is indicative of the fact that we are still not serious about stopping the illegal alien flow. Consider, for example, the debate over whether the foreign-born children of illegal aliens should receive public schooling. First of all, this proposal would do nothing to stop the provision of services to the U.S.-born children of illegal aliens. Second, the proposal would not deter the migration of single adults. In the end, it would affect the incentives to migrate of a relatively small number of people in the illegal population. A much more serious proposal would look anew at the implications of setting up a system of substantial employer sanctions. Employers are the ones who gain the most from the entry of illegal aliens; they should also pay the costs.

The moderator also brings into consideration the issue of non-economic factors in the setting up of immigration policy. I couldn't agree more. Economic factors should play a role--but they should not play the only role. And, despite my economics background, it is not clear to me that they should play the main role. Nevertheless, I think we, as a nation, would be much better off if we knew what the economic costs of pursuing particular immigration policies are. By knowing these costs, we could then set up policies that would compensate those who lose the most. For example, for purely humanitarian reasons we might want to let in a large number of the huddled masses. These masses, however, will have adverse economic impacts on the huddled masses already here. It is irresponsible, I think, to pursue an immigration policy that would not help alleviate the pain of those who would be most hurt by pursuing this particular policy.

Mark Krikorian 8:12 a.m. Thursday8/22/96 The moderator's sentimental arguments for immigration are not trivial. On the one hand, examples of individual ***immigrants*** who would not have been admitted under a more rational system, such as Irving Berlin or Andrew Carnegie or many of our own parents and grandparents, logically suggest a policy of open borders, because anyone turned down for admission might prove to be another Einstein. That is obviously untenable, as the moderator points out.

But on the other hand, it's sensible always to keep a window open to chance, as the Chinese say--i.e., some continued immigration ensures that we are at least open to admitting some future Einstein. An annual level of immigration of 300,000 or 400,000, half or less than today's level, with less emphasis on family relationships, would still be higher than any other country and would still leave the window open to chance.

***

For reasons Peter Skerry might want to discuss, the traditional black leadership has taken a vigorously pro-immigration stand, despite the impact of large-scale, low-skilled immigration on poor black Americans. This is an interesting contrast with prominent blacks of yesteryear, including Frederick Douglass, Booker T. Washington, W.E.B. Du Bois, and others who, despite sharp differences on other matters, were almost unanimous in their opposition to mass immigration. The Center recently published a collection of these writings and speeches called Cast Down Your Bucket Where You Are: Black Americans on Immigration.

The votes of the congressional black caucus during this recent round of immigration legislation are also telling. The two Republicans, Gary Franks and J.C. Watts, were the only black members of the House of Representatives to vote in favor of the legal immigration reductions--which were stricken from the legislation with the support of all the black Democrats voting in the House (three were absent).

Likewise, the final vote approving the House illegal immigration bill was 333 to 87. Twenty-six of the 87 no votes came from the black caucus, accounting for 30 percent of those in opposition.

Peter Skerry 10:13 a.m. Thursday8/22/96 I am impressed with the tenor of the moderator's comments yesterday. As is his wont, Herb Stein combines reasoned analysis with humor, common sense, and even sentiment. But though he writes of sentiments, I don't believe he is guilty of being sentimental. To be sure, most commentators and analysts who share the moderator's sentiments cling to them as an antidote to further thought. This pattern has dominated the immigration debate, particularly among policy elites in Washington. For this reason, while I would agree with the moderator that sentiments like his do deserve some weight in the policy discussion, it is not as though they have been overlooked. They have been afforded too much weight--much like the views of the Zoe

Baird Party. Indeed, it is not too cynical to say that such sentiments have often served as the ideological smokescreen for the class interests of the Zoe Baird Party.

The moderator's invocation of sentiments also reminds me of the passage from Edmund Burke in which he asserts that society is indeed a contract and then goes on to describe social relations as decidedly non-contractual: a partnership of all science; a partnership of all art; a partnership in every virtue, and in all perfection, whose ends cannot be obtained in many generations. Sentiments ought to be part of a discussion of immigration policy. Contrary to the dry rationalism of social contract theory, sentiments play an important role in binding us together as a nation.

I would not want to push this view as far (and as irresponsibly) as Peter Brimelow does in his tract, Alien Nation. But he and others have a point when they argue that America is not simply bound together by a commitment to abstract principles or ideas. And because sentiments of fellow-feeling play some unspecified but, I believe, important role in holding us together, the increasing number and diversity of ***immigrants*** do put strains on the social fabric.

