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# Americans Are Thinking About Immigration All Wrong

Population growth, economic growth, and income growth can be mutually reinforcing.


By Derek Thompson



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**W**HAT'S THE UNITED STATES' MOST IMPORTANT PROBLEM? For the past three months, Americans have offered the same answer: immigration. More than inflation or political polarization, Americans are vexed by the influx of migrants. Republicans' concerns spiked after the most recent southern-border crisis. But they're not alone. In April, the number of independents who said immigration was the country's biggest problem reached a high in Gallup polling dating back to 2014.

Scolding Americans for their alarm is pointless. The state of U.S. immigration policy is objectively chaotic. When Joe Biden became president, he rolled back some Trump-era restrictions, at the same time that migrants began to take greater advantage of loopholes in asylum law to stay in the country longer. Meanwhile, a sharp rise in crime in parts of Central and South America, combined with the strong U.S. economy, created the conditions for migration to surge. In 2022, illegal crossings hit a record high of 2.2 million. As asylum seekers made their way north, cities struggled to house them. In New York City, so many hotel rooms are taken up by migrants that it has created a historic shortage of tourist lodging.

In a perfect world, the brokenness of America's immigration system would inspire Congress to swiftly pass new legislation convincing voters that the U.S. controls whom we let in and keep out of the country. The basic contours of this grand bargain have been fairly clear for decades. In exchange for expanded opportunities for legal immigration—more visas, more green cards, and targeted policies to increase immigration in technology and science—liberals would agree to stricter enforcement and control at the border. But major immigration reform is stuck. Changing the law requires Congress, and in the latest example of feckless delay, Donald Trump has instructed congressional Republicans to sandbag negotiations with the White House, to avoid giving the Biden administration an election-year win. What we're left with is the perception of immigration chaos, anger about the chaos, and dithering in the face of it.

If American politicians are ever going to think about immigration policy through the lens of long-term opportunity planning rather than immediate crisis response, they first need to convince the American people that those long-term opportunities exist. This case is actually easy to make. Cheaper and more plentiful houses, higher average wages, more jobs, more innovation, more scientific breakthroughs in medicine, and more state government revenue without higher taxes—all while sticking it to our geopolitical adversary, China—require *more immigration*. Across economics, national

security, fiscal sustainability, and geopolitical power, immigration is the opposite of America's worst problem. It holds clear solutions to America's most pressing issues.

IMMIGRATION HAS FOR DECADES, even centuries, created a temporal paradox in American discourse: pride in the country's history of immigration coming up against fears of its present and future. Benjamin Franklin, whose father was born in England, complained that migration from Central Europe would swarm the young nation's Anglican culture with undue German influence. In the late 1800s, a more Germanic nation feared the influence of incoming Italians. A century later, a nation that had fully embraced Italian Americans bemoaned the influence of incoming Mexicans.

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Although this brisk history of nativism might seem to make light of today's anti-immigrant sentiment, ignoring the fears that people have about a sudden influx of migrants is counterproductive. The border crisis is not just a news-media illusion, or a platform for empty grandstanding. It really has endangered thousands of migrants and drained city and state

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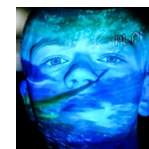
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resources, causing a liberal backlash even in deep-blue places. Last September, New York City Mayor Eric Adams predicted that the migrant crisis would “destroy New York.” As tens of thousands of migrants moved into Chicago, the city spent hundreds of millions of dollars to provide them with housing and education, building resentment among Black residents. What’s more, papering over anxieties about competition from foreign-born workers is not helpful. The Harvard economist Gordon Hanson asked me to think about the experience of a barber in an American city. If immigrants moving into his area open barber shops, they might reduce his ability to retain customers, raise prices, or make rent. The logic of fear is understandable: More competition within a given industry means less income for its incumbents.

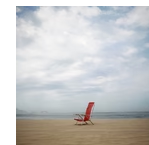
Many Americans—and, really, many residents of every other nation—think about immigration through this lens of scarcity. If the economy includes a fixed number of jobs, then more foreign-born workers means less work left for Americans. If America contains a fixed number of houses, more immigrants means less space for Americans to live.



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But the truth is that no nation comprises a fixed amount of work or income. Population growth, economic growth, and income growth can be mutually reinforcing. “At the national level, immigration benefits from a more-is-more principle,” Hanson told me. “More people, and more density of people, leads to good things happening, like more specialization of labor.”

*Specialization of labor* might sound drab and technical. But it’s a key part of why immigration can help even low-income workers earn more money over time. Last month, the economists Alessandro Caiumi and Giovanni Peri published a new paper concluding that, from 2000 to 2019, immigration had a “positive and significant effect” on wage growth for less educated native workers. The key mechanism, they found, is that, over time, immigrants and natives specialize in different jobs that complement one another. As low-education immigrants cluster in fields such as construction, machine operation, and home-health-aid work, native-born workers upgrade to white-collar jobs with higher pay. To take the example of the American barber, let’s imagine that his son decides to go to a trade school or college to increase his skills in response to intense competition for barbers. He might be better off, making a higher wage than he would have had he remained in the profession. Although such specialization can be difficult for some people who switch out of their parents’ fields, it can lead to a more dynamic economy with higher wages for all.

