



**I Z A** Institute  
of Labor Economics  
Initiated by Deutsche Post Foundation

**CReAM**  
**RFBerlin**  
Centre for Research  
& Analysis of Migration  
at RFBerlin

*Discussion of:*

# The IT Boom and Other Unintended Consequences of Chasing the American Dream

Michael A. Clemens

Hoover Institution · Jan. 22, 2026

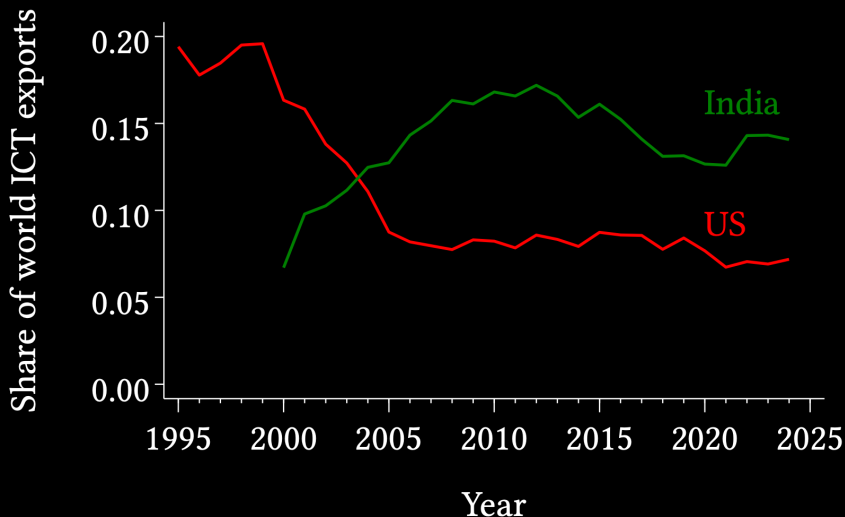


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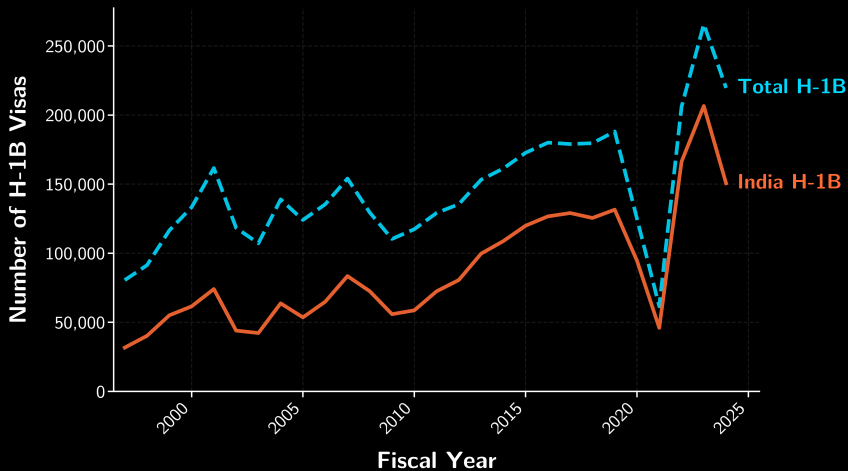
force

## An emerging titan in services trade ...



## ...and high-skill migration

**H-1B Visa Issuances: Total vs. India (FY 1997-2024)**



Dept. of State, new arrivals only

# Mercantilism undead



Donald J. Trump

@realDonaldTrump

What few people understand is that we do very little business with India, but they do a tremendous amount of business with us. In other words, they sell us massive amounts of goods, their biggest "client," but we sell them very little - Until now a totally one sided relationship, and it has been for many decades. The reason is that India has charged us, until now, such high Tariffs, the most of any country, that our businesses are unable to sell into India. It has been a totally one sided disaster! Also, India buys most of its oil and military products from Russia, very little from the U.S. They have now offered to cut their Tariffs to nothing, but it's getting late. They should have done so years ago. Just some simple facts for people to ponder!!!

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Sep 01, 2025, 6:55 PM



🏠 PRESIDENTIAL ACTIONS

# RESTRICTION ON ENTRY OF CERTAIN NONIMMIGRANT WORKERS

Proclamations

September 19, 2025

Further, abuses of the H-1B program present a national security threat by discouraging Americans from pursuing careers in science and technology, risking American leadership in these fields. A 2017 study showed that wages for American computer scientists would have been 2.6 percent to 5.1 percent higher and employment in computer science for American workers would have been 6.1 percent to 10.8 percent higher in 2001 absent the importation of foreign workers into the computer science field.

