

THE WALL STREET JOURNAL.

THE SATURDAY ESSAY

The Great Mariel Boatlift Debate: Does Immigration Lower Wages?

Decades after a wave of Cuban refugees landed in Florida, a dispute among economists over their economic impact is echoing in today's fights over immigration.

By Ben Leubsdorf

In the spring and summer of 1980, some 125,000 Cuban refugees sailed from the port town of Mariel on fishing boats and pleasure craft toward the U.S., many destined to settle in Miami.

Nearly four decades later, that exodus is at the center of an unresolved, sometimes bitter argument among economists, hinging on a basic question: When foreigners come to the U.S., does their presence drive down the wages of native workers? The long-running dispute has gained new relevance as the Trump administration tries to implement and enforce a stricter immigration policy.

Research published a decade after the Mariel boatlift, as well as more recent analyses, concluded that the influx of Cuban migrants didn't significantly raise unemployment or lower wages for Miamians. Immigration advocates said the episode showed that the U.S. labor market could quickly absorb migrants at little cost to American workers.

But Harvard University's George Borjas, a Cuban-born specialist in immigration economics, reached very different conclusions. Looking at data for Miami after the boatlift, he concluded that the arrival of the Marielitos led to a large decline in wages for low-skilled local workers.

While the debate rages in the academy and online, Dr. Borjas and his views are ascendant in the political realm. Attorney General Jeff Sessions cited his research for years while a senator. President Donald Trump, with whom Dr. Borjas met during last year's campaign, has echoed the Harvard economist's research by regularly saying that low-wage immigrants hurt some Americans.

"This is his moment," said David Card, the author of the early research on the boatlift that Dr. Borjas is seeking to upend. (The Justice Department declined to comment, and the White House didn't respond to requests for comment.)

Dr. Borjas has sparred for years with Dr. Card, an economist at the University of California, Berkeley, as well as with Giovanni Peri of the University of California, Davis. In 2015, Dr. Borjas and Dr. Peri released papers three months apart that arrived at wildly different conclusions about Mariel.

The argument among the academics—all immigrants themselves—has escalated into charges of bias and bad faith. Dr. Peri and a co-author dismissed Dr. Borjas's study as having "serious limitations." Dr. Borjas fired back that "sloppiness" in their own paper "helps obfuscate what your eyes can clearly see and leads to a claim that nothing at all happened in post-Mariel Miami." Dr. Card and Dr. Peri, reviewing a textbook by Mr. Borjas several months later, said that he only "presents half the story about the economics of immigration." Last fall, in another book, Dr. Borjas compared Dr. Peri to Marxist-Leninist teachers in his native Cuba: "They believed. All that was left was to compel everyone else to believe as well."

The real-world stakes in the dispute are considerable. More than 43 million U.S. residents were born somewhere else, and most of the rest are descended from immigrants. Still, for more than two centuries, waves of migration have provoked backlashes from Americans worried about the nation's economy, culture and social makeup.

Among economists today, there is little controversy about the benefits of immigration for

the economy as a whole. A roughly 500-page assessment last year by the National Academies of Sciences, Engineering, and Medicine, which reviewed decades of research, concluded that immigrants are “integral to the nation’s economic growth” and have little or no effect on overall employment and earnings for workers already in the U.S.

The report said that experiences aren’t the same for everyone and noted that some studies have found “sizable negative short run wage impacts” for U.S.-born high-school dropouts, the group most likely to compete for work with low-skilled immigrants.

“There’s no free lunch. There’s going to be some effect of immigration” on wages, said Pia Orrenius, a senior economist at the Federal Reserve Bank of Dallas and a member of the panel that wrote the 2016 report. But, she added, the flexible U.S. economy adapts and should render any hit to the wages of native workers “a short-run phenomenon.”

Those most exposed to competition from new arrivals have long been a focus for Dr. Borjas. “Immigration is not like manna from heaven,” he said. “It can be great on average, but it doesn’t mean that every single person benefits.”

When he set out a few years ago to write a new book on immigration for a general audience, even some of his friends and family struggled with his draft chapter on the labor market. He says that his “very mathematical” analysis was correct but difficult for nonspecialists because “it doesn’t tell a story.”

In immigration economics, few stories are more compelling than that of the Mariel boatlift. In April 1980, Fidel Castro announced that Cubans would be allowed to leave the country from Mariel. Privately owned boats began to shuttle across the Florida Straits, some overloaded with refugees. By the time the boatlift ended in late September, more than 1% of the island’s population had left for new lives in the U.S. Many of them remained in the Miami area, expanding the local workforce more or less overnight.

Economists refer to such an episode as a “natural experiment”—a situation involving a sudden and dramatic change, thus helping researchers to identify cause-and-effect relationships. In ordinary circumstances, such relationships can be hard to untangle from multiple forces and trends developing over time.

