

# The Media's Immigration Economics

*"People Now Are Getting That It's Complete Nonsense"*

The definitive interview with Harvard Economist George Borjas

BY PETER BRIMELOW

[Below is an abridged version of an interview published in *Immigration and the American Future*. See also "Heaven's Door After a Year," by George Borjas, June 10, 2001]

Peter Brimelow: Everyone knows, or concedes, that immigration is good for the economy—except economists. Amazingly, since the early 1990s, a consensus has existed among labor economists that the current unprecedented influx into America is of no particular economic benefit to native-born Americans in aggregate. I reported this consensus in my 1995 immigration book *Alien Nation: Common Sense About America's Immigration Disaster* and it was confirmed by the National Research Council (NRC)'s 1997 study *The New Americans*, the survey of the technical literature on the economics of immigration done at the behest of the Jordan Immigration Commission. Equally amazingly, this consensus has been totally ignored in the public discourse on immigration—one of the most startling failures of democratic debate of which I am aware.

Noone has more to do with the new consensus about the economics of immigration than Professor George J. Borjas, Professor of Economics and Public Policy at Harvard University's John F. Kennedy School of Government and a Research Associate at the National Bureau of Economic Research. Borjas first began to depart from the optimistic orthodoxy with his 1990 book *Friends or Strangers: The Impact of Immigrants on the U.S. Economy*. His most recent full-length treatment of the subject is his 1999 book *Heaven's Door: Immigration Pol-*

*icy and the American Economy*. Borjas, himself a Cuban immigrant, has every emotional reason to favor immigration. That he does not is entirely a function of the data—and his scrupulous scholarship.

I spoke to him in his Cambridge office and began by asking him to summarize the findings of the NRC's *The New Americans*.

**BORJAS:** Basically the "immigration surplus"—the net gain to people already living in the U.S.—was very small—one tenth of one percent GDP, or at that time around \$10 billion in a \$5–\$6 trillion economy. It's trivial.

**BRIMELOW:** *That's not net of transfer payments like welfare, education, right?*

**BORJAS:** That's correct. There's another chapter where the authors estimate that, on net, native-born households in the U.S. paid about \$200 a year more in taxes because of immigration. That would add up to something like \$10–\$20 billion a year. So net, it's basically a wash. Whatever the "immigration surplus," it's eaten away by the cost of providing services to immigrants.

**BRIMELOW:** *But the redistribution impact within the native-born community is very large.*

**BORJAS:** Yes. Let me make that very clear. At the time I wrote that initial paper, I was basically taking a relationship out of the labor demand literature—an X percent increase in labor would lower wages by Y percent.

That meant current immigration had lowered the total wage of natives by about 2 percent. And all that goes straight to the employers, to the capitalists. In the long, long run, some of that would filter down to the consumers also. But I didn't do that in my paper. Nobody knows what the breakdown is between consumers and employers.

So the way we freeze the argument is: immigration redistributes wealth from people who compete with immigrants—namely workers who have the same jobs as immigrants—to people who use immigrants. For example, a California family—gardener, the maid, all this stuff.

**BRIMELOW:** *Why do you think the National Research Council findings had absolutely no effect on public debate?*

**BORJAS:** I don't know. Certain parts seem to be cited over and over. For example, the *Wall Street Journal*—they often cite that there is no wage impact based on the National Research Council. They'll also cite another chapter, that if you were to follow immigrants and their children

for 300 years, and assume a tax increase, then immigrants could be a huge benefit to the U.S. Even though a 300-year projection is complete nonsense.

They choose and pick what they want.

**BRIMELOW:** *But the fundamental conclusion, that there are no substantial aggregate benefits for the native-born from current immigration, was completely buried?*

**BORJAS:** Completely.

**BRIMELOW:** *And, for example, the microstudy showing that immigration means a \$1,100 fiscal transfer from every native-born family in California was completely buried too. Why?*

**Borjas:** [Laughs, throws up hands] I don't

## Biography of George J. Borjas

George J. Borjas is the Robert W. Scrivner Professor of Economics and Social Policy at the John F. Kennedy School of Government, Harvard University. He is also a Research Associate at the National Bureau of Economic Research. Professor Borjas received his Ph.D. in economics from Columbia University in 1975. Prior to moving to Harvard in 1995, he was a Professor of Economics at the University of California at San Diego.