# Mercantilism undead

After reading *Immigration Economics*, one begins to wonder why countries ever decide to have any immigrants, and why many countries continue to allow relatively large inflows of immigrants. Are immigration policies manipulated by an elite who benefit from these policies at the expense of others? Or is the balance of benefits versus costs—even for native workers who are most directly in competition with immigrants—more positive than one might be led to believe from reading Borjas's latest book? We, and many

# Contributions

- ① Equilibrium effects of immigration
- ② Brain drain/gain
- ③ Migration & trade → development

... *Biggest one is buried*

Far beyond Bahar & Rapoport *EJ* 2018



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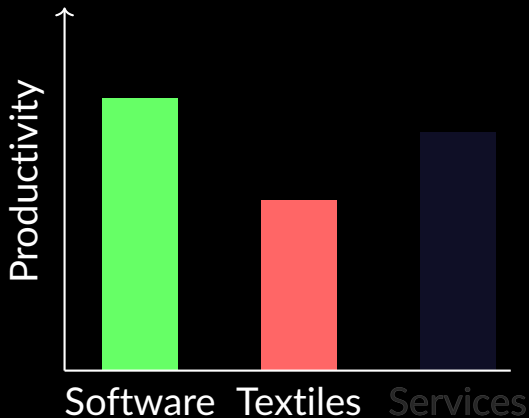
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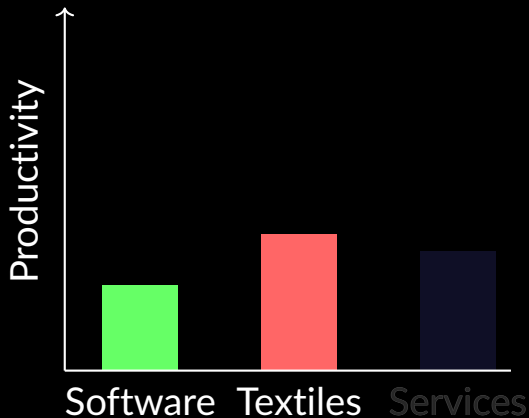
Far beyond Bahar & Rapoport *EJ* 2018

