

THE BROOKINGS INSTITUTION  
BROOKINGS CAFETERIA PODCAST  
OUR NATION OF IMMIGRANTS: THE ECONOMICS OF IMMIGRATION

Washington, DC

Wednesday, September 23, 2020

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GOV. HERBERT: Immigration is a significantly important issue not just for securing borders and keeping the bad guys out, but for letting the good people in to help us, in fact, have a healthy, growing, prosperous economy.

BAHAR: The U.S. needs and it's going to continue to need immigrants to continue to be the powerful nation that it has been. And I think that there's an opportunity here to really fix once and for all the system that has been broken.

HUDAK: Hi, I'm John Hudak, a senior fellow in Governance Studies at the Brookings Institution, and this is episode three of Our Nation of Immigrants, a five-part series I'm hosting to explore the status of immigration policy in America.

Over the past few months, I've interviewed over a dozen people to get their insights on the immigration problems we face today. These include elected officials at the city, state, and national levels; a former secretary of homeland security; immigrants and children of immigrants; scholars; and activists in the immigration policy debate. You've heard from two of them, and you'll hear much more from them and others throughout this series.

Immigration is one of the most politicized topics in American life today, especially when elections come around. But at the heart of it are real people whose futures and lives are at stake. In this series, I'm trying to get to the bottom of myths, misinformation and confusion surrounding the immigration crisis, and at the end of this journey I'll present what I believe are smart solutions to the broken immigration system in America today.

In this third episode, I delve into the economics of immigration, discussing the important role immigrants play in both developing and sustaining the American economy. To explore this topic, I spoke with Hugh Anderson, government affairs chair at the Las Vegas Chamber of Commerce and a southern Nevada business owner, about what immigration means for the

workforce, for business success, and for the overall economy. I also spoke with Governor Gary Herbert of Utah, whose voice opened this episode. He approaches immigration as an economic necessity to both his home state and to the country. But first I spoke with one of my own colleagues here at Brookings, Dany Bahar, who you also just heard. Dany is a senior fellow in our Global Economy and Development program.

Dany arrived in the United States with an F-1 student visa to pursue a doctorate. Halfway through his studies, he applied to the Diversity Lottery Visa Program, which granted him a green card immediately. The Diversity Lottery Visa Program is a small but important immigration program administered by the State Department. Its goal is to make our immigration system more diverse—which may seem bizarre, as immigration in itself adds diversity. But this seeks to diversify the diversification—that is, to attract individuals from countries that are significantly underrepresented in the nation’s immigration flows.

It’s a program that admits a maximum of only 50,000 people annually, and individuals from countries that already send significant numbers of immigrants to the U.S. are ineligible from participating. According to a 2017 *Washington Post* article, of late, a large portion of those awarded visas under this program came from Africa and Eastern Europe.

As the name implies, it’s a lottery. And once individuals are randomly selected, they must undergo extensive background checks. If they pass, they are granted a visa and become permanent residents.

Here is Dany talking about how the diversity lottery visa, which was discarded by President Trump, is an economic booster.

BAHAR: Maybe it was not conceived as a program for any economic rationale at the beginning, and it was just really a rationale of trying to be diverse. But ever since, I have seen

work and I actually have a paper, an academic paper on that, showing how diversity of birthplace in countries promotes economic growth, promotes the diversity of also industries, that leads you to what some people know, what's economic complexity. So birthplace diversity and the diversity in society really is very significantly positively correlated with economic growth and well-being.

And the reason is simple. Not all the talent in the world is in one place. And everybody brings something different to the table. And that diversity of skills, which allows you to be more productive and to produce better quality products and at the end of the story to provide well-being for everybody, has to do also with the skills you learn when you were growing up, from the country you are from, the society that you come from. So, the more diversity in birthplaces, the more diversity of skills. And that's actually a very significant positive force for economic growth.

HUDAK: Dany has written on how Trump's immigration policies toward refugees and other immigrants of unique statuses have real economic impact. Here he is expanding on that point.

