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MIGRANTS, REFUGEES, AND THE ECONOMY
ARE THEY PUSHING US FORWARD OR HOLDINGS US BACK?

Washington, D.C.
Friday, November 2, 2018

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P R O C E E D I N G S

MR. BAHAR: Hello. Good morning. Welcome to Brookings to all of you. If you're not here in person, to all of you watching us through C-Span.

My name is Dany Bahar. I'm a Rubenstein fellow here at the Global Economy and Development program at Brookings. I'm going to be the moderator for today.

And today, we have the great honor and privilege of hosting really, some of the brightest minds that are thinking and working and writing on the role of migrants and refugees play in our economies.

We're just days away from the mid-term elections here in the U.S., so we really hope this discussion -- I hope this discussion will help inform all of us about some of the most important policy debates happening in terms of migration and refugees, and how the name of the event says are they really holding us back or are they pushing us forward. And I cannot really think of a better group of people and scholars to join us today here on stage.

So first, we are really pleased to have (Inaudible) of them with very brief bios, because you have their bios in the program. So I cannot really do justice to their very extensive scholarship.

First, we're pleased to have with us Bill Kerr. He's the D'Arbeloff professor of business administration at Harvard Business School.

He is one of the leading scholars on a wide very of (Inaudible) economics, and when I say wide, I really mean wide, including the (inaudible) from high school migration, of course. He is the co-director of Harvard's Managing the Future Work Initiative.

We're also delighted to welcome professor Anna Maria Mayda who is a professor of economics at Georgetown University. She briefly served as a senior advisor

to the chief economist at the U.S. State Department, and she's also one of the world's leading researchers on the political economy of immigration and trade policy.

And I'm also very excited to have (inaudible) here from a brother or sister institution, Michael Clemens, who is the coo-director of Migrations, Displacement and Humanitarian Policy and a senior fellow at the Center for Global Development in here in D.C.

He is a leading researcher and global thinker on the economic effects and (inaudible) migration around the world, and he is the author of the forthcoming book *The Wall of Nations*, and hopefully, maybe will also launch the book here in the future.

All three of them have vastly contributed to our understanding on the economics of migration. Their research has been published in the top economic journals, and of course, in many other general interest outlets.

You know, I've organized a number of events here at Brookings. This one is particularly exciting. All the panelists are colleagues and friends, and I regularly rely on them for advice, even (inaudible) in the case of Bill, and I really consider them all mentors, and they really, really have shaped our understanding of this topic. So we're really lucky to have them all.

So we'll start today's event having Bill share with us some of the highlights of his newest book, *The Gift of Global Talent,* which I read it all -- not twice yet, but once (Laughter). But you should all really look at it.

And then we'll have a panel discussion between all of us. So I encourage you -- all of you here and all of you watching us on C-Span to be part of the conversation using our Twitter hashtag, #Migranteconomy.

So Bill, come up and (inaudible).

(Discussion off the record)

MR. KERR: Thank you, everybody. It's a pleasure to join you today and

have a chance to talk about this book.

It's been out for about a month, and I understood my marketing campaign needed a little bit more juice yesterday when we were trading emails, and I have known the panelists for quite a long time, and Dany was saying, well you know, so Bill will start with 10 minutes about this book.

And Anna Maria said, "What book?" (Laughter)

And so I'm like okay, we need to work a little bit harder on that.

But this is going to be a conversation about high-skilled migration around the world, but particularly with an emphasis on the United States; try to describe where we are in terms of understanding data about this, what are some of the drivers and implications, and then talk a little bit about the future.

And I want to share with you a few highlights that come from this. So one of the starting points is going to be to describe just how important high-skilled immigration has been to our country over the last four to five decades.

If you had gone back to 1975, a few would have predicted just how strong the growth would have been, but let me -- I want to take throughout this very short presentation, one particular example which will be about invention.

Back in 1975, about 1 in every 12 inventors in America was foreign born. That might have gotten a *Business Week* kind of article, but probably would not have made it to the headlines of the magazine. But come forward four decades and today, one out of every three-and-a-half inventors is foreign born.

And what you're going to be able to pick up a little bit from the chart on your left-hand side is a depiction across the six principle areas that we group patents in. You may not pick out every single one of these, but this is showing me the ethnic shares going up in these six categories.

And the most important thing I think you can take from this chart is that

all of them are upward sloping. It has not been confined to one particular technology area; it is stronger in more advanced fields like computers and communications and electronics and so forth, but even in traditional sectors like mechanical engineering, we've found an increase in the reliance on foreign born.

Now, a natural question that everyone wants to ask is, well, is the U.S. special or is it different in this space? And the not so surprising answer to that is, yes, it is special. It has been different, although we have seen high rates of migration or high skilled migration to other locations, as well.

But sometimes, it's helpful in assembling the data to see just how unique an environment might be, and given that we're a U.S.-focused panel today, let's talk a little bit about just how staggering this can look.

This slide takes data from 2000 to 2010 about the net migration of inventors around the world. And so the white lines that are above the horizontal axis is when somebody has moved from a foreign country into a location in order to do inventive work, and the lines that are beneath that are when someone of that country has moved outbound.

This is data that was developed by the World Electrical Property Organization and is again, over a ten-year period.

Again, given the size of the graph, I'm not expecting you to pick out every single country, but you're going to probably notice that on the right-hand side, there is a noticeable outlier. That is, of course, the United States.

And during this period of time, the United States received about 57 percent of all migrating inventors around the world. So it's almost like a gigantic sucking vacuum that if you were an inventor and you were mobile or moving around, you were likely to come to the United States.

Going over to the opposite side, you could see that some countries that

have also received a lot, Canada, Germany and so forth, have also had outflows oftentimes to the United States, so sometimes, they have been sort of net contributors to the global movement of inventors.

So one of the goals of the book is just to bring together these types of data and help understand this picture. Academic research and business possibilities -- we've really gained a lot over the last 15, 20 years in terms of what we're able to measure, so we want to kind of characterize this and talk about some of the -- you know, some of the reasons why.

Some reasons are very simple. Michael has a wonderful paper that is able to document if you receive an h1b visa and you're in India, just how much your wage gains can be when you come to the United States, but there are also some more subtle reasons, for example, with the way the U.S. immigration policy gives employers a lot of power. That has led them to prioritize a lot of time, stem work or computer related work for their activities.

So understand both the data and then also, some of the rationales, but then, importantly, think about some of -- what are some of the consequences? Some of the consequences we might not have otherwise understood.

And I want to continue on invention, but describe one in particular which is to think about the spatial concentration of inventive activity in America. And go back to 1975.

If you were to look at India and Chinese invention in the San Francisco Bay Area, about one out of every 220 patents was either invented or co-invented by these two ethnic groups in the Bay Area. Come forward to 2017 and about 1 out of every 12 patents in America is either invented or co-invented by Indian or Chinese inventors in the San Francisco Bay Area.

This is an enormous spatial concentration of invention that's connected

to global talent. In fact, from the 1960s, '70s, '80s, invention was actually becoming more spread out in America, both across the top cities, but also, development of company towns or the suburban office parks, and what we've seen in part is a dramatic re-concentration of inventive activity.

And to kind of get a sense of just what 1 out of every 12 means, the state of Massachusetts doesn't account for 1 out of every 12. New York doesn't count for 1 out of every 12.

And if I was to start with the state that produces the least amount of patents and sort of progressively add states into this, 28 states can combine up to be 1 out of every 12.

And so this has had a tremendous influence on how business thinks about their location choices. It has implications for spatial inequality. It has a lot of things that we need to be considering and thinking through.

So part of the book is going through kind of let us put together numbers, whether it's the students in our classrooms or whether it's the entrepreneurs, the Nobel Prize winners, but let's also put together what are some of the ways that this has influenced our lives and the business community.

And one of the things that I want to emphasize that the book does is try to then go and shine light, and it says there's a gift of global talent. The U.S. has been a particularly strong beneficiary of this gift, but that doesn't mean that everyone has in this country, gained from this. There can be winners and there can also be losers.