This is a difficult proposition to test rigorously. And it may be that I exaggerate the point. But again, it is a perspective that is largely overlooked in the current environment. This is particularly the case when diversity is almost universally considered an unqualified good. Is there no optimal level of diversity? Does not diversity impose costs on American society? As I like to point out to my liberal friends, there is obviously a connection between the relative homogeneity of Western European democracies and their strong commitments to the welfare state. Even if liberals grant the point about Europe, they fail to acknowledge any relationship between our heterogeneity (and accompanying ethnic and racial tensions) and our lesser commitments to social democracy.

To the extent that the cult of diversity stifles full-throated debate over immigration, it needs to be scrutinized.

A final aside. In response to the moderator's query about the stance of black organizations and leaders toward immigration, I would reply that they have, with a few notable exceptions, remained part of a civil rights coalition self-consciously (and in my view, misguidedly) pro-immigration. This, despite the well-documented and episodically visible anti-***immigrant*** sentiments of ordinary black folks. How and why black leaders are so out of touch with their rank-and-file on this issue could be the subject of another panel discussion.

Sanford Ungar 11:49 a.m. Thursday8/22/96 With apologies for my absence yesterday due to computer problems, I want to address the question of the situation at the southern border. It is pointless to discuss elaborate changes in immigration policy, or to express high hopes for better border enforcement, if one has never been there and observed the situation.

With all due respect to other opinions expressed here earlier, the fence is really a joke. Making it higher, wider, thicker, longer, etc. will have only marginal impact. Even the statistics we now get about apprehensions at the border are highly suspect. I have had border patrol agents tell me personally that they feel lucky if they catch 30 percent of the people trying to cross on any given night. Furthermore, I believe it is still the case that what is reported to us are total apprehensions, not total number of individuals apprehended. In other words, buried in the INS numbers is the fact that the same person may be counted two, three, four, or however many times he has tried unsuccessfully to cross the border. Even so, high ranking officials in the INS have recently been exposed for inflating their apprehension statistics in an attempt to impress visiting congressmen. The least we can say is that we really have little idea exactly how many people are crossing the border illegally.

I applaud Barry Chiswick's point about the questionable value of unlimited efforts at apprehending illegals. Indeed, new resources--including a substantial number of additional border patrol agents--have recently been forced upon the INS, which hardly knows what to do with them. It is impressive to read about new night-vision scopes and the like, but the circumstances are relatively little-changed, given the vast investment that has been made. Why? Because a fence is not going to keep Third World people from wanting to cross the line to the First World; the juxtaposition of San Diego and Tijuana is a very dramatic enticement for informal and illegal immigration. So no meaningful change can be effected without the help of Mexico, for which, frankly, the exportation of poor people is a safety valve. The maquila industries along the border, NAFTA, and other developments in recent years have barely made a dent in the flow. And for all the hand-wringing of experts about the effect on low wage-earners in this

country, there is also a significant pull factor--jobs to be had at what we regard as very low wages, but Mexicans, Central Americans, and some others regard as a fortune. We may deplore this, but we must recognize it as a fact. (Note: I wonder why the border patrol is forbidden from chasing illegal ***immigrants*** on private property in San Diego County?)

It is fascinating to compare the reaction to the cross-border traffic in California (with a relatively generous program of social services) and Texas (where benefits are less generous). Texans, especially in the lower Rio Grande Valley, are far more accepting of the phenomenon and have lived with it all their lives; it is seen as a part of the local economic framework. I met people in the Harlingen and Brownsville area who had no idea on which side of the border they were born (although they obviously claimed to be born in the United States); their families had been crossing back-and-forth for generations. Furthermore, it is interesting to note that until relatively recently in our history, people who crossed the southern (or northern) border by foot were not officially counted or classified as ***immigrants***; the traffic was assumed. Now I recognize that the numbers and circumstances have changed greatly over the years; but it is simply not possible to erect a big fence and change well-established historical patterns of behavior. Immigration, after all, is about PEOPLE and their aspirations, not economic statistics.