BAHAR: When the Trump administration came up with these different executive orders banning migration—since the beginning of the administration they started with the diversity lottery, and then they went to the Muslim ban, and then, of course, there was a lot of rhetoric against undocumented immigrants, and the wall with Mexico, and all that. And now we just move to a territory where the most common tools that the U.S. had to regulate migration, and skilled migration—so really people that there's very little, if anything, a discussion among academics and policymakers that these people are creating any sort of problems to America, on the contrary. Recently they moved to really stop these tools, such as the H-1B visa, which is the

visa that firms use to hire talent; the student visas; the family reunification visas that are green cards, and so on. There's other visas there, such as the J-visa, which is another academic exchange visa that has been put on hold, and the L-visas, etcetera.

A lot of the rationale according to the White House that has been used to put forward these cuts, significant cuts in migration, is that it's COVID, even though, again, we know that this has been started way before COVID-19 with the Muslim ban and the diversity lottery and so on. The main rationale that they express is that we need to rebuild the economy after COVID. So therefore, we just need to make sure that the jobs will go to the Americans. Can't have, according to them, immigrants coming in and taking the American jobs because there's a high unemployment rate.

Well, if there is something that America is going to need now more than ever it is more, not less, migration. Migrants are much more entrepreneurial than Americans. In fact, migrants are 15 percent of the American population, of the population of the U.S., but they represent 25 percent of entrepreneurs. This applies also to any foreign born. So, you could also think that of these as refugees and immigrants. And the reason is very simple. Just the act of migrating, of taking all your stuff, moving to another different country, maybe with a different language, in a place that you don't know anybody, and just closing a chapter and moving on to a whole different society is one of the most risk-taking acts that you can do. And entrepreneurs are risk-taking people. You're going to go and create a firm? It's because you tolerate risk. And that's why immigrants tend to be much more entrepreneurial than locals.

HUDAK: One of the real challenges with relying on inaccurate stereotypes about who immigrants are, where they come from, and why they come to the United States, is that it fails to capture the true benefits immigration provides to the country. For example, Dany describes the

importance of immigrants like himself who come to the United States to enroll in the world's best graduate education programs, across disciplines.

BAHAR: One of these magnets that the U.S. has traditionally had on attracting the best talent is the great universities that are here. And a lot of these people—young people who come from all different countries in the world to spend here a year, two, four, depending if you're coming for grad school or college or a PhD—are willing to pay upfront all the tuition of wherever they are going, even into public universities, which is basically subsidizing then other students, American students. And often are willing to stay here, and the skills that they got during their studies are willing to put them for their first year or two or five or ten into American firms. So, you're also seeing that the administration is cutting, basically, or making the life impossible to students, to foreign students.

So, you have a bunch of talented people in the world who traditionally chose America to come here, to become entrepreneurs, to study, to become inventors, to work hard. And now they are rethinking whether, maybe we should just go to another country who really wants us. And that's going to have detrimental impact to the economic future of America, especially now that America is entering perhaps the worst recession that it has seen since 1929.

HUDAK: This isn't just the perspective of academics or those who have realized the benefits of America's immigration policies in the past. Business leaders often echo these important, talent-attracting, workforce-developing aspects of immigration policy.

ANDERSON: One of the criticisms or sticking points is skilled immigration versus unskilled immigration. Some countries require that you have a certain amount of money that you'll be willing to deposit in the bank and you have to have a certain education level and so forth. And that has never been our criteria, although certain of our visa programs did favor those

with a higher education degree for those skill sets that are in demand. So, you know, H-1B visas—we always encourage them to be attached by a paperclip to the diploma of graduates so they wouldn't go home and they would stay here in the United States and ply their trade now to contribute to the economy.

HUDAK: That's Hugh Anderson, government affairs chair at the Las Vegas Chamber of Commerce. As a business owner and business leader, he sees the need for immigration to power local and state economies, and the national economy. He argues that immigrants are critical for growth, dynamism, and competitiveness in a global economy.