Professor Borjas has written extensively on labor market issues. He is the author of several books, including *Wage Policy in the Federal Bureaucracy* (American Enterprise Institute, 1980), *Friends or Strangers: The Impact of Immigrants on the U.S. Economy* (Basic Books, 1990), *Labor Economics* (McGraw-Hill, 1996; 2nd edition, 2000, 3rd edition, 2005), and *Heaven's Door: Immigration Policy and the American Economy* (Princeton University Press, 1999). He has published over 100 articles in books and scholarly journals.

His professional honors include citations in *Who's Who in the World*, *Who's Who in America*, *Who's Who in Finance and Industry*, *Who's Who in Economics*, and research grants from the National Science Foundation, the Sloan Foundation, the Russell Sage Foundation, and the Smith-Richardson Foundation. Professor Borjas was elected a fellow of the Econometric Society in 1998 and a fellow of the Society of Labor Economists in 2004. Professor Borjas is an editor of the *Review of Economics and Statistics*, and has been on the editorial boards of the *Quarterly Journal of Economics* and the *International Migration Review*. He was a member of the Council of Economic Advisors for the Governor of California (1993–1998), and of the National Academy of Sciences Panel on the Demographic and Economic Impact of Immigration (1995–97), and chaired the National Science Foundation's Committee of Visitors for the Economics Program (1996). Professor Borjas has also been a consultant to the Office of the Attorney General of the State of California, to the World Bank, and to law firms engaged in litigation involving employment and wage-setting in labor markets.

Professor Borjas's research on the economic impact of immigration is widely perceived as playing a central role in the debate over immigration policy in the United States and abroad. *Business Week* and the *Wall Street Journal*, in a front-page feature article, have called him "America's leading immigration economist." A cover story in the *New York Times Magazine* focused on his work, and called him "the pre-eminent scholar in his field." He has also testified before several congressional committees.

Professor Borjas was born in Havana, Cuba in 1950, and migrated to the United States in October 1962. He is married and has three children. ■



really know the answer. I think part of it has to do with a sort of an implicit bias in the media. Not just in terms of the National Research Council study, but in terms of the general immigration debate. At least until recently, the main stream press, when it covered immigration, would begin with a very sentimental kind of story about a particular immigrant. And then they would proceed to describe how good immigration is. That was more true for some papers than for others, but it generally describes the typical immigration story for a long time. It is only more recently that people have begun to discuss whether in fact there could be a negative impact on wages, on social programs and so on.

Maybe it's because of the way they frame the problem. But I'm not a journalist—I really don't know, okay?

**BRIMELOW:** *It was interesting to see Paul Krugman cite you recently in the New York Times. [“North of the Border,” Paul Krugman, New York Times, March 27, 2006]*

**BORJAS:** That's right, Paul Krugman cited the paper on immigration's wage impact I did with Larry Katz. [“The Evolution of the Mexican-Born Workforce in the United States,” George J. Borjas and Lawrence Katz. NBER Working Paper 11281, April 2005] It's only about a year old, but the paper it was based on was published in 2003. Nobody talked about that in the media when it was published.

**BRIMELOW:** *Do you find that the Krugman column made a difference?*

**BORJAS:** Huge. It was amazingly influential. The minute it came out, the e-mails start flowing in.

**BRIMELOW:** *So what's happened in academe since 1997?*

**BORJAS:** In 1997, at the time of the NRC report, it was generally thought that immigrants had a minimal impact on wages for the following reasons: studies tended to focus on comparing how natives do in cities that have large immigrant populations like San Diego or Los Angeles, with cities that have few immigrants, like Pittsburgh or Oklahoma City. When you do that, you tend to find very weak impact.

People were aware of two potential problems. One was that immigrants gravitate to cities that pay higher wages. That could build a positive correlation between high wages and immigration which could easily swamp anything in the real market.

Reason number two was that if immigrants are going to a city like San Diego, both native workers and native capital will respond. Native workers will move out. Native capital will move in, where wages are low. These equalizing flows would tend to take away negative impacts.

So now there is a consensus that cross-city correlations don't really matter. To gauge the wage impact of immigration, you have to move to the national level. And that's eventually what I ended up doing in the paper that was published in 2003, that I wrote with Richard Freeman and Larry Katz.

The key insight there was, look, immigrants have come in over the last 30-40 years at different education levels. But the age structure of immigration varies a lot over time. So what I ended up doing was using data from 1960 to 2000, and looking at the wage from each group defined by education and age to see how the evolution of the wage of a given education group over forty years responded to immigration.

