

The Heritage Lectures

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How Immigrants Affect Americans' Living Standard

A Debate Between
Julian Simon and Roger Conner



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**A Debate Between
Julian Simon and Roger Conner**

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Burton Pines, Vice President, The Heritage Foundation: Good afternoon ladies and gentlemen and welcome to The Heritage Foundation debate on an extraordinarily important topic—immigration. Few issues cause as much dilemma for us as Americans or as conservatives as immigration. We inhabit a country and celebrate a nation whose doors always have been open. It is a nation which has been and continues to be a land of opportunity; a nation whose record of contributions by immigrants can stretch from here to California and back several times; a nation whose dynamics of growth and dynamics of creativity have to a great extent been created by immigrants.

Yet there is a nagging concern that some conservatives here today have that maybe this time something is different. There is a fear that maybe in the 1980s something is different about the dynamics of immigration and about the conditions concerning immigration. It is said, for example, that maybe too many immigrants are coming to our shores. It is said that maybe the conditions in this country—and its resources—are not as great as they once were to handle and to welcome the immigrants.

A question we at The Heritage Foundation have asked ourselves is: What is a prudent and responsible policy for the U.S. regarding immigration? What is a prudent and responsible policy for a nation which still proudly boasts that the Statue of Liberty is one of our most cherished national symbols? In seeking an answer to this key question we encounter the question of: What, in fact, do immigrants do to our standard of living? What economic impact do immigrants have on the United States?

This is our topic for today. It first was addressed in a Heritage Foundation *Backgrounder*, released February 1, 1984, entitled *Nine Myths About Immigration*. It dealt mainly with economic factors of immigration and was written by Julian Simon. The study ignited so much discussion and prompted so much comment that we arranged today's debate.

Our first speaker is Roger Conner, who disputes strongly the arguments and conclusions of the Simon *Backgrounder*. Conner is the Executive Director of FAIR, an acronym for the Federation for American Immigration Reform. Mr. Conner received his undergraduate degree at Oberlin

College and received his law degree at the University of Michigan. He has been a leading conservationist and the author of many articles on conservation. He has been Executive Director of FAIR for more than five years.

His challenge will be answered by Julian Simon who now teaches at the University of Maryland and still has an appointment at the University of Illinois. He was and is a Senior Fellow of The Heritage Foundation. He is an economist who has written about resource matters and resource economics. One of his most recent books is entitled *The Ultimate Resource*, which argues that there is no reason why material life on earth should not continue to improve. He has written extensively about population growth—one of his books is *The Economics of Population Growth*—and about advertising. His next book appears this week; it is *The Resourceful Earth*, which he and the late Herman Kahn edited. It was funded in part by The Heritage Foundation.

Roger Conner will lead off with a fifteen minute statement, followed by Julian's fifteen minute statement. Each participant will have four three-minute rebuttals and counterrebuttals at which time we will invite your questions. Please address your questions to one of the two participants. He will answer the question and then the other participant will have the opportunity to respond to that answer for about the same length in time as the original answer.

It is my pleasure to welcome as our first participant, Mr. Roger Conner addressing the question of: "What do immigrants do to our standard of living?"

Roger Conner: If I were going to pick a theme for what I am going to say today, it would be a line from an old Episcopal hymn: "New occasions teach new duties; time makes ancient good uncouth."

We are in a period of change in the world today that is hard for us to conceive because it is so fundamentally different from anything human beings have faced heretofore. Over most of history, human beings, as a species, have had a high birth rate. And we also have had a high death rate. The birth rate and death rate were pretty close to each other and the growth in population was very slow. Over the course of the last century, the advances in Western medicine and the burgeoning of technological discoveries have expanded food supplies enormously. Though the death rate has dropped by a tremendous amount, declines in the birth rate have lagged behind. In short, a high birth rate has continued, the death rate has dropped, and a sudden and rapid growth in the world's population has resulted. To illustrate: in Sri Lanka in the 1950s in a twelve-month period,

the theoretical life expectancy was extended by nine years by spraying to eliminate the malaria-carrying mosquito.