So one starting point is to like let's all go and celebrate the cases where there's great big successes. And I think -- you know, start with the foreign students in our classrooms, the ability to bring great minds and have places that can activate those passions and utilize their talents and train them, that's very powerful for everyone. And that's one place that we should celebrate.

Likewise, we can go to some of our leading companies and look at the inventions that are going inside those companies, the breakthrough discoveries or how they can be more competitive in foreign markets. Again, that's a place that we want to celebrate.

It's not just that it's only a story about the United States and that if somebody comes, they necessarily deprive them their home region of opportunities. The book tries to think about sort of the global kind of exchanges that can be connected to talent flows.

One of the characters that we meet in the book is a guy named D.J. Lou. He is an entrepreneur that first studies in the United States in Kansas, then did his early work here, then went back to his home city in Southern China and worked to develop a company. That company today employs several thousand people and has sponsored local universities and helped his home region develop.

His office building does look like the Starship Enterprise. It is three football fields long and one football field wide, and it also, just for the record, they bought the rights to design the office building like the Starship Enterprise (Laughter).

But then there are other cases of people that have tremendous influence, sometimes hidden, while they're staying in the country -- while they stay in the United States.

Bengt Holmstrom won the 2016 or shared the 2016 Nobel Prize in economics and spent almost all of his professional career at MIT and at Yale and at Northwestern. He has had significant impact on his home country through helping the university system with some of the ideas it was developing, fostering business connections.

He even went so far in one example of prompting the entrepreneurs in his home country to really develop; to develop a stronger society to try to push

entrepreneurship in Finland in a way that, perhaps, only an outsider could do.

That group has grown and grown and grown to the point that today, there is an event called Slush that brings 18,000 people to the Helsinki area for an extended conference about this and has really benefited a lot of local activity. Slush has become so big that Harvard Business School sends a delegation every year to it in order to be a part of it.

So just because, you know, people have come to the United States, doesn't mean that it's necessarily a drain on their home country, but of course, we also know that there's going to be cases where that is the case; that there is not a reason for an economic exchange or a business linkage to form some way of immigration that can advantage the sending nation.

But one of the ways we also want to go in the book is to look at who in the United States is not participating in this gift. And there have been some high profile controversies or scandals that have come about this.

Many will remember in the 2016 presidential campaigns and debates that there was a lot of discussion about the outsourcing that happened at Disney, where 250 IT workers lost their jobs as Disney sought to sort of move to a lower cost Indian outsourcing company.

And beyond examples like this, there is evidence that older tech workers in the United States can have their employment and wages opportunities that are reduced by the young talent that's coming in. So we want to sort of shine a light to say not everyone within this industry thinks of it as a uniformly good thing.

Likewise, from a city perspective, just because you're in one of these talent clusters doesn't mean that you look upon this as always a great thing. There was a series about three or four years ago of protests against the buses that tech giants like Google and Apple use to ferry workers around the San Francisco Bay region.

Now I've got an image of one of those on the right-hand side where they blocked the bus from proceeding, but a lot of these protests are about the fact that, look, it's almost like this two-tiered system exists now. The buses have Wi-Fi and air conditioning and move you around. On the campuses, you have free food and you have access to all of these special things, but we don't see the benefits as much.

We pay higher rents and we sort of face maybe even being pushed out of our sort of traditional districts or places that we lived, but how are we going to understand more of this?

And I think this is very important to say that for the whole of the United States, this has been a tremendous gift, but it's not been a gift that is uniformly shared. It's not a case you can just simply say always the rising tide lifts all boats.

It's important to understand that some boats get sunk in the process, or they get overturned. And why it's important is that ultimately, as we're going to talk about today, immigration is political; it's a political choice.

And you can have economics or you can have business logic and you can have so forth, but at the end of the day, it's a political choice. And one of the messages that comes from this book is to say we need to understand, you know, who is winning and who is losing, so perhaps, we can design the policies in a better way to tilt that even more in our advantage; to make sure that we get more of the wins and less of the losses, and I think there are easy ways that we can do that.

And it's also a bit of a message to business and to the tech community, which I have spent a lot of my time with both in this context and others, to say this is like the world's most precious resource, this (inaudible), and you're getting preferential access to this talent, but you also have to help make the case for the country and for the world as to, you know, why we should we have; that are the benefits that we're all receiving.

As we look to the future, I think the United States is going to face some headwinds. I'm always a fan of celebrating development around the world, but when we think about our special position as being the leading edge for global talent, things are going to look different in the future than they look today, and certainly than the way they looked 15 years ago.

So in 2000, about two-thirds of the young college educated workforce, so those between 25 and 34-year-olds for the OECD and G20 countries, we're in traditional OECD markets.

When we look out to 2030, India and China are going to count for half of those young college graduates. Western Europe and North America, which includes the United States, obviously, but also, the UK and also Canada and also Germany and also France, that's going to count for 18 percent.

So we're going to have to think of a world where talent is going to be distributed out more broadly and that we are going to have to be evermore sort of competitive and attractive as a place for people to come that has both policy sides and business sides.

And part of the goal of this book is to both highlight and understand what it is that we're trying to accomplish; where we are right now, and think about ways that we can improve going forward for the U.S. and for the world as a whole.

So thanks for the opportunity to talk a little bit about it and I look forward to the panel. (Applause)

(Discussion off the record)

MR. BAHAR: All right. Can you hear me there in the back? Yeah? Good. Well, thanks again, everybody, for coming. Thank you, Bill, for that great presentation.

I think it really captures most of the main messages of the book, of

course, and I think one message that I got through when reading it was that something that we know but perhaps we don't think as often is that it's impossible that all of the talent of the world is one particular place.

It's spread around, and the more that talent can go to the place where that person can be most productive, it should be a gain for all of us, but of course, there are also winners and losers, as in any economic transaction; tax reforms, trade. There's always somebody who is going to lose, and the question is how we balance that, and I think that you put that excellently.

And I think when it comes to high-skilled migration, there is a much wider consensus that the -- that it's a positive overall -- that it generates a positive effect overall for the countries where these people are coming, and even for the (Inaudible portion) that people are living.

But when it comes to low-skilled migration, there is -- the debate is much more fierce, and it seems to be more of a disconnect between the evidence and the political discourse. And Michael, you've done a lot of work on all types of migration, including also, low-skilled migration, refugees, which would influence (inaudible) low-skilled migration, but over -- but they come in very different circumstances.

And there are some people that would claim that fine, you know, high-skilled migration is we want, but low-skilled migration, it probably is more of a burden.

So I wonder if you can navigate -- help us navigate through the evidence, actually, whether that statement makes sense or is true according to what you've cited.

MR. CLEMENS: Thank you. Thanks a lot, Dany, and thanks to each of you for being here. We could talk for hours about that, but just for a few minutes, I'm going to talk about something quite different than Bill.

I'm talking about fundamental workers; workers whose contribution might come from some formal training, but mostly from innate talent or job experience.

Fundamental workers like care workers, cleaners, security, farm workers, construction.

And when it comes to fundamental workers, one of the greatest and grandest old American traditions is periodically declaring that we used to need fundamental workers, but we don't need fundamental workers anymore.

So a bipartisan coalition in Congress did this in the 1870s and 1880s, and used that in part to push for an absolute ban on Chinese labor immigration that was to last de facto for 83 years.

In 1911, the Dillingham Commission declared that the U.S. does not need any more fundamental workers, and that evidence was used to push for a series of immigration restrictions culminating in 1924 with the erasure of most U.S. immigration and almost all of it from outside of Northern Europe.

In 1995, we had the U.S. Commission on Immigration directed by Steve Martin declare that the U.S. does not need any more fundamental workers, and of course, today, we have the three Steves, Miller, King and Bannon declaring that the U.S. does not need economically any more fundamental workers.

And I want to -- and of course, they use this explicitly to justify the proposal to decimate a lawful invasion to the U.S. The proposal on the table is to eliminate more than half of lawful immigration to the U.S., primarily for that reason.

Now, I want to point out a few things about these repeated declarations, which are really the same declaration again and again in different forms. The first is that it is fundamentally reasonable.