The minute you do that, the negative wage impact of immigration becomes very apparent. And remarkably enough, it was about what we estimated before. The 10 percent increase in supply reduced wages by 3 percent. It confirmed what we thought we knew about labor demand in the context of immigration. [“The Labor Demand Curve Is Downward Sloping: Reexamining the



**NYTs columnist Paul Krugman**

Impact of Immigration on the Labor Market,” *The Quarterly Journal of Economics*, November 2003]

This was not a paper that was picked up in the newspapers. The *Wall Street Journal* didn’t grab it, the *New York Times* didn’t run an op-ed about it. I mean, it was just terrible. Economists recognized that it was important, but the media did not.

I suspect very strongly that had I come out with a different answer, it would have been picked up.

Actually, I’ll give you the best piece of evidence for why wages must drop with immigration. There have been a ton of hearings in Washington regarding the guest worker program. Who exactly is lobbying for guest workers? Is it you and me? No, it’s employers, right? Why would employers tend to go to Washington and expend their resources lobbying for something that doesn’t benefit them?



**BRIMELOW:** *It can all be explained in rather crass Marxist terms, can’t it? The class analysis works.*

**BORJAS:** Of course! Of course! The Marxist analysis works.

**BRIMELOW:** *The thing that is interesting is that neither the labor unions nor the leaders of the minority groups are opposed to it.*

**BORJAS:** But I have a feeling that will change soon. You’re beginning to see a breakdown in the model of political correctness.

**BRIMELOW:** *What else is happening in the field?*

**BORJAS:** You heard about the Ottaviano-Peri paper that was cited in *The Economist*, right? [“Myths and migration,” *The Economist*, April 6, 2006] My 2003 paper assumed is that the low-skilled group immigrants and natives are what we call perfect substitutes. They tried to relax that. And they end up with a result that basically says that in the long run the average native wage goes up, not down, by 1 or 2 percent as a result of immigration.

Now let me tell you why that is not completely sensible. Somebody else’s wage must have changed in the opposite direction. Who was that somebody else? Immigrants. For native wages to go up by 1–2 percent, the average wage of immigrants must have gone down by like 15–20 percent. That’s just so outside what we know about labor demand that it puts the whole paper into question. They chose to focus on natives knowing the fact that whatever you do for natives, the immigrant wage must have fallen by like 15–20 percent, which would make the whole thing impossible. So they chose to ignore that.

But, you know, some people like the theory that immigrants “increase wages”—even though we know from theory that immigrants cannot increase wages.

**BRIMELOW:** *The Economist, of course, is fanatically pro-immigration. In the article you just mentioned it also attempted to downplay your critique of current immigration policy. It said about you that*

Immigration’s critics therefore count Mr Borjas as an ally. But hold on. These figures take no account of the offsetting impact of extra investment. If the capital stock is assumed to adjust, Mr Borjas reports, overall wages are unaffected and the loss of wages for high-school drop-outs is cut to below 5 percent.

*That’s actually purely hypothetical—mathematical theory, isn’t it? It has nothing to do with the data?*

**BORJAS:** Yes. All these results are based on a theory of labor markets. It states the following: If the U.S. economy has constant returns to scale, namely, you double inputs, you double outputs, which is the key assumption we all make in this, then immigration cannot have an impact on the average wage, in the long run. That's the mathematical theory.

The way an economist finds the short run is, he holds everything else equal. So holding everything else equal, 10 million that are let into the country, what happens to wages?

The long run, basically, is the complete opposite. We know that when immigrants come in, wages go down

in the short run. Then capitalists build factories to exploit the cheaper labor and so on. So in order to find the long run, we suppose that every expansion that could take place, actually does take place.

Now, let me emphasize, neither the short run nor the long run has really been proved. In the real world, things do adjust, but they don't adjust completely. So the best way to look at these extremes is as bounds of what the effect could be. You know, the short run is going to happen, and then, who knows when—Keynes said that in the long run we're all dead—everything adjusts completely. Nobody knows exactly how long the process takes.

But economic theory predicts unambiguously that if you have constant returns to scale production function, the average impact of immigration on wages in the long run has to be zero. Because everything adjusts completely. Capital adjusts enough to account for the extra labor.

But that doesn't mean that every group's wage is unaffected. It just means that the average wage effect is zero.