I am very troubled by the notion that the unification of families (unattractively labeled chain migration by many restrictionists) is now seen to be a great problem for immigration policy. I agree that factors other than family should also be taken into account (including the possession of ***skills*** that Microsoft and other high-tech companies find so severely lacking among young native-born and educated Americans). But if our politicians talk so freely and loosely about the centrality of family values, what represents this concept more purely than an ***immigrant*** family that establishes itself here and then brings (SPONSORS) other family members. The overwhelmingly consistent record is one of families caring for their own, taking them in and helping them get on their feet. Indeed, if some of the proposed cutbacks are made in legal immigration, and if family preferences take a big hit in the process, I think we can confidently predict that illegal immigration will increase in direct proportion to the amount that legal immigration is cut. Why should people who have been patiently waiting their turn for five or 10 or more years to come legally on family-preference visas suddenly be dissuaded from doing so? Many will simply get a legitimate tourist or student visa, get on an airplane, and then overstay. (That, by the way, is, by the INS's own admission, the source of most illegal immigration--visa overstays by middle-class people who can easily fit into the fabric of American life. More than half the illegal ***immigrants*** in this country at any given time arrived that way, rather than by foot, and we have no idea how to find and catch them.) If some family members and others abuse Supplementary Security Income and other welfare programs, they are certainly not alone; we should revise, rewrite, or tighten those programs that they can be more effectively administered.

Our moderator should not apologize for citing the case of Irving Berlin. That's just the point. Thousands of other people could be cited who have come here and made extraordinary contributions. In every possible field, from the sublime to the ridiculous. Albert Einstein. Martina Navratilova. Ann-Margret. Zbigniew Brzezinski. Madeleine Albright. Manute Bol. (A fuller and wonderful list is available from the National Immigration Forum.) There are plenty from Mexico and Central America, too. If our co-discussants have a foolproof method of picking them out and eliminating the others, then I guess we don't have to worry about getting sentimental. But yes, our immigration policy has always been different from all others. But this is a country different from all others, including ever-so-efficient Canada, Australia, and New Zealand. Everyone knows exactly what it is to be French or Japanese, so much so that it is virtually impossible to BECOME French or Japanese if you weren't born with the nationality (and sometimes even if you were). But the definition of an American is always changing, being improved by newcomers.

I'm sorry if this gets a bit emotional, but immigration is about a whole lot more than economics. Just for the record, I wonder how many of our panelists are the children of ***immigrants***. (I'll start: I am. Both of my parents immigrated as young people from Central Europe. I feel they contributed a lot, but I'm certainly in no position to say that it was more than someone who will arrive tonight.)

Barry Chiswick 1:16 p.m. Thursday8/22/96 I agree with the moderator that it is sad that we cannot offer the opportunity of living in the United States to each and every person who would like to do so. It is sad that so many countries around the world can offer their populations poverty, anarchy or tyranny, and often all three at the same time. It is sad that we live in a world of scarcity, that we must allocate our scarce resources among alternative

objectives. It is sad that the U.S. cannot solve the world's problems by waving a magical wand. I share his feeling on this matter. But yet, we must make hard choices.

We tend to have very romantic notions about immigration, especially unskilled ***immigrants***. I am surprised no one has yet quoted Emma Lazarus' poem excerpted on the base of the Statue of Liberty. Her sentiments well expressed the economic realities of her time regarding immigration. Perhaps we need a new poet to express as beautifully the economic realities of today.

Implicit in the moderator's comments was that future geniuses could come primarily from the unskilled. Suppose we kept the same number of total ***immigrants*** but sharply increased the ***skill*** level. We are likely to get even more geniuses than we currently receive.

The moderator requested additional thoughts on the control of illegal immigration. Our policy now is to grant de facto amnesty to illegal aliens who penetrate the border and are not arrested or convicted of serious crimes. This is well-known to illegal aliens.

A greater effort is needed for interior enforcement. As of now it is minimal. Even other government agencies that come into contact with the public do not cooperate with the Immigration and Naturalization Service (INS) authorities for the identification and deportation of illegal aliens.

The main interior enforcement is now done by employers fearful of employer sanctions, the provision of 1986 legislation which authorizes penalties against employers who knowingly hire illegal aliens. There are few resources devoted to the enforcement of employer sanctions and employers must walk a fine but ill-defined line between discriminating against those who look foreign and hiring illegal aliens. Yet, government agencies, schools, hospitals and other institutions that come into contact with illegal aliens are not subject to the same requirements. I am not arguing that they should since I have doubts about the wisdom of turning even employers into quasi-INS agents. But it is curious that only employers are singled out for this purpose.

The cost of being apprehended, especially at the Mexican border, is minimal. Most apprehensions at the border are at night and the individuals are returned to the other side the next day. Fines and brief incarceration for those apprehended at the border and in the interior might have a substantial deterrent effect. We should try them.

My reading of the situation is that for political and sentimental reasons, as well as for the economic self-interest of certain groups, there is a lack of will to enforce immigration law. Illegal immigration could be curtailed and civil liberties for legal residents retained if there were the will to do so.

