

Intelligent Immigration Policy

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Nearly everyone agrees that the United States has an immigration problem, but the current deadlock in the United States Congress reveals there is little agreement about what should be done. Immigration is an emotional topic that splits friends and neighbors, regions and political parties.

Even so, we can move ahead and develop intelligent immigration policies if more of us have accurate information about the nature of immigration into the United States and its economic effects.

First, there's a difference between legal and illegal immigration. Legal immigrants enter the country through established procedures and portals, while illegal immigrants do not. Almost one million legal immigrants enter the United States each year.

Of course, it is illegal immigration, not legal immigration that is the source of the highly charged debate we witness today. At least 12 million individuals now living in the U.S. entered the country illegally (some say the real number is 20 million) and the Pew Hispanic Center estimates 850,000 individuals enter the U.S. illegally each year. 56 percent of these illegal immigrants come from Mexico, nearly always seeking better economic prospects. This situation is unlikely to change, as the absolute gap between Mexican and American per capita incomes has been growing for the past 40 years. Therefore, the U.S. acts as a magnet.

Second, when illegal immigrants enter the U.S, they typically occupy low-paying jobs. Pew reports that 22 percent of the housekeeping workers in the American hospitality industry are illegal immigrants, along with 25 percent of all construction workers and 29 percent of all agricultural workers. These industries would verge on collapse if all illegal immigrants disappeared tomorrow.

Third, when illegal immigrants enter U.S. labor markets, they drive down the wages of the workers with whom they compete, though not by huge amounts and not permanently. The most credible economic evidence has been produced by George Borjas and Lawrence Katz at Harvard, who found that illegal immigration drives down the wages of American high school dropouts by 8.2 percent for a year or two, but only 4.8 percent in the long-run. The wages of all workers, regardless of their educational levels, fall 3.3 percent in the short-run because of illegal immigration, but as time passes actually end up slightly higher.

Contrary to popular belief, the most reputable economic studies suggest that illegal immigrants over their lifetimes do not impose a huge financial burden on our education, law enforcement and welfare systems, though they usually receive benefits in excess of their contributions to these systems during their first decade in the U.S.

It is commonly accepted that the economic situation of less educated workers in the American economy has deteriorated significantly over the past two decades; however, illegal immigration is not the major reason this has occurred. Instead, skill levels of jobs have been increasing, employers are employing more machines and technology instead of low skilled workers, and it has been difficult for our unskilled workers to compete with the legions of unskilled workers in countries such as China and India.

Is illegal immigration a bad thing because it depresses the wage rates of some of the workers

who already are here? Not necessarily. When wage rates are restrained, this typically leads to lower prices, increased profits and probably also to a higher standard of living for most Americans. Score one for you if you recognize this scenario also aptly describes the economic effects of firms such as Wal-Mart, K-Mart and Target. Illegal immigration promotes many of the same developments and the reality is most consumers appear to like these results. But, there are winners and losers.

If we expelled our 12 million illegal immigrants tomorrow and sent them home, there would be havoc as hotels shuttered their doors, construction sites ground to a halt and fruits and vegetables disappeared from our grocery stores. Prices would rise throughout the American economy. Once Americans saw these effects, most would vote to bring back many of our illegal immigrants. This is why intelligent immigration proposals should include a means for allowing some illegal immigrants to remain in the country as guest workers.

Having guest workers in our midst does not mean that our borders should be porous and open. Until we control who can enter our country, we really can't make realistic decisions how best to utilize and track immigrants in our labor force, decide who should become guest workers, or, decide which ones should be provided with avenues to citizenship. Only then will we be able to decide that immigrants with certain skills should be favored over others. Hence, sealing our borders is a mandatory step toward a viable long-term immigration policy. Yes, to some this may look like the Berlin Wall, but there will be a substantive difference---our wall will not be designed to keep people from leaving.

The other key to an intelligent immigration policy is for us to be able to track immigrants and guest workers while they are here. The best way to do this is to require employers to certify that their workers are in the country legally and to assess significant penalties when the rules are violated.

The U.S. Congress probably won't produce a major change in our immigration policy this year. Immigration is an issue that needs additional percolation and fact discovery. When the Congress does act, however, either new policy will incorporate most of the provisions outlined above, or it will fail.