The Mariel boatlift is among several such episodes that labor economists have studied for insight into immigration’s pluses and minuses. Others include the exodus of French Algerians to France in the 1960s and the arrival of Soviet Jews in Israel in the 1990s.

Sometimes, the world conducts an experiment for us.

Francine Blau, Cornell University economist “Ideally, we would have a laboratory and conduct our own experiments. We can’t do that,” said Francine Blau, a Cornell University economist who led the National Academies’ broad review of research on immigration. “But sometimes, the world conducts an experiment for us.” Still, researchers urge caution in generalizing from such natural experiments. A sudden wave of refugees, as in the Mariel case, isn’t the same thing as a steady trickle of immigrants over time. “Eat a gallon of salt, and it will kill you,” said Michael Clemens, a senior fellow at the Center for Global Development in Washington. “But that just does not help people trying to decide how much salt to put on their food.”

Dr. Card, who is from Canada, kicked off the debate over Mariel in 1990 with a paper comparing Miami with four similar U.S. cities that hadn’t absorbed a wave of refugees. His conclusion: “The Mariel immigration had essentially no effect on the wages or employment outcomes of non-Cuban workers in the Miami labor market.” The study upended a simple supply-and-demand view of immigration, and decades later, it remains widely cited among economists. [More Saturday Essays](#) [The Right Way to Protect Free Speech on Campus](#) Jun. 9 2017

[The Case for Nations](#) Jun. 2 2017

[What We Remember on Memorial Day](#) May 25 2017

[Federalism for the Left and the Right](#) May 19 2017

[How to Raise an American Adult](#) May 5 2017

Dr. Borjas, who left Cuba in 1962, when he was 12 years old, has long challenged the idea that immigration has few downsides. One of his studies in the early 2000s analyzed decades of national data to conclude that immigrants generally do push down wages for native workers, particularly high-school dropouts.

One Sunday morning in 2015, while working on his book, Dr. Borjas recalls, he decided to revisit the Mariel boatlift. He focused on U.S.-born high-school dropouts and applied more sophisticated analytical methods than had been available to Dr. Card a quarter-century earlier.

Dr. Borjas found a steep decline in wages for low-skilled workers in Miami in the years after the boatlift—in the range of 10% to 30%. “Even the most cursory reexamination of some old data with some new ideas can reveal trends that radically change what we think we know,” he wrote in his initial September 2015 paper.

Within a few months, Dr. Peri, who is from Italy, and Vasil Yassenov, then a University of California, Davis, graduate student, released their own paper. Using methods similar to Dr. Borjas's to analyze the boatlift, they confirmed Dr. Card's finding that the Cuban influx had no significant effect on wages of the native-born in Miami, even low-skilled workers.

What explains the divergence? In large part, technical decisions about which subset of survey data to analyze and which Miami workers to put under the microscope.

Dr. Borjas said that Dr. Peri examined too broad a sample, diluting the Marielitos' effect by including women and high-school students among the U.S.-born workers in his analysis. Dr. Peri is "a good economist, but he cuts corners," Dr. Borjas said. Dr. Peri revised his paper in response to the criticisms and said that his results still held up. He added that Dr. Borjas was too eager to draw conclusions from extremely small samples of male, non-Hispanic, high-school dropouts in Miami—amounting to fewer than two dozen people in most years of survey data. "We all know it is crazy to try to say what happened to wages in a city based only on 20 people," Dr. Peri said. "The measurement error is such that it essentially swamps anything else." Dr. Borjas said that he combined several years of data to get larger samples and still found the decline in native-worker wages to be statistically significant. Economists on both sides of the divide acknowledge the difficulty of reaching definitive conclusions from the Mariel story about how immigration affects wages in general, given the boatlift's unique nature and the limitations of available data. But that hasn't prevented years of argument. The heated academic dispute "perhaps mirrors the broader public debate—people tend to have very strong feelings about immigration," said Ethan Lewis, a Dartmouth College economist who also has studied the boatlift.

The economic establishment largely sides with the Card-Peri camp on the Mariel boatlift. Several top economists said in interviews that they found Dr. Borjas's findings less compelling.

Jennifer Hunt of Rutgers University, who served on the National Academies panel that studied immigration last year, and Dr. Clemens of the Center for Global Development released a new analysis in May that dismissed Mr. Borjas's finding as the result of quirks in underlying survey data. In turn, Dr. Borjas rejected their conclusion, calling it "fake news."