The participants in this panel, and those reading our comments, are all relatively high education and high income individuals. We are the beneficiaries of policies that attract large numbers of low-skilled ***immigrants***, whether as legal or illegal ***immigrants***. The price is paid by those with lesser ***skills*** and incomes, and the economy as a whole. It can be shown that by appropriate tax-transfer policies some of the gains to the gainers can be transferred to the losers so that the entire native population is better off. In principle, Pareto optimality can be achieved!

There are, however, two requirements for this to occur. One is that the low-skilled ***immigrants*** are not given access to these transfers. If they are, all natives can lose. The other is that these transfers to the native-born poor actually take place. This is unlikely to occur. In the absence of our satisfying these two conditions current immigration policy is regressive.

If I were the head of a group representing disadvantaged native-born Americans I would be a strong and vocal advocate of a ***skills***-based immigration policy as one of an array of policy instruments to help my group. Inter-group solidarity among the disadvantaged groups has an important role, but I would argue it should not dominate a disadvantaged group's views on an issue as important as immigration. Perhaps the divergence of economic self-interests between the leadership and the membership of disadvantaged groups drives the wedge between optimal policy and policies that are supported by the leadership.

Herb Stein 1:20 p.m. Thursday8/22/96 Barry Chiswick stopped me just in time. I was just about to quote Emma Lazarus' poem about giving us your tired and your poor. I was going to quote it from the cover of a book edited by Barry Chiswick.

We have strayed a long way from the initial question about whether we are importing poverty with ***immigrants***. That straying was essential in order to put the question of immigration in context. Explicitly or implicitly the panelists and this moderator have suggested a number of objectives or values that have some claim to be considered in deciding on immigration policy. These include maximizing the U.S. national income, maximizing the national income of Native Americans, maximizing the income of the poorest Native Americans, protecting the culture, protecting the social fabric, honoring family ties, enriching the culture and serving America's tradition as light to the world. The weights people give to these values will affect their preferences for immigration policy. Indeed, we have no way to see what these weights are except by seeing what specific policies people prefer.

We have only a few hours left on this stage and I would like to invite the panelists now to skip to the last act and tell us, as specifically as they can, what they would propose to do. How many legals, what degree of consanguinity, what degree of productivity as estimated by whom, and so on? And similarly for the illegals.

I would like to add a comment about the role of my sentimental considerations in the decision. Suppose I were to invite five econometricians to sit in separate rooms and estimate the number of ***immigrants*** that would maximize the income of Native Americans (meaning not Indians only). I am sure there would be a considerable range of estimates. At this point my sentimental considerations might enter into the decision

By 12/1/2004 9:49:20 PM

George Borjas 8:08 a.m. Friday8/23/96 The moderator asks us to conclude by stating what it is we would do. As the moderator knows, however, we can only give policy recommendations if we have already decided what it is that we want immigration policy to accomplish. There are economic, political, and humanitarian goals that we can accomplish by pursuing particular types of policies. Most of the discussion in this panel has focused on the economic goals--less poverty, less welfare, less adverse impact on unskilled natives.

It is unclear to me that these economic goals are by far the most important. The costs of unskilled immigration from Mexico, for example, are but a tiny fraction of the costs of having an unstable political regime south of the border. I think that policy recommendations should state very clearly, at the outset, what it is that the recommendator wants to accomplish.

With that out of the way, let me just suppose that we want to increase the size of the economic pie that accrues to natives in the United States. I think that the research evidence suggests that we would be much better off if we were to admit skilled ***immigrants***. This fact also has an implication for illegal aliens: we should not have any since they would have to be screened for their economic potential.

Having said all this, let me return to my earlier point. Is this really the kind of immigration policy we want? Should we not be concerned with our sentiments and values and beliefs? Excuse me for being sentimental, but I believe all these things should matter, and immigration policy should reflect the consensus that takes all these things into consideration.

Peter Skerry 11:46 a.m. Friday8/23/96 The moderator wants to know what we should do about immigration.

With regard to legal immigration, I would again argue that I don't believe the appropriate question is necessarily how many. Just as important is likely to be who they are (in terms of education and ***skill*** levels and, for better or worse, their national origins) and how we treat them once they get here. The former set of considerations points not to a national origins policy (though I do think national origins speak to how compatible ***immigrants*** are likely to be with American culture and how compatible they are perceived to be by Americans), but definitely toward a de-emphasis on family unification and re-emphasis on ***skills*** and education. But this is likely to be much more easily said than done, particularly in an immigration regime such as ours which, unlike Canada's for example, has not afforded immigration policy makers much administrative autonomy, or even discretion.