It is not at all unreasonable. The Americans who do fundamental work in the 1880s and in the 1910s and in the 1990s and now are often the Americans who struggle the most, and it can appear cruel to offer them more competition in the labor market. That is not a view that requires any kind of racism or a xenophobia to believe.

The second thing I want to point out is that it has been repeatedly

incorrect, just factually incorrect, all of the above declarations. After the 1980s (sic), of course, we had decades of very large flows of immigration. The rate of immigration inflow in the decades following 1880s (sic) was about triple the inflow rate as a fraction of the population now, most of it very low skill.

Many of the grandparents, great grandparents and great-great grandparents of the people in this room include those people, including mine.

Of course, after 1924, modern economists have shown that the de facto immigration shutdown of 1924 actually cost Americans jobs; did manage to crowd Americans into some lower skill, lower paying jobs after 1924, but overall, reduced U.S. unemployment and in the long-term, impoverished the counties -- the U.S. counties that were most affected by that immigration exclusion. I'm talking about the research of Sandra Secada, Nancy Chen, Nathan Nun and Marco Tabilini.

And of course, after the 1995 declaration that we didn't fundamental workers anymore, there was a decade in which hundreds of thousands of fundamental worker immigrants were successfully employed alongside Americans in the U.S. labor force.

So it was -- all of these views were reasonable at the time. They were absolutely reasonable, but they were missing something. What were they missing?

They were making the correct assertion that fundamental workers in the U.S. labor market are in just pure, cold, hard economic terms, a unit of labor for sale that competes with other labor. That was true.

But it misses two other things that fundamental workers are: Fundamental workers are consumers. They consume goods and services made by U.S. natives, and therefore, expand the opportunities for investment and specialization by U.S. natives who work with each other. And they are also factors of production; just pure, cold, hard, economic terms. They are factors of production that working alongside

natives, complement them.

So what I'm talking about is American master chefs literally do not have a job without dishwashers. There's no such thing.

American cardiac surgeons literally have no job without people keeping the hospital clean and sanitary.

Silicon Valley certainly runs on engineers, many of them India and Chinese, and many, many of them native, but it also runs on vegetables pickers, child care workers, construction workers, security workers and others.

It's not one or the other. It's both of them at the same time, and necessarily at the same time, and that is why now, in the information age, if you go to the Bureau of Labor Statistics web site and ask for their projections of employment growth in the United States over the next decade, the top 20 occupations, most of the jobs in those occupations are jobs that don't require a high school degree.

I'm talking about retail, care work, warehousing, delivery -- things that are necessary for Silicon Valley to work. That is why immigration for fundamental work was in the national interest in the 1880s and in the 1910s and in the 1990s and now.

MR. BAHAR: So before I go to Anna Maria, I wanted just to follow up on the one particular point, which is one way to interpret, also, your comments -- I'm thinking about the research of Jovanni Perry who is one of your -- someone we know and co-author of (inaudible) and many others, who makes a claim that the entrance of immigrants to a certainly, particularly low-skilled, actually allow the natives to experience upwards occupational mobility.

So when you have people who need to do the dishwashing, which are perhaps, jobs that migrants are willing to take, that allows natives to actually move, perhaps, to be waiters and actually experience increases in wages.

So is that a story you think that is fair in the context of America and more

generally?

MR. CLEMENS: You want me to go for that?

MR. BAHAR: Yeah, just quickly, before I jump into the --

MR. CLEMENS: Absolutely.

There is one thing that every economic study of immigration I've ever seen except one by Jovanni has in common, and it's a study of the impact of immigration on categories of people or people who live in a certain place, like people who haven't finished high school or people who live in a certain city.

And if you think about that for a minute, it means you missed the effects on people who changed their level of education or changed the place that they work in or changed their job in response to immigration.

There is one study which is different, which is Jovanni Perry and Metha Frauched had this incredible study where somehow, they got data on every man, woman and child in Denmark over decades, and tracked their response to refugee inflow from Iraq, the Balkans and Afghanistan -- people who were exposed to those refugee inflows.

And then they either dealt with that in place or changed jobs, changed skill levels, changed locations over time and found that you would have missed much of the benefit to them from displacement, which as you pointed out earlier, is difficult and has some losers and is a transition that just like the transition of the U.S. economy out of agriculture or the adjustment of male workers to female labor force entry always has people who find that difficult.

MR. KERR: Or technology.

MR. CLEMENS: And technological change. It absolutely needs support, but they end up with proper social policy, benefiting from it.

And if we just study categories of workers without tracking individuals over time, which only they have done, we miss that, and there is a lot more research to

be done in that area.

MR. BAHAR: Okay. So Anna Maria, because you've done significant and very influential research on the political economy of migration.

And I think among us, there is an understanding that when you actually look at the evidence of all type of migrants, we see, besides the fact that there are winners and losers, as in anything else, we see that the effects are overwhelmingly positive.

There is very little effect that actually migrants, displace workers, that they lower the wages. There is some still some discussion and literature but most of the evidence, shows that that's not the case.

So what I call the one million dollar question, based on your work, is how come, you know, we don't -- being there's facts out there, how come the political aspect of it is still -- the migration is such a debated and hotly debated topic among politicians. And how migration in general affects these politics here or in any other country (sic).

MS. MAYDA: Thank you.

So (inaudible) at work fight a lot on -- based on public opinion on migration and actually, on other aspects of globalization.

And what I can say is that based on my work and other economists and political scientists' work, there is quite a lot of evidence that independently from what the impact of migration has actually been, people perceive to -- that migration has had both a negative and positive impact.

So some people perceive to have been penalized by migration, and both through labor market drivers, changes in wages, changes in employment rates, some people perceive that they have been penalized through changes taking place in terms of how the welfare state works, either through changes in tax rates or the billability in the number and the quality of per capita benefits.

So I want to stress that this is not telling us anything about the objective impact of migration, but definitely, public opinion seems to believe that there are winners and losers.

And since we do live in a democratic country, we do need to face what public opinion thinks. We need to make migration politically feasible. We need to deal with the fact that migration can produce very big gains, as Bill told us.

But to the extent that there are some losers, we do need to address these grievances by one part of the electorate, because otherwise, we cannot do -- make the policy changes that we would wish for from an economic point of view.

And the main themes in what I'm going to say are that first, one big issue is that there is a lot of ambivalence in public opinion in the following sense: The groups of voters who from a certain point of view would want more migrants, from other points of view want fewer migrants.

So let me a little bit more explicit about that. So let's think about some somebody who is very well educated and has a quite high income and paces -- observes their rival of low educated migrants.

And that person is not going to fail in the competition of the labor market with that group of migrants. Actually, he's going to be quite happy about the arrival of those migrants because he can hire them, and there is going to be more availability of workers and lower wages.

So from that point of view, that person, high income, high education, is not going to feel opposed to the arrival of low-skilled migrants.

But then, if we think about another big aspect of the impact of migration, there is evidence that people perceive that low-skilled migrants may affect how the welfare state works. So in situations in which low-skilled migrants arrive, there is evidence that, for example, rich individuals feel that they're going to end up paying higher

taxes.

And they are going to pay higher taxes to fund the welfare state, to pay for the public schools for the public benefits that go to everybody.

And so from that point of view, the same person who would want more low-skilled migrants to come in, because that person can hire them, can be complementing the labor market by those migrants. At the same time, there is evidence that that person perceives a negative effect through another channel. And again, I want to stress that these are perceptions.

This is based on data and public opinion. It is not based on data on the actual fiscal impact of migrants and the migrant is going to talk about that.

And I can talk about that. There is, for example, a National Economy of Science report that came out last year that gives us a lot of information about the fiscal impact, but here, I'm talking about public opinion.

So you see that you have the same group of voters who have different opinions about low-skilled migrants in this example, and based on what aspect of the impact of these low-skilled they're thinking about.

So you see that it's very hard then, to build a coalition of people who support change that would bring in more low-skilled migrants, because the very same people feel very differently about it. They're thinking about different aspects.