Related Reading [How U.S. Immigrants' Jobs Are Shifting](#)

[How U.S. Immigration Has Changed Over Time](#)

Trump's Hard Line on Immigration Collides With U.S. Demographics

Dr. Borjas has spent decades swimming against the tide in his profession by focusing on immigration's costs rather than its benefits. He said that he sees a parallel to the way many economists look at international trade. Long seen as a positive force for growth, trade is now drawing attention from some economists looking for its ill effects on factory towns. "I don't know why the profession has this huge lag and this emphasis on the benefits from globalization in general without looking at the other side," Dr. Borjas said.

Those who see immigration as a boon have long cited Dr. Card's 1990 paper on the Mariel influx. "It was a 7% increase in Miami's workforce, and the evidence was it didn't take jobs away from Americans and it didn't lower their wages," said Jason Furman, who chaired the Council of Economic Advisers under President Barack Obama, in a 2014 briefing.

Dr. Borjas's research, including his recent work on Mariel, has found fans on the other side of the debate. When he testified at a Senate hearing in March 2016, then-Sen. Sessions welcomed his rebuttal to Dr. Card's paper. "That study, I could never understand it because it goes against common sense of [the] free market: greater supply, lower costs," Mr. Sessions said. "That's just the way the world works."

Now Mr. Sessions is a top policy maker, and the White House is pushing to curb both legal and illegal immigration. In his February speech to Congress, Mr. Trump called for lawmakers to limit low-skilled immigration in favor of merit-based entry, saying, "The current, outdated system depresses wages for our poorest workers."

In April, Mr. Trump signed an order requiring the executive branch "to rigorously enforce and administer the laws governing entry into the United States of workers from abroad." The goal, he told an audience in Wisconsin, was to "protect jobs and wages of workers in the United States."

Dr. Borjas welcomes what he calls a more realistic approach to immigration under the Trump administration. "If you knew what the options are, who gets hurt and who wins by each of these options, you can make a much more intelligent decision rather than relying on wishful thinking," he said. "Which is what a lot of immigration, trade debates tend to be about—that somehow this will all work out, and everybody will be happy."

How Economists Assess Other 'Natural Experiments' in Immigration

Looking at Algeria in the 1960s, Israel in the 1990s and Syria today for clues about migration's effects on native-born workers' job prospects

The 1980 Mariel boatlift isn't the only event that economists have scrutinized for clues about how immigration affects the job prospects of native-born workers. Here are five other "natural experiments" from recent world history that they have examined. In several of these cases, studies found temporary wage or employment declines for native workers after waves of mass immigration, but much research concludes that immigrants bring broad long-term economic benefits as well.

Pieds Noirs

After Algeria won its independence from French rule in 1962, some 900,000 members of the French settler population abruptly decamped to France. In 1992, the economist Jennifer Hunt (now at Rutgers University) published a study of how France's labor market reacted to the influx. She found that the repatriated French "had little impact on the unemployment of others," alongside "only weak evidence that the repatriates exerted downward pressure on wages."

Braceros

In 1964, the U.S. ended its so-called bracero program, which admitted hundreds of thousands of Mexicans each year for seasonal farm labor, saying that it hurt native workers. But U.S. farmers didn't react to the labor shortage by hiring American laborers at higher wages, according to a recent National Bureau of Economic Research working paper by Michael Clemens, Ethan Lewis and Hannah Postel. Instead, the researchers found, farmers made "large changes in technology adoption and crop production," such as the use of labor-saving tomato-harvesting machines.

Retornados

In the mid-1970s, after the former Portuguese colonies Angola and Mozambique became independent, an estimated 600,000 refugees rushed to Portugal, increasing the size of its labor force by about 10% in only three years. A 1996 study by the economists William Carrington and Pedro de Lima found that regions that attracted many migrants saw "much slower wage growth" over the next decade, compared with other areas. But they added a caveat: A cross-country analysis found that while Portuguese unemployment seemed to have undergone an immigration-related increase, it was more modest than the broader Europe-wide economic forces that had pushed up unemployment across the region during this period.

Soviet Jews

Israel's population swelled in the early 1990s as hundreds of thousands of Jews emigrated from the crumbling Soviet Union. In a 2001 article, the Brown University economist Rachel Friedberg wrote that her findings "do not support the view that immigrants adversely affect the earnings and employment opportunities" of Israeli workers. A decade later, a study by Sarit Cohen-Goldner and M. Daniele Paserman found that the arrival of highly skilled Russian workers had briefly pushed down native Israelis' wages, but the effect faded after several years.

Syrian Refugees

Since Syria plunged into civil war in 2011, millions of refugees have fled to neighboring countries, including Turkey. A 2017 working paper by four economists at the Turkish central bank concluded that the influx of Syrian refugees reduced employment among native workers, many of whom became unemployed or left the workforce entirely. The researchers speculated that the "prevalence of informal employment" in Turkey allowed refugees without work permits to displace native Turkish workers.