

The Real Cost of Immigration

Peter Brimelow

Author, *Alien Nation: Common Sense about America's Immigration Disaster* (Harper Collins)

The author comments on Joseph L. Daleiden's article entitled "Is Immigration the Answer to a Labor Shortage?", which appeared in the Summer 1998 issue of this journal, and points out that the National Research Council (NRC) 1997 Report, cited by Daleiden, has been widely misreported in respect of the cost of immigration. Prevailing media reports tend to conceal the fact that the NRC report clearly revealed the high economic cost to native-born U.S. residents of the current influx of immigrants into the U.S., and the essentially non-existent aggregate benefit.

Key Words: Immigration, the Jordan Commission, National Research Council, Senator Spencer Abrahams, 1995 Smith-Simpson Immigration Reforms, John Huang

Joseph L. Daleiden is of course right on point when he argues that there is no long-run case for alleviating labor shortages by increasing immigration (*JSPES* Summer 1998). It has always struck me as paradoxical that the economist most identified with uncritical immigration enthusiasm, the late Julian L. Simon of the University of Maryland, was also famous for arguing that there would never be shortages of raw materials, essentially because the economy effectively rations through pricing. For some reason, he never applied this insight to labor.

However, I think Daleiden was somewhat unfair to the National Research Council of the National Academy of Science, which he accuses of being "disingenuous" in its May 1997 report, "The New Americans." In fact, the NRC report, a review of current thinking among academic economists that had been commissioned by the U.S. Commission on Immigration Reform (the "Jordan Commission"), was devastating to the claims of the immigration enthusiasts. That this devastation was not reported in the press – the *New York Times*' May 18 headline read "ACADEMY'S REPORT SAYS IMMIGRATION BENEFITS THE U.S.— NO HUGE COSTS ARE CITED," the exact opposite of the truth – was a triumph of the spin-doctor's art. It traces right back to

Volume 23 Number 3, Fall 1998

the National Academy's permanent staff, who put out a shockingly misleading press release.

The key points of the NRC report:

* The current immigration has produced essentially no net economic gain for native-born Americans. The NRC reports estimates ranging from \$1-\$10 billion – utterly trivial in the context of a \$7.5 trillion economy, perhaps one-tenth of one percent. In other words: America is being transformed for – nothing.

(Note that \$1-\$10 billion figure was *not* the increase in output – Gross Domestic Product – attributable to immigration. That may be fractionally higher – but the bulk of it goes to the immigrants themselves in wages. What the NRC study estimated was more interesting: what Americans get out of immigration. This is what Daleiden was getting at with per-capita GDP figures, but it's more precise. And damning.)

* The current immigration is now inflicting significant net fiscal costs on native-born Americans. Path-breaking analyses specially prepared for the NRC show that for New Jersey, one of the six top immigrant-impacted states, the combination of federal, state and local taxes results in an additional net tax burden per native-born American household of \$229 per year. For California, the federal, state and local tax cost of immigration to native-born households is a staggering \$1,174 per year.

(Suggesting a new question to be put to California's voters in their splendid initiative process – "ARE YOU HAPPY WITH CURRENT IMMIGRATION INTO THE STATE OR WOULD YOU RATHER HAVE \$1,174 A YEAR?") Averaged across the *entire* U.S., immigration is costing in taxes a startling \$166-\$226 per native-born American household, or \$15-20 billion a year. (Note that this tax cost to natives far exceeds all estimates of aggregate macro-economic gain.)

* The current immigration shows deteriorating skill levels, on average, relative to the native-born, a result of the flawed selection process begun with the 1965 Immigration Act which reignited mass immigration after a 40-year lull.

* The current immigration varies enormously in its effects according to national origin (the report says that European and Canadian immigrants are actually a fiscal plus in New Jersey) and education (the report says flatly that "if the only policy goal were the maximization of the positive fiscal impact of immigrants, the way to accomplish it would be to admit only those with the highest education.")

The point: the 1965 Act effectively discriminates against these useful groups.

* The current immigration is responsible for an overall wage loss of perhaps 1.2% for native-born workers in the 1980s. This impact was concentrated on high school dropouts, being responsible for nearly half of their 10% wage decline relative to high school graduates.

The NRC report was mostly deadpan and prudently prolix. Immigration enthusiasts got a number of verbal, as opposed to substantive, salutes. Thus the report went out of its way to say that blacks are not much affected by immigration. Closer reading, however, revealed that this is supposedly only because most blacks do not live in the immigrant-impacted states – and was contradicted by the report's own findings on the nation-wide relative wage decline of high school dropouts, disproportionately black.