And the other issue that I wanted to discuss is that while we teach our students about economic changes that produce aggregate gains, but can also bring about -- and even effects can create winners and losers. We always talk about redistribution -- the need for the government to come in and redistribute some of the gains that either -- they go to the winners to some -- to those who either are actual losers or perceived to be losers.

But here comes another challenge that we face, and it's the thought that

when there is a lot of migration, there is evidence that at the same time, public opinion becomes more opposed to redistribution.

So public opinion will respond to their rival of low-skilled migrants -- response to their rival of low-skilled in particular by reducing its appetite for redistribution.

So you see that we can potentially be caught in a trap in which we would want to redistribute some of those gains, but at the same time, the same voters are opposed to increasing the extent of redistribution. So you see how difficult this problem becomes from a political point of view.

And finally, the other big issue is that from a political point of view, there are many moving parts. So we are talking at the same time about the effect of migration, the effect of trade liberalization, the effect of automation, the effect of a financial crisis that took place now long ago, and all of these economic changes might have impacted certain groups of voters at the same time.

And it is very difficult for these voters to figure out what has caused the deterioration in their living standards. There is evidence that some groups of voters have experienced a deterioration in their living standards, but then, the question is, what is the cause.

And it is difficult for us economists to get a definitive answer about that point, even more so for voters. It is difficult.

So I think we need to contribute more in terms of research, in terms of trying to figure out what each different change has contributed in terms of the position of these voters who definitely feel they have been penalized in the last decades, in the last few years.

MR. BAHAR: Yeah. I think it's a fair point.

It's very difficult for us, but for politicians, it doesn't seem that it's always very difficult (Laughter) to identify the exact cause.

I mean, I'm glad we started talking a little bit about policy, and I want to -- Bill to get us to talk -- he talks a lot about that in the book.

But just before, if you can -- Anna Maria did talk about redistribution and the perception that part of the "burden" of migrants is that they create a negative effect in terms of the fiscal balance; right?

So they are basically paying less taxes than what they are receiving. That's kind of one speech out there that some people use. And you've talked about it (Inaudible portion) about it.

So I don't know if you can -- I know it's an unfair request, but if you can tell us a little bit about it in just a couple of minutes, and then we'll go to Bill with the policy part.

MR. CLEMENS: Yes. So fiscal concerns are -- around the world, as Anna Maria mentioned, a major factor in people's data concerns about migration. I think there's a lot to be discussed there.

In the United States, it can start from a very authoritative statement of those fiscal effects that Anna Maria alluded to. Last night, you had the -- well, I guess it was yesterday during the day, you had the president going before the world saying that immigrants cost the U.S. taxpayers billions and billions of dollars.

That's a talking point that is provided to the president by people who don't have any information on the subject. There is an authoritative statement that Anna Maria mentioned.

Last year, the National Academy of Scientists brought together the leading immigration economists who study immigration in the United States, and some around the world, across the political spectrum, across a wide range of views about immigration chaired by Fran (inaudible) and a colleague -- really an authoritative statement on the subject with -- from people who are interested in facts.

Their report is called the Economic and Fiscal Consequences of Immigration. You can Google it. You can turn to page 434 of that report and find their bottom line on fiscal effects.

They find that the average net fiscal position of an immigrant reflecting the age and skill composition of recent immigration to the U.S. across all levels of government, federal, state, local combined -- net present value plus $259,000. That's the bottom line.

So if there is a U.S. fiscal problem associated with migration broadly, it's that there is not enough of it. That's the starting point for a conversation.

Now, the report talks about all kinds of heterogeneity across different types of immigrants. It talks about different assumptions you can make to get different numbers.

They give you lower numbers, for example, by making assumptions like average cost pricing of public goods, which means if you assume that each additional migrant costs in national defense, for example, the average national defense spending for the current population, then you can get lower net fiscal position for a migrant, that's a ludicrous assumption, of course, because the cost to wage of foreign war in defense of the United States is identical, whether the United States is 300 million or 330 million people, the marginal cost of an immigrant for national defense is close to zero.

But if you're making different assumptions, you can get lower values. That is, the 259,000 figure, is the figure that they can consider to be the most reasonable, based on economically reasonable assumptions.

I want to point out that it is inherently an under estimate because jobs, it turns out, are not charity. When an employer employs a worker, they do that always and only because they get more profits by doing that, and profits are taxed, and that second effect on taxation is never counted in these accounting exercise.

It is the benefits received by a person on the negative side and the taxes paid by that person on the positive side, and in this commission's report and in a prior Heritage Foundation report on the subject, if you dig in, you'll find that they don't count those indirect effects, because they're kind of difficult to measure.

If you just do the math in your head, they're on the order of 50 percent more, just given the labor share of income and the relative tax rates of income tax and corporate taxation, but they're just omitted.

So whatever the fiscal effect is, you can count on it being something much more than $259,000. Within that, you can propose all kinds of very interesting innovations. Some of them have come from the Hamilton Project here at Brookings.

Jovanni Perry, the aforementioned Jovanni Petty has a very interesting proposal for a bond to be posted by people with provisional labor visas that becomes a -- just a contribution to the U.S. Treasury if people end up staying.

That's the kind of innovation that I think could be really useful and could address some of the real concerns about the heterogeneity of fiscal effects across different kinds of migrants. That's a very, very useful conversation to be had.

We get nowhere, and we certainly don't get any useful innovation from starting with talking points based on disinformation.

MR. BAHAR: Great. That's very complete. Thank you.

Bill, so I'd like you -- if you could share with us some of your thoughts in terms of policy. You write about it in the book a lot and you have thought about it extensively.

The United States is in a position that has been benefited from the -- from global talent. But of course, there's always ways to improve this or to keep it that way. You've done a lot of work on h1b visas.

So can you give us a little bit of an insight of what's your -- the way that

this policy could be improved in the United States for the country to keep benefiting from this global politics?

MR. KERR: Yeah. Let me first thank Michael and Anna Maria for navigating us through some very complex places and channels, and I certainly agree that the economic and cultural insecurity that people feel can lead to political choices that are not aligned, often, with some of the data that we have.

And I think that's part of our overall responsibility as a country. Like in the U.S. competitiveness project at HBS, there was a phrase that was developed about an economy doing half of its job, and the half that it really wasn't doing was about the stagnating sort of middle class wages and efforts to kind of make it to where we could all see a more productive future from there, and that plays into many of these conversations.

So I'm going to have to simplify this a little bit in order to go back into the high-skilled space and talk about possible h1b reforms and similar.

This is a place where our national immigration system is enormously complex, and it's had many sort of iterations and layers and things that have been placed on it, but I think we can try to isolate a couple of places where we could really, on the high-skilled front get more bang for the buck, and actually, be more particular and say on the employer driven side, h1b side, because people of skill levels can come through other places besides just the employer side.

So one of the starting points is to say that you and I don't have to agree that we should expand or reduce the number of visas that are given for employment-based purposes to hopefully come to an agreement to say we can do better. We could get a bigger bank for the buck with a larger sort of gift if we utilize just the capacity in a better way.

Currently, in most years, whenever the demand for h1b visas are particularly high, the United States sort of takes a bunch of applications in over the first

few days starting April 1st, and then it sort of needs to conduct a lottery over those visas in order to allocate them out.

And this lottery is done at an individual level, so let me just give like one consequence of this lottery. If 30 percent of the people that are in the lottery are going to get a visa, and let's take a U.S. employment -- I'm just going to use Microsoft as a generic example.

If Microsoft puts in a hundred applications, Microsoft doesn't even at the end get to pick the 30 that it would like to employ. It just picks out 30 individuals. And so this has had a consequence of us not using the visas in a very effective way when they're in scarce supply.

And so I, in the book, am trying to talk about pathways -- the simplest pathways possible in order to make better use of these. I, for example, recommend wage ranking the visas.

So we start with the people that had the highest proposed wage and sort of work our way down to allocate these into more productive uses rather than allowing them to be used for any particular purpose that could fall under the program.

There are under ways. The Hamilton Project, which has a connection to Brookings, for example, talked about how to auction off the visas as a second sort of route.