It is hard to grasp the implications of such a decline in the death rate and the rapid increase in population growth. But here is a statistic to illustrate: in the last forty years of this century (that is, from 1960 to the year 2000) the Earth's population growth will exceed that in the entire history of the world from the beginning of time until the inauguration of John Kennedy; that is, the addition of three billion new people.

As Lincoln said so well, "As our situation is new we must think and act anew." And one of the ways in which the United States must think and act anew is to realize that it cannot afford a policy of unlimited immigration. Times have changed since the Statue of Liberty was built. When the Statue of Liberty was built, there were only one quarter as many people in the world as there are today. Equally important, most of these people enjoyed a standard of living at least as good, if not better, than the people here in America did. Not only that, the cost of getting to the United States (in both time and money) was quite substantial. The trip took months by boat, and it was a very perilous voyage.

Today it is different in that billions of the world's poor live only a few air hours away. Tens and hundreds of millions are only days away by bus. And what is more, the number of people in the world whose life would be enormously improved by immigrating to the United States has vastly expanded; they number in the billions.

The rapid population growth, the improvements in communications, and the improvements in transportation have created a real need for the United States to put limits on immigration. The one point on which Julian Simon and I surely agree is that the United States cannot afford a policy of unlimited immigration. Now that being so, the whole debate over immigration devolves to three issues: how many immigrants should be admitted; how should the people admitted be chosen within those limits; and how are the rules enforced (i.e., how to prevent illegal immigration outside the limits)?

The current debate in Washington is focusing and revolving around this last question, how to stop illegal immigration. Until illegal immigration is controlled, any debate over the precise number of legal immigrants admitted becomes academic. The debate is centering on how to stop illegal immigration also because illegal immigration is totally out of control. Our borders are a sieve. It is an ironic joke that there are more people guarding the Capitol grounds today than there are patrolling our nation's borders.

Last year the Immigration and Naturalization Service apprehended over a million people attempting to enter the U.S. illegally over the southern border. That number—the highest on record—represents a 20 percent increase over the previous year. And in the first six months of the current fiscal year there has been yet another 20 percent increase—a 35 to 40 percent increase over two years—but no increase in INS personnel.

Now some people say that the Immigration Service is becoming a lot smarter about catching illegals. Others say the illegal immigrants are becoming a lot dumber about evading border patrolmen, but I doubt either of these things is happening. I suspect what the oldtimers in the Immigration Service say is true—that the numbers of people attempting to enter the U.S. illegally is increasing, and increasing rapidly.

And do not think that all illegals come to the U.S. across its land borders (“entering without inspection” in the language of the Immigration Service). Most specialists believe that at least half the immigrants in the U.S. are tourists, foreign students, and other nonimmigrant visitors who entered legally, overstayed their visas, and are now living and working in the United States in violation of the law. Professor Daniel Vining of the University of Pennsylvania did a study of foreign flights, in which he compared the number of people flying into the United States with the number of people flying out. Between 1970 and 1977 (the only period for which data were available), he found 700,000 more people flying in every year than flying out. Legal immigration for that period was about 400,000 or less. In support of Vining’s figures, the INS says that it has no evidence of departure for 15 percent of all foreign visitors who enter the United States on visitor visas. Nobody knows how many of them have stayed behind and how many left without recording their departure.

What draws illegal immigrants to the U.S. is jobs, for it is not against the law in the U.S. for an employer to hire an immigrant whom the employer knows to be in the country illegally. This is the only country in the entire developed world, indeed the only country in the entire world, that has a loophole like that.

For these reasons, illegal immigration is totally out of control. And it is out of control at a time when the numbers of people desiring admission to this country is growing rapidly. There are endless arguments over the precise number of illegal immigrants. Any figure for the number of illegal immigrants in the country is wrong because nobody knows how many illegals are here. But most experts agree that the number is large, that it is large enough to be worried about, and that the pressures for illegal immigration are growing.

