

Immigration (2/13/2012)

Econ 390-001

Definitions

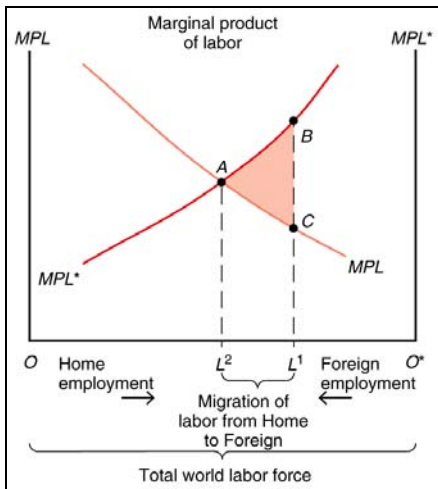
- **presumption** – assumption that an idea or fact is true in the absence of evidence to the contrary; burden is on opponent to prove otherwise
- **immigration** – permanently moving into the country
- **naturalization** – the process by which an alien becomes an American citizen

Principles

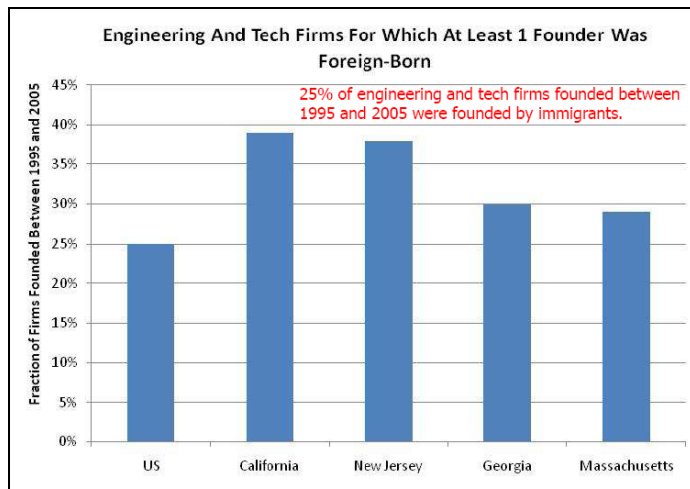
- Thought experiment
 - You travel to Haiti to help with earthquake relief.
 - When you try to return to the U.S. they don't allow you back in the country.
 - You're stuck in Haiti for the rest of your life.
 - Life in Haiti has downsides
 - poverty
 - death
 - oppression
 - isolation
 - Thought experiment establishes a presumption that immigration restrictions are morally wrong.
 - Immigration restrictions condemn people to a horrible life.
 - Presumption is rebuttable.
 - Maybe there is a good reason for immigration restrictions.
 - Proponents of restrictions have to show the evils of immigration overcome the presumption against restriction.
 - Additionally proponents of restrictions need to show there's no more humane or cheaper way to handle these problems.
- Most popular objections to immigration
 - low wage competition
 - welfare state exploitation
 - destroy American culture
 - vote for less freedom
- Low wage competition
 - Wage demographics
 - 1 billion people (1/5 of the world) live on less than \$1/day.
 - Mexico has a far higher median wage. Mexicans are relatively rich.
 - Mexico: \$10,000/year
 - Haitians are among the poorest.
 - Haiti: \$160/year
 - If the U.S. opened its borders and there were no transportation costs, most of the 1 billion people earning \$1/day or less would move here.
 - Wages would fall by a huge amount according to the specific factors model (main model).
 - When labor moves from one country to another wages fall in the destination country.
 - But the model is flawed because labor is not really homogenous.
 - Unskilled labor is a complement for skilled labor, not a substitute.
 - They will not be directly competing against Americans.
 - Most Americans are skilled labor.
 - The billion \$1/day are unskilled.
 - Those who now make \$1/day don't speak English well.
 - Most have never flipped a light switch in their entire lives.

- Vote for less freedom
 - Another objection: immigrants come from statist countries and will vote for socialism.
 - But immigrants tend to have low voter turnout compared with natives.
 - There is a status quo bias toward not disturbing our existing liberties.
 - More immigrants will probably shrink the welfare state by reducing native support for it.
 - The largest welfare states are in ethnically homogenous countries.
 - People tend to support welfare less in ethnically heterogeneous countries (like the U.S.).
 - Less restrictive alternative
 - Admit immigrants as guest workers, but don't let them vote.
- Terrorism
 - Coyotes already smuggle people across the Mexican border for \$3000.
 - Any serious terrorist can already get into the country.
 - With a mostly open border coyotes would disappear.
 - We could check entrants against a terrorist watch list.
- Crime
 - Among men between 18 and 39 the immigrant incarceration rate is 5x lower than native born incarceration rate.
- Conclusions of thought experiment matched with evidence
 - Problems that immigration restrictions purport to solve have been grossly exaggerated.
 - Even if true, there are cheaper & more humane alternatives that would achieve the same result.
- Other observations
 - Immigrant labor complements our labor rather than substitutes for it.
 - Immigrants are often very highly skilled or very low skilled.
 - Most U.S. labor is in the middle.
 - There is no net increase in unemployment as immigrants come into the U.S.
 - In the last 60 years there has been a massive entry of baby boomers, women, & immigrants into the workforce. But as the workforce increases, the rate of unemployment doesn't rise.
 - People are confused by the fallacy of the seen & the unseen.
 - We see the person who loses a job to an immigrant.
 - We don't see the jobs gained due to immigrants engaging in consumption & entrepreneurial investment (new businesses).
 - H-1B immigration
 - H-1B immigrants have a bachelors degree or higher.
 - To hire an H-1B immigrant, an American employer must first show that no qualified American is willing to take the offered job.
 - Many H-1B immigrants start companies (hiring others).
 - 25% of engineering and technology firms started 1995-2005 founded by immigrants.
 - Just 6 firms founded by immigrants:
 - Direct job creation exceeds average annual jobs taken by high skill immigrants.
 - Market value far exceeds the wages paid to high skilled immigrants 2000-2005.

