

The Washington Post

Anti-immigrant advocates have it wrong on the labor market

By: Jennifer Rubin – May 30, 2013

Next to Ronald Reagan there is no greater icon in the pantheon of modern conservatives than Milton Friedman.

His name has been taken in vain in the immigration reform debate, so Stephen Moore sets the record straight:

In 1984, when I was working at the Heritage Foundation, I surveyed the top 75 economists in the country on their views on the economics of immigration. There are few issues that economists agree on so universally: The views of the Keynesians and free marketers ran equally about 9 to 1 in favor of immigration.

Friedman responded to the survey by saying that “legal and illegal immigration has a very positive impact on the U.S. economy.” He believed that one of the most powerful forces of freedom was that people could “move across borders and vote with their feet.” He wholly rejected the idea that immigrants are undesirable because they compete with Americans for jobs and lower wages. The free enterprise system, he argued, “created the high wages in the first place.”

Friedman also abhorred the welfare state. Moore responds:

As another late great economist — William Niskanen, a member of President Reagan’s Council of Economic Advisers and chairman of the Cato Institute — once put it: “Better to build a wall around the welfare state than the country.”

It is ironic that the right-wingers who argue against protectionism, against the minimum wage, against unions (which inflate wage rates) and against Obamacare want to keep domestic wages artificially high by restricting the labor market (e.g. keeping out immigrant workers). That effort is not only inconsistent with free market principles, but, according to stacks of research, it also is empirically dubious.

The recent buzz that there really isn’t a shortage of science, technology, engineering and math (known collectively as STEM) workers is belied by the experience of hundreds of tech companies that are willing to expend additional money in finding and relocating skilled workers from overseas. There, too, research suggests the anti-immigrant forces are peddling snake oil.

Are these companies are mistaken about a STEM shortage? Jonathan Rothwell and Neil G. Ruiz of Brookings are out with a new study that says no, there really is a reason why U.S. companies have to go overseas:

The vast majority — 90 percent — of H-1B applications are for jobs requiring high-level STEM knowledge. This finding is based on our analysis of Department of Labor survey data on the knowledge needed to perform occupations. The evidence shows that these vacancies are harder to fill than other job openings.

Labor market experts interpret the duration of a job opening as an indicator that qualified candidates are hard to find. Such an interpretation of vacancy survey data is empirically grounded in both historical and many contemporary labor market surveys from private firms and state governments. . . . H-1B workers are paid more than U.S. native-born workers with a bachelor's degree generally (\$76,356 versus \$67,301 in 2010) and even within the same occupation and industry for workers with similar experience. This suggests that they provide hard-to-find skills.

In sum, if you believe in free markets, you shouldn't advocate artificially restricting the U.S. labor market and you should consider the market-driven behavior of a raft of industries. But then again, the anti-immigration forces believe many things that aren't so. That is the prerogative I suppose, but they shouldn't invoke Friedman when doing so, and lawmakers should understand what they are saying isn't supported by evidence.