The difference between Julian Simon and me is that I believe that this is a bad thing. I believe that the U.S. government should take action, and it should take action now, to stop illegal immigration. And Julian believes, if you read his "Nine Myths," that there is no good reason for any action at all. As Director of FAIR (the Federation for American Immigration Reform), I have proposed increasing the size of the Border Patrol and Immigration and Naturalization Service, new laws to stop employers from hiring illegal immigrants, and the establishment of a limit on legal immigration at the current level (to be reviewed every three years to see if it should be raised, lowered, or left the same). I have scoured Julian's work for any proposal as to how to stop illegal immigration and all I have found is arguments as to why every single reason in favor of doing anything about illegal immigration is, in his view, wrong.

Why do I think the government should take action to curtail illegal immigration? Because it's illegal. Illegal immigration encourages further illegality. For employers who have an illegal workforce, it is a short step to entering the underground economy. Many of the people smuggling illegals also get involved in smuggling other goods—including drugs. It is the same basic process. In Chicago, a recent exposé by WLS-TV found tens of thousands of illegals on the voting rolls, thousands of whom had actually voted in Presidential elections. Frequently, illegal immigration encourages further illegality.

Some say that illegal aliens are a free lunch. They work hard. They do not complain when conditions are unsafe or they are paid below market wages. They do not go to the police when they have been robbed because they fear being sent home. They are afraid to go to the hospital unless they are desperately ill. And when they are worn out from a few years of hard labor in the United States, they do not have to be cared for; they will go back home and their own countries will take care of them. Illegal immigrants—the U.S. can have the benefit of their backs, but does not have to take their souls, their families, or themselves if they fall on hard times.

I believe this is a cynical, hypocritical, mean-spirited position. And it is wrong.

It sounds much like the apologia for slavery. Remember what they said about slavery: "No free white man will pick cotton." "The economy of the South will collapse without them." "No way could you run the economy without slaves."

But there is no free lunch, only putting off payment of the bill by allowing illegal immigration to continue. Remember the Biblical admoni-

tion: “sow the wind, you shall reap the whirlwind.” Sow the wind of exploitation today, you will reap the whirlwind of discontent in future generations.

Ray Marshall (former Secretary of Labor) has said that the illegal immigrants may put up with the conditions under which they are living and working, but their children will not and should not. I believe that today’s illegal immigration is laying the foundation for the next civil rights crisis in this country.

We are a nation of laws. We are a nation of respect for laws. Part of our freedom as individuals comes about because of that respect for laws. Passivity in the face of widespread flouting of the immigration laws is regrettable, and I think it is wrong. There are only two morally defensible postures. One is to declare our borders open—everybody who wants to come can come. It would be unlimited legal immigration. The other posture is to take action now to control illegal immigration. Those are the only choices.

The next point that I want to make is that illegal immigration at today’s levels is not essential to a higher standard of living. Julian Simon has written in the *Backgrounder* of which you have copies, “Immigration is the mainspring of all economic progress in the last 5,000 years.” A breathtaking assertion and later on he corrected this: he says he was not talking just about immigration, he really meant that population growth has been the mainspring of economic progress for the last 5,000 years. And the implication, of course, is that, since the U.S. rate of natural increase has slowed, without immigration the “mainspring” of economic progress will come unwound and will fall away.

The problem with this is that it bears no resemblance to events in the real world. In the Eastern hemisphere, according to this reasoning, Japan should be a stagnating cesspool and Bangladesh and India should have the greatest economic progress. But the facts are just the opposite. And in South America, Haiti and El Salvador should have great economic growth because of their high population growth, whereas Argentina and Uruguay, with birth rates half as high should have a terrible standard of living. But exactly the opposite is the case. Compare North America and Latin America. In 1950, the populations of North America and Latin America were almost the same, about 160 million. Today, North America is about 260 million, but Latin America’s population has soared over 390 million and continues to grow, and people are not on the move from North to South. Quite the opposite in the case.

Julian says that population growth creates scarcity and that scarcity creates the essential driving force for innovation. Again the only problem

I have with this theory is that I have tried it out on many innovations I know about, and population growth does not appear to be the cause. Consider the splitting of the atom—that was not population growth, I think it was war (unless population growth caused World War II). I tried it on the telephone. As I read history, Alexander Graham Bell was motivated by the excitement of scientific discovery. I do not think that it was population growth. And the people who marketed the telephone were out to make a buck. I do not think they were reading the demographic statistics of the day. Consider penicillin—an important innovation. But penicillin made rapid population growth possible, not vice versa.