ANDERSON: We need all skill sets to service the biggest economy in the world. I think what people are forgetting with all the attention that China has gotten as a growing economy over the last 20 or 30 years is the fact that on a per capita basis, they're not even close to us yet. We are still the most vibrant, dynamic economy in the world. And what our economy looks like today is nothing like it looked like 30 years ago. And it's going to look completely different 30 years from now. And we need that dynamic, almost chaotic maelstrom of humanity looking for their niche to provide their services and their skills to their employer. And then if they're content there, great. If they want to move through the pipeline of their own skill set evolution, wonderful, too. And we have to make sure that those opportunities are readily apparent to them, regardless of what skill set they start at.

HUDAK: Hugh argues that immigration is not just convenient for businesses. Immigrants are an essential part of the workforce for his community and communities across America to thrive.

ANDERSON: And then the other issue is, we have a perpetual skills shortage in this country, in many, many areas, in many fields. And again, going back to the H-1B visas, the

reality is, is we need to be encouraging the advanced degree holders from around the world, whether they got that degree here or not, to come here because they get the unfettered opportunity to expand and explore based on their skills as well as their ambitions.

And if you talk to some of the folks up in Silicon Valley or Austin or New York or some of the technology centers in the country, they will tell you that they come here not necessarily because the technology may be better; we're on a small planet now and everything's very competitive when you're in the higher industry sectors. But what they tell you is the flexibility to pursue a dream, whether that dream is their technological vision of the next great computer or computer chip or what have you, or their ability to change jobs because they found another company that is pursuing a mission that's more near and dear to their heart. And that's what we've always provided for ambitious people, again, regardless of where they started from a skill set level.

HUDAK: Immigration is often seen as a divisive issue in politics. But rather than Left vs. Right, Democrat vs. Republican, a lot of business leaders will tell you that immigration policy—*sound* immigration policy—is just a dollars and cents issue that *could* and *should* bridge ideological divides.

And it does—oftentimes outside of Washington. A good example is Utah Governor Gary Herbert. Gary Herbert became governor of Utah in 2009 when then-Governor Jon Huntsman was named Ambassador to China. Herbert won a special election in 2010 and was reelected in 2012 and 2016. He is a small business owner, veteran, longtime public servant, a former chairman of the National Governors Association, and a lifelong Republican.

The governor often says that the border should be seen more as a gate than a wall. A gate where migrants—and their labor—securely flow in and out.



I spoke with Governor Herbert in February of 2020. A month later, the coronavirus drastically changed the course of the country. However, this conversation still highlights important facets of the economics of immigration in the United States.

HERBERT: We talk a lot about securing the borders and building walls and fences. We won't talk much about the gate. I think we miss the boat when we don't talk about the gate and how you come into the country. And particularly as we have our birth rate now, which has dropped dramatically in the last 10 to 20 years to the point we're not even having replacement birthrate, having people immigrate into the country becomes more and more a necessity and important aspect of it; so that's one aspect.

The other one is that it's been disappointing to me to see us kind of kick the can down the road on immigration reform since the days of Ronald Reagan. And he gave an amnesty to those who were here illegally, undocumented. And it was all, okay, we're going to start with a new piece of paper here, start going forward. And that didn't happen.

Unfortunately, in what I would call the devolution of this issue, we've had both parties, Republican and Democrat alike, too much politicize it. Republicans tend to be very hard-lined, nobody's going to come into our country; and Democrats are more compassionate, saying well let's people come in even if they're illegal, so what? let them vote, we'll take care of them anyway. And so, there's a division and again I think there's an attempt to politicize the issue which is not helpful.

There's a lot of variables on immigration and certainly it's not as black and white as people would like to say. And frankly, I wish we had better data that we can all believe. We have some people think anybody who immigrates to America is a criminal, doesn't want to have a job, is looking to get on welfare. And it would be interesting to know what the truth of all those

issues are. I know we talked to the Cato Institute here not too long ago and talked about can we get data? And they're trying to find data that says this is the truth about immigration.

