

direction of the immigration debate, with many more changes coming soon. So far, executive orders and deportations dominate the discussion. But the fight over how many refugees to admit or how best to vet those refugees obscures what the debate is really about.

Changes in social policy do not make everyone better off, and immigration policy is no exception. I am a refugee, having fled Cuba as a child in 1962. Not only do I have great sympathy for the immigrant's desire to build a better life, I am also living proof that immigration policy can benefit some people enormously.

But I am also an economist, and am very much aware of the many trade-offs involved. Inevitably, immigration does not improve everyone's well-being. There are winners and losers, and we will need to choose among difficult options. The improved lives of the immigrants come at a price. How much of a price are the American people willing to pay, and exactly who will pay it?

This tension permeates the debate over immigration's effect on the labor market. Those who want more immigration claim that immigrants do jobs that native-born Americans do not want to do. But we all know that the price of gas goes down when the supply of oil goes up. The laws of supply and demand do not evaporate when we talk about the price of labor rather than the price of gas. By now, the well-documented [abuses](#) of the H-1B program, such as the Disney workers who had to train their foreign-born replacements, should have obliterated the notion that immigration does not harm competing native workers.

Over the past 30 years, a large fraction of immigrants, nearly a third, were high school dropouts, so the incumbent low-skill work force formed the core group of Americans who paid the price for the influx of millions of workers. Their [wages fell as much as 6 percent](#). Those low-skill Americans included

many native-born blacks and Hispanics, as well as earlier waves of immigrants.

But somebody's lower wage is somebody else's higher profit. The increase in the profitability of many employers enlarged the economic pie accruing to the entire native population by [about \\$50 billion](#). So, as proponents of more immigration point out, immigration can increase the aggregate wealth of Americans. But they don't point out the trade-off involved: Workers in jobs sought by immigrants lose out.

They also don't point out that low-skill immigration has a side effect that reduces that \$50 billion increase in wealth. The National Academy of Sciences recently estimated the impact of immigration on government budgets. On a year-to-year basis, immigrant families, mostly because of their relatively low incomes and higher frequency of participating in government programs like subsidized health care, are a fiscal burden. A comparison of taxes paid and government spending on these families showed that immigrants created an annual [fiscal shortfall](#) of \$43 billion to \$299 billion.

Even the most conservative estimate of the fiscal shortfall wipes out much of the \$50 billion increase in native wealth. Remarkably, the size of the native economic pie did not change much after immigration increased the number of workers by more than 15 percent. But the split of the pie certainly changed, giving far less to workers and much more to employers.

The immigration debate will also have to address the long-term impact on American society, raising the freighted issue of immigrant assimilation. In recent decades, there has been a [noticeable slowdown](#) in the rate at which the economic status of immigrants improves over time. In the 1970s, the typical immigrant could expect a substantial improvement relative to natives over his or her lifetime. Today, the economic progress of the typical immigrant is

much more stagnant.

Part of the slowdown is related to the growth of [ethnic enclaves](#). New immigrants who find few ethnic compatriots get value from acquiring skills that allow more social and economic exchanges, such as becoming proficient in English. But new immigrants who find a large and welcoming community of their countrymen have less need to acquire those skills; they already have a large audience that values whatever they brought with them. Put bluntly, mass migration discourages assimilation.

The trade-offs become even more difficult when we think about the long-term integration of the children and grandchildren of today's immigrants. Many look back at the melting pot in 20th-century America and assume that history will repeat itself. That's probably wishful thinking. That melting pot operated in a particular economic, social and political context, and it is doubtful that those conditions can be reproduced today.

Many of the Ellis Island-era immigrants got jobs in manufacturing; [Ford's work force](#) was 75 percent foreign-born in 1914. Those manufacturing jobs evolved into well-paid union jobs, creating a private-sector safety net for the immigrants and their descendants. Does anyone seriously believe that the jobs employing low-skill immigrants today will offer the same economic mobility that unionized manufacturing jobs provided?

Similarly, the ideological climate that encouraged assimilation back then, neatly encapsulated by our motto "E pluribus unum" (Out of many, one), is dead and gone. A recent [University of California directive](#) shows the radical shift. The university's employees were advised to avoid using phrases that can lead to "microaggressions" toward students and one another. One example is the statement "America is a melting pot," which apparently sends a message to the recipient that they have to "assimilate to the dominant culture."

Europe is already confronting the difficulties produced by the presence of unassimilated populations. If nothing else, the European experience shows that there is no universal law that guarantees integration even after a few generations. We, too, will need to confront the trade-off between short-term economic gains and the long-term costs of a large, unassimilated minority.

Identifying the trade-offs is only a first step toward a more sensible immigration policy. We also need some general principles, combining common sense and compassion.

First and foremost, we must reduce illegal immigration. It has had a corrosive impact, paralyzing discussion on all aspects of immigration reform. A wall along the Mexican border may signal that we are getting serious, but many undocumented immigrants enter the country legally and then overstay their visas. A national electronic system (such as E-Verify) mandating that employers certify new hires, along with fines and criminal penalties for lawbreaking businesses, might go a long way toward stemming the flow.

But what about the 11-million-plus undocumented immigrants already here? A vast majority have led peaceful lives and established deep roots in our communities. Their sudden deportation would not represent the compassionate America that many of us envision.

Perhaps it's time for some benign neglect. Many will eventually qualify for visas because they have married American citizens or have native-born children. Rather than fight over a politically impossible amnesty, we could accelerate the granting of family-preference visas to that population.

We will also need to decide how many immigrants to admit. Economists seldom confess their ignorance, but we truly have no clue about what that number should be. About one million legal immigrants a year entered the country in the past two decades. The political climate suggests that many

Americans view that number as too high. History shows that when voters get fed up with immigration, there is no reluctance to cut off the flow altogether. Back in the 1990s, Barbara Jordan's [immigration commission](#) recommended an annual target of about 550,000 immigrants. Such a cut would be significant, but it may be preferable to the alternative, which, in this political climate, could mean shutting off the flow.

Finally, we need to choose between highly skilled and less-skilled applicants. High-skill immigrants, who pay higher taxes and receive fewer services and can potentially expand the frontier of knowledge, are more profitable for us. But giving an opportunity to the huddled masses is part of what makes our country exceptional.

Regardless of the allocation, employers should not walk away with all the gains, and workers should not suffer all the losses. We need to ensure a more equitable sharing of the gains and losses among the American people.

No matter where one stands in the ideological divide, President Trump has already answered the fundamental question guiding the design of a more rational policy. In his speech at the Republican National Convention, he [described](#) how he would pick among the available choices: "We are going to be considerate and compassionate to everyone," he said. "But my greatest compassion will be for our own struggling citizens."

He added, "We are going to have an immigration system that works, but one that works for the American people."

Many of my colleagues in the academic community — and many of the elite opinion-makers in the news media — recoil when they hear that immigration should serve the interests of Americans. Their reaction is to label such thinking as racist and xenophobic, and to marginalize anyone who agrees.

But those accusations of racism reflect their effort to avoid a serious discussion of the trade-offs. The coming debate would be far more honest and politically transparent if we demanded a simple answer from those who disagree with “America First” proposals: Who are *you* rooting for?