So when I test Julian's theory—that population growth is a crucial spur to innovation—I discover that he has confused cause and effect. Julian believes that, if world economic history were analogized to a car pulling a trailer, population growth would be the engine and technological progress the trailer. The truth of the matter is that technological progress is the motor that makes it possible to pull the bigger trailer of population growth. The danger of applying Julian's logic to determine immigration and population policy is illustrated by what happens when any trailer gets too big for the engine that pulls it. As anybody knows who has towed a trailer, it is easy to lose control of the load. If the trailer of population growth develops a momentum of its own, then a nation may face serious trouble. So the fundamental difference between Julian Simon and me is that I believe rapid population growth can be dangerous. He thinks it automatically generates technological improvements.

I will cover my other points in rebuttal.

Burt Pines: Thank you very much, Roger. To respond, here is Julian Simon.

Julian Simon: Thank you. The agreed-upon subject today is the economic consequences of immigration, not legality or morality. And the most important issue is the total number of immigrants allowed legally in the United States. It is crucial to keep attention fixed on the ceiling upon the number of legal immigrants, because the matter tends to be obscured in emotional discussions of illegality, racial composition, and so on. I will focus on quantitative issues because that brings out disagreements between us most sharply. And from the way that Roger and I handle numbers, I think you can judge the quality of our arguments.

Let us begin with the amounts of current immigration. FAIR says, "Immigration to the United States is at record levels." Figure 1 shows the absolute numbers of legal immigrants across the decades. Only in 1980, when an exceptionally large number of immigrants arrived, were the numbers of legal immigrants even two-thirds of peak years many decades

ago. And the recent pattern as a whole clearly is far below the pattern around the turn of the century. Nor does the inclusion of illegal immigrants alter these conclusions, as will be seen shortly.

From the point of view of the economic impact of immigrants upon natives, more appropriate than these absolute numbers is the volume of immigration as a proportion of the native population, illustrated in Figure 2. The immigrants who arrived between 1901 and 1910 constituted 9.6 percent of the population, whereas between 1961 and 1970, immigrants constituted only 1.6 percent of the population. So proportionally the recent flow is less than one-sixth as heavy as it was in that earlier period.

Another way of thinking about the matter: in 1910, 14.6 percent of the population was foreign born. In 1970, only 4.7 percent of the population was born abroad. And not only is the present stock of immigrants only about one-third as great proportionally as it was earlier, but it also is a small proportion considered by itself. Not even one person in 20 in the United States now was born abroad, including those who arrived many years ago. We tend to think of ourselves as a nation of immigrants. But the United States has a smaller share of foreign-born persons than do many countries that we tend to think of as closed, homogeneous populations, such as Great Britain, Switzerland, France, and even Sweden.

My worthy colleague will not dispute these numbers, because they all come from standard sources. He will suggest that illegal immigration is so large as to make meaningful the claim that immigration is at a record level in absolute terms. But he will never challenge the proposition that, as a proportion of the native population, immigration is at a far lower level now than it has been earlier.

FAIR's statements about the numbers of illegal immigrants do not square with each other. Roger writes that "Any estimate of the number of illegal immigrants living the United States is only a guess." And FAIR's literature says, "Government officials admit they have no idea how many are in the country already." In other words they say there is no basis for any estimates. But then FAIR goes on to publish estimates anyway, such as "Estimates of the numbers of illegal immigrants in the United States range from 3.5 million to 12 million." In this way FAIR disseminates frightening numbers while disclaiming responsibility in case the numbers are outrageously wrong—as they are.

