



Magazine

# Debunking the Myth of the Job-Stealing Immigrant

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On Money

By **ADAM DAVIDSON**

When I was growing up in the 1980s, I watched my grandfather — my dad’s stepdad — struggle with his own prejudice. He was a blue-collar World War II veteran who loved his family above all things and was constantly afraid for them. He carried a gun and, like many men of his generation, saw threats in people he didn’t understand: African-Americans, independent women, gays. By the time he died, 10 years ago, he had softened. He stopped using racist and homophobic slurs; he even hugged my gay cousin. But there was one view he wasn’t going to change. He had no time for Hispanics, he told us, and he wasn’t backing down. After all, this wasn’t a matter of bigotry. It was plain economics. These immigrants were stealing jobs from “Americans.”

I’ve been thinking about my grandfather lately, because there are signs that 2015 could bring about the beginning of a truce — or at least a reconfiguration — in the politics of immigration. Several of the potential Republican presidential candidates, most notably Jeb Bush, have expressed pro-immigration views. Even self-identified Tea Party Republicans respond three to two in favor of a path to citizenship for undocumented immigrants. Every other group — Republicans in general, independents and especially Democrats — is largely pro-immigrant. According to Pew, roughly as many people (18 percent of Americans) believed in 2010 that President Obama was a Muslim as believe today that undocumented immigrants should be expelled from the United States. Of course, that 18 percent can make a lot of noise. But for everyone else, immigration seems to be going the way of same-sex marriage, marijuana and the mohawk — it’s something that a

handful of people freak out about but that the rest of us have long since come to accept.

Scratch the surface, though, and you'll pretty quickly find that many Americans are closer to my grandfather's way of seeing things than they might find comfortable acknowledging. I am referring not to the racial animus but to the faulty economic logic. We generally support immigration when the immigrants are different from us. People in the middle and upper-middle classes don't mind poorly educated, low-skilled immigrants entering the country. Nor do we mind highly educated professionals coming in — unless, that is, we are in the same profession ourselves. More broadly, those of us advocating an immigration overhaul are basically calling for official recognition of the status quo, through offering legal status to some of the roughly 11.2 million undocumented workers who aren't going away. Few of us are calling for the thing that basic economic analysis shows would benefit nearly all of us: radically open borders.

And yet the economic benefits of immigration may be the most settled fact in economics. A recent University of Chicago poll of leading economists could not find a single one who rejected the proposition. (There is one notable economist who wasn't polled: George Borjas of Harvard, who believes that his fellow economists underestimate the cost of immigration for low-skilled natives. Borjas's work is often misused by anti-immigration activists, in much the same way a complicated climate-science result is often invoked as "proof" that global warming is a myth.) Rationally speaking, we should take in far more immigrants than we currently do.

So why don't we open up? The chief logical mistake we make is something called the Lump of Labor Fallacy: the erroneous notion that there is only so much work to be done and that no one can get a job without taking one from someone else. It's an understandable assumption. After all, with other types of market transactions, when the supply goes up, the price falls. If there were suddenly a whole lot more oranges, we'd expect the price of oranges to fall or the number of oranges that went uneaten to surge.

But immigrants aren't oranges. It might seem intuitive that when there is an increase in the supply of workers, the ones who were here already will make less money or lose their jobs. Immigrants don't just increase the supply of labor, though; they simultaneously increase demand for it, using the wages they earn to rent apartments, eat food, get haircuts, buy cellphones. That means there are more jobs

building apartments, selling food, giving haircuts and dispatching the trucks that move those phones. Immigrants increase the size of the overall population, which means they increase the size of the economy. Logically, if immigrants were “stealing” jobs, so would every young person leaving school and entering the job market; countries should become poorer as they get larger. In reality, of course, the opposite happens.

Most anti-immigration arguments I hear are variations on the Lump of Labor Fallacy. *That immigrant has a job. If he didn't have that job, somebody else, somebody born here, would have it.* This argument is wrong, or at least wildly oversimplified. But it feels so correct, so logical. And it's not just people like my grandfather making that argument. Our government policy is rooted in it.

