So, where I live, Las Cruces, New Mexico, is very near the U.S.-Mexico border.

And so what I observe is the U.S.-Mexico border.

And like Europe, the internal borders of the United States are even less important than Europe.

Every country, every state in the United States speaks English.

Every state in the United States has essentially the same legal system, common law.

We sometimes make a comment that Louisiana has the polyonic law rather than the common law,

which to some extent is true, but even that is irrelevant in the big picture.

We have very many commonalities. Each state has its own state government.

That includes, by the way, a health department.

But in the United States, we tend to allow programs to be administered at the state level,

but the regulation of commerce to be done at the federal level.

So you have one approval for drugs.

How those drugs are paid for and how they're distributed within a particular state is more up to state law,

or at least to some extent up to state law.

For example, the administration of Medicaid or Medicare is done by state law.

But the point I'm making here is not particular programs,

but rather that there's tremendous homogeneity and similarity within the United States compared to Europe.

But where you see a stark difference is when you get to the U.S.-Mexico border.

The U.S.-Mexico border, which is 2,000 miles long,

is the longest border in the world between a developed and a developing country.

And as such, what you see are dramatic differences in wealth

between people living on the U.S. side of the border and people living on the Mexican side of the border.

A story that I often talk about in my class, and this is a made-up story,

it's not a true story, but I ask people to think about this,

which is suppose you had twins, and for the sake of this story,

let's assume that they're orphans, have no family,

and for the sake of this story, let's assume that they also are mentally handicapped,

so that they're not very smart.

In fact, they have a difficulty functioning because of that.

Not impossible, but low functionality because of that.

And let's say that somehow these twins got separated at birth,

and one ended up in El Paso, Texas, and one ended up on the other side of the bridge in Juarez.

What would their lives be like?

Well, in El Paso, Texas, the first twin would be probably working at McDonald's.

They would have social services supporting them.

They would have help with specialized training to allow them to achieve maximum functionality.

By working at McDonald's, they're earning the U.S. minimum wage,

which is $15,000 a year, which is approximately the global average.

So they would be average income earners on a global scale.

This is someone who is disabled.

The twin who found themselves in Juarez would not have the social services the twin in the United States had,

would not be earning minimum wage, and because my students in the United States are familiar with this,

they would probably be selling candies on the transnational bridge that goes between the United States and Mexico.

And I use that as an example because my students who have gone to Mexico are familiar with that transnational bridge.

And so why is it, though, that you have this dramatic difference in outcomes between two people who are genetically identical,

who have exactly the same circumstances at birth, but one ends up in Mexico and one ends up in the United States?

And of course, that's just a fascinating question.

What drives this difference in outcomes has to be human institutions.

The border is an artificial construct of human beings.

There's not some red line going through the middle of the desert that separates Mexico and the United States,

but rather it's a human construct that creates these vast differences in outcomes between Mexico and the United States.

It's not genetics. It's not anything to do with individuals. It has to do with institutions.

And then the question is, how do we overcome those institutional disadvantages in Mexico compared to the United States?

One solution, a solution that has been the go-to solution for over 100 years between Mexico and the United States,

is for Mexico to export their surplus labor to the United States.

And of course, we call that immigration, and much of that immigration is illegal.

And that is a solution, because those people who cross the border to the United States will obtain new opportunities.

They'll have higher incomes, better life outcomes.

There are children who are born in the United States who become U.S. citizens, which is a very valuable asset.

But the problem is, of course, is that that kind of a solution of immigration, economic immigration,

is that it doesn't fix the problem in Mexico for the people who live in Mexico,

as the question is, how can we go back and export?

Well, one solution has been NAFTA.

And NAFTA, North American Free Trade Agreement, NAFTA has benefited Mexico tremendously.

It's also benefited the United States.

And one of the ways it's benefited the United States is by staunching the flow of immigration to the United States.

The flow of immigration to the United States is at among the lowest levels it's been in the last century currently,

driven by the economic advantages that have been approved to Mexico,

and also by the Great Recession, which adversely affected the United States more than it did Mexico.