In either way, what we want to get to is something better about -- if this is going to be in such scarce supply, how can we make sure that they're utilized more effectively.

I also think that to the degree that we did this, we would get closer to a place where we could all agree to increase skilled migration, the employer drive migration.

One of the things I do towards the end of the book is look at polling data.

And unfortunately, the polling data is, at this point, from 2017, and this isn't as frequently polled. But the polling data which came after the election and so forth, was still suggesting that the majority of Americans supported an increase in skilled migration. It was a three-to-one kind of ratio among those that were supporting versus those that were not.

When we went and asked specifically about the h1b visa program, the reviews were much more mixed. Many were sort of saying I think I want to kind of keep it about the same size. There was a slight more that were saying increase it rather than decrease it. But there was definitely a noticeable difference between the skilled migration context.

And so what -- part of my hope on the employer side is that if (inaudible) can show that this is skilled -- and that these skills are special for what they're attempting to accomplish, the more public support can come around expansion of this.

A second place that I want to shine a light on, talking about the book, is that we have ever growing challenges with the school to work transitions.

So many of our classroom are chock full of people that are on F visas are students that have come to the United States, and there is a -- universities have a relatively unlimited supply of F visas.

In other words, they can expand the ranks as they need to or as they want to. And one of the challenges that we did is that we have a growing sort of student population that is trying to get out to an employer driven system where the slots are much smaller.

So I try to give the image of several pipes that are different sizes. And when you go from one pipe to the next, we tried to sort of create these Band-Aids in order to keep the pipes kind of in line with each other, and we need to think more carefully about how to have those school-to-work transitions operate more effectively.

Anytime you get into one of these policy environments, there's 15,000 sort of questions that kind of even with the simplest of ideas come up. How would you think about sort of wealthy coastal cities were wages are naturally higher versus cities that are in the interior, wages are less? You have to think through those things when you're talking about wage ranking and other stuff.

But I would agree that we can, with relatively simple stuff -- that I think a lot of people would come on board, get to a point where we're using the system better. We can even increase that.

But again, let me get one final point here, which is I actually -- I'm also trying to say this isn't just on policy. And one of the end messages that I try to give to employers, and I work at a business school, and also to the tech community and others that I relate to is to say help us make this -- you know, make this case better.

It can't be that it's just about these policy reforms, and it can't be that your sort of party line is to come in and say we should have unlimited numbers of h1b visas, because that is not selling very well. Help us to understand how this is impacting economy in productive ways, and help make this argument ours. So it is -- it's on the employer's side as well as also on policy side.

MR. BAHAR: I want to leave time for everybody to participate, but I want to give -- I want to do a very short round of -- I'm an economist and I'm terrible at forecasting things, but I think that some of these questions are going to make -- might come up.

So you know, Bill, you talk in the book about the fact that -- you even say -- let me just quote it, actually, just to --

MR. KERR: Oh, dear.

MR. BAHAR: You say --

MR. KERR: He's the one (Laughter).

MR. BAHAR: Top talent has been one of America's greatest strengths, but this leadership should not be taken for granted.

And there's a lot of things happening out there, particularly coming out of the government. For instance, at the very beginning, things such as the travel bans were put in place and we went back and forth with the judicial system.

You know, President Trump says he wants to cancel the lottery visa -- the (Inaudible portion) reason I should say. I'm one of the winners, so I am the worst of the worst (Laughter). So if you haven't made one, I'm probably in the downside of the distribution.

And there's a lot of things happening right now, this week, just a few days from the midterm election. There is a group of refugees walking miles -- thousands of miles, day and night from Honduras, and most of them hope -- perhaps, trying to seek asylum in the U.S.

The president has called them invaders and is threatening by sending military force -- 15,000 military force -- military personnel to deal with 5,000 people, perhaps at most, half of them women and children.

There is the idea that it is time to end the Birthright Citizenship Right, where people, just by being born in the U.S. are not -- do not have the right to be citizens, and that, perhaps, speaks particularly to the 11 million undocumented migrants that this country has.

So I want to take -- I know this is a tough question, so I'm not going to call on any of you, but I want to see -- before we go to the Q&A, if you can give us your reaction about whether this is a smart policy.

Is this affecting other aspects of the position of America as one of the -- as the main receiver of global talent? How does it play in the future, et cetera? So whoever wants to answer.

MS. MAYDA: I mean, I can start.

MR. BAHAR: Yes.

MS. MAYDA: I can talk about the birthright principle to citizenship (inaudible).

So I think the discussion has been driven by miscalculation, misunderstanding of what this right that's produced in terms of political effects. And it is quite surprising. There is not a lot of research for the United States on the political -- on the impact of immigration on general election outcomes.

I've been working on this topic recently quite a lot, and before I started working on this topic, the (inaudible) was that migration penalizes the Republican party on average, and that's what I find in my own work.

So what I find is that -- what we find in the paper with Jovanni Perry and (Inaudible portion) of the Bank of Canada is that in places where there was an increase in the share of migrants, the voting share to the Republican party decreased. And this was the understanding in the political circles, in the political (inaudible) even before we started working on this topic.

But the interpretation of this finding was not correct. The interpretation was that this was driven by the fact that either naturalized migrants or their kids who had the right to vote as citizens would vote for the Democrats.

But actually, what we find then, in our own work, which is very detailed work that goes back to the '80s. It looks at the United States in a very disaggregate level. We look at data at the account level.

What we find is that what really matters for this political impact of migration is the skill level of migrants. So we find that in increasing the share of skilled migrants, that's what penalizes the Republican party, while increasing the share of low-skilled migrants helps, increases the Republican vote share.

So you see that that's a very different result, and it is true that naturalized migrants tend to be quite skilled. And so I can see where the misunderstanding in the political (inaudible) is coming from, but basically, the bottom line is that by getting rid of the birthright principle, and it's not clear to me that that's going to affect the political outcomes in the direction that the Republican party hopes for.

MR. BAHAR: Do you want to weigh in on this, Bill, or --

MR. KERR: Sure. And I will -- I'm guessing Michael, also, because I'm on his Twitter follower along with -- I'm certain more people will have some things to say about the caravan (inaudible).

I want to make, I think, two points on this line.

So the first is, you know, national security is certainly important. I regret that we are spending so much time and energy on what to me is a political stunt, in part, because there's so much other work that needs to be done.

You think about all of the mess that -- you don't have to be pro-immigrant or anti. There's a lot that needs to be worked on. I wish we were devoting that mine share in more productive ways, and this makes it harder.

And the second thing I want to kind of comment on where this is going to come back closer to my own particular on the employer side of the higher skilled side is I'm frequently asked about like this latest tweak to the potential h1b program or something like that; like what's the policy space going on here?

And part of my -- you know, my typical reaction to start with is to say that if you're focused on that, you're focused on like -- to me, what's 10 percent of, you know, the conversation.

You know, much of it is about trying to -- you know, like how much security do people feel about the United States? Is it a place that they want to come?

There is -- the United States has never had like -- considered to be like a

very user-friendly immigration system, but people have been willing to make the investments for students or as workers or so forth to come here, if they can think about like what they are going to be a part of on the other side.

And so a lot of sort of the challenges that we're facing right now is that this rhetoric can be exceptionally damaging towards how much faith people want to put into the country, and regardless of whether you're investing in a chemical plant or whether you're investing in where you're going to start your company or your education, this is a very important thing for us, and I worry a lot about that spillover.

MR. BAHAR: Mm-hmm. Michael?

MR. CLEMENS: I just couldn't agree more with what Bill just said. There is so much to be done. There are real problems.

Just in talking about the economic aspects of this, the polarization of the U.S. and many other labor markets is a very real phenomenon. There has been a large negative shock since 1990, and demand for labor in the mid-range of skill, cognitive and manual tasks that are easily automated, and that's only going to get worse.

And helping populations adjust to that is, for the young people in the room, it's a challenge of your lifetime. It's not something that's going to be solved anytime soon. It is not something that's going to be addressed at all by the snake oil being offered by many different world leaders, not just the one running this city.