Now, I would say that the short run assumption is not completely plausible in the real world because it holds everything else equal. When you're living in the real world, people adjust. On the other hand, the long run assumption, that everything adjusts completely, is also not very plausible in the real world either, because not everything adjusts completely.

I will give you an example. Take Puerto Rico. It's part of the U.S., right, with very sizeable labor outflows, and very sizeable capital inflows. It still hasn't had everything completely adjusted after 40-50 years of migration. The wage in Puerto Rico today should be the average wage in the U.S. today. Is it? No. There is still a huge wage gap between Puerto Rico and the U.S.

**BRIMELOW:** *Why?*

**BORJAS:** A good question. That's one of the problems with economics. Things don't adjust completely. There are frictions. In theory Puerto Rico should be empty now, because the wage is much higher in the U.S., right? But, it's not. In theory, capital flows would have equalized in Puerto Rico with the average in the U.S. market. It hasn't. There are these frictions that we don't really fully understand.

What I'm saying is that, we can do it mathematically, we can look at the marketplace and we can look at the extremes, we can look at the short run and we can look at the long run. But it is very hard to tell where the truth is in the middle. We can say, however, that right now, immigration is impacting wages.

**BRIMELOW:** *How does this paper by Davis and Weinstein fit in?* [Columbia economists Donald R. Davis and David E. Weinstein estimated in 2002 that, by sharing their technological base with immigrants, U.S. natives suffer a loss of some 0.8 percent of GDP. "Technological Superiority and the Losses from Immigration," by Donald R. Davis

“ Who exactly is lobbying for guest workers? Is it you and me? No, it's employers, right? Why would employers tend to go to Washington and expend their resources lobbying for something that doesn't benefit them?  
—George Borjas ”

and David E. Weinstein, NBER Working Paper No. 8971, June 2002]

**BORJAS:** It doesn't really fit in. They have a different kind of argument that is much more familiar to trade economists than to labor economists. There are sort of field divisions in economics. People who study immigration tend to be labor economists. Labor economists tend not to be very well trained on international trade theory.

**BRIMELOW:** *How important is their argument?*

**BORJAS:** It's pretty important, but the problem is that there's no evidence. They create a model and get a number out. If the model is correct, then the number is very important. But nobody is going the extra step of trying to see whether the model is correct or not.

**BRIMELOW:** *But that's equally true for the labor economists, isn't it?*

**BORJAS:** No, because, for example, all the wage impacts that we've talked about actually come from data. That was the major contribution of our 2003 paper. I actually went out and looked at the data on wages and wage impact. The Davis and Weinstein thesis needs more empirical work and nobody's doing it as far as I know.

**BRIMELOW:** *No Ph.D. students feel compelled to do it?*

**BORJAS:** They had a very hard time publishing the paper. People don't like the result. Even ignoring the fiscal impact, they find a huge negative loss to the U.S. And that's not a kind of result that most trade economists like to hear. Most trade economists argue that free trade is great, that labor mobility's great and so on. This goes very much against the grain.

**BRIMELOW:** *What is the distinction made between trade and immigration from a theoretical standpoint?*

**BORJAS:** From a theoretical standpoint, there is actually very little distinction in the sense that

both are importing resources into the country.

From a broader standpoint—people are not machines. We can import a car from Japan and not have a particular effect on the economy. We could import 25 Japanese who make that car, and that has a very different impact on the economy, because they're people. The machine will not incur schooling costs for the children, the machine will not incur Medicaid costs when it gets sick, right?

It goes back to the Milton Friedman quote you got in your *Forbes* interview, right? It's not possible to combine mass immigration and the welfare state.

**BRIMELOW:** *What about the claim we couldn't run the economy without illegal immigrants?*

**BORJAS:** It's complete nonsense. If there were no illegal immigration, and the demand was still there for gardeners and nannies, the price of those things would go up.

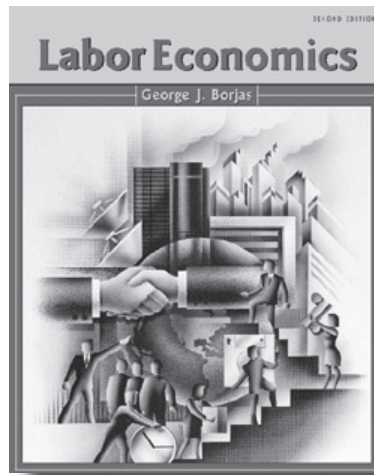
Illegal immigration is very highly regionalized, just like legal immigration. Does that mean that the rest of the country, between the two coasts, doesn't function because there are no immigrants? That's ridiculous. There are cabs in the middle of the country, believe it or not, there are gardeners.