The single greatest bit of evidence disproving the Lump of Labor idea comes from research about the Mariel boatlift, a mass migration in 1980 that brought more than 125,000 Cubans to the United States. According to David Card, an economist at the University of California, Berkeley, roughly 45,000 of them were of working age and moved to Miami; in four months, the city's labor supply increased by 7 percent. Card found that for people already working in Miami, this sudden influx had no measurable impact on wages or employment. His paper was the most important of a series of revolutionary studies that transformed how economists think about immigration. Before, standard economic models held that immigrants cause long-term benefits, but at the cost of short-term pain in the form of lower wages and greater unemployment for natives. But most economists now believe that Card's findings were correct: Immigrants bring long-term benefits at no measurable short-term cost. (Borjas, that lone dissenting voice, agrees about the long-term benefits, but he argues that other economists fail to see painful short-term costs, especially for the poor.)

Economists have shifted to studying how nations so quickly adjust to new arrivals. The leading scholar on this today is Giovanni Peri of the University of California, Davis, who has shown that immigrants tend to complement — rather than compete against — the existing work force. Take a construction site: Typically, Peri has found, immigrants with limited education perform many support tasks (moving heavy things, pouring cement, sweeping, painting), while citizens with more education focus on skilled work like carpentry, plumbing and electrical installation, as well as customer relations. The skilled native is able to focus on the most valuable

tasks, while the immigrants help bring the price down for the overall project (it costs a lot to pay a highly trained carpenter to sweep up a work site). Peri argues, with strong evidence, that there are more native-born skilled craftspeople working today, not fewer, because of all those undocumented construction workers. A similar dynamic is at play on Wall Street. Many technical-support tasks are dominated by recent immigrants, while sales, marketing, advising and trading, which require cultural and linguistic fluency, are typically the domain of the native-born. (Whether Wall Street's technical wizards have, on balance, helped or hurt the economy is a question for another day.)

This paradox of immigration is bound up with the paradox of economic growth itself. Growth has acquired a bad reputation of late among some, especially on the left, who associate the term with environmental destruction and rising inequality. But growth through immigration is growth with remarkably little downside. Whenever an immigrant enters the United States, the world becomes a bit richer. For all our faults, the United States is still far better developed economically than most nations, certainly the ones that most of our immigrants have left. Our legal system and our financial and physical infrastructure are also far superior to most (as surprising as that might sometimes seem to us). So when people leave developing economies and set foot on American soil, they typically become more productive, in economic terms. They earn more money, achieve a higher standard of living and add more economic value to the world than they would have if they stayed home. If largely open borders were to replace our expensive and restrictive lottery system, it's likely that many of these immigrants would travel back and forth between the United States and their native countries, counteracting the potential brain drain by sharing knowledge and investment capital. Environmentally, immigration tends to be less damaging than other forms of growth, because it doesn't add to the number of people on earth and often shifts people to more environmentally friendly jurisdictions.

To me, immigration is the greatest example of our faulty thinking, a shortsightedness that hurts others while simultaneously hurting ourselves. The State Department issues fewer than half a million immigrant visas each year. Using the 7 percent figure from the Mariel boatlift research, it's possible that we could absorb as many as 11 million immigrants annually. But if that's politically untenable, what about doubling the visas we issue each year? It would still be fewer than a million, or

less than 0.7 percent of the work force. If that didn't go too badly, we could double it again the next year. The data are clear. We would be better off. In fact, the *world* would be better off.

Whenever I'm tempted by the notion that humans are rational beings, carefully evaluating the world and acting in ways that maximize our happiness, I think of our meager immigration policies. For me, it's close to proof that we are, collectively, still jealous, nervous creatures, hoarding what we have, afraid of taking even the most promising risk, displaying loyalty to our own tribe while we stare, suspiciously, at everyone else. It's nice to believe that I am part of a more mature, rational generation, that my grandfather's old ways of thinking are dying away. But I'm not so sure. We might be a lot more like him than we want to think.

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