And so we see this interaction between policies adopted in the United States about immigration,

about free trade, those influence Mexico, and it's all mediated by that border.

It's all mediated by the border.

A similar situation is the Iron Curtain, which you alluded to earlier, in Europe.

And in the Iron Curtain, you had, for example, you had Germans in East Germany,

Germans in West Germany, and Germans in Austria, who were on different sides of the Iron Curtain.

The Germans were in NATO, the West Germans were in NATO, the East Germans were in the Warsaw Pact,

and Austria was, well, a capitalist country was politically neutral.

And what were the outcomes?

And what you see is that the institutions adopted by the communist system

kept the East Germans from prospering economically compared to their West German compatriots and compared to Austria.

And that, again, was human institutions mediated by the border.

It was the border that prevented the people from, that determined which institutions were in effect.

As you mentioned earlier, that the laws are defined by the border.

Laws and regulations are defined by the border.

And again, you can't point to genetics, you can't point to culture as a difference.

You have to point to the fact that you have different institutions on one side of the border

and the other side of the border.

And North Korea and South Korea, same argument.

And you can look there, you may have seen this picture, there's a famous picture of a satellite.

And from that satellite, taken at night over the Korean Peninsula, the South Korea is brightly lit.

You can see Seoul there, and Seoul is just this huge lit-up area.

And then North Korea is almost completely dark.

And that illustrates the difference in the economic outcomes.

Again, not genetics, not culture, but institutions are driving the difference in economic outcomes in the two countries.

North Korea, if the North Koreans could freely immigrate, you know where they'd all be living.

They'd all be living in South Korea.

East Germans, as we famously by the Berlin Wall, were prevented from immigrating to West Germany

by force of their government to prevent them from crossing the wall from east to west.

And when that wall was taken down, what happened, and you saw the mass migration of people from east to west.

And then that was only when the backflow only arose when economic development began in the eastern part of Europe.

And so this fascinates me how it is that human institutions can be set up to allow this disparity in economic outcomes,

this disparity in life outcomes, because of course economics is not the only thing that determines life outcomes,

but it's a very, very important element of life outcomes.

And why is it that these institutions are allowed to persist that are counterproductive, that are self-destructive?

And how do we go about mitigating these institutions?

So for example, and you can point to lots of examples, but let me go back to what I'm most familiar with,

which is the U.S.-Mexico border region.

One of the major differences between the United States and Mexico is the education system.

In the United States we have very high quality, not perfect, but very high quality K-12 education.

In Mexico they have terrible K-12 education.

And you know what I mean by K-12, that's kindergarten through 12th grade, which is graduating from high school.

And so K-12 education, and so how do we, how, there's no, but one of the reasons why we have such great K-12 education in the United States

is we have highly trained teachers.

Again, they're not perfectly trained, they're not, they're not, we're not talking about utopia,

but they are very well trained compared to global standards, and at least a higher quality education.

And so can we then take that idea to Mexico, and the answer is why not?

Or even train Mexican teachers in the United States and have them go back to Mexico.

Why not?

And you see this in, that's just an example, but there are other examples you can think of,

institutional differences between the countries that we can seek to overcome.

I give my two minutes now extra.

Okay, so, I don't know if it's two minutes, but okay, because I like to talk, so I don't like to waste everybody's time.

Okay, no problem.

So we're, so that's the thing that fascinates me about the border is these economic differences.

Another thing about the border that you alluded to that I want to make sure that I was thinking about mentioning

is the economic role of borders in a different sense.

You mentioned and I mentioned already the fact that borders determine legal assistance,

but if you look at a game theoretic perspective, a game theory is that study of behavior

that looks at how people interact strategically, and of course strategic interaction we call that a game.

So strategic interaction can be chess, strategic interaction can be poker,

strategic interaction can be two business people competing against each other,

and it also can be the strategic interaction between nations.

And the thing about a border is it sets up a mechanism by which there's a trip wire.

If you cross this border, you're on that side of the border, you're legal, you're doing everything legally.

