Book Review:

We Wanted Workers:
Unraveling the Immigration Narrative
By George J. Borjas

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Acclaimed Harvard Professor George J. Borjas, a Cuban immigrant, provides readers with a simple set of conceptual tools and evidence that can help them disentangle the murky and polarizing debate around immigration that, nowadays, occupies a large portion of public discourse. Rather than offering a clear cut answer on whether or not immigration results in tremendous rewards or in economic burdens for a receiving country, *We Wanted Workers: Unraveling the Immigration Debate* gives its audience the opportunity to peak the economics behind immigration while allowing them to move past it towards an honest debate.

The book borrows its title and main line of argumentation from a reflection uttered by Swiss playwright and novelist Max Frisch: "[w]e wanted workers, but we got people instead." And although this is a straightforward observation, Borjas guides us through different cases where academic research on immigration has been publicized by various institutes and policymakers, despite running seemingly counter to Frisch's observation. That is, that immigrants are seen and studied as labor inputs and thus, arrive without social institutions, political preferences and social models, which are key determinants to their contribution in a receiving country.

To illustrate this tendency of academics, Borjas cites Paul Collier[1]: "[D]esperate not to give succor to these groups [racists and xenophobes], social scientists have strained every muscle to show that immigration is good for everyone." In unpacking this, the author invites us to disregard the narrative put forth by social scientists as being ideologically motivated.

Precisely, Borjas intent is to *unravel* this biased narrative and present it in a balanced manner. He unequivocally states, that at least from an economic perspective, immigration is, at the very best, a zero-sum game[2].

Thus, he puts forth a hypothetical exercise where the world consists of only two nations: the highly productive North and the developing South. Within this basic model, removal of immigration restrictions implies an increase of a remarkable 40 trillion dollars in world GDP. However, these calculations disregard moving costs and potential spillover effects. For instance, he argues, immigration could negatively impact the North's productive edge. If one were to take this into account, gains could quickly turn into loss[3]. And, even if this were not the case, it results in a substantial redistribution of wealth from Northern workers to Southern workers. All this, under the assumption that northern and southern workers are equally productive. As Borjas frequently points out throughout the book, this is not the case. Skills vary across immigrant waves.

The Harvard professor explains that immigrants are self-selected and will only take on the immigration journey if convenient. Therefore, depending on the specific set of circumstances, a country may attract different groups of immigrants. To this effect, he provides evidence in the context of the United States: "[i]n 1960, the

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[1] Paul Collier, *Exodus: How Migration Is Changing Our World*. Oxford University Press, 2013, p.25-26.

[2] George J. Borjas, *We Wanted Workers: Unraveling The Immigration Narrative.* W.W. Norton & Company, 2016, p.191.
[3] Ibid, p.39-44.

two groups [natives and immigrants] had essentially the same education. By 1990, the new immigrants had, on average, almost two fewer years of schooling[4]."

Furthermore, Borjas contends that national origin plays an important role as he provides evidence that the United States attracts high skill workers from countries that are largely economically egalitarian and low skilled workers from countries that are highly unequal[5]. The underlying idea is that workers migrate to countries where their skillset is better paid.

The author then admits, perhaps in line with the mainstream narrative, that there is a possibility that immigrants' capabilities and talents could improve over time, such that the receiving country perceives great rewards.

However, from an economic perspective, as determined by immigrants' wage growth relative to natives, Borjas shows readers that assimilation has slowed down even after accounting for labor market conditions. Accordingly, the slowdown is, at least, partly explained by the fact that the rate at which immigrants are acquiring marketable skills, such as fluent English, is declining[6]. Again, he finds that assimilation is related to national origin as immigrants that have persistent contact with compatriots have less incentives to invest in acquiring competences that quicken their assimilation.

On this note, Borjas is quick to make a point about the *Melting Pot*: assimilation flourishes in very specific situations that might not always be reproducible, even if media coverage would have you believe otherwise. To demonstrate how easily results can be misleading, Borjas invites us to consider a snapshot of the 2000 US census, which results in a 30% wage advantage for second generation immigrants when compared to their first generation counterparts. However, the relationship between both groups is tenuous. In 2000, 90% of first generation immigrants had arrived after 1970, while the average age of second generations immigrants was 42. Reality is that when considering second generation immigrants who could actually be the children of the post-1970 wave of immigrants, this advantage becomes a meager 8% and it is likely to continue decreasing[7]. If data is disaggregated even further, there is evidence that ethnicity is sticky and differences in wage between any two immigrant groups persist across several generations.

