

[PRINT THIS PAGE](#)

Maria Fotopoulos: Illegal Immigrants Won't Fix the Social Security Pyramid Scheme

http://www.noozhawk.com/noozhawk/article/072509_maria_fotopoulos_illegal_immigrants_social_security/

By **Maria Fotopoulos**

With 16% of Americans unemployed or underemployed, now is not the time to 'expand' the workforce Immigration — both legal and illegal — works against repairing [Social Security](#) and [Medicare](#).

Taking a page out of the playbook of [Rahm Emanuel](#), [President Barack Obama's](#) chief of staff, the proponents of amnesty for illegal immigrants are not letting any serious crisis go to waste.

Recently the trustees for Medicare and Social Security announced that the trust funds will run out of money sooner — two years sooner for Medicare (projected insolvent date is 2017) and four years sooner than last year's projections for Social Security (projected insolvent date 2037). In response, several proponents argued that amnesty was the solution for these problems when, in fact, it will ultimately make the problems much worse.

First, it should be recognized that Social Security and Medicare are structured like giant [Ponzi or pyramid schemes](#) where today's workers support today's retirees. These are “pay-as-you-go” programs.



Design your **LIFE**, your **BUSINESS** and your **FUTURE** the way **YOU** want it to be.

Click here to start today.

claynelson
LIFE balance
FAMILY. FUN. FINANCE.

According to a 2005 [Cato Institute report](#) titled “[Social Security: Follow the Math,](#)” in 1950 there were 16 workers paying taxes into the Social Security and Medicare systems for every retiree. The same report indicated the ratio in 2005 was three workers for every retiree. Instead of correcting the pyramid scheme nature of Social Security and Medicare, proponents of illegal immigrants as a cure are hoping we will buy into the plan to just “kick the can” down the road. Ultimately the plan will fail for the same reason all pyramid schemes run out of gas (think [Bernie Madoff!](#)). It is mathematically impossible for enough workers to enter the system to support the retirees in the system.

In truth, the only way to permanently fix both Social Security and Medicare is to emphasize programs that would reduce the population of the United States and encourage higher skill levels of its. This would generate higher incomes through the dynamics of supply and demand. Programs could then be put in place to encourage additional savings to supplement lower payments under Social Security.

Former [Fed chairman Alan Greenspan](#) — a co-creator of the housing, asset and credit bubbles that began bursting in 2008 — indicated in his 2009 testimony to the [Senate Judiciary Committee's Subcommittee on Immigration, Refugees and Border Security](#) that increasing immigration “would lower wage premiums of skilled over lesser skilled” workers. In other words, increasing immigration would decrease the income of a large part of the working class — Americans who Greenspan calls the “privileged elite whose incomes are being supported at noncompetitively high rates by immigration quotas.”

The prepared testimony of Greenspan, an advocate of increased immigration, seems to indicate our Social Security and Medicare funding problems can be fixed by lowering the average worker's compensation.

A June 2007 [Heritage Foundation report](#), “[Amnesty Will Cost U.S. Taxpayers at Least \\$2.6 Trillion](#),” prepared by [Robert E. Rector](#), concluded that amnesty for illegal immigrants would greatly increase long-term taxpayer costs.

“Granting amnesty to illegal immigrants would, over time, increase their use of means-tested welfare, Social Security and Medicare,” wrote Rector. “Fiscal costs would rise in the intermediate term and increase dramatically when amnesty recipients reach retirement.”

Rector estimated that granting amnesty to 10 million adult illegal immigrants would result in a net retirement cost to taxpayers of more than \$2.6 trillion — plus or minus depending on variables. [Californians for Population Stabilization](#) believes the actual number of those who would potentially receive amnesty is closer to 20 million than 10 million.

With approximately 16 percent of U.S. citizens either unemployed or working part-time but looking for full-time positions, legalizing illegal immigrants (many of whom are currently unemployed) would put a substantial additional burden on the various agencies and programs (including food stamps) that are attempting to provide benefits to unemployed Americans.

Amnesty for illegal immigrants (as well as increased legal immigration) would not solve the current Social Security and Medicare funding problems. In fact, this approach would:

- » Lower the salary of the average American worker.
- » Place additional burdens on already strained agencies and programs attempting to provide for unemployed American workers.
- » Ultimately result in significant unfunded liabilities in these plans that could be greater than \$2.6 trillion.

Legalizing illegal immigrants and increasing legal immigration clearly are the wrong ideas at the wrong time.

— *Maria Fotopoulos is a senior writing fellow with [Californians for Population Stabilization](#) and may be reached at info@capsweb.org*