

Ethics Trumping Economics?

The economics of immigration control

by Vernon M. Briggs, Jr.

In 1993, the United Nation's Population Fund identified immigration as "the human crisis of the age." Its report pointed out that, historically, there were vast unpopulated spaces on Earth that were livable and where human beings could move in times of conflict, depletion of their local natural resources, climatological changes, or natural disasters. By the end of the 20th century, however, it is no longer possible to move *en masse* anywhere on the globe without confronting territory already occupied by others. Moreover, the report states that these would-be "recipient areas and countries are already under stress" themselves. Consequently, immigration is emerging as *the key issue* confronting the governments of nation states everywhere.

So far, the nation state remains the only significant policymaking entity throughout the world. Even international agreements must be ratified by individual nation states before they become effective. Nation states, in turn, usually act in what they perceive as being their own national interest. Often, such actions appear to be selfish in their motivations. Normally, they are. Yet in each case, "serving the national interest" is the rationale offered for the actions taken by their leaders.

In most instances, economic considerations are paramount in determining how policy decisions reflect the national interest. The 1991 war with Iraq was a prime example of economic interests defining national interests. The people of the United States

had no particular concern about the survival of the feudal kingdom of Kuwait but they did have a major stake in the issue as to who would exert control over the vast oil holdings of the nations surrounding the Persian Gulf. Hence, it was relatively easy for political leaders to rally the country to go to war with Iraq. It has been much harder to arouse support for defending human life from tyrants in Bosnia, Haiti, or Somalia in the subsequent few years because direct economic interests have not been at stake.

But there has been one major exception in the United States to the general principle that economic considerations usually determine national interests. It is with respect to the factors surrounding the formulation of its post-1965 immigration policy. The revival of the phenomenon of mass immigration from out of the nation's distant past has been characterized by policies that completely ignore its enormous economic consequences. These policies have in no way served the national interest. Indeed, public policy in the area of immigration over the past three decades has been enacted and perpetuated in direct defiance of repeated public opinion polls that have consistently indicated a desire for major reforms and course changes.

Moreover, two presidential commissions that have been set up over the past two decades to study the impacts of immigration policy have both concluded that substantial changes are required to make the extant immigration policy congruent with the national interest. So far, their pleas have gone largely unheeded.

Brief Perspectives on Policy Development

The "open borders" policy that characterized the first 100 years of the nation's history made sense. The land mass of the country was rapidly expanding as the result of purchases, treaties, and wars. Most of the immigrants of that era came because they wanted to do so (i.e., they were "pushed" out of their homelands by various circumstances and events). Moreover, the infant nation was hardly in a position of sufficient strength at the time to keep out people who wanted to come.

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By the 1920s, the land expansion era had ended. The wilderness frontiers had all been overcome. Moreover, the nation was in the throes of full-scale industrialization. The government was in the process of centralizing its power and influence over the people who lived within its boundaries. In the process, the nation's first comprehensive immigration policy was adopted in 1924. It set the first annual ceiling on the number of immigrants who could enter. But the legislation went further. It also adopted ethnic screening provisions that favored some, disfavored others, and forbade the entry of others. Hence, the primary rationale for the

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immigration policy at the time was social policy. This discriminatory use of immigration policy has haunted immigration policy formulation ever since. But this policy cannot be simply dismissed as being racist or ethnocentric. The provisions of that infamous legislation did *not* apply to the entire Western Hemisphere. Immigration from Mexico, the Caribbean area, Central America, and Canada soared during its years of existence. Moreover, it was also the case that economic concerns were among the important forces leading to the passage of the immigration restrictions. After all, the legislation was strongly supported by leaders of the business, union, academic, social work, and Protestant church communities. It had widespread popular support. Even the socialist leaders in Milwaukee, for instance, openly stated their belief that the solidarity of all workers in the world did not mean that they had a right to assemble in Milwaukee.