For the past few years, I have been thinking and writing about an abundance agenda to identify win-win policies for Americans in housing, energy, health care, and beyond. Immigration is an essential ingredient in this agenda. The U.S. must contend with a national housing shortage that has contributed to record-high living costs and bone-dry inventory in some major metros. This is a story not merely about overregulation, zoning laws, and permitting requirements, but also about labor supply. The construction industry is short several hundred thousand jobs. In the largest states—such as California, Texas, and New York—two in five construction workers are foreign-born, according to estimates by the National Association of Home Builders. “The biggest challenge that the construction industry is facing [is] that people don’t want their babies to grow up to be construction workers,” Brian Turmail, the vice president of public affairs at the Associated General Contractors of America, has said. If Americans want more houses, we might very well need more foreign-born workers to build them. Achieving clean-energy abundance requires immigrants too. One in six solar and photovoltaic installers is an immigrant, according to the Bureau of Labor Statistics, and “23 percent of all green job workers are foreign born,” according to a report by the Mercatus Center at George Mason University.

THE DEBATE OVER LOW-SKILL IMMIGRATION and its effect on the economy can get a bit technical, if you’re an economist, and emotional, if you’re an



**T**anxious native worker. But even if Republicans and Democrats can't agree on the complex macroeconomics of letting less educated migrants enter the U.S. in higher numbers, we cannot let that disagreement hold hostage the obvious benefits of expanding our recruitment of foreign-born talents into the U.S.

Immigration-as-recruitment is a particularly useful framework as the U.S. embraces a new kind of industrial policy to build more chips and clean-energy tech domestically. As *The Wall Street Journal's* Greg Ip wrote, America's new economic strategy has three parts. The first is subsidies to build products in the U.S. that are crucial to our national security and energy independence, such as advanced semiconductor chips and electric vehicles. The second part is tariffs on cheap Chinese imports in these sectors. The third is explicit restrictions on Chinese technology that could be used to surveil or influence U.S. companies and people, such as Trump-era laws against Huawei equipment and the Biden-era law to force the sale of TikTok.

But this newly fashioned stool is missing an essential leg. If the U.S. is going to become more strategically selfish about protecting key industries such as computer-chip manufacturing from foreign competition, we need to revamp our high-skill-immigration policy too. In fact, the new American economic paradigm doesn't make any sense otherwise. As a rich country, the U.S. will be

at a disadvantage in semiconductor manufacturing because of our higher labor costs. If we can't win on costs, we have to win on brains. That means staffing our semiconductor factories with the world's most talented workers.

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Semiconductor manufacturing requires a highly specialized workforce that is distributed around the world and concentrated in Asia. A large share of workers in advanced-chip manufacturing live in India and China. But green-card caps limit their ability to move to the U.S. As a result, we're at risk of spending tens of billions of dollars on factories and products without a plan to staff them. "The talent shortage is the most critical issue confronting the semiconductor industry today," Ajit Manocha, the president of the industry association for semiconductor equipment and materials manufacturers, said in 2022. This is a fixable problem. The Economic Innovation Group, a centrist think tank, has proposed a "Chipmaker's Visa" that would annually authorize an accelerated path to a green card for 10,000 immigrants with specialized skills in semiconductor manufacturing.

What's true for chipmaking is also true for AI development. According to the Federation of American Scientists, more "top-tier" AI researchers are born in China than in any other country in the world. But two-thirds of these elite

researchers work in the U.S. The number could probably be even higher if the U.S. had a smarter, future-looking immigration policy regime. The administration has already taken small steps forward. In October, Biden issued an executive order that asked existing authorities to streamline visa criteria for immigrants with expertise in AI. More could be done with congressional help.

If the U.S. is in the early stages of a new cold war with the authoritarian axis of China, Russia, and Iran, we can't logically pursue an industrial policy without an equally purposeful immigration policy. Immigration policy *is* industrial policy, because immigrants have for decades been a linchpin in our technological growth. As Jeremy Neufeld, a fellow at the Institute for Progress, has written, 30 percent of U.S. patents, almost 40 percent of U.S. Nobel Prizes in science, and more than 50 percent of billion-dollar U.S. start-ups belong to immigrants. And yet, we've allowed waiting times for green cards to grow, while the number of applicants stuck in immigration backlogs has gotten so large that some talented immigrants have stopped waiting and left the U.S. entirely. This is madness. Failing to solve the immigration-recruitment kludge as we spend hundreds of billions of dollars on technology subsidies is about as strategic as training to run a marathon while subsisting on a diet of donuts. When it comes to high-skill-immigration policy, we are getting in our own way.

IMMIGRATION IS CENTRAL to America's national security, industrial policy, abundance agenda, affordability crisis, and technological dominance. Without a higher number of foreign-born workers, the U.S. will have less of everything that makes us materially prosperous. But none of these advantages should distract immigration proponents from the fact that failure to secure the border is a gift to immigration restrictionists. Border chaos is horrendous branding for the pro-immigration cause.

"Immigration is too important to be chaotic," Hanson, the economist, told me. "Chaos leads to short-term policy fixes. But you don't want a 10-month immigration policy for the U.S. You want a 100-year immigration policy."

Taking that 100-year view leads to perhaps the most powerful case for expanding immigration. *The Lancet* recently published an analysis of global population trends through the end of the 21st century. By 2064, the worldwide human population will peak, researchers projected, at which point almost every rich country will have been shrinking for decades. Fertility is already below replacement level in almost every rich industrialized country in the world. In Japan and South Korea, there are already fewer working-age adults with every passing year. China's birth rate has fallen by 50 percent in just the past decade. Within a few years, immigration will be the only dependable lever of population growth for every rich industrialized nation.

The U.S. faces a stark choice. Politicians can squander the fact that the U.S. is the world's most popular destination for people on the move. They can frame immigration as a persistent threat to U.S. national security, U.S. workers, and the solidity of U.S. culture. Or they can take the century-long view and recognize that America's national security, the growth of the U.S. labor force, and the project of American greatness all depend on a plan to demonstrate enough control over the border that we can continue to expand immigration without incurring the wrath of restrictionists.

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