

REVIEW

Why Skills-Based Immigration Is the Best Option for America

A meticulous and groundbreaking book on immigration chronicles the history of upward mobility in the United States—but falls short as an argument against a more selective policy.

By [Reihan Salam](#), the president of the Manhattan Institute.

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America's immigration wars are at an impasse. With illegal crossings surging at the southern border and the backlog in green card petitions reaching new heights, there is a widespread sense that the U.S. immigration system is badly broken. And yet there's no prospect of bipartisan agreement about what exactly it would mean to fix it—at least not in the near future.

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illegal crossings surging at the southern border and the backlog in green card petitions reaching new heights, there is a
widespread sense that the U.S. immigration system is badly broken. And yet there\u2019s no prospect of bipartisan
agreement about what exactly it would mean to fix it\u2014at least not in the near future.\r\n\r\nConservatives are largely
united in believing that the system should focus first and foremost on deterring unauthorized migration, enforcing the rule of
law, and ensuring that the United States can select newcomers who are best positioned to succeed in a modern market
democracy. The left, meanwhile, has come to embrace a more open approach, one that creates more legal pathways for the
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poor and ambitious.

Streets of Gold: America's Untold Story of Immigrant Success, Ran Abramitzky and Leah Boustan, PublicAffairs, 256 pp., \$29, May 2022

Against this backdrop, Ran Abramitzky and Leah Boustan, economists at Stanford and Princeton universities, respectively, have published *Streets of Gold*, an engaging brief for immigration optimism. While some on the restrictionist right warn that openness to immigration is giving rise to a new underclass, the authors urge their readers to think of immigration policy on the level of generations, rather than years. Over the course of a generation or two, they argue, the descendants of today's immigrants will fare just as well as the children and grandchildren of immigrants from earlier eras, regardless of their wealth or level of education. But though Abramitzky and Boustan's case for optimism about the very long-term prospects of second- and third-generation Americans is plausible enough, their chief takeaway from it is that it would be misguided for the U.S. government to preselect educated immigrants, whom they readily acknowledge enjoy high earnings, contribute to scientific innovation, and pay more than their fair share of public funds on arrival, because the children and grandchildren of even the poorest immigrant workers will do just fine. This is less convincing.

Given that Abramitzky and Boustan acknowledge that open borders is a political nonstarter, a more selective, skills-based immigration system would by their own logic prove at least as beneficial as a skills-blind approach, if not considerably more so, and over a much shorter time horizon. In an age of economic volatility and intense political dissension over migration, that is no small thing. Virtually all of the world's market democracies have moved toward points-based systems that select migrants on the basis of language proficiency, educational credentials, employment offers, and other characteristics that predict labor market success and rapid integration, and there is a reason for that. Destination countries that most closely adhere to this script, most notably Canada and Australia, where it was pioneered, have admitted significantly larger immigrant inflows relative to their smaller populations than the United States while eliciting significantly less backlash, a lesson that American immigration partisans would do well to heed.

As much as I might disagree with Abramitzky and Boustan's policy approach, it is important not to diminish their considerable achievement. Drawing on numerous data sources and synthesizing their own groundbreaking academic work, *Streets of Gold* is no mere polemic. In addition to being a pleasure to read, the book does a great deal to enrich our understanding of how immigrants are incorporated into American economic and cultural life. Though the authors are partisans of a more permissive immigration policy, they are exceedingly fair-minded in presenting their findings.

One familiar aspect of the contemporary immigration debate is that pessimism about newer immigrants and their prospects is often bound up with the sense that previous immigrant generations quickly moved from crags to riches. As Abramitzky and Boustan demonstrate, however, while immigrants during the Age of Mass Migration from Europe, stretching from 1850 to 1913, earned much higher incomes than they would have in their native countries, their fortunes improved only modestly as they made their way in American life, a pattern entirely similar to what we see among more recent immigrants.

The implication is that our excessively romantic conception of how European immigrants navigated the labor market of yesteryear is causing many Americans to discount the gains made by more recent arrivals from Latin America and elsewhere. It is also true, however, that between the Age of Mass Migration and the modern era, the income gap between native-born workers and newcomers has grown significantly. Abramitzky and Boustan note that newly arrived European immigrants in the 1900s on average had similar jobs to US-born workers, which is to say they mostly started out on the middle rungs of the occupational ladder. In the modern era, in contrast, they find that the mean immigrant has initial earnings 30 percent below the average among natives, a reflection, in part, of the fact that the skills gap between, say, the United States and Honduras in 2022 is larger than that separating the United States and Germany in 1902.