And in a peculiar exercise in economic science fiction, the NRC reports imagined a scenario where immigrants might be useful fiscally: if, in the year 2015, Washington suddenly and sharply raises taxes to avoid cutting Medicare, Social Security and other entitlements. In this situation, immigrants might then pay higher taxes, eventually become a fiscal positive, and would lower the average tax burden by definition. (Assuming, naturally, that the economy did not collapse under this government grab). But even under this scenario, it is notable that high-school dropouts are never a fiscal positive. Yet up to two-fifths of the post-1965 influx are in this category.

This exercise in economic science fiction has provided immigration enthusiasts with the one factoid that they have used to obscure its overall findings. Thus Senator Spencer Abraham (R.-Michigan) in a November 11 article on the *Wall Street Journal's*

blindly pro-immigration editorial page, claimed that the NRC report was "highly favorable toward immigration." Abraham alleged the NRC found a net fiscal benefit from immigrants, or more precisely from their descendants, over the long run (300 years!), amounting to some \$200,000. Abrahams simply suppressed the fact that this would be true only if taxes are raised substantially around 2015. If not, immigration remains a fiscal drain.

Incredibly, this was the first mention of the NRC findings ever to appear in the *Wall Street Journal* – a resounding silence of just over 25 weeks. The mention, of course, was a lie. And the *Wall Street Journal* apparently does not intend to enlighten its trusting readers any time soon. When two NRC authors, Harvard economists George Borjas and Richard Freeman, attempted to correct this distortion of their findings, their article was refused. It appeared in the *New York Times* (December 10, 1997).

What has happened, quite simply, is that the economic case for current immigration policy has totally collapsed. Defenders of the current policy obviously feel they cannot acknowledge this. Hence their resort to these desperate tricks – and, inevitably, to personal abuse.

Why do immigration enthusiasts feel obliged to make such a rigid defense of current policy? After all, easy and obvious reforms could upgrade immigrant skill levels, English language proficiency and cultural compatibility while continuing an inflow quite large enough to satisfy the most hysterical Statue of Liberty fetishist.

This option is not considered for a reason that goes to the heart of this dishonest debate. Many immigration enthusiasts are selfishly concerned only with their own special deals, now hidden in the current policy shambles. They know that these could never be defended if immigration legislation were opened up for reform. Therefore they are determined to stop the legislation from being opened for reform - using whatever arguments are to hand.

The most obvious special deal: the extraordinarily expansive definition of family reunification, which has allowed a handful of Third World countries to shoulder aside everyone else and monopolize the bulk of legal immigration allotments. It is a common observation among immigration policy specialists that one group thus benefitting is Senator Abraham's own Arab community in Michigan. Another is the hijacking of the U.S. "refugee" policy by the Soviet

Jewish lobby.

Immigration policy exemplifies a classic political science conundrum. Its costs are spread across the many; its benefits concentrated among the few. This is also a classic formula for successful political fund-raising – and campaign contributions are the hidden dimension of modern immigration policy, notably Clinton fund-raiser John Huang’s now-exposed role in purchasing White House opposition to the 1995 Smith-Simpson reforms.

From an intellectual point of view, the debate on the economics of immigration has an eerie resemblance to the debate on I.Q. and race, as revealed by Mark Snyderman and Stanley Rothman in their *The IQ Controversy* (1988). All the specialists in the field basically think one thing. All respectable members of the political class – liberal and conservative, in this case – think another.

And never the twain shall meet, especially if the immigration enthusiasts have any say in the matter.

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Evolution and the Future of Humankind

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Contemporary demographic changes, involving major disparities between diverse human populations, represent major evolutionary developments in the history of Humankind which dwarf the traditional rate of evolution by selection.

Key Words: Evolution, demography, dysgenics, territoriality, species, sub-species, ecological destruction

I have often been asked by students: What will the men and women of the future look like? My answer has always been the same. Perhaps it was a disappointing one for those students who imagined I might reply that the future men and women of the world would have only one eye, extremely large foreheads, or some other kind of imaginative fantasy normally associated with science fiction. But nevertheless, my reply has always stimulated interest among the more thinking members of the class. We cannot forecast, I would say, the physical appearance of the future population of the world a score or more generations from now, but it is possible to make a fairly accurate forecast of what the inhabitants of the world will look like just one or two generations from now. Most of the students had never for one moment contemplated the possibility that the men and women of the next one or two generations might look in any way different from the people they had been accustomed to seeing around them. Inevitably, the next question has been a repetition of the first: In what way will they look different? Again the answer was simple and uncomplicated: If you want to know what human beings will look like in the near future, just take a look at the people who are producing the most offspring.

Like my answers, the issue is very simple. When we are talking about evolution we should not be misled by any imaginative assumption that there is some basic principle that requires each generation of men and women to be necessarily brighter and more intelligent,

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