

## Free market groups providing real answers to the nation's immigration problems

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Immigration always has been a contentious issue. But the difference between the immigration restrictionist and the free marketer is the latter seeks to deal with immigration's difficulties without disrupting labor markets, curbing immigration's economic benefits, or threatening Americans' right to associate freely with foreigners.

Nothing better reflects this approach than the Cato Institute's new policy analysis by Alex Nowrasteh and Sophie Cole called "Building a Wall around the Welfare State Instead of the Country." The report details many practical ways to eliminate welfare benefits for foreigners and increase the benefits of immigration for America without disrupting the flow of people.

Fears that immigrants will overwhelm the welfare state and collapse social programs are not new. Beggars "are usually foreigners," declared Thomas Jefferson in 1787. These fears were not totally unwarranted either. The British were known to ship beggars and felons to America, prompting Ben Franklin to ask, "What good Mother ever sent Thieves and Villains to accompany her Children?"

As immigration escalated in the 19<sup>th</sup> century, a system developed to deal with social services for immigrants. Two approaches were taken. First, private institutions developed to help poorer immigrants. Catholics created entirely separate school and health care facilities. Immigrants formed mutual aid groups to care for their poor.

Second, state governments required immigrants or their shipping companies to pay taxes to cover local services. In 1797, for example, New York created a tax for new immigrants to build a hospital for "indigent aliens." Likewise, the shippers, enriched by foreign travelers, supplied hospitals and poorhouses in New York City as an alternative to a direct tax.

These systems weren't perfect, but they were better than eliminating immigration. Conservatives who oppose immigration based on its impact on the social safety net should look back to history for such alternatives rather than reflexively oppose new immigrants. As Cato's Bill Niskanen once said, "The primary solution to [the welfare] problem is to build a wall around the welfare state, not around our national borders."

Even poor immigrants use less welfare than similarly educated natives. And over the course of a lifetime, only the poorest immigrants pay less in taxes than they receive in benefits — even then, according to the last study to look at it, the difference is quite small.

Moreover, their higher fecundity will reduce Social Security's 50-year deficit — by \$4.6 trillion. Most importantly, studies show low-skilled immigrants increase GDP greatly (by up to 1 percent, or \$150 billion), which expands the tax base and eliminates any fiscal losses.

Nonetheless, immigrants overall do use welfare in higher rates than natives, and that can be fiscally problematic, particularly in the short run. Still, although the economic gains are currently positive, they could be even larger if welfare use among immigrants were lowered. As an added benefit, notes Nowrasteh and Cole, “it will ... reduce native-born opposition to a more open American immigration policy.”

The study breaks down a dozen or more very specific legal changes to cut off future immigrant access to the welfare state, particularly restricting entitlements — Medicaid, Medicare, and Social Security — to citizens and ending the earned income tax credit for noncitizens. Although Democrats would likely throw a fit, the general public, according to polls cited in the report, is concerned about immigrant welfare use and would likely support these reforms.

The Senate reform would already restrict welfare use among legal immigrants more than at any time in U.S. history, but implementing even half of the ideas contained in Cato's report would be a game-changer in the debate for freer immigration. Free-market conservatives could stand unequivocally behind easier immigration rules for future low-skilled immigrants.

Unlike Europe, America's immigrants' workforce participation rate is consistently higher — 10 percent higher — than natives, meaning they come for work, not welfare. Indeed, illegal immigration flows into states with smaller welfare states, not larger ones. Formalizing this fact — that immigrants aren't social leeches — would make America richer and, hopefully, more welcoming.

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