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In both periods, Abramitzky and Boustan observe, immigrants made gains relative to natives as they gained labor market experience. Low-paid immigrants in the 1900s earned about 10 percent less than their native counterparts, and they closed about a third of that gap over the course of their working lives. The earnings gap between modern immigrants and modern natives tends to drift down as well, falling to 16 percent after 20 years. But to the authors, the solid but unspectacular gains made by immigrant workers over the course of

their working lives matter far less than what happens in subsequent generations, the narrative heart of *Streets of Gold*. By carefully linking the tax records of individuals born around 1980 to those of their parents, Abramitzky and Boustan are able to compare intergenerational progress between children of native- and foreign-born parents. They find that if a child has native-born white parents at the 25th percentile of earnings, they tend to rise to the 40th percentile as an adult. Children of foreign-born parents who start out at the 25th percentile rise further still, to the 50th percentile. Building on census data, the authors find that this pattern of intergenerational improvement is similar to that observed a century ago.

What is it about having an immigrant parent that might account for this advantage? Here is where *Streets of Gold* really shines. Rather than suggest that immigrants are somehow more virtuous than their native counterparts—for example, it's not uncommon for people to praise immigrants over, say, native-born Black Americans, or argue that Asian culture accounts for academic success among immigrants and second-generation Americans of Asian descent—Abramitzky and Boustan focus on two more prosaic possibilities, which shed a great deal of light on how immigrant assimilation actually works in practice.

First, because immigrants are by definition less tethered to a given U.S. locale than native-born Americans, who may have deep, multigenerational roots in their communities, they are more open to moving in search of opportunity. As a result, immigrants tend to settle in more opportunity-rich cities and neighborhoods, which gives their children a leg up. This is true even when opportunity-rich communities are more expensive, as immigrants are more amenable to living in multifamily housing, which is cheaper, and they often care more about sending remittances to family members in their country of origin than they do about keeping up with the (American) Joneses, which means they care less about the local cost of living.

One implication of our findings, Abramitzky and Boustan observe, is that it is very likely that US-born families would have achieved the same success had they moved to such high-opportunity places themselves. Though the authors don't dwell on this point, it's a reminder that excessive land-use regulation and other policies that raise the cost of living in America's most prosperous regions are profoundly damaging the prospects of rising generations.

Second, there is a sense in which the apparent mobility advantage experienced by children of immigrants stems from the *dis*advantage of their immigrant parents. Immigrants, and particularly recent immigrants, often confront obstacles that create a mismatch between their earnings and their underlying talents, e.g., a language barrier, or a need to take low-paying jobs rather than invest in higher education, or difficulty leveraging the education or skills they acquired in their home countries.

As Abramitzky and Boustan put it, "Think about the proverbial Russian scientist who ends up driving for Uber." In these instances, the children of immigrant parents are *cupwardly mobile* relative to their parents' actual earnings in the U.S. labor market, but not nearly as much relative to their parents' capabilities, which parents can pass on to their children in a number of ways. In a similar vein, sociologists of immigration refer to the *class-specific resources* of immigrant parents who were raised in the upper strata of their home countries, i.e., the cultural practices, social networks, and narrative self-understandings that can help their children climb the occupational and social ladder.

As the costs of migration decline, immigrants from a given country of origin are less likely to be drawn from the ranks of the most enterprising of their compatriots.

What Abramitzky and Boustan don't fully reckon with, however, is the possibility that as the costs of migration decline, immigrants from a given country of origin are less likely to be drawn from the ranks of the most enterprising of their compatriots. The late Stanford economist Edward Lazear famously observed that because the United States rations immigration slots in a manner that treats some countries more generously than others, the most successful immigrants in the United States come from countries that send the fewest immigrants to America relative to their population.

To illustrate the point, Lazear contrasted immigrants from two developing countries, Nigeria and Tonga: It is much harder for Nigerian citizens to secure green cards than Tongan citizens, and the Nigerians who do make it to the United States earn more than twice as much as their Tongan counterparts on average.

In the absence of this rationing of immigration slots through formal rules and restrictions, international migration has become less costly than in earlier eras, which in turn means that it's not just the most ambitious strivers who'd be in a position to move. Cheap air travel and long-distance communication have greatly lowered the material and psychic barriers to migration, and life can be much easier for migrants joining existing ethnic enclaves than for the pioneers who establish them.

This is one respect in which immigrants in the Age of WhatsApp really are different from those who arrived in the United States in the Age of Steam, and it is not unreasonable to expect that this could have implications for the pace of immigrant success. One could argue that explicit modern efforts to select immigrants on the basis of skills represent a substitute for the ways in which the high cost of a trans-Atlantic sea crossing, or the absence of distance-collapsing tools like WhatsApp or WeChat, tended to deter the less ambitious. And that's why Abramitzky and Boustan's brief for a relatively indiscriminate approach to immigration is ultimately unconvincing.

