

Bill Watkins
July 13, 2010

I receive the following question from a friend:

“Yesterday, I read your newgeography.com post, Green Shoots and Immigration, in which you encouraged massive new immigration as a solution for our poorly performing economy. Today you blogged, Income Inequality and California’s Future, in which you call out international immigration as a catalyst for California’s growing low wage population.

What’s the difference? Is immigration an asset or a liability? After reading Green Shoots and Immigration, my first reaction was to recoil at the suggestion of massive new immigration when we have 10% unemployment. I tried to bring myself to your point of view, reasoning that a new wave of legal immigration could bring the skilled workforce we need to reinvigorate our industrial economy (although reinvigorating our industrial economy will require more than a new wave of skilled workers). But, why would any immigrant with workforce skills migrate to the U.S. now. Today’s blog makes more sense — the immigrants most likely to move to the U.S. would be under-skilled & under-educated, adding to the unemployment problem.

Help me find economic truth.”

Here was my answer:

“The inequality issue with immigrants in California is because California’s international immigrants tend to come with very low human capital, and our educational system is so bad. However, people from all over the world want to come here, and many have lots of human capital. I see students every year who have to go back home, because their visa expires, but they want to stay. And these people tend to be the best and brightest. That’s why they come here to study. Many more, very talented people would come, if we only would let them. So, the easy plan would be:

- a. Relax immigrations restrictions on high-human-capital people.
- b. Control illegal immigrationI would argue that the current immigration policy is inhumane. Border crossings are very dangerous, especially for women. Men here find it difficult to see their families. Villages in Mexico and south are often without men of working age. So, after a and b, I’d grant citizenship and amnesty for workers and their families, even if the family is in currently another country.

Finally, I’d note that the United States has a history of low-human-capital workers doing good things for the country. I think they do now. Inter-generational mobility can be high, but it is difficult if we don’t provide the education and opportunity to allow them to achieve their potential. That’s California’s real problem. With an effective education system and a business environment that created opportunity, I’d let anybody in that wants to come to the United States, (subject to criminal checks and the like) and I think we’d be better off for it.”