In fact, the appropriate government officials do have a rather good idea of how many illegals are in the country. At the request of the Select Commission on Immigration and Refugee Policy, a blue-ribbon team of demographers from the Bureau of the Census surveyed the wide variety of studies that have been done and concluded, "The total number of

illegal residents of the United States for some recent years, such as 1978, is almost certainly below 6 million, and may be substantially less, possibly only 3.5 to 5 million." As to Mexicans, they estimate there are "almost certainly less than 3.0 million and may be substantially less, possibly only 1.5 to 2.5 million." Furthermore, of the Mexicans illegally in the United States at any time, perhaps half of them stay only a few months and then return voluntarily. So you can see the total permanent number is even lower than those figures.

FAIR justifies its assertion that total immigration is at record levels by its assertions about the rate of illegal immigration. For example, FAIR says, "Illegal immigration is estimated to add 800,000 to 1 million more immigrants every year." It is quite obvious that so large a yearly flow of illegal immigrants—800,000 to 1 million—simply does not jibe with the Census Bureau's estimate of the existing total of 3.5 to 5 million illegals. And based on the earlier studies plus more recent studies by himself and others, Jeffrey Passel—who was part of the original blue-ribbon team of the Census Bureau and is the official at the Census Bureau responsible for estimating illegal flows—uses the number 200,000, or possibly 250,000, net illegals per year. Adding 200,000 or even 250,000 illegals to the known number of legals in Figure 1 indicates that, even with an adjustment for illegals, immigration is nowhere near record levels even in absolute numbers, FAIR's claims that it is notwithstanding.

To illustrate how FAIR works in developing assertions about the magnitude of immigration, Roger writes that the INS has been apprehending "one million people a year attempting to enter the U.S. illegally," ten times more than were apprehended in 1965. That is scary. Figure 3 shows the recent history of apprehensions as plotted by the Select Commission. Apprehensions were indeed low in the 1960s while the Bracero program was large. But earlier than the 1960s, the number of apprehensions was quite large relative to now, as is shown in the Figure. Is it fair of FAIR to compare the most recent apprehensions against those in 1965 when they were at an absolute low?

In terms of the costs and benefits, the most important economic benefit of immigrants in the long run is the boost that they give to productivity. That benefit is difficult to demonstrate quickly, however, and for this, I refer you to a recent book of mine, *The Ultimate Resource*. The main cost to natives is the extra capital that is needed for additional schools and hospitals. But that cost turns out to be rather small relative to the benefits because so much construction is financed with bond issues, which are on a pay-as-you-go basis, and the immigrants therefore pay much of their share for these hospitals and schools.

The costs of immigrants that most capture the public's imagination are welfare payments and services such as schooling. In an analysis that I conducted for the Select Committee I found that, aside from Social Security and Medicare, immigrant families average about the same level of welfare services as do citizens. When payments to the elderly are included, however, the immigrant families use far fewer public services than do native families. During the first five years in the United States, for example, an average immigrant family receives \$1,400 (in 1975 dollars) in welfare compared with \$2,300 received by an average native family. The receipts gradually become more the same several decades after the immigrants' entry.

Immigrants also pay more than their share of taxes. Within three to five years, average immigrant family earnings reach and pass those of the average American family. And when the tax and the welfare data are combined, they indicate that, on balance, immigrants contribute to the public coffers an average of \$1,300 or more per year during each year the immigrant family is in the United States. That adds up to a present value basis of about two years' average earnings for a native family—a straight gain for natives.

The main reason that immigrants make this net contribution to the public coffers is that they tend to come while they are young, strong, and vibrant—at the very start of their work lives. They are not poor, tired, huddled masses.

Here is how Roger deals with my findings. He refers to an exchange of letters between David North and me by saying, "Both agree on the data showing that if all the people living in this country today who had immigrated here were taken into account, on the average, they receive more in direct government services than they pay in taxes." That supposedly is an account of what North and I agree on. In fact, I agree to no such thing. And I do not believe there is any calculation to that effect that any reputable economist could agree with. What seems to underlie this statement is Roger's prior remark, "North found out that Simon had left out costs associated with immigrants living in the U.S. who had arrived between 1900 and 1950." Now Roger's insinuation that "North found out," is strange, as in fact, I published the data he refers to, along with the other data saying that they are not relevant. I included them only so that no one could say I failed to disclose everything.