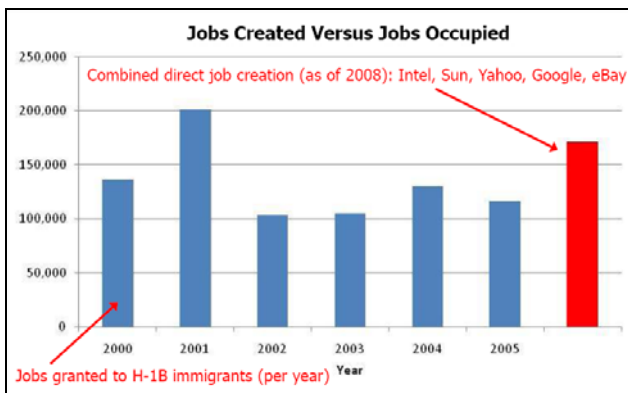
- History of naturalization in the U.S.
 - Of the foreign-born persons listed on the 1890 through 1930 censuses, 25% had not become naturalized or filed first papers.
 - Prior to 1906, any court (municipal, county, state, federal) could grant U.S. citizenship.
 - As a general rule, naturalization was a two-step process that took a minimum of 5 years.
 - After residing in the United States for 2 years, an alien could file a declaration of intent (so-called first papers) to become a citizen.
 - After 3 additional years, the alien could petition for naturalization.
 - After the petition was granted, a certificate of citizenship was issued to the alien.
 - 3 exceptions to process
 - wives & minor children
 - Until 1922, wives of naturalized men automatically became citizens.
 - An alien woman who married a U.S. citizen automatically became a citizen.
 - Conversely, an American woman who married an alien lost her U.S. citizenship.
 - minor children
 - Until 1940, children under the age of 21 automatically became naturalized citizens upon the naturalization of their father.
 - veterans
 - An 1862 law allowed honorably discharged Army veterans of any war to petition for naturalization after only 1 year of residence in the U.S.
 - An 1894 law extended the privilege to honorably discharged 5-year veterans.
- History of immigration in the U.S.
 - Immigration in the U.S. was very close to open borders in the 1700s, 1800s, and early 1900s.
 - During that same period, there were many tariffs, so the U.S. was far from free trade with respect to the rest of the world.
 - At the time the constitution was ratified, only 60% of the colonists spoke English.
 - There was no requirement to document incoming passengers by ship until 1812.
 - No federal government agency required information about people entering the United States overland from Canada and Mexico until 1891.
 - Approximately 40% of the foreign passengers arriving in Canada were bound for the United States. They would then walk across the Canadian/U.S. border with no need for the inspections endured by people sailing directly to U.S.
 - In 1891 those suffering from “loathsome or contagious diseases” were denied entry.
 - Ellis Island, NY was the point of entry for many immigrants in the late 1800s and early 1900s.
 - The Statue of Liberty welcomed them along with Emma Lazarus’s 1883 poem The New Colossus.
 - “Give me your tired, your poor,
 - Your huddled masses yearning to breathe free,
 - The wretched refuse of your teeming shore.
 - Send these, the homeless, tempest-tost to me,
 - I lift my lamp beside the golden door!”
- Modern immigration policy
 - Modern immigration policy prioritizes bringing families together.
 - Children & spouses can become citizens in 6-7 years.
 - 85,000 H-1B temporary work visas are awarded each year to high skill immigrants.
 - 10,000 green cards are allocated to low skill immigrants without family already citizens.



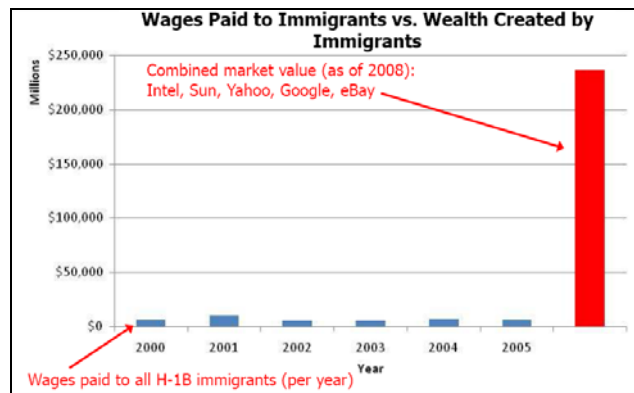
specific factors model: labor mobility



tech firms with at least 1 immigrant founder



immigrant jobs created vs. taken



immigrant wages paid vs. wealth created