And it's -- we have to understand that the frustration that a lot of people feel which comes from many sources, but certainly, an economic source which is this particular one, the polarization of the labor market and negative shock to a demand for a certain kind of worker is generating a situation in which populous to politicians have a very easy time convincing people that migrants are to blame for their problems.

And I just want to look -- finish by looking briefly back at U.S. history here.

Where did Chinese exclusion come from? Historians have studied that quite a lot. One of the most important sources was in 1873, there was a bank crash, Jay Cooke, which set off the -- by far, the longest economic depression in U.S. history still to date.

Nine years later, we got Chinese exclusion.

We had the Lehman Brothers crash setting off a huge worldwide depression, a lot of economic frustration, and nine years later, there was Steve Bannon sitting in the White House setting immigration policy. And those things are not unrelated.

The real struggling and real suffering of many workers in many areas almost entirely unrelated to immigration creates a field in which people are easily persuaded that migrants are the problem, and in that sense, domestic social policy is a form of migration policy.

And I would illustrate that with Chinese exclusion. How did we defeat Chinese exclusion? By having the analog of me come in with statistical studies saying, look, look, you know, generations from now, Chinese people will do all this great stuff that Bill Kerr talks about. Not even slightly at all.

The way the Chinese exclusion was defeated was through a massive project of social policy, I would argue; things that didn't exist at the time. Mass education, mass information infrastructure, which at the time meant libraries and telegraph, the first labor protections, bankruptcy law, so that risk didn't mean disaster.

Many, many things which had to be developed to prevent the kind of suffering and frustration that opens the field to demagogues. And that's where we need to be focusing now, way, way beyond immigration policy, although there's a whole lot of room for innovation there, as well, and we just -- that entire essential, fruitful conversation dies when the entire focus is on eviscerating refugee inflows, banning Muslims, cutting legal immigration by half, which is the conversation that has been set by those in power

at the moment.

MR. BAHAR: Thank you.

All right, let's have a Q&A session for the rest of the time. Let's take three questions at a time. So I'm going to -- there's some people with microphones.

You go first, but while they get to you, there's a gentleman here in the front. Please introduce yourself quickly and make sure your question has a question mark at the end (Laughter).

SPEAKER: It will have one.

(Simultaneous discussion)

MR. POLZER: This is a Jeopardy question. It's an answer in the form of a question? Sorry (Laughter).

No, I think there is a missing voice on the panel. My name is Carl Polzer and I am with the Center on Capital and Social Equity. I started the project, but it studies inequality and also, advocates for the bottom half.

The bottom half, everyone will research -- no researcher is fighting for them on this panel. The one that comes to mind -- and I agree with most of what you guys are saying for the top half.

George Borjas -- I don't know how to pronounce him, because he started teacher where I went to school after I was there. One of the best economists on labor in the world. I just was reading one of his references.

Yes, for illegal immigration it causes a loss in wages of about a hundred billion a year for American workers at the bottom and a benefit of about the same for people that hire them, like the maid or the businesses.

So there is a loss there, and that is an important part of Trump's constituency. I think -- and also, they raise a third of our kids in this country.

So okay, I think Michael's comment is kind of about all of these moving

up the ladder. Assume an unsticky labor market, like the -- and my window into this is working with people with disabilities. Okay?

So you've got a guy that's a dishwasher that has a disability. You know, you look -- he has bad teeth. So the Mexican guy comes in and gets his job, so he automatically gets to be a waiter; right? He's a big overweight. Nope, not going to happen.

The fact that Trump's run off a bunch of illegals has helped this constituency. The one area -- I don't agree with almost anything he's done where he has delivered.

MR. BAHAR: Thank you. Let's take a couple more. There is a -- yeah, over there, and then we'll go back to you.

MS. SUGAR: Hi. I'm Lisa Sugar and I'm with the Jewish Federation of Metropolitan Chicago.

As you know, there's a proposal on the table from the Trump administration to redefine, restrict the public charge policy. And I was wondering which, in effect, targets low income immigrants, their families and also, many of those people are workers -- healthcare workers, so it would affect the work force.

And so I was just wondering if, you know, anyone is doing any kind of, you know, analysis or numbers crunching to sort of see what the fiscal impact would be if this policy, you know, goes into effect.

MR. BAHAR: Sorry. I couldn't hear. What's the policy?

MS. SUGAR: Public charge.

MR. BAHAR: Public charge.

MS. SUGAR: Which has been a policy that's been in effect since 1882, for 136 years. And it was -- basically, there was a guidance issued in 1999 to identify three cash assistance programs that would deem an immigrant a public charge if they

were trying to come into the country or if they were trying to -- you know, or if they were already in the country.

And so what the Trump administration is trying to do is to expand that to non-cash assistance programs. So Medicaid, parts of Medicare, SNAP and things like that. And in doing so, they're also saying that if you don't have a green card, you would be subject to, you know, being a public charge. So it's really becoming very, you know, either broader or narrower, depending how you look at it.

But anyway, what we're trying to sort of assess is what would the economic impact because both in terms of workers and, for example, a lot of these programs that would be affected or be included -- hospitals and social service agencies provide their services.

So their fiscal impact -- you know, there would be a fiscal impact to them because of the workers that they would have to lay off and so forth.

MR. BAHAR: I think we got it. Thank you. Let's get one more here, and then the next round you're going to be.

SPEAKER: First of all, I want to say, no one -- no human being is illegal. And people who think about it (Inaudible portion) think it twice to stay. Something like that is really cruel, especially in a country where we get -- all of the (inaudible) that we have is basis of a stolen lamp.

As a Native American, I'm really disappointed to see how we analyze economy on the basis of taking control of the land of native people. Look at yourself. You know who are your family coming from Europe, from Asia, from Africa.

And it really is the basis of this point, how we can treat people who are coming to this country, crossing the border looking for refugees.

I just got back from Mexico to be in a conference about immigration and the border. Thousands of people are coming from Honduras. Do you know how many

inter-policy military intervention from the U.S. to Central America in the last 100 years? Fifty-six interventions.

That means that the U.S. or tax voters paying the military to go to Central America, kill people and giving guns to them. Rivas, Maraz and others. The basis of that --

MR. BAHAR: Thank you.

SPEAKER: -- how we can now think our economy in this world and especially the U.S. with the basis of immigration -- how many people do you -- maybe you have your ancestors coming from Europe, escaping the Holocaust or other issues, and there was refugees coming and crossing to the U.S., and now you have great invasions and grand (inaudible) in companies.

MR. BAHAR: Thank you. I think we -- I'm sorry.

SPEAKER: Yes.

MR. BAHAR: I just wanted more people to ask. I think we did get the question.

So what I'm going to start with this round -- so there is a question about the bottom half and the research by Borjas, and I'm going to let you all decide what you want to take, so why don't we -- who volunteers to start?

MR. KERR: So I can (Laughter).

(Simultaneous discussion)

MR. KERR: So I want to begin by just saying that in the economics landscape, there are various voices that have still disagreement sometimes about some of these wage effects, and yeah, I think the majority of the studies are finding either that there are no wage effects or slightly positive. George has typically found that there's some consequences, and some negative consequences.

At the end, I come back to the -- over a medium horizon, the economy

adjusts. We don't live in a world where there are no jobs or it's a zero-sum gain. I think we're going to see expansion of opportunities.

I look in -- first of all, there are unemployment rates at historic low levels. So to one of Michael's earlier points, it's not that we're running out of jobs. There's questions for the future.

When I was on the phone with the gentleman that runs the economic policy up in Michigan, his response was Detroit needs more immigration. Like our problem is we've got a lot of these challenges of non-employment. We need to have people come in there.

So the distributional consequences are big and they're important, and I hope that we can always keep them in mind. I think that we can see that there's a -- certainly in the medium and long-run, a power to this.

MR. BAHAR: Yeah. Do you want to --

MS. MAYDA: Yeah. I don't think we were trying to ignore one part of the literature. I think we are all very aware that there are different voices in the literature.

But I think the general theme here has been look, there are potentially very big gains in the aggregate, and there can be these uneven effects. There can be negative effects on some groups of voters, but it's blocking migration the right way to redistribute these gains. It's the right to do a redistribution policy.

