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About the Author

Peter Brimelow is the editor of <u>VDare.com</u> and author of Alien Nation: Common Sense About America's Immigration Disaster.

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The Economic Impact of Immigration: Paying for the Privilege

by Peter Brimelow

May 11th, 2009 • Related • Filed Under

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I stopped paying attention to *Time* many years ago. My twin brother and I, already plotting our emigration to the United States, subscribed as college students in England in the 1960's to get some sense of this world-straddling "indispensable nation"—as Clinton administration Secretary of State Madeleine Albright later called it, possibly not for our reasons—and also because our English liberal professors assured us it was written by "Cold Warriors."

(We were puzzled to find no sign of this. We were also puzzled by the extraordinary behemoths reported

to be common in American college football. As Baby Boomers who clearly remembered the Labour government's extension of food rationing until well after World War II, we decided it must be the orange juice.)

But now my American anchor-baby teenage son reads *Time* as a substitute for conversation while scarfing down breakfast before school. (Oddly, he doesn't like orange juice.) So I got to see <u>this item in the April</u> <u>20 treezine</u>: "Undocumented And Undeterred: A rough economy and tough enforcement have put unprecedented stress on illegal immigrants. What one Oregon town tells us about why they're staying, by Nathan Thornburgh."

It was mostly the usual twaddle, insisting that eliminating America's illegal ("undocumented") immigrant population is, literally, unthinkable. This only confirms repeated opinion-poll findings, including the April 20 Rasmussen Reports, which indicated that there exists an enormous gulf on this issue between Americans and what Rasmussen calls the "political class." (Rasmussen reported that 66 percent of Americans think it is "Very Important" that illegal immigration be dealt with—but only 32 percent of the "political class" agreed.)

Some aspects of Thornburgh's brief for national liquidation caught my attention. For example:

As tempting as it is in places like St. Helens to try to send the illegal immigrants packing, it would be a bit like letting AIG or GM collapse: it might feel good and it might be morally justified, but in the long run it would just increase the misery on Main Street. Like it or not, with more than 10 million Margaritos [the illegal-alien hero of Thornburgh's sob-story lead] from coast to coast, illegal America is simply too big to fail.

Now, I realize that there are differing opinions at *Chronicles* about the wisdom of allowing the flaky financial superstructure (as opposed to the sound productive foundation) of worthy Midwestern industrial enterprises to "collapse." But there can be no disagreement that, as an analog for illegal immigration, *Time*'s comparison is absurd. There are some ten to twenty million illegal immigrants in the United States, but they are overwhelmingly unskilled, and many are children; thus, their total economic output is relatively small—probably less than one percent of the U.S. Gross Domestic Product. (That's not net of their costs to the American taxpayer, through schools, hospital emergency rooms, *etc.*) A systematic rooting out of illegal immigrants, similar to President Eisenhower's very successful Operation Wetback, would cause, at most, economic ripples, many of which would cancel each other out.

Actually, the *Time* story was far from the worst immigration-enthusiast story I've ever seen. It conceded fairly that "there is a sincerity to the most ardent activists against illegal immigration in St. Helens, a sense that their town is trapped in the swale of a very bad economic cycle and that the undocumented workers might be making things worse." It profiled an heroic local activist, Wayne Mayo, who organized a local ballot measure to fine employers of illegal aliens: "He was outspent and outorganized by regional activist groups—he raised \$430, they raised more than \$70,000—but his proposal still won by 15 percentage points."

Karl Rove and assorted Republican campaign consultants, call your offices! (On second thought, don't bother.)

What struck me most about the *Time* story, however, was not its human-interest huffing and puffing—that's par for the course in immigration-enthusiast reporting—but its profound economic illiteracy. This aspect is

distressing to me as a journalist, because the consensus among labor economists has not altered since I reported the state of the technical debate in relatively simple English in my book <u>Alien Nation: Common</u> <u>Sense About America's Immigration Disaster</u> in 1995.

First, the immense influx of immigrants inadvertently unleashed by the Immigration and Nationality Act of 1965, and the simultaneous collapse of the southern border, may raise GDP somewhat—but the bulk of that is captured by the immigrants themselves in the form of wages. Hence the *Time* article's anecdotes of happy illegals, which the author evidently expects to be compelling.

Second, the influx has been, in aggregate, of nugatory net benefit to native-born Americans. Thus, while immigration may not have caused the collapse of the Oregon timber industry, it certainly has not been a cure.

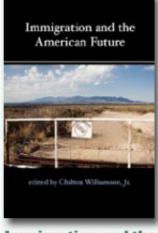
Third, immigration interacts with government transfer-payment systems to impose a net loss on taxpayers. In some parts of the United States, this is really serious. In California it exceeded \$1,000 per year for every native-born American household as long ago as 1996, according to the National Research Council's report *The New Americans*.