And, of course, there's always exceptions to the rule, but we ought to take a look at it and say, do we have the right policy in place? Is our gate not working? Is that what's putting pressure on the borders? Maybe we should spend more time on south of the border helping Mexico improve their economy. We don't worry about Canada coming over the border because they have a healthy economy. If we had helped Mexico have a healthy economy, we probably wouldn't worry about people trying to hop the border and over-stay their visas from the southern side either. So, there's a lot of aspects to immigration and it's time for us to have a serious, respectful dialogue about that issue.

HUDAK: The governor happily notes that Utah, at least before the coronavirus pandemic hit, was one of the fastest growing states in the country. He describes the diverse and booming businesses of the Salt Lake City-Provo metro area, and the vital role that immigrants play in helping those businesses succeed.

HERBERT: When I started out as governor, we talked about what can we do to come out of the Great Recession, the worst economic times in our state and probably the rest of the country since the Great Depression. It was terrible. We had to cut our budget by a billion dollars. And that was a lot of money for us in state of 3.2 million people now.

And so, what to do? One of the things we did do was to create an environment that's conducive to the entrepreneurial spirit, the risk-taker, the wealth creator. We also knew that to make that where people who want to come and risk their capital, that means they need to hire people. So we wanted to make sure that the labor force itself is not just a nice thing to have—the Utah labor, which is an honest day's work for an honest day pay type of a thing, hard-working

people, our motto is “Industry,” in Utah. But we wanted people to say, I need to be in Utah. It's not just a nice thing to do. I need to be there to minimize my risk, to accentuate my ability to be successful. So, you want to plant your entrepreneurial season in the most fertile environment you can find; that includes labor.

So, our efforts on education to make sure that our people are educated and have the skills that align—that's a key word, align up with the global marketplace—is key. It's not just reading, writing, arithmetic, it's not computer science. It's understanding, you know, manufacturing—we have internships and apprenticeships in Utah now. So, we have the pipeline issues that are addressing aerospace, for example, and manufacturing, and banking, and finance where people actually go and have an internship as part of their education.

Well, guess what? Our labor supply is waning. Our birth rate is declining. And so, right now, I think America does not even have birth rates high enough to replace the existing population of 320 million people, approximately. And that means where's that labor going to come from? Right now, in Utah, I have more jobs than I have people, by about a third. And so, immigration is at least a way to help solve that problem.

So, having people that we would allow visas to come in that have computer science background, medical profession. Those who want to be agricultural workers, also can work in construction. For a state like Utah, and I think the other states would be similar, would say we need to have these kind of immigrants to be allowed to come in, give them a visa to come and work and be productive members of our society and fill a need, fill a gap that we have here today. So, immigration is a significantly important issue not just for securing borders and keeping the bad guys out, but for letting the good people in to help us, in fact, have a healthy, growing, prosperous economy.

HUDAK: Hugh Anderson, from the Vegas Chamber of Commerce, echoes Governor Herbert's point on the skills gap and the needs of employers to find workers when a shortage exists. He offers an example from the construction industry—a critical sector in southern Nevada.

ANDERSON: Construction is a very major multiplier industry. So, when you're building houses and apartments and shopping malls and office buildings, each one of those jobs creates multiple other jobs. Many of those jobs require a strong immigration population to handle the skills necessary, whether it's carpentry, whether it's a drywall, what have you. And there was a dire shortage of those skill sets. As the economy emerged from the "not so great recession"—I refuse to call it the Great Recession because it wasn't great for any of us. But the reality is that many of these contractors were very much constrained in their ability to produce because of their inability to find qualified labor.

A client of mine who's in the construction business will categorically tell you that when he's tried to hire Americans to do the construction work that he specializes in, in 110-degree heat, they don't last to lunch. But when he brings an immigrant workforce on the job, the job gets done.

Now, what the motivation is there, I don't know. But the reality is, is that our employers need as much choice from the labor force or the labor pool as possible because we all bring different skill sets, and we all bring different motivations. In your field, you have a skill set and a motivational desire to produce something that many others do not. And your success does not take away from me or those other folks. We just have to find our niche. That may seem a little too blue sky, but that's the practical reality of it.