It's like the argument that immigrants do jobs that natives won't do. That's complete nonsense too. It's a question of price. And one good by-product of all the current immigration controversy, I think, is that people now are getting that it's complete nonsense.

**BRIMELOW:** *As I understand it, the data seem to indicate that incomes have stagnated for thirty years.*

**BORJAS:** The average real wage in the U.S. hasn't risen that much. The top has increased a lot. The bottom has decreased a lot. And immigration is part of that. It's clear that at the bottom end of the distribution, in other words, the high school dropouts, immigration has had an impact.

And, because the immigration in the U.S. is very bi-modal—a lot of low-skilled people and



some high-skilled people—you’re starting to see an impact at the upper end too. And at the upper end, immigration, even though it’s lowering wages there, is also fighting the whole trend of the U.S. economy, the increasing payoff for skills. So we don’t quite see the impact as clearly.

Is immigration the only thing that is going on? No. But one thing I’ve noticed in the newspapers recently are statements like “Well, everybody agrees that at the very low end, immigration lowers wages.”

Well, since when did we agree on that? We were arguing about that six months ago.

**BRIMELOW:** *Why are we arguing about wages anyway?*

*It’s a very narrow way of looking at immigration. The real issue is: What’s immigrant surplus? How much better off are the native born?*

**BORJAS:** I agree. And then compare that with the cost of services if you really want to do a cost-benefit analysis.

But suppose that number is zero, which I think is pretty close to being true. Then you still might want to care about the wage impact because of the distributional effect. It’s making the rich richer and the poor poorer.

**BRIMELOW:** *If the total impact of immigration is a wash, then there is no economic rationale for immigration. What’s America’s need for immigration?*

**BORJAS:** No economic rationale in the context of this model. You can see a slight loss if you look at the transfer payments.

I wouldn’t go so far as to say immigration is completely useless. There are loss and gain at specific sectors. In terms of potential benefits, think of Silicon Valley. It may well be the case that the large migration of high-skilled workers into a very

clustered geographic region somehow created this energy. Now, nobody has actually proved that.

**BRIMELOW:** *And revisionists point out all the original founders of Silicon Valley were Midwestern farmboys.*

**BORJAS:** Well, I’m willing to believe that, okay? But whatever synergy that exists with high-skilled immigration, you clearly cannot make that argument for low-skilled immigration.

**BRIMELOW:** *As an economist, do you think immigration is necessary?*

**BORJAS:** For what?

**BRIMELOW:** *Economic growth.*

**BORJAS:** For economic growth? Of course, the U.S. can grow without it. But it can be beneficial. A country that pursued a rational immigration policy of selecting the

most skilled people could actually do pretty well.

**BRIMELOW:** *What kind of numbers?*

**BORJAS:** Our current immigration policy leads to an immigration surplus of, like, \$10 billion a year, right? If you had an immigration policy that was mainly skilled workers, you could easily get a number like \$100 billion a year.

But there’s no free lunch in immigration. There are gains, but somebody has to pay the cost of those gains. Immigration doesn’t happen and then all of a sudden everybody gets manna from heaven. People are displaced. Not everybody’s better off.

**BRIMELOW:** *At the moment, native-born Americans of all races have apparently decided that there are enough Americans. Their birth rates are down to replacement levels and the population is spontaneously stabilizing. But it’s being driven upward dramatically through government policy. Is there any economic reason to have a growing population?*

**BORJAS:** No. I’ve wondered why people worry about this. Assuming constant returns—if

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—George Borjas

you double input, you double output—it wouldn't really matter what population level we're at. What matters for an economy's wealth is not the number of people, but the kind of people we have.

In Europe, people worry about that a lot. But I don't quite understand why cutting the population by 10 percent would imply that they are 10 percent poorer. Per capita income needn't fall at all.

**BRIMELOW:** *What about the argument that there's a demographic structure problem and the Baby Boomers need immigrants to pay for their retirement?*



**Mass Immigration proponent  
Tamar Jacoby**

**BORJAS:** That's a different issue. That problem exists because of the way that we have built our insurance system for the elderly. We have a security system that is basically a Ponzi scheme. We need more people to pay the benefits.