Be that as it may, it could be that assimilation is not even desirable and so, the public's view on immigration should not depend on it. Fittingly, Borjas explores the argument that "[i]mmigrants do jobs that natives don't want to do." If this is taken at face value, a supply shock in the labor market would have no discernible effect on natives' wages as they are not competing for the same jobs. So, through a series of examples from a private business and a historical episode known as *Marielitos*, Borjas proves that the laws of demand and supply are still at play, and that an increase in available workers does imply falling wages for natives. In the short run, wages for all workers decrease. In the long run, high school dropouts are the only ones who perceive a loss. The author notes that a third of this group is comprised of African American or Hispanics[8].

Breaking with some open conclusions in the book, Borjas does make perfectly clear that immigration has economic benefits for natives. Yet, he reminds readers that estimates are often misleading or the result of convenient data manipulations. Referring to a previous publication of his, the author points out that while immigration, in the short run, implies a 2 trillion-dollar increase in GDP, native workers only gain 50 billion dollars and endure massive redistribution, approximately half a trillion-dollars, from native workers to native firm owners[9].

Borjas continues his case suggesting that sizable gains to natives, as marketed by institutions who adhere to the pro-immigration narrative, can only be achieved if high-skill immigrants generate beneficial productivity spillovers. In order to illustrate this possibility, he refers to Jewish mathematicians who were exiled from Nazi Germany and were employed in

[4] Ibid, p.74
[5] Ibid, p.79.
[6] Ibid, p.98.
[7] Ibid, p. 115.
[8] Ibid, p.144.
[9] Ibid, p.158.

American universities, Russian mathematicians that emigrated to the United States after the collapse of the Soviet Union, and the H-1B visa program. At best, these anecdotes imply beneficial spillovers depend strictly on specific circumstances such that they occur when immigrants are exceptional and personally related to those affected by the supply shock. Once any of that changes, the author argues, the laws of supply and demand kick in[10].

Finally, to close his arguments, Borjas goes on to compare the added fiscal burden immigrants represent against their benefits and contributions. After masterfully arguing that it is households and not individuals who should be considered to calculate immigrants' dependence on the welfare state, he presents results under different scenarios and assumptions. It turns out, that under the most credible short run scenarios, at best, immigration is a *"net economic wash"*[11].

These results are a far cry from the narrative presented by academics and policymakers. The book compares with results obtained by the National Academy of Sciences which concluded that admitting an immigrant generates a net fiscal gain of $80,000 (in constant 2015 dollars, this equates to $122,000) after 300 years[12]. The latter acquired great media coverage and was used as late as 2007 by the Council of Economic Advisers. As in previous chapters, the author once more demonstrates how results can be swayed, while using the same data, to fit any narrative.

In his closing remarks, after successfully problematizing much of the discourse around immigration, Borjas concludes that the debate would be better served if policymakers took an ideological and moral stance. He states that from a purely economic perspective, a country should only allow high skill individuals to enter. Yet, he strongly believes that this is not what a country should pursue. In his opinion, it should lend a hand to the disadvantaged and he reckons that it is precisely this that the United States is doing now. What he calls a *"mixed-skills[13]"* policy.

Naturally, Borjas does provide some thoughts on what he believes is the way forward. First, he argues for secure borders, not necessarily in the form of a wall, but by fining employers who fail to verify the documentation provided by their would-be employees. Then, he recommends the creation of an adjustment program for displaced native workers that result following an immigration wave. The idea he proposes is to use excess profits earned by firms to compensate and retrain these workers. Specifically aiming to protect the low-skilled.

Yet, Borjas admits this is not enough: the fiscal burden generated by immigrants and long-term assimilation are particularly tricky issues. To this effect, he concludes that it is vital to think of immigrants as people who *"bring with them far more than their raw labor"*[14].

We Wanted Workers: Unraveling The Immigration Narrative successfully presents the immigrant issue without any particular normative or ideological motivation. Perhaps more importantly, it does so using accessible language that might appeal to broader audience. While immigration is not the source of all struggles in the United States, as some might otherwise argue. Borjas's work presents compelling evidence that should, if properly understood by relevant agents, allow the debate to move forward from a cost-benefit analysis towards an introspection of values and ideologies, which are, ultimately, the driving forces behind our interest in this issue.

About the author:

George J. Borjas is the Robert W. Scrivner Professor of Economics and Social Policy at the Harvard Kennedy School. In 2011, he was awarded the IZA Price in Labor Economics.

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[10] Ibid, p.170.

[11] Ibid, p.191.

[12] James P. Smith and Barry Edmonston, eds. *The New American: Economic, Demographic, and Fiscal Effects of Immigration.* National Academy Press, 1997.

[13] George J. Borjas, *We Wanted Workers: Unraveling The Immigration Narrative.* W.W. Norton & Company, 2016, p.202.

[14] Ibid, p.209.