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# The Easy Problem

By DAVID BROOKS

Over here in the department of punditry, we deal with a lot of hard issues, ones on which the evidence is mixed and the options are all bad. But the immigration issue is a blessed relief. On immigration, the evidence is overwhelming; the best way forward is clear.

The forlorn pundit doesn't even have to make the humanitarian case that immigration reform would be a great victory for human dignity. The cold economic case by itself is so strong.

Increased immigration would boost the U.S. economy. Immigrants are 30 percent more likely to start new businesses than native-born Americans, according to a research summary by Michael Greenstone and Adam Looney of The Hamilton Project. They are more likely to earn patents. A quarter of new high-tech companies with more than \$1 million in sales were also founded by the foreign-born.

A study by Madeline Zavodny, an economics professor at Agnes Scott College, found that every additional 100 foreign-born workers in science and technology fields is associated with 262 additional jobs for U.S. natives.

Thanks to the labor of low-skill immigrants, the cost of food, homes and child care comes down, living standards rise and more women can afford to work outside the home.

The second clear finding is that many of the fears associated with immigration, including illegal immigration, are overblown.

Immigrants are doing a reasonable job of assimilating. Almost all of the children of immigrants from Africa and Asia speak English and more than 90 percent of the children of Latin-American immigrants do. New immigrants may start out disproportionately in construction and food-service jobs, but, by second and third generation, their occupation profiles are little different from the native-born.

Immigrants, including illegal immigrants, are not socially disruptive. They are much less likely to wind up in prison or in mental hospitals than the native-born.

Immigrants, both legal and illegal, do not drain the federal budget. It's true that states and localities have to spend money to educate them when they are children, but, over the course of their lives, they pay more in taxes than they receive in benefits. Furthermore, according to the Congressional Budget Office, giving the current illegals a path to citizenship would increase the taxes they pay by \$48 billion and increase the cost of public services they use by \$23 billion, thereby producing a surplus of \$25 billion.

It's also looking more likely that immigrants don't even lower the wages for vulnerable, low-skill Americans. In 2007, the last time we had a big immigration debate, economists were divided on this. One group, using one methodology, found immigration had a negligible effect on low-skill wages. Another group, using another methodology, found that the wages of the low-skilled were indeed hurt.

Since then, as Heidi Shierholz of the Economic Policy Institute explains, methodological advances suggest that the wages of most low-skill workers are probably not significantly affected. It turns out that immigrant workers are not always in direct competition with native-born workers, and, in some cases, they push the native-born upward into jobs that require more communication skills.

Shierholz found that between 1994 and 2007 immigration increased overall American wages by a small amount (\$3.68 per week). It decreased the wages of American male high school dropouts by a very small amount (\$1.37 per week). And it increased the wages of female high school dropouts by a larger amount (\$4.19 per week).

The argument that immigration hurts the less skilled is looking less persuasive.

Because immigration is so attractive, most nations are competing to win the global talent race. Over the past 10 years, 60 percent of nations have moved to increase or maintain their immigrant intakes, especially for high-skilled immigrants.

The United States is losing this competition. We think of ourselves as an immigrant nation, but the share of our population that is foreign-born is now roughly on par with Germany and France and far below the successful immigrant nations Canada and Australia. Furthermore, our immigrants are much less skilled than the ones Canada and Australia let in. As a result, the number of high-tech immigrant start-ups has stagnated, according to the Kauffman Foundation, which studies entrepreneurship.

The first big point from all this is that given the likely gridlock on tax reform and fiscal reform, immigration reform is our best chance to increase America's economic dynamism. We should normalize the illegals who are here, create a legal system for low-skill workers and bend the current reform proposals so they look more like the Canadian system, which tailors the immigrant intake to regional labor markets and favors high-skill workers.

The second big conclusion is that if we can't pass a law this year, given the overwhelming strength of the evidence, then we really are a pathetic basket case of a nation.

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