But immigration is still not a solution for two reasons: One, the kind of immigrants we get on average need government services. So even if the immigrants provide for retirement costs, we have to support their social assistance programs.

Two, what's going to happen when the immigrants retire? Do we have to let more immigrants in to pay for them too? It's not a viable long-run solution. Laurence Kotlikoff wrote a paper with a

simulation about the European Union and Japan that shows it's just impossible for immigration to do very much about it ["Will China Eat Our Lunch or Take Us to Dinner?—Simulating the Transition Paths of the U.S., EU, Japan, and China" (with Hans Fehr and Sabine Jokisch) March 2007].

**BRIMELOW:** *There are really two issues, aren't there? One is we don't actually know how long the Baby Boomer generation can work, health care has changed so much. The second is mechanization, robotics.*

**BORJAS:** The Japanese are very interesting. They basically had a choice between low-skill immigration and mechanization. And they did not choose low-skill immigration. Which is better for the economy in the long run? That's a paper waiting to be written. It will be a very important paper. My gut reaction would be that mechanization is probably not a bad idea because it would lead to more discoveries and economic growth, but I could be completely wrong. I'm willing to be completely open until I see the data coming in.

**BRIMELOW:** *Does economics give an answer as to how big population should be?*

**BORJAS:** No. Economics to this day has not given an answer to even simpler questions, such as how many immigrants should there be. Economics gives an answer to which kind of immigrants we should get, if we have a choice: skilled immigrants. Economics does not give an answer as to how many skilled immigrants we should have.

**BRIMELOW:** *But Tamar Jacoby would tell you that we need immigrants, that's why they're coming in. She would say the market is telling us we need immigrants.*

**BORJAS:** That's ridiculous. The U.S. has a wage level that is many times higher than that faced by four billion people in the world at least. That means Jacoby would continue to admit immigrants until the wage in the U.S. is the same as the wage where those 4 billion people live. That's a completely nonsensical definition of the market.

**BRIMELOW:** *Well, I can see why that would be unfortunate for Americans, particularly working Americans. But why is it nonsensical from an economic standpoint? Say to a libertarian, who*



*doesn't accept the legitimacy of the national community anyway?*

**BORJAS:** I think that the answer is the following: we have an economic answer and we have a political answer—and they're intertwined. Who should U.S. policymakers care about when they decide immigration policy? If the answer to that is we should care about the 4 billion poor in the rest of the world, then by all means we should open the borders. But if we should care about the 300 million people who are here already, then letting in 4 billion people is not in their interest.

**BRIMELOW:** *You don't have a lot of libertarians around here, do you? You must miss them.*

**BORJAS:** I—no. I don't really miss them, actually. They're crazy. They have no definition of what a country is!

**BRIMELOW:** *Even if we were to open the borders to try to maximize the wealth of the world, there's a prudential question of whether it would work.*

**BORJAS:** Of course. It assumes no cultural conflict of any kind, only economics. It requires a movement of 4–5 billion people to three parts of the world: Japan, parts of North America, and Western Europe. You have to consider the cost of that kind of mobility. I don't mean just the plane, I mean the whole notion of what it entails to the culture, to the people themselves. So it's not actually clear that it's better off for the world as a whole to have no borders. I mean it's true that world GDP will go up, but what about mobility costs? Those could be even greater.

**BRIMELOW:** *Of course, in fact, everybody would not move.*

**BORJAS:** Right. An example: Puerto Rico again. Since 1946 or so, people have been coming freely to the U.S. There's no legal restrictions of any kind. There are huge wage gaps that haven't narrowed. Puerto Rico should be empty. Yet only a quarter of Puerto Ricans left. That's telling me that a big fraction of the world would prefer to live where they are.

**BRIMELOW:** *The Open Borders people would say that's an argument why we could have open borders—not all people would move.*

**BORJAS:** But what would the U.S. look like if we let in even just 25 million Mexicans and only 250 million Chinese? It would still be the U.S., but it wouldn't be the U.S. really.

**BRIMELOW:** *Do you think that there is an answer in economic theory as to what the optimum level of immigration is?*

**BORJAS:** One can answer that question using economics.

**BRIMELOW:** *Why?*

**BORJAS:** Because it is really an economic question.

How do we allocate resources?

How do you allocate people? It is at heart an economic question.

