

ECONOMY

Can Immigration Hurt the Economy? An Old Prejudice Returns

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For a nation of immigrants, the United States has worked hard to keep foreigners out.

The Statue of Liberty was less than 40 years old when President Calvin Coolidge signed the Immigration Act of 1924. It barred immigration from most of Asia. It cut the overall quota of immigration from countries outside the Americas in half. And it limited immigrants from other countries to 2 percent of the number of people of that country's ancestry in the United States in 1890 — restricting immigration mostly to people from Northern and Western Europe. Those from Eastern and Southern Europe, not to say Africans, brought too many “types of social inadequacy.”

“Physically, the bodies of recent immigrants are sounder than those of the average American stock,” Harry H. Laughlin, appointed “expert eugenics agent” to the House Committee on Immigration and Naturalization, noted in 1922 testimony. “But with this sound body we have recently admitted inferior mental and social qualities of a constitutional nature which neither education nor better environment can be expected to raise above, or even to approximate, the average of the American descended from older immigrants.”

The quota system was overhauled in 1965, and immigration law today is more evenhanded. Still, the suspicion of immigrants as threats to society remains close to

the surface. By claiming that people from Muslim nations threaten national security, that Mexicans are drug dealers and rapists, that immigrants take the jobs of Americans or burden taxpayers by reliance on welfare, President Trump has drawn it back to the center of political debate.

This time, suspicion is being buttressed by some economists with a proposition not too dissimilar to Laughlin's: that immigrants could sap America's vitality by bringing inferior cultural traits from their dysfunctional home countries to erode American social norms.

It's an unsettling assertion. It is laid out with striking candor by Paul Collier, the noted British development economist from Oxford, in his 2013 book "Exodus: How Migration Is Changing Our World" (Oxford University Press). "Migrants bring their culture with them," he wrote. Countries that receive them run the risk "that the social model will become blended in such a way that damagingly dilutes its functionality."

This idea has gained more currency in Europe — which until the recent influx from North Africa and the Middle East had experienced comparatively little immigration from poorer nations. But it is getting a hearing in the United States, too, giving shape to an argument that immigration, by bringing inferior norms and culture from abroad, may be eroding American productivity.

Not unlike Laughlin in his time, George J. Borjas, a prominent Harvard economist who has written innumerable publications making a case for stricter immigration policies, argues that the quality of immigrants has deteriorated since the old days. To him, however, the dividing line is set in 1965. In his recent book "We Wanted Workers: Unraveling the Immigration Narrative" (Norton), he argues that "the new and the old arrivals are different kinds of workers, with the new arrivals being less productive."

Contagion by immigrants from the global South is top of mind: "Imagine that immigrants do carry some baggage with them, and that baggage, when unloaded in the new environment, dilutes some of the North's productive edge."

Mr. Trump's chief strategist, Stephen K. Bannon, architect of the administration's turn against immigration, might be drawn to some of this scholarship. The proposition that immigrants hamper productivity in their newfound homes could make a case for far more restrictive immigration controls than the United States has in place today. "Analogous to climate change, we do not know how large an unabsorbed diaspora would need to be before it significantly weakened the mutual regard on which the high-income societies depend," Professor Collier wrote.

It is true that people from other countries sometimes carry sketchy norms with them. A 2006 study by the economists Raymond Fisman and Edward Miguel found that diplomats from more corrupt countries like Egypt and Pakistan were much more likely to park illegally in New York City than those from more law-abiding places like Australia and Norway.

Many studies have found that ethnic and racial heterogeneity reduces support for public goods, like trash collection and public education. The sociologist Robert Putnam, while noting many long-term benefits from immigration, proposed that in the short to medium run, "immigration and ethnic diversity challenge social solidarity and inhibit social capital."

And as Mr. Borjas points out, it is true that the gap between wages of immigrants and natives is larger than it was a few decades ago, and that immigrants take longer to catch up. This may suggest that their productivity may not match that of previous waves of immigrants.

Still, the proposition that immigration weighs on productivity is in tension with many studies that show that immigration tends to raise productivity and increase economic output, mostly by multiplying the earnings of immigrants themselves. Immigration to the United States increases innovation, slows the aging of the work force and opens new opportunities for some domestic workers. The growing wage gap identified by Professor Borjas may relate to things other than the immigrants' own qualities — like rising income inequality in the United States.

Critically, those asserting that immigrants bring a contagious decline in productivity have yet to provide any evidence that this has happened, only

conjecture. Is there a threshold where further immigration starts doing real damage? How close is the United States to it? What is the mechanism whereby productivity in the United States might be reduced by immigrants' weaker attributes?

If productivity growth comes from better technology or production capabilities, how could immigrants sap it? If immigrants' culture affects American productivity — say, by reducing investment or undermining belief in private property — how big would immigration have to be to yield that effect?

It doesn't seem the United States is anywhere near the threshold. So far, empirical evidence suggests that countries with a larger variety of immigrants are richer, more productive and more innovative. Regions that receive more immigrants grow faster. And immigration may actually improve the institutions of the countries immigrants go to.

In a rebuttal of Mr. Collier's and Mr. Borjas's proposition, Michael A. Clemens of the Center for Global Development and Lant Pritchett from the Kennedy School at Harvard note that there is no meaningful relationship between the share of immigrants from poor countries and productivity growth in the rich countries they immigrated to.

Even if unfettered immigration from, say, Mexico, were at some point to transmit low productivity to the United States, today the evidence suggests that restrictions on immigration are too tight, not too weak.

This is not to say that there is no conceivable case to slow immigration down. But the case has nothing to do with contagion. If anything, the xenophobia that powered Mr. Trump's presidential campaign suggests that the more problematic cultural consequence of immigration is the eruption of bigotry among the natives. That could well impose a hefty cost.

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