



5 questions for Alex Nowrasteh on how immigration affects institutions

James Pethokoukis and Alex Nowrasteh

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How does immigration affect the institutions of developed countries? How much do they assimilate, and how much do they change the norms of their host country, for better or worse? Recently, I explored these questions and more with Alex Nowrasteh.

Alex is the director of immigration studies at the Cato Institute's Center for Global Liberty and Prosperity. He is also the co-author, along with Benjamin Powell, of [Wretched Refuse? The Political Economy of Immigration and Institutions](#), released in December of last year.

Below is an abbreviated transcript of our conversation. You can read our full discussion [here](#). You can also subscribe to my podcast on [Apple Podcasts](#) or [Stitcher](#), or download the podcast on [Ricochet](#).

How is US immigration different today compared to the start of Donald Trump's term, and what would happen if Trump's policies were maintained going forward?

It's different in some remarkable ways. Through executive action, Donald Trump instituted many policies and regulations that substantially reduced legal immigration to the US. And beginning in March 2020, virtually all legal immigration to the US was ended in response to the COVID recession — the number of green cards issued in the last half of the 2020 fiscal year was down 91 percent from 2016, and non-immigrant visas declined by 93 percent compared to 2019.

Currently, about 13.6 percent of our population is foreign-born, and while that's held steady for the past year, if Trump's rules continued for longer that number would start to decrease. This would be significant, because if this number had been lower in the past we would have lost out on new innovations and firms that make the US the wealthy and productive country it is today. Also, 13.5 percent is already low compared to other OECD countries, including Canada (almost 21 percent), as well as New Zealand and Switzerland (where it's over 30 percent).

Your book is about immigrants and their effects on institutions — what compelled you to explore this topic?

It's a question that has kept me awake for years: Do immigrants from poor countries with bad institutions affect American institutions?

When we talk about institutions, we mean the rules of economic exchange — both the formal rules, which are written down in statutes or by common law, and also the informal rules, like starting a business or having a deal on a handshake. These rules are likely the reason why we're a wealthy country. Yet immigrants often come from countries where they don't have these productive institutions, so a common worry is that immigrants might bring bad beliefs and negatively affect our institutions, either through voting and undermining these rules at their source or by changing American culture.

However, when we looked at this in detail we found no evidence that immigrants have negative effects on institutions in the developed world. In some cases, we actually found a positive effect — instances where immigrants actually catalyzed improvements in the institutions of countries where they settled. One example of this was the massive migration of Jews to Israel after the fall of the Soviet Union — Jews increased Israel's population by about 20 percent in five years. What we found was that Israel's economic freedom score rose very quickly during this time. In fact, we can pretty conclusively say that immigration is what caused Israel to liberalize its economy substantially in the early 1990s.

Looking at the US, is it the case that when immigrants come here, they adopt views more similar to ours?

In a lot of ways immigrants become more like us, but in other ways they remain a little distinct, and oftentimes those distinctions are better. For example, immigrants are more likely to be patriotic when they arrive than native-born Americans in some ways, such as trust in specific institutions. In the General Social Survey responses, immigrants are more likely than native-born Americans to say that they trust Congress, the president, the court system, and even big businesses.

So they come in with generally higher opinions of our institutions — even as people worry about immigrants degrading trust in our institutions. In reality, immigrants are probably holding up a lot of the social trust in this country's institutions. It's the exact opposite of what the critics claim.

You mentioned that other countries have higher foreign-born populations than the US. Is it possible that America just doesn't have enough immigrants right now for them to have that big of an effect?

It's always theoretically possible, but when we look at countries like Australia, Canada, New Zealand, or Switzerland — countries that, in some cases, have more than double the proportion of their population that is foreign-born compared to the US — we don't see any institutional degradation going on. There's also a self-selection issue to this in that a lot of the people who are willing to move to the US from their birth countries are more open to America ideas, more interested in assimilating to other cultures, and more likely to see the problems with their home country.

We know that people adapt when they're exposed to new institutions or environments and realize that other things work well. So while there might be some theoretical limit at which immigrants don't assimilate, it would have to be a lot of immigrants.

Going forward, what will America's immigration policy be? Will Biden drastically change things?

That's a good question. I'm worried that Congress is becoming increasingly irrelevant and that the president will basically get to set all of these policies. And thanks to the Supreme Court decision in *Trump v. Hawaii*, the door is open for the president to ban any immigrants, from any country, for any reason.

So far, the president has also had a lot of power to increase legal immigration. I think President Biden will test those legal limits going forward. Looking forward, it could be that each time we have a new president from a different party in office we're going to see pretty large and massive shifts in immigration policy. Unfortunately, that's just not a sustainable institutional arrangement.

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