

NOWRASTEH: Free markets require increased legal immigration

Our current system looks like Soviets designed it

By Alex Nowrasteh
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When Mitt Romney's campaign says it is "still deciding what his position on immigration is," it goes without saying the political debates inside his campaign are intense. What should not be contentious, however, is the commitment for increasing legal immigration by anyone supporting free-market principles.

The current immigration system is the antithesis of a free-market economy and resembles nothing so much as a Soviet-style economic central planning bureau.

The government fixes quotas and subquotas on the number of immigrants by skill, country of origin, employer and even where they can live. Arbitrary rules, inspections and other requirements make the system virtually unworkable for all but the most committed of employers, with the result that American companies are prevented from finding the talent they want.

Soviet bureaucrats thought they knew everything about the labor market, including the number of workers, their skill level and even where they should live. Their efforts failed, and so has our immigration system.

American workers, not just American employees, are hurt in the process. Foreign workers typically have different skills and experiences than Americans, which means there is little competition between them. Employing more foreign doctors and farmworkers increases the demand for American nurses and pesticide producers, creating jobs and expanding the economy. And these come with the benefits of increased choice and lowered prices for goods and services for the average American consumer.

Our immigration regulations are not just arbitrary, complex and expensive, but are based on an entirely false premise that there is a fixed pool of jobs over which people must compete. Jobs are constantly being created and destroyed in a healthy economy. And immigrants create many of them.

Immigrants are typically more entrepreneurial than native-born Americans. At the high end of the skills spectrum, more than half of all Silicon Valley startups in recent years have been founded by immigrants, many of whom were in the U.S. for more than a decade before becoming entrepreneurs. Lower-skilled immigrants, primarily from Latin America, are contributing to an immigrant business-creation rate more than twice that of native-born Americans. This penchant for business creation seems to pass down the generations.

The Great Recession has forced many immigrants into being entrepreneurs because of the tough economy. Even during good economic times, however, immigrants are at least 25 percent more likely to start a business than native-born Americans. Business creation from any source increases economic growth and employment opportunities for all.

In a free market, firms and workers should be free to negotiate and work together - regardless of nationality. The labor market is the largest market in the U.S., and increasing legal immigration will allow people to move to our relatively capitalist economy, where they are most productive, increasing economic growth in the process.

Legalizing peaceful unauthorized immigrants will give them an incentive to more quickly learn English, increase their incomes and become Americans. The same pattern was observed in the aftermath of the 1986 Immigration Reform and Control Act, when around 3 million unauthorized immigrants were legalized. Deportation or living in the shadows permanently is not a just punishment for breaking our Soviet-style immigration regulations.

Immigrants are less likely to abuse the welfare state than similarly skilled Americans, even when they are eligible. To the extent that abuse of the welfare state is a concern for anyone espousing free-market principles, they should follow the advice of the Cato Institute's late chairman emeritus and economist, William Niskanen, who said, "Build a wall around the welfare state, not around the country." Welfare ineligibility is a far better and cheaper solution than closing the border further. The welfare state and the perverse incentives it creates are the problem, not immigrants.

Mr. Romney has told us that free markets produce more wealth and prosperity for the greatest number of people than other systems. A true free market in labor, accessible to immigrants without the burdens of dealing with our near Soviet-style immigration regulations, will reap enormous gains for Americans and immigrants, and propel us out of the Great Recession.

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