

- businesses that they are more likely than natives to start. A Canadian government survey, which should also describe US experience, found that almost 5% - 91 of the 1746 single males and 291 single females surveyed - had started their own businesses within their first 3 years in Canada. Not only did they employ themselves, they employed others too, 'creating' a total of 606 jobs." Thus, roughly 1 in 3 new jobs were created as well as held by immigrants.

CLAIM: Immigrants Abuse Welfare System.

FACT: "Solid evidence gives the lie to this charge. The most important fact about immigrants is that they typically arrive when they are young and healthy. Hence they use fewer welfare services on average than do native families. New cohorts do not receive expensive Social Security, Medicare and other aid to the aged. And for its first several decades in America, the average immigrant family pays more in taxes than does the average native family. Altogether, the immigrant family contributes yearly about \$2,500 more in taxes to the public coffers than it obtains in services."

CLAIM: Illegals Are Flooding Across Our Borders to Get on Our Welfare System.

FACT: "The case of illegal aliens is more stark. Due to their status, illegals such as Mexicans who cross into the United States get little in welfare services. David North and Marion Houston of Trans-Century Corporation - a consulting firm - found these proportions of illegals using services: free medical care - 5%; unemployment insurance - 4%; food stamps - 1%; welfare payments - 1%, child schooling - 4%. Practically no illegals receive Social Security - the costliest program of all - but 77% paid social security taxes, and 73% had federal income taxes withheld."

The Greatest Benefit Of All

Immigrants bring with them the greatest of all benefits: human capital. As Dr. Simon put it, "Though hard to nail down, the long-run benefits on productivity of these additional workers and consumers are likely to dwarf all other effects. Some of the productivity increase comes from immigrants working in industries that are at the forefront of world technique. We benefit along with others from the contribution to world productivity in, say, genetic engineering, that immigrants would not be able to make in their home countries. More immigrants mean more working persons to think up productivity-enhancing ideas. As Soichiro Honda (of motorcycle and

auto fame) said, 'Where 100 people think, there are 100 powers; where 1000 people think, there are 1000 powers.' Moreover, an immigrant's facility with languages other than English is often valuable for industry in, for instance, export projects."

"Other increases in productivity - about which we have more solid evidence - come from increased production in particular industries through learning-by-doing and other gains from larger industry scale. Also, increasing the number of customers and workers increases investment, which brings more new technology into use. Perhaps the greatest contribution of immigrants is the push they give to this country's vitality and growth. They contribute to the vitality of our institutions because they tend to be more intellectually vigorous as well as harder-working than natives. How much of this vigor is due to being 'hungry' rather than settled and affluent, how much due to their being self-selected for vigor among the populations they come from, and how much due to the stimulating effects of living in the tension of two cultures are open questions, but not crucial in this policy context."

When all of the benefits are examined, it is clear that the best policy on immigration is an open door. Considering the many benefits open immigration has to offer, it is unfair that immigrants are being used as scapegoats for the government's many job-killing policies and economic interventions.

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IMMIGRATION



An Open Or Closed Door?

by *Geoffrey Erikson*

The New Colossus

by *Emma Lazarus*

*Not like the brazen giant of Greek fame
With conquering limbs astride from land to land;
Here at our sea-washed sunset gates shall stand
A mighty woman with a torch, whose flame
Is the imprisoned lightning, and her name
Mother of Exiles. From her beacon-hand
Glows world-wide welcome; her mild eyes
command.
The air-bridged harbor that twin cities frame.
"Keep your ancient lands,
your storied pomp!" cries she.
"Give me your tired, your poor,
your huddled masses yearning to breathe
free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tost to
me,
I lift my lamp beside the golden door!"*

Inscription at the base of the Statue of Liberty

Fear vs. Hope

Certainly one of the most controversial topics of debate in the political arena - anywhere in the world - is the topic of immigration. On the question of immigration policy, opinions range from "open door" advocates of free immigration to "closed door" advocates of zero immigration, and every shade of the spectrum in between.

Most Americans fall somewhere in the middle. They recognize, that unless they are Native Americans, their ancestors were once immigrants. They also realize that political refugees who flee to the United States to escape totalitarian regimes in their native lands do so because the US has a reputation of freedom. Most Americans, being proud of that reputation, feel asylum is appropriate. Yet many fear immigrants, and most believe there is a point beyond which immigrants should not be allowed to enter the country.

What are the real effects of immigration on society and the economy? Does an anti-immigration policy really "save America for Americans"? What sort of immigration policy is fair, just and sound?