By the 1960s, circumstances had changed. Internationally, the United States was the leader of the free world. Domestically, the civil rights movement required that changes be made in the nation's immigration system. The ensuing reforms

were intended to get rid of the discriminatory national origins features that applied to the Eastern Hemisphere and had been in place for over 40 years. There was, however, no intention at the time to raise the level of immigration. There was no need to do so. The post-World War II “baby boom” was just entering its labor force-impact phase. There was no shortage of labor at the time.

The historic Immigration Act of 1965 did end the national origins admission system. In its place, a new entry system was introduced. It embraced the politically popular concept of family reunification that today it accounts for about 80 percent of all legal admissions that occur each year. Family ties — not skills, educational attainment, fluency in English, or settlement patterns — became the major criterion for admission. Nepotism became, and remains, the principle descriptive characteristic of the post-1965 immigration system.

The Act also created an admission category for refugees. But even they were defined in a political context. Persons persecuted by communist governments qualified but those persecuted by right-wing dictatorships did not. It was not until 1980 that this political bias was formally removed from the refugee admission system although, in practice, the policy remained in place through administrative actions until the Soviet Union collapsed in 1991 (i.e., grants of political asylum were easy for Cubans and Nicaraguans but not for Haitians, Guatemalans, or El Salvadorans).

The Revival of Mass Immigration

Since 1965, immigration levels have soared. So has illegal immigration along with the increasing entry of refugees, asylum seekers, and foreign nationals permitted to work on temporary visas. Immigrants now account for about one-third of the annual growth in the U.S. population and, perhaps, as much as 40 percent of the annual growth of the U.S. labor force (estimates vary — the numbers of illegal immigrants cannot be precisely measured).

Though extant immigration policy has been designed to meet political goals, it does not mean that there have not been significant economic consequences. To the contrary, with

- legal immigration averaging around one million persons a year,
- net illegal immigration conservatively estimated by the Bureau of the Census to be about 300,000 persons a year,

- refugees averaging about 100,000 persons a year,
 - asylum seekers backlogged at about 400,000 applicants in 1995, and
 - foreign nationals legally permitted to work in the U.S. averaging about 500,000 workers a year,
- the cumulative impact of immigrants on the size and composition of the U.S. labor force has been enormous. It is long past time for U.S. immigration policy to be held accountable for its economic consequences.

The Economic Consequences of Mass Immigration

Mass immigration is not neutral in its impacts. Existing research shows that the immigrants are adversely affecting employment opportunities for citizens (especially low income citizens who are minorities, women, and youths); depressing wage rates (especially for the lowest paid workers in the nation); and adversely affecting the distribution of income within the nation. It has caused unemployment to increase (the unemployment rate of immigrants to almost twice that of native born persons). Immigrants have overwhelmingly settled in urban areas — especially in central cities that are already plagued by a variety of social ills and fiscal burdens. The usage of welfare in all of its diverse forms by immigrants is disproportionately higher than is their proportion of the population. Immigration policy must be altered to correct for these undesirable outcomes.

Finding a New Policy Rationale

If immigration were to be guided by economic considerations, policymakers would be forced to focus on choices. Economics, after all, is the science of making choices. It is impossible for everyone to have all of everything any time they want. Priorities must be set. Benefits and costs must be weighed. Immigration has adverse economic effects now but they are simply ignored. By making immigration policy responsible for its economic impacts, it could serve the national interest, not private interests as is presently the case.

Economic interests of the nation, of course, will change with time. New circumstances require new responses. The prevailing immigration system, with its purely political focus, has no flexibility to adapt. Immigration levels must be subject to annual administrative alterations to reflect changing

domestic economic conditions. What possible sense did it make in 1991 to have the highest number of legal immigrants in any year in U.S. history enter or adjust their status at the very time the U.S. economy slipped into deep recession? There were one million fewer Americans working at the end of 1991 than there were when the year began.

But aside from the fundamental issue of the annual level of immigration, there is the other critical issue. Who should be admitted and who should not if the immigration system were changed from its present nepotistic orientation? What should be the ethical basis for immigration reform?