Step one inch across the border that you've tripped a wire and now you have a,

you've broken the law and you now have engaged in an activity that is illegal.

You're on one side of the border and you engage in, you mentioned it as a good example,

that in Poland you can't go 200 kilometers an hour, but in Germany you can.

And what determines when you have to hit the brakes on your car is crossing it.

And so the border represents a trip wire of, I'm not sure if there's a border between Poland and Germany.

Is there? Yeah, there is, isn't there?

Yes, there is, of course.

Yeah, okay. So there's a border between Germany, when you hit that border,

that's when you have to hit the brakes on your car, and it's a trip wire.

And that allows for a more smooth operation system.

You're on this side of the border, you're subject to this legal jurisdiction,

you're on that side of the border, you're on that side of that legal jurisdiction.

And this careful demarcation of legal jurisdictions is important for reducing conflict.

We often talk about borders involving conflict, but they also reduce conflict by saying,

on this side we're one way, on this side we're the other way.

And of course then, that same trip wire interacts, as I mentioned before,

they have different institutions on each side of the border.

Some of these institutions are trivial, like how fast you can travel on the autobahn,

but many of these institutions are quite important,

such as whether or not you have particular social services available to handicap people

to help them achieve their high-life outcomes,

versus no social services on the other side of the border

that limit the ability of people with disabilities to achieve good life outcomes.

And there's all sorts of things like that that the border represents.

It's that dichotomy between one side of the border and the other side of the border that I find fascinating.

And of course, the border can also be an area of conflict.

I'll give you an example from where I live, which is near El Paso, Texas.

On one side of the border is Juarez.

Juarez, in Mexico and U.S. environmental standards, air quality standards, are very similar.

In fact, in some cases you can take the air quality standards that were written in the United States

and they've almost literally, in fact maybe perhaps have been literally translated from the U.S. law

into the Mexican law or regulation.

And the reason for that is because very, very often the Mexicans use the U.S. science

that was done by the United States, they use that science to justify the laws that they write in Mexico.

Well, if it's the same science justifying the law, why not use the same regulations?

So they use almost exactly the same wording in many cases.

So legally, there's very little conflict between the two sides in terms of what air quality standards should be.

In fact, if anything, the Mexican side is slightly stricter.

However, when it comes to enforcement, enforcement on the U.S. side is done with punctiliness, to the point, precisely.

On the Mexican side, enforcement is very honest.

And so what you see happening is in what we call the Paso del Norte region, the Juarez, El Paso, and then also into New Mexico,

that region, what you see is you'll see that there's a considerable amount of pollution, particularly suspended particulate,

which is basically dust and soot.

There's suspended particulate, dusty soot, that comes across the border into the United States

and causes the U.S. side to be in noncompliance with U.S. law.

And so the question then comes in, how do you coordinate that?

How do you coordinate that?

How do you conflict with the institutions that can mitigate that difference in enforcement?

And we actually, in our area, went a long ways toward solving that problem until the breakout and hostilities in Juarez.

You may not be aware of this, but I'll tell you now, so you will be, that Juarez, for a very long time,

was the most dangerous city in the world, that there was a drug war going on in Juarez, that mafiosos were killing each other.

They had 3,000 deaths in one year in Juarez, a city of 2 million people, and that's a lot of people.

And the consequence of that violence was, of course, if you're worried about being shot,

you're not going to be enforcing air quality standards.

So even though we had worked together to establish what was called the Joint Action Committee,

which was a group of people who worked together to, they were recognized by both sides of the border,

the official government, actually I think it's a non-government agency, non-governmental organization,

but they had official status on both sides of the border, and they were there to coordinate air quality standards,

but that system, that coordination of air quality standards, that work that was done to reduce the,

to improve the air quality in Juarez, and hence in El Paso, that went by the wayside

because of the violence in Juarez that made working together very, very difficult.

Juarez remains a very violent place. It's not quite as violent as it was a few years ago,

but it remains among the most dangerous cities in the world, and certainly the most dangerous city in North America.