Essentially, *Streets of Gold* asks policymakers in the United States and other migrant destinations to be patient. Over time, past experience strongly suggests that the descendants of

newcomers will eventually converge with natives, so why deny yourself the gift of global talent? As an argument against calls for a *reduction* of immigrant inflows, this is compelling. Given the rapid aging of the U.S. population, immigration represents an important source of demographic vitality. But as an argument against immigrant *selection*, the book falls short.

Even if one stipulates that the descendants of all immigrants will fare equally well in the long run, a claim that goes beyond the historical evidence Abramitzky and Boustan carefully present, a more selective approach could yield large dividends in the interim. As the immigration advocates Alec Stapp and Jeremy Neufeld of the Institute for Progress [recently put it](https://noahpinion.substack.com/p/the-case-for-high-skilled-immigration), for a given level of immigration, scientists, engineers, inventors, and entrepreneurs deliver the largest benefits. Faced with two job candidates one of whom will create value for the company immediately when they start, while the other, despite the same underlying talent, will require months of training and practice no one would expect an employer to merely shrug at the difference.

So, it is telling that nowhere in *Streets of Gold* do Abramitzky and Boustan offer a sustained case against immigrant selection. Indeed, they arguably offer more evidence *against* their case for a skills-blind immigration policy than for it. For example, they report that, like the children of low-income immigrants, the children of high-income immigrants outearn natives who were raised in similar material circumstances, which is to say the immigrant advantage is not limited to newcomers with earnings at the 25th percentile.

As an argument against calls for a reduction of immigrant inflows, the book is compelling. As an argument against immigrant selection, it falls short. They further note that even when we focus narrowly on immigrant parents who start at the 25th percentile, there is a wide range of outcomes across countries of origin. For example, Abramitzky and Boustan observe that the children of immigrants from higher-skilled populations, e.g., second-generation Americans of Chinese and Indian origin, perform exceptionally well, perhaps because they are able to draw on social connections from a high-skilled community even when their own parents are not high earners a finding consistent with Lazear's thesis about immigrant selection.

Rather anticlimactically, Abramitzky and Boustan's main argument for openness to low-skill immigration is that the U.S. economy is currently experiencing strong demand for low-wage labor in sectors such as construction, the restaurant industry, child and elder care, and agriculture, which is no doubt true. Leaving aside that this cyclical condition is subject to change, it's worth reflecting on how these industries might evolve in the coming years.

Consider that there is growing political support for raising wages and labor standards in the service sector, as demonstrated by the recent spate of minimum wage increases in states and cities across the country. Over time, efforts to upgrade low-wage jobs in these historically undercapitalized industries can be expected to foster automation and business-model innovation, making them less labor-intensive and more attractive to native-born workers in the process.

Then there is the ongoing globalization of the service sector. The rise of remote work and stringent immigration restrictions are encouraging more U.S. employers to embrace offshoring, a form of *virtual immigration* that can complement local workers while serving as a substitute for traditional immigrant labor. At the same time, U.S. retirees are increasingly settling in Mexico and other lower-cost destinations a development that has the potential to reshape the elder care industry.

One need not believe that robots or offshoring will destroy jobs en masse to recognize that they may cause considerable dislocation for less educated workers, whether native- or foreign-born, in the years to come. Sophisticated proponents of low-skill immigration have [recently countered](https://www.cgdev.org/sites/default/files/Labour-mobility-vocational-skill-Australia-Pacific-Working-Paper.pdf) that there will always be demand for low-skill *fundamental workers* whose jobs can't be automated or offshored, such as caregivers and chefs. But if higher wages and better working conditions are on offer, these fundamental jobs can be done just as well by higher-skill workers who find them more engaging, fulfilling, or flexible than serving as members of the laptop class.

If I had to guess, I'd say that Abramitzky and Boustan's policy stance is grounded in a humanitarian commitment. Many Americans, mostly though not exclusively on the political left, believe that immigrant selection represents a betrayal of America's history as a refuge for people seeking freedom and a better life. Though Abramitzky and Boustan are careful to avoid strident language, there are hints of this cosmopolitan commitment throughout the book. It is worth reiterating, however, that destination countries that fully embrace immigrant selection tend to admit more immigrants on a per capita basis than the United States, presumably because their citizens deem inward migration more enriching and less burdensome. That, too, has humanitarian benefits.

Regardless, the beauty of *Streets of Gold* is that you don't have to embrace the authors' conclusions to learn from their scholarship. Abramitzky and Boustan have made an immense contribution to our understanding of the economic history of immigration and what it can teach us about upward mobility in the United States. And, in doing so, they've perhaps inadvertently made the case for a more selective national immigration strategy.

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