
COMMENTARY

George J. Borjas' paper provides a very clear and convincing analysis of the labor market skills and earnings of immigrant workers in the New York metropolitan area. The author compares New York immigrants with U.S. natives residing in the same metropolitan area and with immigrants residing elsewhere in the United States, including other large cities such as Los Angeles, Chicago, and Miami. Using decennial census data, Borjas tracks these comparisons over the 1970-2000 period. A key finding is that New York workers, immigrants as well as natives, are more skilled than workers in the rest of the country. Interestingly, the skill advantage of New York immigrants relative to other immigrants has widened over the past thirty years, but so has the skill *dis*advantage of New York immigrants relative to New York natives.

The empirical analysis is transparent, sensible, and compelling. Initially, I worried about Borjas' decision to group island-born Puerto Ricans with U.S. natives rather than with immigrants. Although Puerto Ricans are U.S. citizens and therefore not subject to restrictions on their migration to the mainland, those who do migrate face some of the same adjustment issues as other foreign-born workers. Moreover, I was concerned that the exclusion of relatively low-skilled Puerto Ricans from his immigrant sample was driving Borjas' finding that New York immigrants are more skilled than immigrants living elsewhere in the United States. It turns out, however, that the author's findings are not sensitive to whether

island-born Puerto Ricans are grouped with immigrants or natives. For example, in the 2000 census data, redefining island-born Puerto Ricans as immigrants would increase the size of the New York metropolitan area immigrant sample by less than 10 percent and would have a negligible impact on estimates of the average education or earnings of either immigrants or natives in the area. As Borjas shows, the national origins of immigration flows to New York are much more diverse than those to other U.S. gateway cities; thus, the overall pattern of immigration flows into New York is not dominated by the characteristics of immigrants from any one source country. Indeed, over the last couple of decades, substantial inflows of Mexicans and Central and South Americans have joined the sizable Puerto Rican and Dominican populations that had already been established, making the New York metropolitan area perhaps the only place in the United States with significant numbers of Latin American immigrants from virtually all of the major Hispanic national origin groups.

I do not doubt Borjas' basic empirical findings about New York immigrants, but I do question how we should interpret these findings. For example, how much of the skill advantage of New York metropolitan area immigrants relative to other U.S. immigrants derives from differences in national origins, especially when we consider the fact that New York receives comparatively few low-skilled immigrants from Mexico? This question could be answered with a simple decomposition analysis, similar to what Borjas has done in

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previous work on immigration. The answer is of interest because it would reveal the extent to which New York can attract more skilled immigrants from a given source country.

As another example, consider Borjas' finding that, outside the New York metropolitan area, the trend of declining skills for new immigrant arrivals reverses in 2000, but this reversal does not occur in the New York area. Citing his recent work with Rachel Friedberg, Borjas attributes the uptick in immigrant skills observed in nationwide data for 2000 to the large number of high-tech H-1B immigrants who arrived in the late 1990s, and he speculates that the absence of such an uptick in New York may reflect a smaller influx of H-1B immigrants there.

For two reasons, however, I doubt that the H-1B visa program is the entire story here. First, Borjas shows that between 1990 and 2000, the share of new immigrants employed in high-tech occupations grew only slightly less in New York (from 3.0 to 7.5 percent) than it did outside New York (from 3.6 to 8.9 percent). I am skeptical that this small difference accounts for the fact that immigrant skills were falling in New York over this period while they were rising in the rest of the country. Certainly, it would be a simple matter for Borjas to replicate for New York the analysis that he and Friedberg conducted at the national level and, in that way, evaluate the accuracy of his speculation. Second, I believe that even at the national level, more is going on than just the effects of the H-1B program. Borjas and Friedberg show that, when they exclude immigrants who work in high-tech occupations, the average skills of new immigrants are similar in 1990 and 2000. Therefore, the influx of high-tech immigrants in the late 1990s (many of whom are presumably H-1B admissions) might explain the rise in immigrant skills between 1990 and 2000, but it cannot explain why the downward trend, observed from 1970 to 1990, halted in 2000. Even after one excludes high-tech workers, immigrant skills leveled off between 1990 and 2000,

rather than declined, as the preceding twenty-year trend led us to expect.

Finally, as other researchers do, Borjas argues that the skill level of immigrant workers is an important issue for U.S. policy, but he provides only a cursory discussion of what the optimal skill mix of U.S. immigrants might look like. The underlying tone of the paper suggests that Borjas views skilled immigrants as better for the United States than unskilled immigrants, but a more explicit discussion of this topic would have been enlightening. As Borjas notes, skilled immigrants probably have a more favorable effect on government budgets because they tend to pay more taxes and receive less public assistance. From an international trade perspective, however, the United States might be thought of as having a relative abundance of skilled labor; therefore, it would make sense to import unskilled labor via both trade and immigration. As such, unskilled immigration and the unskilled labor embodied in imported goods might be two sides of the same coin. In this context, it is interesting to note that unskilled U.S. immigrants seem to concentrate in sectors that produce nontraded goods and services (for example, construction, restaurants, hotels, and domestic service). Perhaps unskilled immigrants are a viable substitute for imports in these sectors.

At any rate, a bit more discussion of optimal immigration policy could have provided a nice framework for interpreting the provocative empirical findings that Borjas so deftly reveals. For instance, what should we make of the widening skill gap between New York natives and immigrants? Is this a "problem"? Evidently, New York is doing quite well in the competition with other U.S. cities to attract skilled immigrants, and it is doing even better in the competition to attract skilled natives. Is this a good thing for New York or for the United States as a whole? Answers to questions like these will help us to understand the policy consequences of Borjas' findings.

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