The Melting Pot

The United States in the 19th Century experienced the biggest wave of immigration of any place or period in the history of the world, yet also saw the greatest growth in production and the standard of living in the history of the world. Most historians and economists agree that this was no coincidence.

Although there was a massive influx of people, it did not eliminate jobs. In addition to being workers, these immigrants were also consumers, creating a greater demand for manufactured goods. Since these new workers saved and invested their money, which created greater investment capital, they helped to finance more production and a larger job market.

The misinformation surrounding immigration is based on the misconception that the amount of wealth in a country is static. Many people imagine that there is only so much money to go around, and the fewer people in the country, the *more* wealth there will be for each person. However, this myth falls apart when examined closely.

The larger the work force, the more there is being produced. Greater production means greater wealth. Since, in a market economy, workers produce for trade rather than for personal consumption, they produce more than they consume. This means that the amount of wealth will expand beyond the number of people who immigrate - which means more wealth per person, not

less.

Why then do people resist immigration?

The Benefits of Diversity

One of the problems is simply xenophobia or fear of strangers. Many people are afraid of people who are different than themselves. Yet historically, immigrants have brought numerous benefits despite, or maybe even because of, their differences.

Consider the arts, which are unique in America because of the influence of ethnic and cultural diversity. The entertainment industry in America is by far the largest such industry in the world. This can be attributed largely to immigrants. Many of the major movie studios were started by immigrants or their children. Entertainers from the Marx Brothers to Desi Arnaz to Mel Gibson came from around the world to be part of the entertainment industry in the US. Not only has this created thousands of jobs both for natives and immigrants, it is also a major export industry, bringing in hundreds of millions of foreign dollars annually.

American musicians are exposed to a broad range of "native" music from various ethnic sources. Even such commonplace services as restaurants offer an amazing number of choices in ethnic cuisine. The reason is cultural diversity - a benefit of immigration.

The benefits of variety, however, go beyond consumer and aesthetic pleasures. Variety is a key ingredient of invention. Immigrants also stimulate natives to produce more and to be more innovative in order to adapt to a more diverse market mix.

Open Door To Opportunity

The material wealth of the immigrant upon arrival is not an important factor. While it is true that wealthy immigrants spend more money than poor immigrants initially, many poor immigrants become wealthy due to their vigorous pursuit of the opportunities offered by a more free-market economy. US history is filled with names of poor immigrants who started out pushing a cart through the streets of New York City. People with names like Macy, Marriot and Bill Graham, who went on to become builders of major businesses, or a certain Mr. Asimov, who earned enough money selling candy from a pushcart to send his son Isaac to school. History shows many examples of the wealth immigrants bring to a country.

These observations are not limited to history. Statistics from modern-day Hong Kong reveal similar trends. After thirty years of a very open immigration

policy, wages in Hong Kong continue to rise rapidly. A report in 1993 showed the *per-capita* income in Hong Kong to have exceeded \$18,000; a far greater increase than anywhere else in Asia or most of Western Europe. Despite the great numbers of immigrants that enter Hong Kong every year, there is still a labor shortage. Positions for jobs such as receptionists go unfilled because most people can easily find higher-paying jobs.

A Closer Look

A close examination of the charges leveled against immigration turns up a number of myths. Noted economist Dr. Julian Simon, author of *The Economic Consequences of Immigration*, refutes several common claims:

CLAIM: Immigrants take jobs from natives.

FACT: "A solid body of studies shows that, contrary to [nativist] assertions, immigrants do not increase native unemployment:

- Thomas Muller of the Urban Institute compared the labor-market conditions in Los Angeles with those in the rest of the US. The influx of immigrants in Southern California affected native unemployment "little, if at all," he said.
- Thomas Espenshade of Princeton, with Muller, found that in West Coast metropolitan areas "Black unemployment rates are not increased - if anything they are decreased - by a rise in the proportion of Mexican immigrants."
- Joseph G. Altonji of Northwestern and David Card of Princeton studied the effect of immigrants on less-skilled natives in various cities. They concluded, "We find little evidence that inflows of immigrants are associated with large or systematic effects on the employment or unemployment rates of less skilled natives."
- "No research has shown noticeable unemployment caused by immigrants, either in the United States as a whole, or in particular areas of high immigration. One reason is that potential immigrants have considerable awareness of labor-market conditions here and tend not to come if their skills are in small demand. At the same time, immigrants increase the demand for labor across the range of occupations; they consume goods and services as well as produce them. In the long run, they create as many jobs with their spending as they themselves occupy.
"Immigrants not only create new jobs with their spending, they do so directly with the new