This point is completely lost on *Time*'s Thornburgh. One reason his illegal-alien hero Margarito refuses to leave Oregon is that his autistic son gets 24 hours of special education in St. Helens, compared with only 1 in Mexico. Tragic—but who's paying?

Fourth, while immigration does not benefit native-born Americans in the aggregate, it does cause a significant redistribution of wealth among Americans—shifting as much as two percent of GDP from labor to capital, basically by beating down wages.

Showing restraint unusual for an immigration-enthusiast sob story, Thornburgh didn't quote any local employers saying what good (meaning cheap) workers the immigrants are. (That may be because he was shocked by the low pay Margarito received for cleaning out the back of a St. Helens store, although such exploitation—the job was obviously off the books—is precisely the point.) But Thornburgh doesn't have to quote anyone. As a member of the mainstream media elite, he can interview himself every time he uses his expense account in a Manhattan restaurant.

The definitive answer to the Immigration Crisis:



Immigration and the American Future

Brimelow • Fleming • Hartman Williamson • McGrath • Bissett McNamee • Greenhut • Vignelli Rubenstein • Carosa

CLICK TO PURCHASE ONLINE I reviewed the state of the "economics of immigration" debate in a long interview with Harvard's George Borjas, the preeminent authority in the field and himself a Cuban immigrant, which was published in the compendium *Immigration and the American Future* (Chronicles Press, 2007).

Borjas reported no serious challenge to the consensus, which he played a considerable part in developing. We discussed a 2005 paper by economists Gianmarco Ottaviano and Giovanni Peri (*Rethinking the Gains From Immigration: Theory and Evidence From the U.S.*, published by the National Bureau of Economic Research), which purported to find that immigrants had actually increased the wages of the native-born and which, not coincidentally, had received a lot of publicity. Borjas criticized the paper on technical grounds. (The authors have subsequently retreated.) We also discussed a 2002 paper by economists Donald R. Davis and David E. Weinstein (*Technological Superiority and the Losses From Immigration*, NBER), which suggested that immigration was inflicting a much larger loss on native-born Americans than had previously been thought and which, again not coincidentally, had received almost no publicity at all. Here, Borjas respectfully punted, saying that the result of the study was important but derived from trade theory, which was alien to him as a labor economist. He added that the authors had a hard time getting the paper published and that, as far as he knew, no Ph.D. students were doing the research necessary to confirm the theory.

Even the ivory tower is not totally unswayed by the political pressures that shape the mainstream media but it has, at least, acquitted itself more honorably. Thus, the conclusions of *The New Americans* essentially what I outlined above—have never been reported in the *Wall Street Journal*.

More recently, Borjas himself has returned to the broader question of immigration's economic utility. In *<u>The Analytics of the Wage Effect of Immigration</u> (March 2009, NBER), he argues not only that the short-run effects of immigration must be negative for wages but that the long-run effects may also be negative, depending on the effect of immigration on the consumer base. In other words, the damage to American*

workers may be, for practical purposes, permanent.

For me, the ultimate question about the economics of immigration has always been whether it secures some economic benefit for Americans that they could not secure for themselves. Regardless of the details of its impact, is it necessary?

Somewhat surprisingly, there is no debate about this at all, perhaps because the question is so rarely asked. I once got Julian Simon, who never really has been replaced as the designated immigration-enthusiast go-to economist since his premature death in 1997, to concede the point. "I've never said it's necessary," Simon replied (*Forbes*, August 30, 1993).

If it's not necessary, why does America's political class insist on it? Why are Americans being required to transform themselves for nothing—and even to pay for the privilege?

Peter Brimelow is the editor of VDare.com and author of Alien Nation: Common Sense About America's Immigration Disaster, <u>which can be downloaded for free</u> at his site.

This article first appeared in the June 2009 issue of Chronicles: A Magazine of American Culture.

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Comments

There Are 5 Responses So Far. »

1. 1 Comment by Derek Leaberry on <u>11 May 2009</u>:

The communist playwright Berthold Brecht once commented about the solution to the woes of the East German red government of the 1950s was to elect a new people. That is what the Democrats wish to do today. The Democrats haven't won a plurality of white votes in presidential elections since 1964 so it is in the interests of the Democratic Party to re-mold America into a majority-minority country. To make this easier to swallow, most white Democrats feel comfortable wallowing in self-hatred and white guilt. A majority-minority America not only makes Democrats more electable, it helps salve the neurosis of white liberals.