The second set of considerations (how we treat ***immigrants*** once they're here) raises a set of questions about race that have not thus far been addressed here. I have in mind our by now ingrained, and indeed institutionalized, tendency of reducing all disadvantages to matters of race. This is clearly the case with approximately one-half of the ***immigrants*** who are Latinos, and it is also evident among the 40 percent or so who are Asians. This of course means that we afford them affirmative action, voting rights (through the Voting Rights Act), and language rights that not only insult black Americans, who have much stronger claims on the rest of us for such extraordinary benefits; but that also arouse the anger and animosity of Americans generally. I believe that much of the animus against ***immigrants*** that we now see is not simply a reflection of economic and fiscal strains, but also a reaction to the extraordinary, racially based demands of ***immigrant*** leaders. These leaders have in effect argued to the American public that ***immigrants***, especially Latinos, are another racial minority group who like blacks have not been treated fairly, who are therefore not convinced they will be allowed to become part of the American mainstream, and who are now consequently not convinced they want to be part of the mainstream. The proof of my point is the rhetoric surrounding Prop 187: The rhetoric of its proponents was essentially the obverse of what Latino activists and political leaders had been saying for a generation--we cannot and we do not want to become part of the American mainstream.

A related problem goes back to our discussion of ***immigrant*** poverty. Quite aside from its extent or degree looms the question of how we as a society interpret ***immigrant*** poverty. I would submit that today our political institutions are oriented toward interpreting ***immigrant*** poverty as the consequence of racial discrimination. Not only do I believe this perspective to be factually incorrect, it is socially and politically divisive. And to me this is one more example of how our immigration problems are shaped in large part by how contemporary institutions shape and define the inevitable problems generated by mass immigration. We cannot of course change these institutions by fiat, but we need to be aware of this aspect of the problem. And at a minimum we should end affirmative action for ***immigrants***.

As for illegal immigration, again I have no magic number, and I don't know that anyone knows what an acceptable level of illegal immigration would be--other, presumably, than something lower than what we have now. I find myself in agreement with much that George Borjas and Barry Chiswick have suggested: greater emphasis on employer sanctions (Borjas) and greater emphasis on interior enforcement other than on employers (Chiswick). While these goals may at some point be in competition, right now there is room for improvement on both fronts.

But there is larger issue overarching the enforcement of laws targeting illegal ***immigrants***. And that concerns the nature of the crime of illegal entry into the United States. When border patrol agents typically volunteer to me that if they were in the shoes of the average Mexican villager, they too would attempt illegal entry into the United States, then that tells me we're not dealing with any simple or straightforward type of crime. Certainly, you wouldn't find too many police officers saying that if they were in the shoes of the typical ghetto resident, then they too would take up drug-dealing. My point is that not only border patrol agents but many Americans, even in this post-Prop 187 environment, do not regard illegal entry into the United States as a serious criminal offense. Until this attitude changes (if that is possible), we are going to have great difficulties dealing with illegal immigration. I believe we need to get tough on illegal immigration, but a necessary starting point is to recognize how difficult the job ahead is.

A final note on the border and the fence. Since I believe I'm the only one who has referred to the fence, I'll take up Sanford Ungar's challenge about it being a joke. First of all, I did not bring up the fence as if it were the summum bonum of effective border control. I brought it up because the ambiguity surrounding its presumed functions highlights what a difficult and problematic task border control is. But control of our borders is an important, and seemingly fundamental, function of the federal government. Nevertheless, the fence as currently configured is, particularly by itself, not very effective at stopping illegal immigration. If I were to grant, for the sake of argument, that the fence is a joke, to use Ungar's phrase, I would have to point out that no fence at all is an even bigger joke. The visible symbol of this reality is to see the six-stranded barbed wire fence that was once the only barrier we had along our southern border (and that in places still stands a few feet behind the new corrugated steel barrier). My point is how can we even talk of dealing with illegal immigration and controlling our borders if we don't put some physical barrier there? Now some critics might come back and insist that we should have an even more heavily fortified barrier. I suspect this would not be to Mr. Ungar's liking. But does he seriously believe that we should exercise no control over our borders?

Mark Krikorian 11:53 a.m. Friday8/23/96 I conclude by returning to the original topic: There appears to be little serious doubt that our nation's current immigration policy increases poverty. It does so in two ways--it brings in additional poor people from outside to settle here and, at the same time, makes poor natives poorer, by increasing competition for low-skilled jobs, thus lowering wages and displacing natives (and even prior ***immigrants***) from jobs. And the influx of poor ***immigrants*** not only creates additional job competition, but also represents competition for scarce government resources, especially education, which is unaffected by the new welfare restrictions for non-citizens.