And I would say most economists would tell you no, that the migration policy should not be used as a tool to redistribute income gains.

So there are many other ways to do so. The challenge that I see is that what I mentioned before. At the same time, there is an increasing opposition to carrying out redistribution which comes with the arrival of certain types of migration. That I see is a challenge from a political point of view.

MR. BAHAR: Yeah. Do you want to weigh in with this one or the other

questions?

MR. CLEMENS: Yeah. I mean, about unauthorized immigration, the studies of the labor market are -- by design, measure only that first role of workers that I mentioned, which is as a unit of labor for sale in the labor market.

And I hold constant -- and this is the point of those studies, hold constant those other two effects, as consumers fostering the investment and specialization by other workers in producing the things that they consumed, and as factors of production working alongside them.

So you can get -- if you isolate that competition effect, you can get a decrease in wages for natives from competition with unauthorized immigrants. But unauthorized immigrants are not just that. They have also shaped investment and they have shaped productivity for workers for decades.

That is, many, many of the low-skilled jobs for Americans in America right now exists only because of inflows of immigrants, authorized and unauthorized in the 1970s and '80s and '90s, and that together, is the effect of immigration.

It's not just moment to moment holding constant all of the other things in the economy; how many people are selling right now.

That's why in Georgia, which is one of the only states where the data to such a study exists, firms that employ more unauthorized immigrants as a share of their employees have higher wages for the natives and employ more natives, not fewer natives, because they complement firms' production in ways that create jobs for natives, and those indirect effects have to be accounted for, not set side; not controlled for, not held constant, if we want to understand the overall complex economic impact of immigration.

On this question about the --

(Simultaneous discussion)

MR. CLEMENS: -- fiscal effects. So if there are concerns about public charge -- where was the lady who asked? Yes, hi.

Concerns about public charge can be addressed one of two ways: If you're interested in eliminating immigrants from America, you can eliminate immigrants from America.

Another way to address those things is first of all, to take a count of complexities. Jan Koum, of WhatsApp, one of the leading communications firms in America which I use daily, and I bet many of the people in this room use, was a refugee from Ukraine who lived on food stamps for several years and would have been banned from getting a green card or becoming a U.S. citizen.

That sort of thing is, of course, just unforeseeable in an extremely blunt policy instrument like banning immigrants from America because they ever took a food stamp.

Second: We can -- there's another margin of immigration other than blocking people from green cards and citizenship, and that is innovating on fiscal policy.

So for example, if emigrate to the United States, you can't get any Social Security or Medicare unless you work here for 40 quarters. That is a compromise. It's a debatable compromise, but it's a -- I think not a bad compromise between two extremes of extraordinarily lavish social benefits that could jeopardize the viability of the system and blocking everybody just because they have fiscal costs.

It's saying look, we insist that you pay in a certain amount before you can benefit, and that's a margin on which a lot of innovation could occur, other than the administration's stance, which is look, if you ever took a dollar -- I mean it says right there in the law, so why don't we just get rid of you.

That's such an unfruitful, and as the case of Jan Koum and many others shows, ultimately destructive path; that there are many, many other more useful

conversations we could be having.

MR. BAHAR: Yeah. Let's get another round. I'm going to -- it will really help me if you direct the question to somebody in particular on the panel. And we have a gentleman here in the front.

And if you keep it short, please, so we can have all the people join us.

MR. VON SCHIRACH: I'll do my best. Thank you so much.

For Anna Maria, actually, a question, since you're really more. By the way, my name is Paolo von Schirach, president of the Global Policy Institute here in Washington, D.C.

As you were talking about perceptions, obviously, I think a component of public opinion perceptions about immigration is it seems to me, the willingness, ability and speed of assimilation, which I don't think anybody really has talked about.

Obviously, when you're talking about high-skilled immigrants, that's kind of a moot point, because that's kind of easy. People are well educated, have a lot of skills, I don't think they have a problem with integrating.

But at a lower echelon of immigration, I think that's really an issue, and I think that shapes perceptions. And if we could broaden the discussion, which obviously, we're not, if you look at the backlash against immigration in Europe, this is mostly about the general perception that you have millions and millions of people who cannot be assimilated, and therefore, they are alien bodies in -- you know, in their societies.

Of course, America is very different in this perspective. But what is your general idea of perceptions based on the ability to integrate -- not people as just this unit of labor, but as people, as cultures and what they bring to the together, and how alien or not alien they are perceived to be?

Thank you.

MR. BAHAR: We have (inaudible) here and then we'll go with somebody

in the back.

SPEAKER: My question is steered to Michael Clemens.

I'm from Turkey and I came to this country as a student, as an immigrant, also. And my question is, U.S. AIS shows the Buy American and Hire American executive, you know, order signed by Donald Trump in 2017.

And according to this agreement, now the denial rate of h1b (inaudible) -- in the third quarter it was 15 percent, and now, in the fourth quarter, it's 22 percent. So it's increasing.

So although he's against (inaudible) the illegal refugees and also immigration, but now the denial rate is getting increased. And what do you think about this and how will it affect the American economy, and also, labor skill -- educated?

Thank you so much.

MR. BAHAR: One question in the back.

SPEAKER: Hello. My name is Alex. I'm a congressional at the U.S. Senate.

My question is about -- so this summer, I think that the Department of Homeland Security proposed to increase the fees for the students in exchange visa programs by close to, I think, 75 percent for the M and F type visas.

My question is about -- so the presentation that we had earlier -- how do you think that might impact, especially the entrepreneurs coming from abroad in the San Francisco Bay Area?

So most of them are Indians and Chinese students, as you showed, so I wanted to know the impact that could have.

MR. BAHAR: That's a great question, because Bill does talk about in the book -- about entrepreneurship in particular.

So why don't we start with that and then cover these other --

MR. KERR: Yeah. I'm going to actually sort of slightly reinterpret the question here to be about immigrant entrepreneurship more broadly.

Raising those student fees, I don't think -- it's hard for me to know exactly how they would impact downstream. Probably would be some connect there, but I don't think it's first order.

I think the biggest challenge for the United States right now is that if you want to be an entrepreneur and you are coming out of the U.S. school, there's really very limited pathways for you to accomplish that.

We have an employer driven system that -- for like the h1b is used to get a job at an Intel or at a Microsoft or so forth. It's not really set up for somebody to be able to start their own business.

And other countries are becoming much more generous with allowing visa for people that can have a certain amount of funding that they have sort of established, whether or an angel or a (inaudible) investor, or there's things that can do to prove the amount of employment that they're going to put in the place, and the U.S. doesn't have that.

So we have a challenge. A number of my own students at Harvard Business School who are coming out of an MBA program -- we teach them all about entrepreneurship, but if they're foreign born and they don't have the visa status that will allow them to do this, they are often trying to figure out some job to take for a little while in order to get ready for when they would be able to be more authorized.

So I would first off, say let's go and try to figure out how to repair that sort of particular need, and it's a place that I think we, again, could find pretty bipartisan support for this being something we should work on.

MR. BAHAR: Yes. Anna Maria, do you want to talk about assimilation and --

MS. MAYDA: I agree that assimilation issues are very important in terms of perceptions.

As a matter of fact, I just saw two surveys about European countries where it seems like public opinion is not as worried about the size of migrants coming in, but is really worried about the assimilation of migrants in European countries.

But I would say that this is more of an issue, I think, for European countries than for the United States. And in part, it's an issue. It's a self-imposed issue.

Let me give you an example. The refugee program, refugees -- asylum seekers in Europe, a lot of times they cannot work when they arrive to Europe. So they -- they cannot labor markets.

They cannot assimilate in the labor market, and we know that that has an impact, also, on cultural assimilation, on the way immigrants perceive their new home, and it creates a depreciation in their skills.

On the other hand, in the United States, I think the Refugee for Settlement program has done a very good job, because as soon as refugees arrive to the United States, for settled refugees, they can work.