If immigration policy were changed to reflect economic rather than political goals, anticipated and planned outcomes would be the basis for what would be done. Ethical considerations could not trump economic considerations since an immigration system based on economic considerations would force the recognition of who benefits and who loses. Under the present system, economic outcomes are

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essentially accidental because they are not part of the decision-making process. If economic considerations became the basis for entry, the benefits could be maximized for the nation while the costs could be minimized. There would still be winners and losers, but the outcome would be based on what is in the best interest of the nation. What could be a more ethical basis of the formulation of public policy?

Under the present system, the greatest losers are clearly the least fortunate in the labor force and population. The 1990 Census revealed that 25 percent of the adult population of the U.S. had less than a 9th grade education and 42 percent had less

than a high school education. The comparable rates for the native born were 10 percent and 25 percent respectively. Clearly, it is the large number of low-skilled and low-income native-born workers who are bearing the brunt of the competition for jobs and income with most of the immigrants. Many years ago, before the current mass immigration began, Professor Melvin Reder of the economics faculty of the University of Chicago observed that “our immigration policy inevitably reflects a kind of national selfishness of which the major beneficiaries are the least fortunate among us. We could not completely abandon this policy even if we so

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desired.” He issued this warning in 1963 — two years before the passage of the Immigration Act of 1965 that rekindled mass immigration with its absolute indifference to economic outcomes.

It is also the case that taxpayers are significant losers. Given the disproportionately high number of immigrants in poverty (29 percent of the foreign-born population versus 15 percent native born population in 1990), the higher use of welfare, food stamps, Medicaid and emergency medical services by the foreign-born population means that these costs are disproportionately borne by the native-born taxpayers. The same can be said for the costs of education in those communities where immigrants have congregated. These higher taxes more than offset any possible advantage that consumers might receive in the way of lower product prices due to increased labor supplies. Moreover, in today’s urban economies, the gains from hiring immigrant labor are more likely to be appropriated by businesses in the form of enhanced profits than to show up as lower prices for consumers.

Concluding Observations

In a capitalistic, free market-oriented economy, it is the role of government to set the parameters for competition. These take the form of laws pertaining

to minimum wages, maximum hours, the employment of children, safety and health conditions, and equal employment practices. Restrictions on immigration are part of the necessary array of worker protections that define an equitable society. The history of working people in the United States is resplendent with examples of why no civilized society can prevail where unfettered market competition prevails. There must be ground rules. Immigration policy, as Reder pointed out, is one of them.

The U.S. has made great strides over its history to place limits on market place activity. These limits have been designed to take the hard edges off life in a capitalistic economy. The practice of allowing the mass entry of immigrants (legal and illegal) who are known to adversely affect the employment and income opportunities of those on the lowest rung of the economic ladder raises serious ethical issues for those who oppose immigration reform. Everyone knows that a massive inflow of lawyers, doctors, professors, or business executives would be cut off before it could start. But when immigrants crowd into low-skilled jobs in light manufacturing, farming, hotels, restaurants, landscaping, or personal services, suddenly there is feigned confusion about whether this is good or bad. The hypocrisy is obvious.

There are, of course, ethical issues pertaining to those who are kept out and are required to remain in their homelands. It may mean they face lives of misery, poverty, and hopelessness. But immigration to the U.S. cannot conceivably be the answer to pervasive negative influences in the sending countries that forces so many of their people to emigrate. To the degree we can ameliorate any of the “push” factors, the appropriate policy interventions would include information and means to control population growth, economic development assistance, preferential trade commissions, and linkages of assistance measures to compliance with human rights practices by the governments of such nations. It is essential that measures deal with actual causes rather than their symptoms.

Ethical concerns cannot cancel out economic concerns when it comes to the design of immigration policy, for there are economic consequences regardless of what course is chosen. Making anticipated economic impacts the central feature of U.S. immigration policymaking, however, can help to define which side are you on. **TSC**