I outlined a possible avenue for reforming legal immigration in my Wednesday posting: unlimited immigration for the spouses, unmarried minor children, and parents of American citizens; 50,000 truly high-skilled workers (perhaps just the current first and second employment preferences); and 50,000 authentic refugees and asylees. By thus eliminating the inherently unmanageable waiting lists for the other family categories, eliminating the visa lottery, eliminating the unskilled worker category, and reintroducing discipline into the remaining categories, we can use immigration to serve our national interests while minimizing the importation of poverty and the other ills associated with mass immigration.

Illegal immigration is not as easy to deal with, but there is one major tool, referred to earlier by Prof. Chiswick, which we have essentially failed to use--work site enforcement of employer sanctions (the prohibition on employing illegal aliens). Congress finally passed employer sanctions in 1986, but was unwilling to make it work, and thus did not mandate the development of an electronic means for employers to verify work eligibility. The INS is currently carrying out pilot programs to allow legitimate businesses to verify the status of non-citizen employees, and the legislation in Congress, whatever its final form, will almost certainly contain some more extensive pilots. Without thus turning off the magnet of jobs that attract illegals, no amount of border enforcement can ever prove successful.

Other measures can also help in combating illegal immigration:

** Computerizing the mickey-mouse, paper-based system we currently use to keep track of non-***immigrants*** (tourists, students, businessmen and others on temporary visas)--which would be a major advance, since half of all illegal ***immigrants*** arrive legally but overstay their visas;

** A one-strike-you're-out provision, wherein any violation of the immigration law (sneaking across the border, overstaying a visa, lying in an asylum or other application, etc.) would bar the lawbreaker for life from any immigration benefit, such as a green card, temporary visitor visa or border-crossing card; and

** The prohibition of asylum applications from any person who traveled through a safe country, where he could have applied for asylum first, before coming to the United States.

Interrupting the legal and illegal immigration flows that have developed over the past generation will not happen with a single stroke of the pen. But migration patterns can be changed--after all, the restrictionist measures of the 1920s, however vulgar in complexion, worked quite well in winding down the greatest immigration flow up to that time--thus promoting the growth of the middle class, drawing black Americans toward the mainstream of the economy, increasing manufacturing productivity, and generally promoting the formation of a more perfect Union. It's past time our current discordant immigration policy be made to harmonize with today's national interest.

Sanford Ungar 1:48 p.m. Friday8/23/96 The implication is out there, without challenge, that somehow the black leadership, in being generally supportive of immigration, is out of step with the rank-and-file of African Americans. I believe this is another convenient canard of the immigration debate. According to some polls, African Americans actually hold a somewhat more permissive view toward immigration than the general public. Nearly three-quarters of the respondents in a 1993 survey of African Americans cited by the National Immigration Forum, for example, agreed with the statement that ***immigrants*** often take jobs that Americans don't want. They had especially favorable attitudes toward the immigration of foreign doctors and other health care professionals. Why? Because in many black neighborhoods of this country, it is ***immigrants*** who provide the only decent medical care. In many places they also run the only nearby food stores (although I am fully aware of the tensions between Korean store owners and their black customers in Los Angeles and elsewhere). I believe most black congressmen vote the way they do on immigration as a reflection of their constituents' views.

I want to reassure Mr. Skerry that I do not advocate giving up all control over our borders. I believe very strongly that we should enforce our drug laws at the border (as elsewhere) and that we should institute very stringent health checks, offering immunizations, where necessary, against diseases we do not want imported into the country. Nor do I advocate completely open immigration; but as I said earlier in the week, I advocate adjusting our legal numbers to be much more realistic--basing them on some scientific determination of how many people actually do come into the United States each year and find work. But I cannot, for now, give the moderator a specific number that would be ideal.

How many illegals should we allow in? Well, it should not be necessary to have any illegal ***immigrants*** in the long run if we redefine legal immigration (and, in many cases, decriminalize what is now considered illegal). The 40,000 or so illegal Irish ***immigrants*** who are here at any given time and work in the underground economy (my source: the Irish Consulate General in Boston, which has no reason to exaggerate the number) could be working legally and contributing more taxes.

My main concern is that we not continue passing laws and writing regulations in this area that we cannot really enforce--or, indeed, erect fences that do not keep people out. We should not fool ourselves that we are controlling or limiting immigration when we are not. This will only lead to greater public cynicism. Perhaps employer sanctions would work, but then yes, we would have to get much more serious and credible about them.

