

# Economics of Immigration

Economics 114-Fall 2008

TTh 3:30-4:50pm

Peterson Hall 110

## Instructor

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Econ trailer (*aka* Econ Annex) 103

Office Hours: TTh, 2-3 pm

## Objective

This course is an introduction to the economics of immigration. The focus will be for the most part on immigration in the last decades to the United States, although other country cases will be covered as well. This course aims at helping you understand the economic causes of immigration, the characteristics of the immigrants to the US, their economic performance, and their impact on the US economy and especially on native US workers. We will also look at alternative immigration policies and their potential economic consequences.

## Readings

### *Required Texts*

**[Bo]** George J. Borjas: *Heaven's Door. Immigration Policy and the American Economy*, Princeton University Press, New Jersey, 2001 **(Required)**

**[Han]** Gordon Hanson *Why Does Immigration Divide America? Public Finance and Political Opposition to Open Borders*, Institute for International Economics, 2005 **(Required)**

In addition to these two textbooks, we will rely on book chapters, articles from academic journals and newspapers, working papers from research institutions, and web-based documents

Some of the readings are required, while others are optional but strongly recommended. The optional (but strongly recommended) ones will be covered in class.

The slides of the lectures will be posted on WebCT.

## Grading

The grade will be determined by four problem sets (20 %), one midterm exam (30 %), and a cumulative final exam (50 %). The problem sets are going to be graded on the following basis: check plus (5 points), check (4 points), check minus (2 points). There will be neither make-up exams nor late problem sets accepted.

Each problem set will have two sections. The first section will be due on class according to the table below, graded as mentioned, and answers will be posted on the class web site. The second section will serve as a study guide for the exams, but no answer key will be handed out for this section before the exam. The exams will have questions included in the problem sets or slight variations of them. In any case, solving the problem sets before looking at the answers will be an excellent study guide for the exams.

| Problem set # | Date        | Due date    |
|---------------|-------------|-------------|
| 1             | October 7   | October 14  |
| 2             | October 21  | October 28  |
| 3             | November 13 | November 20 |
| 4             | November 25 | December 4  |

**The mid-term exam will take place on November 6, 2008.**

### Review sessions and TAs:

The TAs for this course are Hee-Seung Yang, Sam Bazzi, and Jong-Myun Moon. They will do most of the grading, office hours, and some review sessions to be scheduled. Please check WebCT and announcements in class.

WebCT will have, in due time, the problem sets and their answers, the slides for each class, answers to the exams, and all other relevant information about the class.

## Course Plan

### (\*) Required reading

### Introduction

Harris, J. R. and Todaro, M. P. (1970). "Migration, unemployment, and development: a two-sector analysis". *American Economic Review*, 60, 126-142. (\*)

Stark, Oded & Levhari, David, 1982. "On Migration and Risk in LDCs," *Economic Development and Cultural Change*, vol. 31(1), pages 191-96. (\*)

## **A. Overview of Immigration Trends and Laws**

Phillip L. Martin (2004) “The United States: The Continuing Immigration Debate”, in *Controlling Immigration. A Global Perspective*, Cornelius W. et al. (eds.) 2<sup>nd</sup> Ed. Stanford University Press, pp. 50-67 (\*)

[Han] Chapter 1 & 2 (\*)

World Bank (2006), *Global Economic Prospects. Economic Implications of Remittances and Migration*, pp. 25-29  
[http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166322&entityID=000112742\\_20051114174928](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166322&entityID=000112742_20051114174928)

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 3rd Ed.  
Chapter 9, Section 9-4 (optional)

## **B. Who Migrates? Skills and Nationality of the Immigrants**

[Bo] Chapter 2 & 3 (\*)

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 3rd Ed.  
Chapter 9, Section 9-5 (optional)

## **Technical Interlude: Regression Analysis**

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 3rd Ed.  
Appendix to Chapter 1: An Introduction to Regression Analysis (\*)

## **C. Causes of Immigration**

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 3rd Ed.  
Chapter 9, Sections 9-1, 9-3, 9-6. (\*)

D. Chiquiar and G.H. Hanson, (2005), “International Migration, Self-Selection, and the Distribution of Wages: Evidence from Mexico and the United States”, *Journal of Political Economy*, vol. 113, pp. 239-281 (optional)

## **D. Labor Market Impact of Immigration**

[Bo] Chapter 4 (\*)

David Card (2005), “Is the New Immigration Really so Bad?” *Economic Journal*, Vol. 115, No. 507, Read pp. F300-F316 (optional)

## **E. Economic Benefits of Immigration**

[Bo] Chapter 5 (\*)

James P. Smith and Barry Edmonston, (1997), *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Academies Press, Ch. 4, pp.135-146, 151-153 and Conclusions (\*), the rest of the chapter is optional.

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 3rd Ed.  
Chapter 9, Section 9-7 (optional)

## **F. Public Finance and Immigration**

[Bo] Chapter 6 (\*)

[Han] Chapter 3 (\*)

## **G. Impact of Migration on Sending Economies**

World Bank (2006), *Global Economic Prospects. Economic Implications of Remittances and Migration*,  
**Ch. 3-5 (\*)**  
[http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166322&entityID=000112742\\_20051114174928](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166322&entityID=000112742_20051114174928)

## **H. Immigration Policy**

Wayne A. Cornelius and T. Tsuda (2004) “Controlling Immigration: The Limits of Government Intervention”, in *Controlling Immigration. A Global Perspective*, Cornelius W. et al. (eds.) 2<sup>nd</sup> Ed. Stanford University Press, **pp. 2-15 (\*)**

Phillip L. Martin (2004) “The United States: The Continuing Immigration Debate”, in *Controlling Immigration. A Global Perspective*, Cornelius W. et al. (eds.) 2<sup>nd</sup> Ed. Stanford University Press, **pp. 67-84 (\*)**

Gordon Hanson (2004) “Commentary”, in *Controlling Immigration. A Global Perspective*, Cornelius W. et al. (eds.) 2<sup>nd</sup> Ed. Stanford University Press, **pp. 86-90 (\*)**

[Bo] Chapters 10 & 11 (\*)

[Han] Chapter 5 (\*)

## **I. Immigration and Public Opinion**

[Han] Chapter 4. (\*)

Robert J. Blendon, et. al. (2005), “Immigration and the U.S. Economy”, *Challenge* Vol.48, No. 2 pp. 113-132. (\*)