The current transactions of people who entered a generation and more ago, of which Social Security is the most important, are not relevant because those persons now have a generation of their own children supporting them by paying the Social Security and supporting their own

parents. Even more important from an economic point of view, what happens 25 years (and more) later is relatively insignificant to any investment calculation because of discounting.

My study has been published widely. It has been reviewed by many economists, including a seminar with two Nobel laureate economists who found no procedural flaws. But Roger ignores all this fundamental economic accounting logic, and he turns the findings of my study upside down by saying it shows that "On the average, immigrants turn out to be a net loss not a net benefit." This is a case in which the words "gross distortion" are perfectly appropriate.

As to illegals and welfare, it is commonly said, as Roger writes, "Taxpayers are hurt by having to pay more for social services." The ironic part is that illegals are even heavier net contributors to the public coffers than are legals. This is because many of them are in the United States only temporarily and therefore without families, as well as because they are afraid to apply for services for fear of being apprehended. A large body of solid research shows a low rate of use of welfare services and a high rate of payment of income and Social Security taxes by immigrants. Hence there is a net benefit to natives, despite the relatively low average hourly earnings of the illegals.

On this subject I and others, including the Select Commission, have cited typical findings of David North and Marion Houstoun drawn for apprehended illegals who were largely young, male Mexicans. The data are: free medical care—5 percent; unemployment insurance—4 percent; food stamps—1 percent; welfare payments—1 percent; child schooling—4 percent. And the large majority of illegals pay both income tax and Social Security because these taxes are withheld from their pay. On balance, this leaves a substantial surplus for natives.

Roger complains that this study is unrepresentative. Therefore, I have included in the handout an impartial review of the studies of this topic that were done before 1980, prepared by the Select Commission (Table 1), and you can judge for yourself whether the numbers I cite are unrepresentative. There also have been impressive recent studies by Weintraub and Cardenas, by R. Simon and Deley, and by Muller that confirm the earlier results.

FAIR has tried to argue away the body of evidence on illegals' low use of welfare services by saying that recent studies show a higher rate of use than did the earlier studies. They say, "Later and sounder examination reveals high and increasing levels of welfare utilization by illegal immigrants." This simply is not true scientifically, as is explained in my Appendix. It is not necessary here, where we should go beyond arguing

about rates of use and get closer to the main point. The percentage rates of use are only imperfect proxies for the total dollar effect upon the public coffers. Every single one of the studies that provides any dollar estimate—I challenge Roger to cite even one to the contrary—shows that, when the sum of the tax contributions to city, state, and federal governments is allowed for, the tax payments vastly exceed the cost of the services used by a factor of perhaps 5, 10, or more. And that is the true bottom line. This result is found even in the studies that FAIR relies on, such as North's, as well as in the studies by Weintraub and Cardenas, and Muller. Nor does the Congressional Budget Office disagree. So this dollars-and-cents argument takes precedence over all of the others. And it should end the discussion, though I doubt that it will.

The most dramatic argument against admitting immigrants has been that they take jobs held by natives, and thereby increase native unemployment. The logic is simple: If the number of jobs is fixed, and immigrants occupy some jobs, there are fewer jobs available for natives.

Recently, Stephen Moore and I made a study of the effects of immigration upon overall unemployment by looking at the changes in unemployment in various cities in the United States that have experienced various rates of unemployment. I think this study is far more systematic than any previous study. Our finding is that, whatever negative effect there may be, it is too small to be observable. The explanation is that immigrants not only take jobs, they make jobs. Their purchases increase the demand for labor, leading to new hires. And particularly important, they frequently open small businesses, which are a main source of jobs, as a Canadian study (*Manpower and Immigration, Three Years in Canada*) showed beautifully.

FAIR says that natural resources will become increasingly scarce because of immigration. This is said in total disregard of the fact that natural resources are in the long run becoming increasingly more available rather than increasingly scarce, as measured by their prices relative to wages in the U.S., and even relative to the Consumer Price Index, as can be seen in the representative graphs for copper and wheat (Figure 4C,D). All the other metals and foodstuffs follow the same pattern. To repeat, prices of all raw materials have been falling over the decades rather than rising. Therefore, if there is an unsupported economic objection to immigration, natural resources are it.

