

Variations: Wrongheaded

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The NMI needs more workers, which is not exactly a state secret, yet DHS decided to further reduce the islands' labor pool — by 23 percent.

Under current law, DHS could do what it has done; but it could also have cut the CW number by just one. Surely DHS knows that 1) the Obama and Trump administrations support an increase in the CW cap and the extension of the CW program; and 2) there is an ongoing effort in the U.S. Congress to pass the required legislation.

Laws, even federal laws, can be amended, and there can be waivers and exemptions to executive orders. What DHS has done is to deprive a small, remote, faraway U.S. jurisdiction of lawfully hired workers it badly needs. There will be, there can be, no immediate replacements for these workers; that is surely one of the reasons why DHS-USCIS approved their hiring in the first place. To demand that the CNMI do what many other jurisdictions in the states can't do — which is to hire qualified U.S. workers for certain hard-to-fill jobs — is a policy that can only be based on spite or indifference or both.

Knowing the consequences, no CNMI administration could have even considered proposing what DHS, over 7,000 miles away, will now impose on these islands.

“Just pay a fair wage and hire American workers,” they say.

How's that working for American construction companies, hospitals and other service-oriented businesses who pay high wages and are trying to recruit the employees they need in a nation of over 300 million people?

But some insist that the CNMI can do better than stateside employers and persuade over 12,000 Americans to uproot themselves from where they are now in the U.S. — the most prosperous nation in the world that pays high wages and has so much to offer — and move and work here for years and years.

The FSM, the Marshalls and Palau also hire foreign workers — so the CNMI should try to hire workers from those islands whose citizens can also move to the more prosperous territory of Guam or Hawaii and the other states?

The CNMI is hiring foreigners for certain jobs because there are not enough local or other U.S. workers. Local and other U.S. workers have choices, and they are free to choose, like other American citizens. This is a simple fact ignored by those who propose policies that can only “work” through outright coercion — by forcing people to do what they don’t want to do.

In the latest issue of *Cato Journal* (<https://www.cato.org/cato-journal/fall-2017>), which discusses the economics of immigration, Alan de Brauw, a senior research fellow in the Markets, Trade, and Institutions Division of the International Food Policy Research Institute, noted the following in his (very scholarly) article titled “Does Immigration Reduce Wages?”:

“A decrease in the supply of immigrants can only increase native wages if immigrants and natives are substitutes for one another; in other words, if they compete for the same jobs.... An alternative view supported by much of the academic literature is that natives and immigrants largely take different types of jobs, potentially because they have different comparative advantages....”

In another article, “How Immigration Affects Workers: Two Wrong Models and a Right One,” Ethan Lewis, an associate professor of economics at Dartmouth College, said:

“The reasoning behind comparing the number of immigrants to the number of unemployed is that there is a supposedly fixed pool of jobs, so that every immigrant who has a job is taking a job away from a native-born worker. This is patently false. This faulty reasoning may originate from a kind of small-scale thinking: people might imagine an immigrant beating out a native-born worker for a specific job opening. However, this reasoning does not scale up to the level of a whole economy. Indeed, economists have argued against this idea for a very long time — though apparently not very successfully. Economist David Schloss termed it the ‘lump of labor fallacy’ and thoroughly refuted it in 1892. It is a wrongheaded idea that just refuses to die.”

The real question for the CNMI now is how can its government pay its most pressing obligations — which include the \$779 million judgment in the Retirement Fund lawsuit — if the local economy contracts due to the lack of workers.