# When free trade fails

US



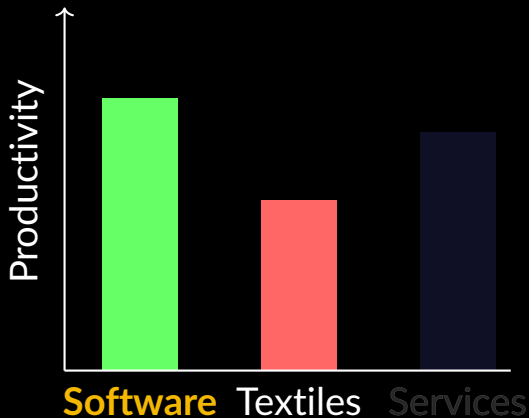
India



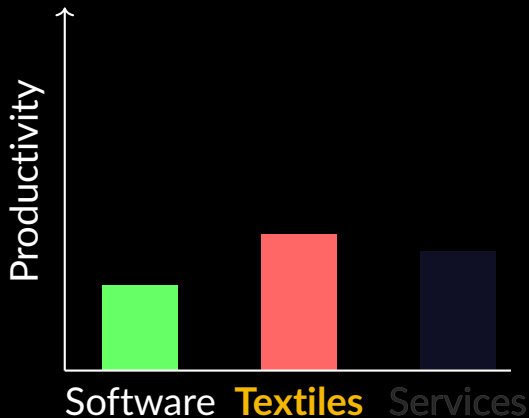
Samuelson JEP 2004

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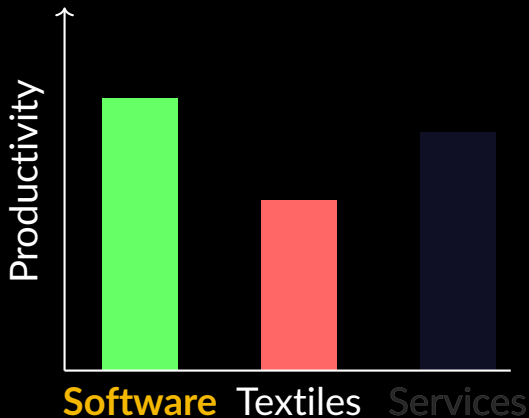
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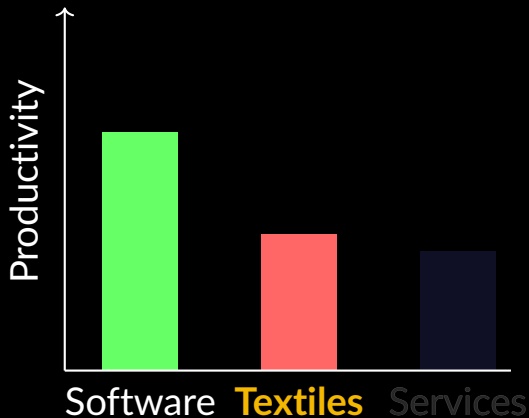
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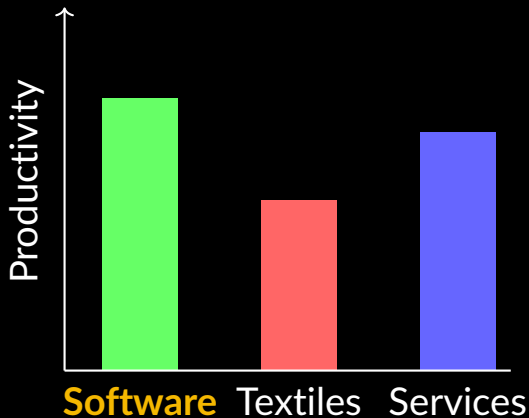
India



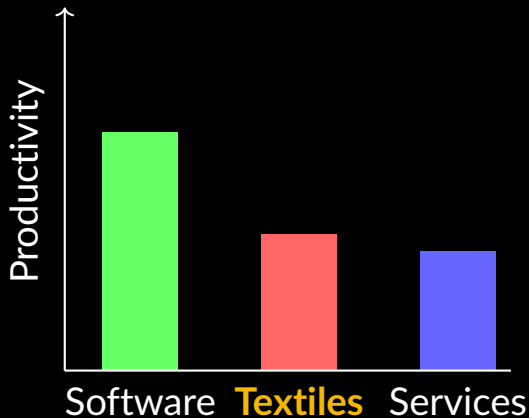
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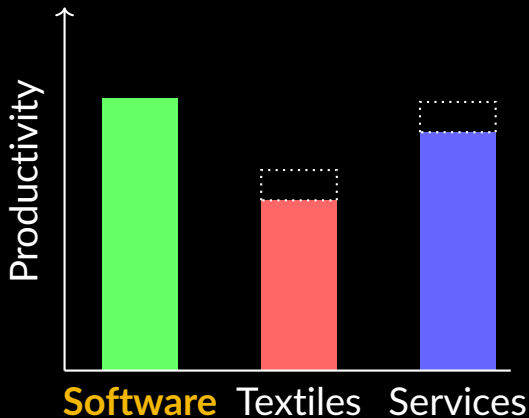
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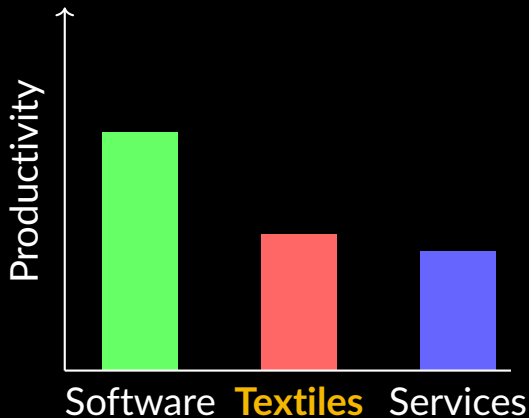
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# When free trade *succeeds*

