

An Economic Perspective on Challenges and Opportunities of Immigration
Dr. Bert Wheeler

The true source of economic growth and wealth creation in the United States economy rests in the people who make up the economy. Humans created in the image of the Creator God use their God given ingenuity to take what God has given and reshape, mold and transform the earth and all that is in it (Gen. 1:26-28). When we convert the earth and all that is in it, we create different goods and services that are more valuable to us. God placed man on the earth “to work it and keep it” (Gen. 2:15). When people go about this God ordained use of the assets He has provided for us, we are fulfilling part of our created purpose. It is only humans created in God’s image who are able to use the resources and leave them in a state where the resources have more value than when we found them. Nation’s economies are only as strong as the people who work in them. We should welcome new people to come and create in our economy.

In a May 2, 2010 New York Times / CBS News poll 74% of Americans said that they thought illegal immigration weakens the economy. We tend to think that immigrants, both legal and illegal, take jobs that indigenous US citizens could or should have. The influx of immigrants should push down the wage rates in the host country. In a 2003 study for the National Bureau of Economic Research economist Georg Borjas found: “the existing evidence provides a mixed and confusing set of results. The measured impact of immigration on the wage of native workers fluctuates widely from study to study (and sometimes even within the same study), but seems to cluster around zero.” It may also be thinking with a very short time horizon. In *A Tract on Monetary Reform* (1923) John Maynard Keynes said: “The long run is a misleading guide to current affairs. In the long run we are all dead”. Keynes was saying that he thought that we should not allow inflation to go unchecked, but the influence of his ideas has tended to cause us focus on short term economic performance at the expense of long term economic stability. We are afraid that the immigrants will take what is ours now.

On their *Let it Be* album in 1970, the Beatles released a George Harrison penned a song titled “I Me Mine”. Also the title of Harrison’s autobiography, the song deals with that Harrison called “the ego problem”. The song is about selfishness. The lyrics read in part:

All thru' the day I me mine, I me mine, I me mine.
All thru' the night I me mine, I me mine, I me mine.
Now they're frightened of leaving it
Ev'ryone's weaving it,
Coming on strong all the time,
All thru' the day I me mine.

It is very possible, that the root cause of US citizen’s fear of immigration is that we do not want people taking jobs that were held by current US citizens. There may be an element of xenophobia in the popular belief that immigrants hurt the economy.

Several years ago I pulled into my daughter’s orthodontist office in Xenia, OH. I wheeled our little 2002 Toyota Corolla tightly in between two cars and sat in the backseat to read while Jessie went in for her check-up. After a few minutes a mother and daughter came out of the

office and tried to enter the car parked next to mine. I was so proud that I'd been able to fit our car into the little space. However, the mother didn't want to try to squeeze into the space between her van and our Corolla and tossed her daughter the keys. The young lady proceeded to punch the accelerator, cut the wheel too quickly and turn into our right rear fender, putting a dent and scratches in our car. The mother could not speak English and it was obvious they did not have insurance and wanted to avoid "imperial entanglements". They wanted to fix our car at "their" shop. No police report, no insurance, just bring it in. The repair shop was clearly part of the "informal economy".

One of the largest hindrances to economic development in developing nations is the presence of an informal extra legal economy alongside the formal economy. The people in the informal economy are kept out of the formal economy by an invisible wall of legal barriers and a failure to have well documented property rights. While the amount of lost economic activity by the informal economy formed by illegal immigrants in the US economy is not as significant for our economy as for economies in the development world, it is still very important. With the potentially devastating federal and state deficit and debt problems faced in the US, we need to incorporate illegal aliens in the US into our robust formal economy. The effect on the deficit would be very favorable.

Dr. Raúl Hinojosa-Ojeda is founding director of the North American Integration and Development Center at the University of California, Los Angeles. He has found "that comprehensive immigration reform would yield at least \$1.5 trillion in cumulative U.S. gross domestic product over 10 years. This is a compelling economic reason to move away from the current "vicious cycle" where enforcement-only policies perpetuate unauthorized migration and exert downward pressure on already low wages, and toward a "virtuous cycle" of worker empowerment in which legal status and labor rights exert upward pressure on wages." (Raising the Floor for American Workers: The Economic Benefits of Comprehensive Immigration Reform, January 2010).

From an economic perspective, economic growth and development only happen when people created in God's image exercise their God given ability to create in the economic domain. While the economic reasons US citizens fear immigration may be irrational, the benefits from moving current illegal aliens from the informal economy in the US to the formal economy are significant. We should welcome people from all parts of the world to live, produce and contribute to prosperity in the US. People did not cross the Berlin Wall from west to east and the people coming to the US today are coming because they believe that their prospects in the US are better than their prospects in their home country. We should encourage open immigration into our economy to share the fruits of the blessings that God has given us and reap the benefits of the creativity of the immigrants.