HUDAK: Hugh explains that the workforce issue involves native-born and immigrant workers, and argues that public policy via training programs can help train a workforce that is nimble and responsive to employers' needs. It can also ensure that the potential workforce matches the labor market. In some cases, native-born Americans can fill those roles. In other cases, immigrants can. More commonly, a blend of the two is the right recipe for success.

ANDERSON: Certifications have become all the rage. There are numerous employers out there who say, look, I do not need a four-year degree. Biggest thing I need is someone who will show up, show up sober, and show up ready to work. I will train them in the particular field I am employing in, whether it's HV/AC or plumbing or what have you.

And in my conversations with people out in the community, especially those who have been displaced, they're completely ignorant that these kinds of things are available to them. Same thing with employers.

Two of the most important components for a growing economy that are vital—they cannot be eliminated; without them the economy stagnates—is productivity—and the last time we had a major productivity enhancement was the internet boom; everything else since has been evolutionary.

But the other component that can never be ignored is a growing population. And as a developed country, we are not naturally replacing our workforce. And the only thing that has separated us from the rest of the world's developed economies is our immigration policy or lack thereof. But our immigration. And so I would implore them to get their arms around this issue because we can sit here and fester and muddle through with another great tragedy of an economic downturn, but from my perspective as a Vegas Chamber volunteer, I think about all of the people who have been displaced and all the businesses that are suffering and may not survive

this. And this particular issue is a critical component to restoring our economy to a trajectory that will lift all boats.

HUDAK: My colleague Bill Frey, whom you heard from in our first episode, underscores this point about the need for workers for the continued health of the economy. Immigrants, he argues, are an essential part of that formula.

FREY: Over the future, we we're going to have a stagnating labor force unless we continue or increase the immigration levels we have. That means people from ages 15 to 64, which is our primary labor force here. And that not only has to grow, but it also has to be tuned in terms of their skills and educations and all of that to what the needs are of the economy going forward.

And I think that's really where our investment needs to be in this country. We have a lot of discussions about Medicare and Social Security and things like that. But there needs to be a discussion of what are we going to do with these next generations coming along, because there still are very sharp divides—reasonably so when people come to the United States from other parts of the world, takes them a while to learn the skills that are needed in our labor force, in our economy. And because of the immigration we've had over the last 30 or 40 years, parents of today's young people don't have even a high school or certainly not a college education to some degree. We have the labor force, we have the potential human resources, but we have to invest in that.

So, I think that's a very important part of our future, too. It's absolutely necessary. And if we do it and if we do it well, we're going to be an economic powerhouse for the decades to come.

HUDAK: It was striking to me that everyone I talked to about the economics of immigration made this same argument about the critical role that new immigrants play in the growth of the U.S. population, and thus the health of our economy. Again, here's Dany Bahar and Hugh Anderson.

BAHAR: So if we're in a time in America in which we're going to need new firms to create more jobs, we need more immigrants. Also, firms that are founded by immigrants tend to have faster employment growth than all the other firms. So, again, you need more immigrants to create jobs. Also, about 25 percent of all patents in the U.S., so all of the innovation that comes from the U.S., is invented by immigrants and their offspring in the U.S. And innovation is one of the main engines of productivity and therefore economic growth. So again, you need more, not less.

ANDERSON: Immigration is imperative not only to the Las Vegas workforce, but to the United States workforce. Two critical components to a growing economy are productivity and a growing population. As a first world country, we are not replacing our population at the 2.3 babies per childbearing female in this country. So, we were the only developed country in the world that had a growing population because of our immigration policies. And we need a strong, sound immigration policy to continue to grow our economy. If we don't have that, we will shrink. And if you look at some of the other developed countries in the world, in Europe and Asia and so forth, they are already suffering from those challenges.

HUDAK: While there is an obvious economic need in the United States for immigration, no one who I spoke to advocated for open borders—nor did any one advocate for an entirely closed border. For example, Governor Herbert envisions a different—middle-ground—approach to this issue that distances itself from hardline or extremist views on immigration on either side.

