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Why Janet Napolitano Should Read the Cato **Institute Report on Immigration Reform**

By Stephen Lemons in Feathered Bastard

Saturday, Aug. 15 2009 @ 11:02PM



It'd do the hate-filled nativist knuckledraggers good to read the latest Cato Institute report, Restriction or Legalization? Measuring the Economic Benefits of Immigration Reform, but I can't be sure if these pseudo-patriot pinheads can read past a third grade education.

So, instead, I'm going to suggest that Homeland Security czar Janet Napolitano peruse it. Being that Nappy's a lawyer, I'm pretty sure she can read. Whether or not she can free herself of her stultifying, middle-brow "lock 'em all up" mindset is another matter, but maybe this report will help, because it essentially concludes that legalizing the so-called "illegals" makes far more sense dollar-wise (and every other wise) than reducing their numbers through increased border security or tighter interior enforcement.

Keep in mind that the libertarian-minded Cato Institute ain't no think tank full of bleedin' heart lefties. Rather, they take on the immigration issue with an unemotional Spock-like logic, analyzing the different ways in dealing with the millions here in the country sans papers, and the millions more who would like to come here. Their end-game is what's good for the American people, what enhances the economy and puts more green in American wallets.

The Institute's findings? The benefits of legalization far outweigh the reactionary, short-term benefits -- such as they are -- of restricting immigration.

"This study finds that increased enforcement and reduced low-skilled immigration have a significant negative impact on the income of U.S. households," says the report, which uses an economic model called the U.S. Applied General Equilibrium to reach its conclusions. "Modest savings in public expenditures would be more than offset by losses in economic output and job opportunities for more-skilled American workers. A policy that reduces the number of low-skilled immigrant workers by 28.6 percent compared to projected levels would reduce U.S. household welfare by about 0.5 percent, or \$80 billion.

"In contrast, legalization of low-skilled immigrant workers would yield significant income gains for American workers and households. Legalization would eliminate smugglers' fees and other costs faced by illegal immigrants. It would also allow immigrants to have higher productivity and create more openings for Americans in higherskilled occupations. The positive impact for U.S. households of legalization under an optimal visa tax would be 1.27 percent of GDP or \$180





Pavilion





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Pro-immigration advocate Jason Riley on Reason TV

This is not the first time such conclusions have been arrived at. In fact, Wall Street Journal editorial board member Jason Riley's book Let Them In: The Case for Open Borders, explored the arguments for and against increased immigration and came down on the same side as the Cato Institute report, using numerous, similar studies. I've included a video interview with Riley above where he slashed away at the arguments of the restrictionists and nativists, boom-boom-boom.

It may seem counterintuitive to a nativist, but immigrants are good for the economy: "Allowing low-skilled workers to enter the country legally would boost the welfare of U.S. households by 0.57 percent of GNP [Gross National Product]." By the way, for the nativist nudniks who might think differently, the study is using the word "welfare" here in terms of economic well-being, not government cheese and food stamps.

Lower the number of illegal immigrants by 28.6 percent by 2019, and this reduces the economic well-being of American households by nearly the same amount, 0.55 percent of GNP, worth \$80 billion in today's economy.

Does the increase in low-skilled immigrant workers hurt low-skilled American workers? Actually, it helps them.

"While our modeling suggests that there would be reductions in the number of jobs for U.S. workers in low-skilled occupations," states the report, "this does not mean that unemployment rates for these U.S. workers would rise. With increases in low-skilled immigration, the U.S. economy would expand, creating more jobs in higher-skilled areas. Over time, some U.S. workers now in low-paying jobs would move up the occupational ladder, actually reducing the wage pressure on low-skilled U.S. workers who remain in low-skilled jobs."

Indeed, the presence of guest workers in lower-skilled, lower-paying jobs, would spur Americans to look for higher-paying jobs, and to acquire more education and skills in order to secure those jobs. An increase in guest workers helps the economy expand, and keeps the job market fluid. Restrict these workers and the economy shrinks, with the job market becoming less flexible.

"At any time, not everyone looking for a job in a given occupation can find a job in that occupation," explains the report. "So people settle for second best. The college graduate who wants to be an economist settles for a job as an administrative officer. The high-school graduate who wants to be a police officer settles for a job in private enforcement. The unemployed person who wants to be a chef settles for a job as a short-order cook, and so on. It is this shuffling process that explains how a reduction in supply of illegal immigrants reduces the skill composition of employment of U.S. workers, thus reducing their long-term productivity and income."



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The report also observed that the history of immigration in the U.S. mirrors these conclusions regarding the American work force:

"The influx of low-skilled immigrants during the `Great Migration' of the early 20th century induced native-born U.S. residents by the millions to complete their education and enhance their skills. The greater competition to fill low-skilled jobs helped to spur a sharp increase in high-school graduation rates from 1910 to 1930, a phenomenon known to educational historians as the `High School Movement.' In this way, low-skilled immigrants chased native-born workers up the occupational ladder. A greater inflow of legalized workers today would have the same beneficial, long-term effect on U.S. households."

The Cato Institute allows that reducing illegal immigration will result in the reduction of "public sector expenditures made on their behalf" such as in emergency health care, public education, and law enforcement. But these reductions do not balance out the adverse effects on U.S. households created by having to live in a smaller, less flexible economy hell-bent on running "illegals" out of the country en masse.

"Our model does confirm that an increase in low-skilled guest workers raises the cost of public expenditures to U.S. taxpayers, as many critics of legalization have pointed out," concedes the study. "But it also confirms that the positive effects on the broader economy from legalization overwhelm the public-expenditure effects. The gains to U.S. households from higher wages, investment income, employment, and government revenue swamp any increases in government spending."

To put it in terms that the nativists might be able to grok: "Make illegals legal, good for Mongo." What about Janet, our DHS honcho, who has been charged by President Obama with greasing the skids for some sort of immigration reform in the future? Making the illegals legal means DHS can spend its resources and time going after the real bad guys, instead of running after gardeners and cooks.

There is one caveat, the study takes as a given for its "business-as-usual" baseline that, "the present global slowdown will be short lived." Depending on who you read these days, the U.S. is either headed out of a recession, or is still lagging behind European countries in doing so. Still, only die-hard pessimists like Glenn Beck and his ilk want the U.S. economy to crash and burn. And if if America wishes to continue its legacy of economic optimism, it will need immigrant sweat and energy, the same sweat and energy that has always made our country a beacon of hope and opportunity for the world.

Tags: Cato Institute, immigrant rights, immigration, Jason Riley



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