

They may be illegal but we still need them

Houston Chronicle

By LOREN STEFFY

May 20, 2008

The market is telling us something that many of us don't want to hear.

It whispers it in the numbers that filter, largely overlooked, through the immigration debate. Consider the most basic: In Texas, we have an estimated 1.1 million undocumented workers, compared with 450,000 people listed as unemployed.

Even if every unemployed Texan had a job, we still wouldn't have enough people to meet the labor demand, even if we sent all the illegal immigrants home.

Nationally, we face a narrower gap but the same situation — about 8.1 million illegal immigrants and about 7.5 million unemployed workers.

So we can build fences, step up patrols, get tough on deportations and decry the social and economic costs of illegal immigration, but we can't escape the market's message: We need them.

"They're filling a gap in the work force," Waco economist Ray Perryman said.

Filling in for boomers

As the baby boomers retire, there simply aren't enough eligible workers to do unskilled jobs.

Perryman's research firm on Monday released an economic study that attempts to blunt the blaring blather of talk radio and other anti-immigrant fear-baiting.

Backed by the Greater Houston Partnership and the affiliated Americans for Immigration Reform, business leaders are hoping the study will change the debate to focus on economics, the underlying issue that's driving illegal immigration.

"There's been a lot of heat but not very much light," said Charles Foster, an immigration attorney and AIR chairman. "You just hear this simplistic talk about building walls and 'what part of illegal do you not understand.' "

The immigration may be illegal, but the persistence shows that our laws are flawed, that they fail to recognize our economy's need for cheap labor.

Staggering consequences

Shutting down illegal immigration and deporting the undocumented workers who are here would have immediate and staggering consequences for our already battered economy.

Illegal immigrants contribute almost \$652 billion annually to the U.S. gross domestic product, Perryman said. Removing them would eliminate almost \$1.8 trillion in annual spending from our economy.

That isn't a gap that can be remedied with government stimulus checks or other political gimmicks.

For months now economists have debated whether we are in a recession or just a severe slowdown, yet unemployment remains at a stunningly low 5 percent.

Those numbers tell us that illegal immigration is a market response to a labor shortage.

Getting smarter

Nor is the labor gap going to get smaller. As the population ages, demand for unskilled workers will continue to rise. As a work force, though, we're not just getting older, we're getting smarter.

In 1960, 50 percent of all men in the U.S. took low-skill jobs without completing high school, Perryman found. The number is now less than 10 percent.

To make up for the loss of unskilled workers in the country illegally, we'd have to draw better-educated workers into less skilled jobs.

"We'd have to raise wages a lot, which is inefficient and bad for the economy," Perryman said.

Significantly higher wages, of course, mean higher prices, which affect living standards and ultimately put a damper on economic growth.

That's bad in the best economy, but given the current prospect of a possible recession and the looming threat of mounting inflation, we can't afford the short-sighted immigration policies that favor enforcement at all costs.

At the same time, some of the cost concerns about immigration are valid. While undocumented workers pay more in taxes than they receive in benefits overall, they tend

to pay most of their taxes at the federal level and claim benefits locally — putting a disproportionate burden on local governments, schools, hospitals and social services.

Not keeping pace

There are, of course, legal avenues for immigration, but the market is telling us those policies aren't working. The legal immigration process simply can't keep pace with the mounting labor demand.

So we need changes in the law that recognize the revenue disparities and give the government some control over the flow of immigration without undermining the economic benefit.

We can't deny what the market is telling us. We may not want to admit it, but 8 million people aren't coming here for the health care.

They're coming here because we need them.