The problem is while it is an economic question, you need an objective function. And you have to work it out logically and consistently and mathematically. And that's a harder question to address than you think it is.

**BRIMELOW:** *I don't think it is an easy question, but I do think it's an important question. In fact,*

*I think it's the only important question when it comes right down to it.*

**BORJAS:** How many and who. Yeah, I agree.

The “who?” we know the answer to—skilled immigrants. “How many?” is a harder question.

**BRIMELOW:** *Is there work done on that?*

**BORJAS:** No.

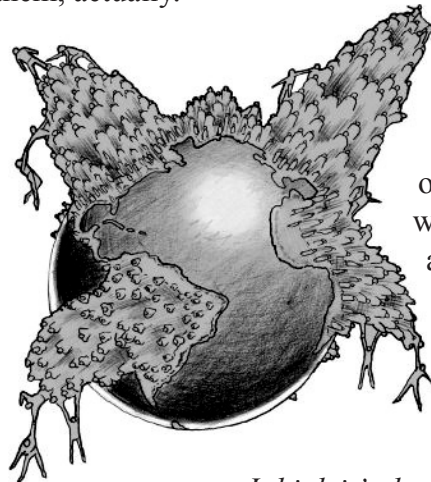
**BRIMELOW:** *Isn't that odd?*

**BORJAS:** It's odd, but I think it's a hard problem.

It's an interesting problem, but it's very hard.

And if you were to do it, very few people would believe you. Because—think about an academic's career. You have to make sure you do things that are interesting, publishable, and have an impact. And you have to be convincing on the way.

To answer the question of how many immigrants there should be, you have to have a model at the very beginning that says, the world should look like this. It's your own objective function. Well



there's no natural objective function that could be pleasing to a lot of people.

One could imagine the following, and it would be a good place to start: maximize the net gain to natives by having immigrants come in, and subtract out the cost of social assistance programs, right? You maximize that model and say, this is the true number of immigrants we should have. But I suspect that is harder than it sounds.

**BRIMELOW:** *But it's astonishing on its face that noone is asking it, when you think that Congress is on the verge of legislating this tremendous nation-altering public policy—doubling or tripling legal immigration.*

*Americans are spending 3 percent of GDP on higher education and much of that goes to research, and there is who knows how much spent on research in Washington. So what are they waiting for?*

**BORJAS:** [chuckle] Again, there's an academic's career to think of. You have to worry about getting tenure, you have to worry about...how many immigrants should there be? I agree. That is a very sensible question to ask. And in theory, in principle, it is an answerable question. Just a very hard question to address. Somebody, someday, will come up with a very clever way of looking at it. It will not be infinite. It will not be infinity. It will not be zero. There will be some number that is optimal for the U.S. And I can't tell you, right now, what is the optimal number.

**BRIMELOW:** *Well, what other research is going on?*

**BORJAS:** A lot of young economists, especially in Europe, are working on immigration. Questions like "what's the wage impact of immigration?" in the European context, "what's the welfare impact of immigration?"

**BRIMELOW:** *What's going on in the U.S.?*

**BORJAS:** A lot of people are starting to look more

closely at Mexican immigration, because it is so large. There will be a lot of work coming out on the wage impact, which number is closer to the true impact of immigration, is it a short-run impact or a long-run impact?

**BRIMELOW:** *I continue to regard that as a trivial question, myself.*

**BORJAS:** Well, the reason people will look at that is because it is a technically interesting question, which is answerable in theory by looking at data. The whole notion of capital adjustments and how capital adjusted to immigration—that's an answerable question if you have the data. Again, it's not the question you want answered, but it's a specific question that is answerable, given the tools we have.

**BRIMELOW:** *What about your students?*

**BORJAS:** I discourage them from studying immigration.

**BRIMELOW:** *Why?*

**BORJAS:** Because, given that I'm working with them, people will think that I'm doing most of the work, or that I gave them the idea or something.

**BRIMELOW:** *Normally speaking, academics develop disciples, don't they?*

**BORJAS:** I know, and I don't have that. I don't have the need. Let me put it that way.

**BRIMELOW:** *Would it do them any good?*

**BORJAS:** I don't think it would do them much good.

**BRIMELOW:** *Even though there is interest in the subject now.*

**BORJAS:** Right. ■

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George Borjas Interview—Part 2: Borjas On Open Border Libertarians: "I Don't Really Miss Them, Actually" TWO PARTS COMBINED.