And there is evidence that the program has been successful. I've worked with refugee data, and at three months after arrival, already one-third of refugees have work. And that's really a high fraction, only three months after they have arrived to the United States.

So I would say this is more of an issue in Europe than in the United States. And there is a lot of literature that assimilation takes place not immediately. There is a catching up factor relative to natives. But definitely, this catching up effect exists, takes place.

MR. BAHAR: I want to -- before we come to you, I just want to add to that, taking advantage that I'm the moderator (Laughter), to say that --

I mean, there's another side of the coin there. And I think that Hillel Rappaport who was here -- I don't know, but he's around.

(Simultaneous discussion)

SPEAKER: He didn't like what you said. (Laughter)

MR. BAHAR: One of my co-authors.

And he has written about the fact that diversity within a country, actually also promotes economic growth. So I think that it's interesting to think in that sense perhaps -- there's an optimum point of assimilation -- maybe too much of it or maybe -- there is something there. I think there's a lot of research to be done.

MS. MAYDA: Mm-hmm.

MR. BAHAR: An interesting data point that -- unfortunately, a data point that we're seeing is that there's a huge refugee crisis of Venezuelans in South America where assimilation shouldn't be an issue for the most part. And then, we see a lot of the struggles that immigrants in Europe have. We also see them there.

So I think that that's a great question, and I think one that calls for us to do more research on that. But Michael, you -- the question for you, please.

MR. CLEMENS: I want to address that, but I have to mention assimilation and integration as well.

You know, one of the prime bipartisan wildly popular justifications for Chinese exclusion was that they were -- they could not be assimilated. They were inherently incapable of integrating and assimilating in American culture, and if one has ever met a Chinese American, you know, they were .2 percent of the U.S. population at the time.

It was just ludicrous. And yet, it was possible for smart, reasonable, brilliant people to walk through Chinatown in San Francisco and come to that conclusion.

Similarly, in 1924, you could walk through the East Village and -- in New

York City and come to the conclusion that people couldn't possibly assimilate.

Now, economic historians like Leah Boustan, Ron Abramitzky and their colleagues have done the first study of relative assimilation rates across history. The indicator that they use is immigrants starting to give their children American sounding names.

So in the 1920s, that meant that instead of naming their kid Shlomo, you name them Steve. And now, instead of naming Manuel, you choose James.

And the rate of that kind of assimilation actually is the same now as it was in the early 1920s, and it's very, very common for Americans, you know, walking around Arlington. You could come to the conclusion there, look at all these Central Americans who aren't assimilating.

The data actually show that that is a perception that we should be suspicious of, because it is a constant perception in U.S. history over time, and it is actually not borne out by experience and data.

To the lady from Turkey, (foreign language not transcribed - laughter).

You ask about the economic growth effects of this war against legal migration, and really, that's exactly what it is. The president campaigned on barring lawful Muslim immigrants from the U.S.

All of them, he has proposed, are cutting lawful immigration to the U.S. by more than half. He has succeeded in eliminating 75 percent of lawful refugee admissions over the last two fiscal years.

It's a triumph of marketing over substance that somehow there is this perception that the administration is focused on lawful immigration. It's exactly the opposite. The focus of actions has been on lawful immigration.

And studies from Florenz Jarmat at the IMF, from Jean-Christophe Dumon at the OECD -- you believe that would be recently published in *Science*

Advances, consistently show that more immigration -- and (Inaudible portion) Davide spoke specifically on asylum seekers and refugees, produced more overall economic growth.

That is something that conceals a lot of heterogeneity among countries and among social groups within countries that we have discussed.

But the big picture for the effect on the broader economy, and thus, the potential for redistribution, the potential for job creation, the potential for investment and job creation for natives is generally positive for that reason.

It is reasonable to expect that this all out assault on lawful immigration to the U.S., which is very likely what already has substantially decreased immigration and is likely to decrease it even more over the years to come, is going to harm the U.S. economy and harm it for a very long time.

MR. BAHAR: I'll take one more question just here, and then we'll do some closing. We're running out of time for (inaudible).

SPEAKER: Great. Thanks.

I'm Marcellus Kabadi. I'm in the work force of the future initiative here at Brookings. And first, thank you for your research and continuing to add evidence in this topic.

My question is linked to the assimilation one.

You probably share the frustration that even as you add more data to this topic, it doesn't always translate in the political realm, although actually, Michael's research did help me tremendously at working in the political realm on the effects of foreign aid and migration.

My question on future evidence is a little bit on the other side of the assimilation, which is if a lot of this rejection for immigrants that we've seen through history comes from the psychology that we are just tribal by nature, that we like to, you

know, define ourselves when we define the other, what has worked or can work to immunize populations to that mentality which gets quickly used in the political realm?

And I know the only thing that I have seen is that in places that have more immigrants, people tend to have less of this immediate reaction to this. But I don't know if you have seen anything on that realm.

Thank you.

MR. BAHAR: So let's answer that and also make, perhaps, some closing statements if you have some, whichever level you want.

I don't know if that question was particularly for somebody or it's open for where --

MR. CLEMENS: Sure.

MR. BAHAR: Okay. So whoever wants to.

MR. CLEMENS: I don't have a particular policy answer for that. I could kind of give my own personal experience a little bit.

I grew up in Alabama, and I think the first real immigrant that was ever in my schooling system came when I was a junior in high school, and it was -- I think there were a lot of perceptions that were difficult about that time.

It took a lot of time to make progress. I have gone back to my high school today. It's a very different place, and the attitudes are very different. My personal attitudes are very -- like it's not something that I think there is a magical policy silver bullet, but it's one that we all should -- we all should work towards.

Likewise, when I think about like the ways that we can -- how to make our future better, most of my things often come back to -- for both the domestic worker that is moving up the skill ladder, the immigrant that's moving up the skill ladder assimilating.

I think many of the things that we should be doing, like making

community colleges stronger, are going to both help both groups, and are going to help both groups integrate.

MS. MAYDA: I would add that there has been, actually, surprisingly given the political climate, a change in attitudes in the United States. And I can refer you to the data.

It's a peer research center survey that shows that there has been a steady increase in the fraction of Americans who would like an increase in the number of migrants, a steady decrease in the number of Americans who would like a decrease in the number of migrants. And there has been some work study fraction of those who would like the number of migrants to be constant.

So this is research that just came out. You can find it in the web site of the Peer Research Center. But I wouldn't be so pessimistic in the sense that these (inaudible) show us that public opinion can move in somewhat surprising ways.

MR. CLEMENS: Can I just say that this is something that sociologists know a whole lot more about than economists. It goes under the broad rubric of contact theory; that people are more open to social interactions with people with whom they have had social interactions in the past.

I think it's just indisputable for immigration. The areas of the United States that are most suspicious of immigration are broadly the areas that have had the least of it in the past.

But it's certainly the case with the Brexit vote in the UK which was driven by immigration concerns; definitely the case in Germany, where the hot bed of anti-immigrant sentiment is the area of East Germany around Dresden, where by far the fewest immigrants have gone.

And that's a reason for hope, I think, in this area, in that it is certainly a reason why change is slow, but it's also a reason why more openness to interacting with

people who are unfamiliar does accumulate over time and does -- could be expected to change over time, as it has been for the openness of Americans interact with other religious groups and other ethnic groups in the past, which was also shaped by social contact and also proceeding in a cumulative wave, rather than by some sort of sudden jump.

MR. BAHAR: Okay. Well, we're running out of time.

I want to thank you. I think that we learned something, which is that there's a lot more to be said about all of this (Laughter).

So I encourage you to follow all of them are on Twitter. I think Anna Maria doesn't have Twitter yet (Laughter), but we probably should encourage her to --

(Simultaneous discussion)

SPEAKER: That's how you join?

MR. BAHAR: And here, you have a couple of hundred of people that will be your first followers.

MR. CLEMENS: I'm not doing it so you're cool now (Laughter).

MR. BAHAR: Bill will be signing books, actually, outside -- somewhere outside this hall. There is a table with books and he will be signing, and I hope you can stick around for a little bit.

There's offline questions, but thank you so much for coming and thank you really, so much.

(Applause)

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