

The Wonk Room

Libertarian Think Tank Cites Economic Benefits Of Pro-Immigration Policies

By [Andrea Nill](#) on Aug 17th, 2009 at 12:21 pm

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This past Friday, the Cato Institute — a libertarian think tank — released a detailed report entitled “[Restriction or Legalization? Measuring the Economic Benefits of Immigration Reform](#),” showing that the legalization of undocumented workers would significantly raise the overall income of the native-born. The findings were compared against the negative effect that increased enforcement and lower immigration levels would have on native-born income levels.

The report uses an equilibrium model that was developed for the U.S. International Trade Commission to prove that legalizing undocumented immigrants could increase U.S. household income by a total of approximately \$180 billion. Meanwhile, a policy aimed at reducing immigration could cause household incomes to drop by a total of \$80 billion. According to Cato, reducing low-skilled immigration “biases the occupational mix of employment” of the entire economy towards lower-paying jobs and is ultimately a “[dead-weight loss](#).” Any increase in wages would be severely offset by the costly “prosecution mitigating activities” that increased enforcement would entail. In stark contrast, Cato researchers Peter B. Dixon and Maureen T. Rimmer explain what happens in their economic model when undocumented workers are legalized and legal immigration increases:

“While our modeling suggests that there would be reductions in the number of jobs for U.S. workers in low-skilled occupations, 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.**”

Cato’s findings contradict those put forth by the [heavy-handed conservative Heritage Foundation](#) and the [psuedo-science arguments](#) of NumbersUSA. Today, the “[nativist lobby’s supposedly ‘independent’ think tank](#),” Center for Immigration Studies (CIS), released two reports that essentially boil down to the point that immigrants are taking jobs away from native-born workers. However, CIS’ shallow research conveniently overlooks Cato’s nuanced approach which shows that encouraging legal immigration might actually expand the labor market over time and legalizing undocumented workers would raise wages for all those who are employed.

In a press briefing which aired this morning, Cato’s Trade Policy Studies Director Daniel Griswold called on

Republicans to “stand up and transcend a minority nativist element that just seems to oppose immigrants generally.” Griswold also emphasized Cato’s support of a guest worker program — a controversial provision that the nation’s two largest labor federations both [strongly oppose](#). Watch it:



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1. [jps](#) Says:

The Libertarians can teach us a lot about some things. For example, if we didn’t put so many nonviolent prohibition offenders behind bars, then our jails and prisons would be less of a breeding ground for drug-resistant tuberculosis, which could make swine flu look like a sneeze.

Fire department finance, not so much.

[August 17th, 2009 at 1:37 pm](#)

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