As for the Republicans, the stupid party as Samuel Francis trenchantly noted, much of their elite supports higher immigration in order to lower wages and increase profits for their companies and industries. They have no loyalty to the core American population groups. Their loyalty is only to money. Of course, if the Democrats begin to dominate the American government in the 2000s like

Sweden's Social Democrats dominated that country's government in the 1900s, the profits of the Republican elite will be taxed away. And the Democrats will dominate the American government if America becomes a majority-minority nation. As Karl Marx once noted, the capitalists will sell the rope that will eventually be used to hang them. And so the Republican elite so fervently work to destroy themselves. That is why they are the stupid party.

2. 2 Comment by Etienne Gervaise on <u>11 May 2009</u>:

Last week I watched a YouTube video made by a repoter in Liberia. This American colony of West Africa is truly horrendous to say the least. This prompted me to do a Google search of Liberia's national IQ, the result is not flattering because its average IQ is 65, placing it above only Sierra Leone – 64, and Sao Tome –59. The highest West African IQ was 75 which matched the West Indian/Carribean nations. So 13% of the voting public is pretty dim, yet their offspring still qualify for college with preferential set-asides. Mexicans don't fare much better they (and other Central American nations) are in the 87 range. Another 10% dragging down the American average to 98, placing it below Poland at 99. So much for dumb Polacks!

However, the higher national IQs among Europeans has not done much to change anything for the better amidst the present security of welfare state socialism. Maybe our future is exactly as Mike Judge predicted in his horrific film, Idiocracy. Our supposedly well-educated elites must really want social destruction to maintain for themselves the strings of power. And Western Europe has either swallowed the bait of self-loathing, or have simply become money grubbers with lots of electronic toys, and no children to be their responsible future. The first step is to have three or more children and not worry about paying the college education that would probably poison their brains.

3. 3 Comment by Andrew Stanton on <u>12 May 2009</u>:

These stories never seem to mention the huge amount of money that is sent out of the US, money which not only doesn't contribute to our economy but acts like a trade deficit.

4. 4 Comment by Allen Wilson on <u>14 May 2009</u>:

I agree with Mr Stanton, that is, assuming that he is talking about immigrants who continually send money to relatives back home. It may not be as big a problem as the sending of jobs, facilities, and infrastructure overseas, but it is a big drain, sucking blood out of our body politic.

5. 5 Comment by <u>Gilbert Jacobi</u> on <u>14 May 2009</u>:

Mr. Gervaise,

You are the most entertainingly offensive writer I've come across in along time. I got a huge laugh over your quip about LBJ sending all the southern riff-raff north to piss in the stairwells of big city high-rises. As one who passed many times uder the gunports, I mean windows, of Chicago's Cabrini Green housing project back in its glory days before the yups started moving in – who'd have ever thought that jogging soccermoms chugging along behind five hundred dollar baby carriages could have pushed out a population of stone killers, stone-cold pushers, and their vicious women – I appreciated that explaination of how they got there.

Growing up in Chicago, Polack jokes were always in the air, and they seemed to take it in stride, but once they got Poped, being a Catholic I felt constrained to lay off. But there's nothing stopping us now!

I can't count how many times I've kicked myself for not sitting down with my father and getting from him his story of arriving in Baltimore harbor as a six-year old on a steamship, or his first impression on arriving at Chicago's North Avenue "German Broadway", or asking if he had any memory of the 1908 World Champion Cubs, or if he knew what led his father to make the decision to come to America. When I think of how much that man loved America, how hard he strove to become an American, how painfully he distanced himself from his Germanic heritage, and then I see the crowds of today's heedless, unassimilated, ungrateful illegal immigrants that are turning Chicago into the Lower East Side, it fills me with anger at the betrayal of him and the multitudes of other legal immigrants like him for whom being called an American was one of their proudest achievements.



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Cultural Revolutions

• Trump and Trade--Tom Piatak

This morning brought the surprising news that, according to the latest NBC/Wall Street Journal poll, Donald Trump is running second among GOP presidential hopefuls, at 17%, behind Mitt Romney's 21%. I am far from a fan of the obnoxious, egomani . . .

• A Reminder of Hope--Tom Piatak

As our country plunges into yet another foolish war in the Moslem world and teeters on the edge of bankruptcy, it is easy to be focused on the negative. But today's news also brought a small reminder of hope. The synod of the Ukrainian Cathol . . .

• "Finally We are Free"--Thomas Fleming

The cry of the protestors in Cairo, as they greet the news of the military coup that has toppled Hosni Mubarak. What's next? An interim government, perhaps the troika proposed by Mohammed El Baradei, with the reality of power remaining in t . . .

• <u>A Modest Proposal for the Eurocrats--Tom Piatak</u>

Recently, the European Union published a calendar for school children that noted Moslem and Jewish holidays but made no mention of any Christian holiday, including Christmas. The same principle operates here, in the countless public school "wi . . .

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