In summary, the number of immigrants coming into the United States now is a fraction, proportionally, of the numbers that entered in earlier years. Hence, there is nothing in these numbers to suggest a difficult absorption burden. And there is solid scientific evidence that the number

of illegals (both the total stock and the stock of Mexicans) and their rates of increase are far smaller than organizations such as FAIR suggest. Concerning welfare payments and services, immigrants—legal and illegal—much more than pay for the services they use with the taxes they pay, leaving considerable surplus to the benefit of natives. Immigrants raise productivity, and they do not cause an observable amount of unemployment of natives. Admitting far more immigrants than the law now allows, (we will not mention open borders) would have positive effects upon the incomes of natives, and it would be a shot in the arm to the continuing vitality of the United States. Thank you.

Burt Pines: Thank you very much. We will now move on to rebuttals and counterrebuttals. First Roger, three minutes, then Julian, and we will alternate for four rounds of three minutes each.

Roger Conner: In each of my three minutes, I will address one of the subjects that Julian raised. First, note that Julian's remarks have borne out what I said at the beginning—that it is Julian's position that there is no good reason for the government to take any action to curtail illegal immigration. At least he has not come forward with any proposal of what he is for, other than the perpetuation of the status quo. I find the status quo unacceptable. I think something should be done. That is one of the basic differences between us.

I want to talk in this three-minute segment about productivity. Julian slipped quickly over the argument he has made at great length in his *Backgrounder* and elsewhere that the way to increase productivity is to bring in more immigrants. He has put this view forward in the paper that was reviewed by Barry Chiswick and others in Chiswick's book *The Gateway*. Looking at Julian's own data, Chiswick pointed out "... that the growth in productivity in the United States was smallest in the period when immigration was greatest relative to the population and was highest in the period when immigration was smallest relative to the population." To paraphrase that, Julian says we need more immigration because that's the only way to increase productivity and increase our standard of living. Chiswick says that the data, which Julian himself put together, on which he relies, show that, in the period when immigration was highest, productivity was lowest; not what he (Julian) predicts.

Now what is going on here? What is going on is a fundamental misstatement of the role that immigration at current levels plays in the development of economy.

Julian also has written that, when something becomes scarce, there is an incentive for people to find substitutes or to use that scarce item more productively. And if you look at the increases in productivity that have

occurred in this last century, you will see that where labor was scarce there was an incentive for people to figure out ways to use that scarce labor more efficiently, to increase productivity, and that thus the standard of living was increased.

Julian has lost confidence in the American entrepreneurs. He has lost confidence in the market system and its ability to use incentives to drive economic progress. If mass immigration continues, however, the supply of labor increases and the price of labor relative to other products declines. What Julian is in favor of is more immigration, so that the price of labor will drop relative to other things. He thinks that is the way to have economic progress. Well, maybe the GNP will be bigger. It is even possible that per capita income on average will be unchanged, as the profits of the owners of capital are enlarged by the same amount workers use. But the standard of living of the people at the bottom, the Americans whose skills most resemble those of the incoming immigrants, is going to be less. The rich will get richer, the poor will get poorer. That is not the vision of America that I see as progress and a better quality of life for all Americans.

Julian Simon: Roger has said that I believe there is no good reason for any action concerning immigration. I do not think I have said that, and I certainly do not want to. Nor do I stand for status quo. I believe, contrary to the status quo, that if we would admit more legal immigrants, it would be good for our standard of living in the long run. Therefore, I advocate that we take in more legal immigrants. I do not offer any arguments as to how to control illegals for two reasons: first of all, it is not the subject of this debate, and second, it is simply not my trade.