US



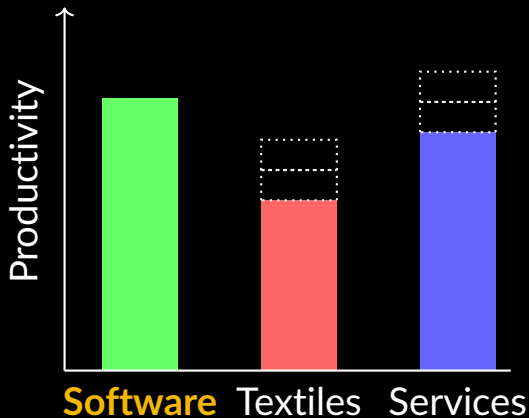
India



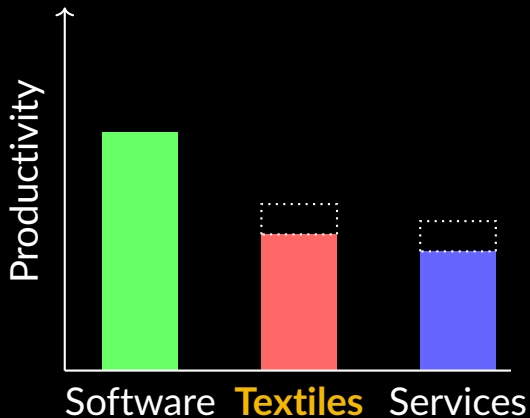


# When free trade *succeeds*

US



India

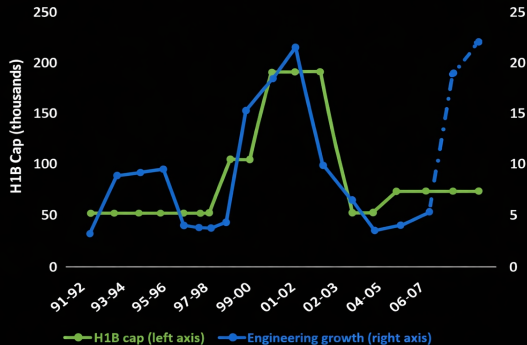


# Crucial empirical foundations

- Brain gain
- Spillovers
- Migrant selection
- Switching costs

# Brain gain: No longer a conjecture

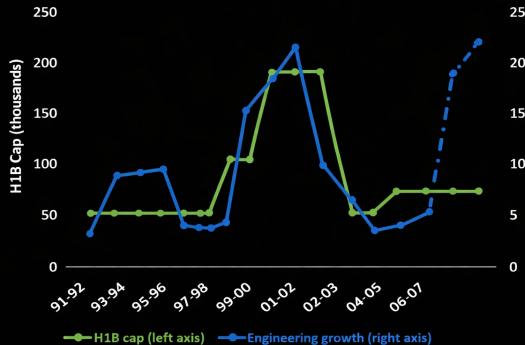
This paper



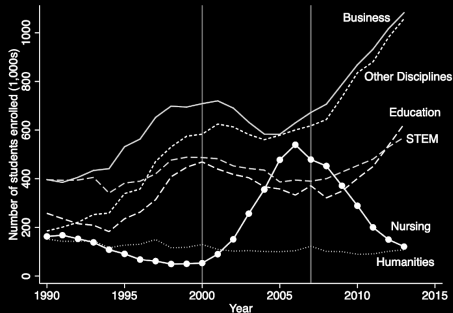
Each departure causes +1.97 *net*

# Brain gain: No longer a conjecture

## This paper



## Nurses in the Philippines

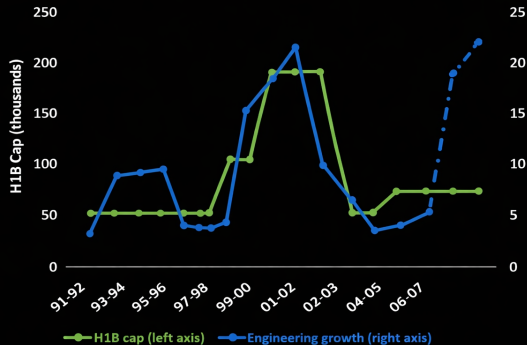


Each departure causes +1.97 net

Abarcar & Theoharides *REStat* 2024

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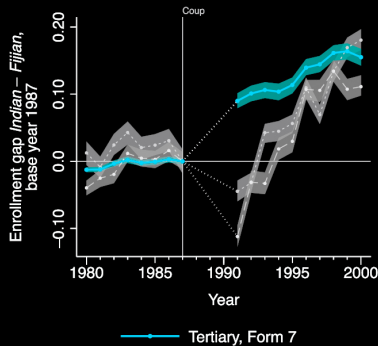
This paper