HERBERT: If we had a gate that worked, which allowed people to come and go home again—we had a lot of migrant farm workers in Utah that came and worked the farms, picked fruit up and side by side with some cherries and apples and pears, they come and then they go back home. They came here because they had a better economic opportunity. The same reason they're trying to come here now, and risking life for them to do it.

So, we just need to come up with a program that allows people to come in and the numbers ought to be not arbitrary but based on some data, and have the states be part of that decision-making process as far as how many and in what discipline would we allow them to come in. What are their jobs going to be? If we end of having too many, a visa is only good for three years and the proposal is before the Congress right now and we would not renew them for another three years. So, there's ways to kind of monitor the spigot, make sure that we have something that makes sense for our economy as it grows.

HUDAK: The governor talked a bit about conversations and communications he has had with the White House and President Trump on the issue of giving governors more flexibility over immigration. Governor Herbert himself has advocated for Utah to adopt the Canadian model of immigration, which has helped Canada with its own aging labor force and low birth rate. I asked him if he found that there are other governors with a similar interest in that type of state-driven policy around immigration. Or, if he thinks that politicization has seeped into too many governor's mansions for that to be effective.

HERBERT: It's probably a mixed bag. I think as I talk to people privately, they would say that makes sense. This seems like a good way to go about immigration and how people come into the country and how we can accommodate them and what we need to have on our own needs as America. But there's also that, “well, but if I do that, I may not get re-elected.” And we



have some hard-liners and some of the grass roots efforts which I think are strident, shrill voices but they are a minority. But they're very strong and somewhat united.

So, there's no question in my mind that we've politicized this issue. And people have a little concern about if I, in fact, seem to be too warm and embracing to immigration—what the people will hear is “illegal immigration.” “These are bad people coming into our country.” “They're taking away jobs from Americans.” “Therefore, I won't get elected or re-elected.”

So, that's why it's important to have data. Because I don't think the data would probably justify those kinds of emotional opinions. And that will help us find out what is really the correct information to help develop the correct policy. Frankly, I think we secure the borders. I think we have a country if we have secure borders. But we need to work on the gate, so that we're able to have people come and go in a more rational manner and not have to fear and if they leave they they'll be able to come back like they used to do in the old days.

HUDAK: The guests in this episode have shown us that immigrants are a critical part of America's labor force and a key to its success. Immigrants help ensure that the United States has a population that sustains and grows and is able to meet its own needs.

At the same time, immigrants help fill skills gaps that exist in highly skilled industries, low skill industries, and everything in between. These guests have also demonstrated that while immigration policy can be heated at the national level, at the state and local levels, in business, and elsewhere, immigration is a sensible and important part of the economy and society. As the Vegas Chamber's Hugh Anderson put it: “if you move away from the TV cameras, sounder arguments prevail all the time.”

In our next episode, I'll speak with several young immigrants and learn about their personal experiences. They are incredible, powerful young leaders with important stories to tell, so you won't want to miss it.

I'll also talk with representatives from one of the leading organizations that advocates for Latinos in a variety of ways. The theme of the episode is the search for belonging.

A lot of people contributed to the episodes in this special series of the Brookings Cafeteria podcast. First, I want to thank my guests who took time to let me interview them for this episode: Gary Herbert, Dany Bahar, and Hugh Anderson.

My thanks also go out to: Gaston Reboredo, the audio engineer for this series and all Brookings podcasts; Andrea Risotto, the senior producer for the series; Fred Dews (the usual host of the Brookings Cafeteria), plus Shawn Dhar, Paloma Losada, and Chris McKenna, who also produced the series; Jacob Jordan, who lent production support; and Christine Stenglein, a research analyst here at Brookings who contributed to the research that underpins all our work on immigration policy.

And a special thanks goes to the Seldin/Haring-Smith Foundation for the financial support for this podcast and the ongoing immigration policy work of the Brookings Governance Studies program.

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I'm John Hudak.