Peter Brimelow's arguments about cultural affinity are not at all persuasive to me. A rather small percentage of Americans tell the census that they regard themselves as English in origin. From the very first years of European settlement, we have had practice bringing together and melding very diverse cultures in this country. The same arguments that one hears today about the difficulty integrating Hispanics or Asians were made at the beginning of this century about Italians, Irish, Jews, Poles, Russians and others who were going to dilute the Northern European character of the American race. The only difference today, I'm sorry to say, really is race: many of the ***immigrants*** that people want to exclude for their various reasons are more easily identifiable (by skin color, for a start) than those of earlier eras. Once they have succeeded in conventional terms (their children winning prizes in science competitions, for example), they begin to be more accepted.

With all deference to Mr. Krikorian, the restrictionist measures of the 1920s are nothing to be proud of. One of the things they did very well was to keep out the victims of persecution in Europe who were so eager to come here and who, if their lives had been saved by permitting them to enter, would have gloriously enriched our culture, our universities, and many other aspects of the country.

A little more sentiment, along with common-sense realism about the role of ***immigrants***, is exactly what we need in order to arrive at a more sensible immigration policy. Let's encourage ***immigrants*** to continue reviving and improving our decayed inner-city neighborhoods. Let's salute them for reviving the hotel and motel industry in America. Let's continue to count on them to remind us of our own values and traditions.

Barry Chiswick 2:01 p.m. Friday8/23/96 I wish to thank MICROSOFT, the moderator, Herbert Stein, and the other panelists, for an interesting week. This was a well done project and I hope many were reading what we wrote.

The moderator's call for our policy recommendations is a fitting way to end this week. In my last communication I outlined my policy recommendations regarding illegal aliens. I would like to add one more thought.

The amnesty provided by the 1986 Immigration Reform and Control Act (IRCA) resulted in legalizing the status of some 3 million individuals. This may not have been a plus. The workers among those legalized are nearly all low-skilled. Their new legal status will discourage their returning to their home country and has already encouraged their serving as sponsors for additional dependents and low-skilled relatives. It is recognized that there was massive fraud in the Special Agricultural Worker (SAW) program that legalized about 1.3 million aliens. Persons not in the United States crossed the border illegally to obtain legal status! The expectation has been created that additional amnesties will follow. This expectation has been fulfilled by the mini-amnesties in subsequent legislation. Rather than wiping the slate clean of illegal aliens, the 1986 IRCA amnesty has added to the supply of low-skilled labor and increased the incentives for fraud and illegal migration. It may have created more problems than it solved.

Let me set out the following for discussion as a revised immigration policy. There is no problem with an annual level of legal immigration from all sources of about 800,000, the current level. Given the policy recommendations regarding criteria for issuing a visa that are outlined below, I would expect the actual number to be closer to 600,000 per year in the near term.

A) Kinship Visas

The new policy would continue the current policy of providing visas without numerical limit (up to the annual ceiling) for the bona fide spouse and minor children (under age 18) of U.S. citizens. This would include the aged parents (over age 65) of U.S. citizens who are over the age of 21, provided the citizen sponsors can demonstrate and accept responsibility for the financial support of their parents. Aged parents admitted under this category would be in a special parents visa category and would not be eligible for U.S. citizenship or eligible to serve as sponsors for other relatives.

The bona fide spouse and minor children of individuals receiving a permanent resident alien visa under any category (kinship, refugee, employment based) would also receive a visa if they accompany the ***immigrant*** or come to the U.S. within one year.

All other kinship visas would be eliminated.

B) Refugee and Asylee Status

Refugee and asylee status would return to the original intent, small programs for individuals subject to persecution for political reasons. Current practice now recognizes claims based on coming from a dangerous place or a country with social policies or social norms that differ from our own. We have unwittingly made several Billion people potentially eligible. U.S. refugee/asylee policy cannot solve the world's ills. A more focused refugee and asylee policy has an important role to play, but current policy is out of control.

C) Productivity Based Visas

Productivity based visas would be of two types. One is an investor program the other a ***skill***-based visa program.

The U.S. and other ***immigrant*** receiving countries have used an investor category to attract entrepreneurs and foreign capital. This program requiring, say, an investment of at least $1 million in a U.S. business would also require that the applicant demonstrate the possession of other assets or sufficient ***skill*** to sustain himself or herself if enterprise fails. The enterprise would need to be one that would create jobs for U.S. workers. One complaint has been that these enterprises tend to employ only relatives or petition for occupation-based visas for their relatives. This can be addressed by prohibiting the enterprise from sponsoring a foreign worker in its first five years.

The experiences of other countries and the research that has been done for the U.S. and elsewhere suggest the characteristics of a ***skills***-based immigration policy. Two broad approaches are a targeted employment policy and a point system policy.