Each departure causes +1.97 net

Skilled workers, Fiji

*Journal of Development Economics* 163 (2023) 103112



Chand & Clemens *JDE* 2023

## More evidence on spillovers, beyond individuals & firms

- Patenting *by Indians* (Kerr & Lincoln *JOLE* 2010)
- Patenting spillovers within teams (Bernstein et al. 2026)
- ...within firms (this paper)

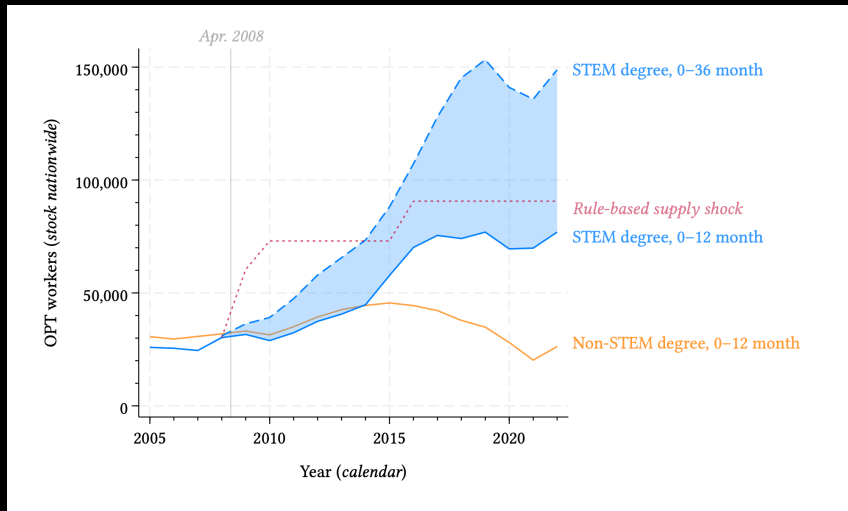
## More evidence on spillovers, beyond individuals & firms



“[I]f one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas.”

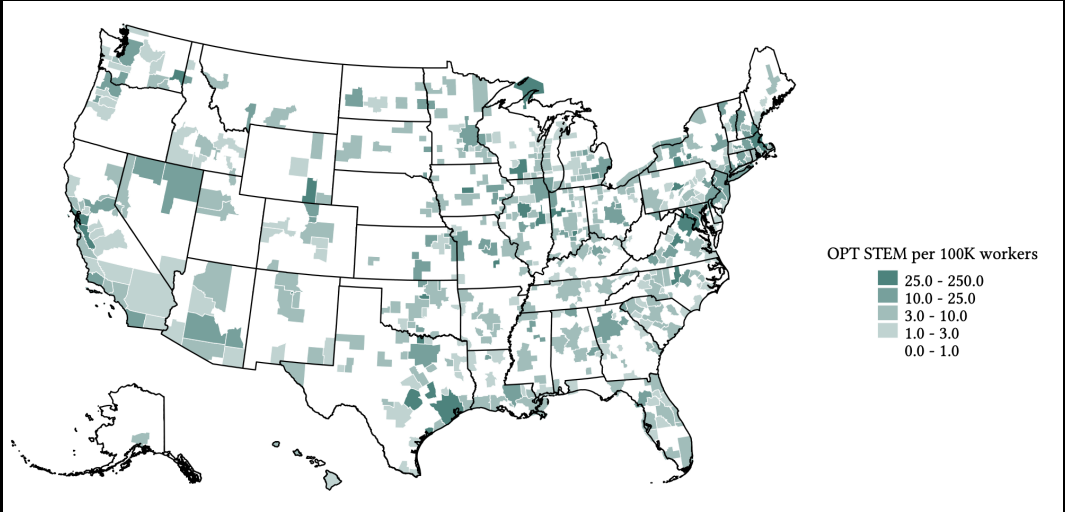
Marshall, *Principles* 1890

# More evidence on spillovers, beyond individuals & firms





# More evidence on spillovers, beyond individuals & firms



# Clarification

- *Rest of world* for trade, not migration
  - Brinatti JMP; Glennon (2023)
- High saturation:  $LATE \neq PRTE$ 
  - School  $\times$  time FE: No effect on other fields
  - State  $\times$  time FE: No effect on other grads
- But model's predictions match empirics ...
- \$100,000 tax experiment

<http://mclem.org>