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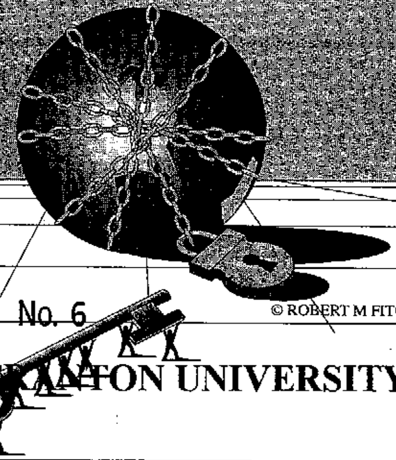

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THIRTY-FIRST HENRY GEORGE LECTURE HELD AT SCRANTON UNIVERSITY

By Dr. H. William Batt, Albany, NY

The thirty-first Henry George Lecture at Scranton University was presented on the evening of November 1, 2016, by David Card of the University of California, Berkeley. He is the Class of 1950 Professor of Economics at the University of California, Berkeley and Director of the Labor Studies Program at the National Bureau of Economic Research. His research interests include immigration, wages, education, and health insurance. He co-authored the 1995 book *Myth and Measurement: The New Economics of the Minimum Wage*, and co-edited *The Handbook of Labor Economics* (1999), *Seeking a Premier Economy: The Economic Effects of British Economic Reforms* (2004); and *Small Differences that Matter: Labor Markets and Income Maintenance in Canada and the United States* (1992). He has also published over 90 journal articles and book chapters. Card was co-editor of *Econometrica* from 1991 to 1995 and co-editor of the American Economic Review from 2002 to 2005. He taught at Princeton University from 1983 to 1996, and has held visiting appointments at Columbia University and the Center for Advanced Study in the Behavioral Sciences. In 1992 he was elected a fellow of the Econometric Society, and in 1998 he was elected to the American Academy of Arts and Sciences. In 1995 he received the American Economic Association' s John Bates Clark Prize, which is awarded every other year to the economist under 40 whose work is judged to have made the most significant contribution to the field. He was a co-recipient of the IZA Labor Economics Award in 2006, and was awarded the Frisch Medal by the Econometric Society in 2007.

As the Reporter for the Georgist audience, I should take the liberty to point out that two of the awards he holds are given in the name of two early 20th Century American economists who were among the least receptive to Henry George's thought Clark and Ely. Indeed they did much to discredit and even malign the place of rent in economic theory. But this is not something Card can be blamed for. Actually, he took time to mention of George's significance in some of his own work.

Professor Card's subject was "The Economics of Immigration," surely a hot topic coming a week before the contentious presidential election. But the talk was just as much about jobs. With an American population now at 320 million, there is frequently voiced concern about the 42 million immigrants of which about 11 million count as undocumented. Before going on, Dr. Card noted that an estimated 29% come from Mexico, 4.6% from India, 4.5% from the Philippines, 4.1% from China, and 3.1% from Vietnam. This gives the lie to the commonly held notion that the country is being flooded with people taking jobs from birthright Americans.

In the 20th century, the first decade saw a population of 15% first generation and 20% second generation. Since then, immigration has vacillated with a large dip in the 1960 to 1990 period.

In fact, while the cities with the highest immigrant population have settled in the American South, others are widely scattered, employed in food processing, agriculture, healthcare, and high tech. And while educational differences are profound, in many cases due to financial circumstances, differences vary. Those with only high school degrees are about 25%, and college and more 29%, South Asians are 49%. Yet about 51% of those of Hispanic origin are dropouts. As was made abundantly clear, in rich countries highly skilled workers want to come to US. In poor countries, jobs are the attraction for the least skilled, and the undocumented. The differences are particularly apparent compared with Canada, New Zealand, and Australia.

In recent years much of the immigration is due to the need for high skilled workers, and our own universities have not produced enough STEM graduates (science, technology, engineering and math) graduates. Hence immigrants from overseas help the productivity of our economy. There is a widespread historical view, dating from the time of Thomas Malthus, that "more people yields lower wages." Professor Card argued that this is not true: today, output depends on machines, not increases in labor. In fact the ratio of capital to labor has been for years a steady invariant slope up. He stressed that if there is any single belief he wanted to disabuse us of is there is an inverse relationship between the number of people and the level of wages.

Such a heavily laden presentation of data made it often difficult to follow, even when laced with graphic material. But there were as many other references to other studies done recently, even some that Card disagreed with. What all this served to do was to keep the full attention of the audience, and raise a number of questions later.

Earlier in the day, Dr. Card presented a seminar to a smaller body of students in the Kania School of Business and Finance. His subject here was getting a good job — certainly a choice subject. The starting point of his discussion was what was of greater importance: who you know or what firm you work for. As it turns out the data is inconclusive. It isn't even clear that firms that offer higher wages are paths to greater later success, and 20-25% of the average wage gap is due to the firm. In many cases, however, networks of workers are the best source of information. His conclusion is that the firm you work at is less important than personal attributes,

However, an important factor is when a new employee enters the job market: if you enter the job market in the good year it has favorable (continued on page 14)

HENRY GEORGE LECTURE (from page 1)

impacts on your success for about 15 years. If an employee loses his job during a bad year, you will likely never really recover. There are likely to be demonstrable long term losses. Fortunately, Dr. Card observed, students graduating this year are entering a very welcoming job market and they should end up quite happy.

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