Under current U.S. immigration law, employment based visas are issued if an employer can demonstrate to the Department of Labor that a specific potential ***immigrant*** can and will do the job at prevailing wages after an unsuccessful intensive job search by the employer for a worker with a legal right to work in this country. This requires knowledge of shortages in the labor market which the Department of Labor does not have. Targeted employment policies invite sheer silliness--the 1990 Act included 10,000 visas designated for unskilled workers! It encourages illegal employment and bogus enrollment in U.S. colleges since the easiest way for a potential ***immigrant*** to get an employer to petition for a labor certification is to be working for that employer. Indeed, most workers receiving an employment based visa receive an adjustment of status, meaning that they were already living in the U.S. when they received their visa.

The application procedure is burdensome, costly, time consuming and arbitrary. Having recently been successful in obtaining a labor certification and an employment-based visa for an assistant professor I can speak with some

authority that the system is broken and needs to be replaced by a mechanism that does not target workers for particular job slots.

The alternative is a point system which is the basis of immigration policy in Canada, Australia and New Zealand. Under a point system an applicant receives points for productivity enhancing characteristics. For the U.S. these would include level of education completed, age (young adults favored), ***skill***-craft training, and English language fluency. A small number of points can also be awarded if the applicant can document pre-arranged employment (an employment sponsor), if the spouse has a high level of education or ***skill***, or if there is a parent or sibling in the U.S. who will serve as a sponsor and guarantee financial support. Applicants receiving more than a threshold number of points would receive a visa, as would their accompanying spouse and minor children. The threshold level of points can be adjusted to change the size of the ***immigrant*** flow.

Under a ***skills*** based point system the U.S. will be able to attract a larger pool of high-skilled ***immigrants*** than under the current targeted employment approach.

By 12/1/2004 9:50:30 PM

Herb Stein 2:59 p.m. Friday8/23/96 For most of our panelists the answer to the initial question, Are we importing poverty with ***immigrants***? is clearly yes. And they are in general agreement on what to do about it. Legal immigration should be more based on the expected productivity of the application for immigration and less on family relationship or refugee status. Illegal immigration should be more tightly limited, although there is some disagreements or uncertainty among the panelists about how to achieve that.

I cannot say that these are the wrong answers. But, if Chiswick will forgive me, I will say again that they make me feel sad. And accepting these as the right answers and still feeling sad I am led to questions suggested by some things Skerry said. What are the limits of community, responsibility, and sympathy? What responsibilities flow from the fact that the poorest 10 percent of the American population has incomes so far below the median? And what about the fact that 80 percent of the world's population lives in countries with average per capita incomes below the poorest 10 percent of Americans? Recognizing, as we surely must, that we cannot do anything significant about the second problem by immigration, and that even the little that might be done would come at the cost of the first problem, we are left with the question of extreme inequality in the world. We can say, Too bad! I don't know whether that is a moral position or, in the long run, a tenable one. Maybe feeling sad about it will generate thought about what to do about it. That may be the subject for another panel.

Meanwhile, I want to thank the panelists for their serious, thoughtful, well-informed contributions. They have given us much to ponder.

Next week we will go on to a less serious subject, The Democratic National Convention. Our panelists are: Karlyn Keene Bowman, resident fellow at the American Enterprise Institute. Alan Brinkley, professor of 20th century American history at Columbia University. Christopher Caldwell,senior writer at the Weekly Standard. R. Emmett Tyrrell, Jr., founder and editor-in-chief of the American Spectator.

## Classification

**Language:** ENGLISH

**Subject:** IMMIGRATION (94%); IMMIGRATION REGULATION & POLICY (89%); PUBLIC POLICY (89%); IMMIGRATION LAW (89%); INCOME DISTRIBUTION (76%); ECONOMICS (76%); LABOR FORCE (76%); COMPANY EARNINGS (76%); STUDENTS & STUDENT LIFE (75%); COLLEGE & UNIVERSITY PROFESSORS (73%); ILLEGAL ***IMMIGRANTS*** (72%); LABOR UNIONS (71%); PUBLIC SCHOOLS (70%); RESEARCH INSTITUTES (68%); ECONOMIC NEWS (68%); GLOBALIZATION (50%)

**Company:** HARVARD UNIVERSITY PRESS (54%); HARVARD UNIVERSITY PRESS (54%)

**Industry:** COLLEGE & UNIVERSITY PROFESSORS (73%); PUBLIC SCHOOLS (70%)

**Geographic:** CHICAGO, IL, USA (77%); ILLINOIS, USA (79%); UNITED STATES (94%)

**Load-Date:** December 2, 2004

---

**End of Document**