As to population growth being the mainspring, Roger here addresses a fundamental question that goes beyond this subject, but it is the bottom line so I will address it. He offered various anecdotal examples about Haiti and other countries. Rather than anecdotes, science offers us some systematic techniques that can be used to examine all the data that are available to draw whatever conclusions possible. And on the subject of the relationship of population growth to the standard of living, there are pretty good data. There are, for example, some data collected by Simon Kuznets, perhaps the greatest economist living, certainly the greatest empirical economist, who won the Nobel Prize years ago. He looked at the data on population growth and economic growth for a hundred years, up to around the 1950s, for all those countries for which data were available. And he found no evidence of any negative effect of the rate of population growth upon the rate of economic growth. Also, there are studies of all the countries in the world for which data were generally available in the

periods subsequent to World War II. And again, there is no negative effect of population growth upon the standard of living. And the same holds true in comparing the entire less developed world and the whole developed world in the 25 years since World War II, as was done by a World Bank study. It shows that population growth has been a lot faster in the less developed countries, but the percentage rate of economic growth has been no slower and probably faster in the less developed countries taken as a whole in those 25 years. So the aggregate data, taken across the board, do not at all agree with the specific anecdotes that Roger offers.

More generally, Roger laughs at the idea that problems lead to improvements. And he offers contrary examples such as penicillin. I would rather tell a wider story—the story of energy, which begins, say, back in England in the 1600s when there was deforestation of England because of population growth and because of the growth of the use of wood for the iron industry. That deforestation led to the development of coal.

Roger Conner: Remember it is Julian's argument, not mine, that population growth is the mainspring of all economic progress in the last 5,000 years. When I pointed to examples in which the low population growth countries have had rapid economic growth so that his theory doesn't appear to be right, he answers, "Simon Kuznets did a study in which he said there is no negative effect from population growth on economic growth."

But that will not do, Julian. You are the one saying that population growth is the mainspring of all economic progress in the last 5,000 years. Where is the evidence for the proposition? Just saying that I cannot disprove your theory is not proving your theory. You have advanced no evidence for it. And in fact, as I pointed out, the available evidence shows that it is the low population growth countries that are having the greatest innovation, the greatest advances in productivity, and the greatest advances in the standard of living. I was fascinated by the claim that economic growth in the less developed countries has been faster than in the industrialized countries. I went back and examined the World Bank statistics that he cites. What they show is that the Gross National Product of some of the less developed countries is growing more slowly and some are growing faster in percentage terms than the developed countries taken together. What they did not look at was per capita growth in GNP and that is the standard of living—per capita GNP.

Further: he uses percentages instead of absolute numbers. If you are living in a country with a thousand dollars a year in GNP and you increase it by one hundred dollars per year, that is a 10 percent increase. And if

you are living in country with a \$10,000 a year GNP and you increase it by \$500 that's a 5 percent increase in GNP. So what does Julian look at: the actual dollar amount of the increase? No, he looks at the percentage increase in the Gross National Product. If you look closely at Julian's work, I think you will find he is often forced into such numbers games in order to justify his conclusions. A subject which I will continue in my next rebuttal period is his claim that immigrants pay more in taxes than they receive in benefits. This is Julian Simon's free lunch theory. His conclusions are all based on data gathered in 1975 on the incomes of both immigrants and native born Americans. He examined immigrants who arrived between 1950 and 1975; immigrants who are predominantly refugees of World War II and Cubans who entered the U.S. in the early 60s. Most of the immigrants were highly educated or highly skilled and they came to America in a period of rapid economic growth. Julian wants to use this group as the basis to predict what is going to happen to today's immigrants, who do not have the same profile.

Julian Simon: What I said was that the countries with the highest population growth rates have not had lower, and perhaps have had higher, rates of economic growth than countries with lower population growth. I hope we are agreed on that. And we are talking here about per capita income, not gross income. The World Bank study done by Morawetz deals with per capita income. Ronald Lee of the University of California has reviewed all these studies recently for a publication for the International Union for the Scientific Study of Population, and he assesses that all of them together show the same thing—that, on a per capita basis, faster population growth rates do not mean lower economic growth rates. There is no question about that.

Let us go back to the story about resources and scarcity. The development of coal solved the energy problem until a coal scarcity developed. England was very worried in the 1800s for fear of running out of coal, which industry depended on. Coal was becoming scarce, it appeared, because of population growth and industrial growth. That led to the development of oil. Another factor in the development of oil was the whale oil crisis in the United States before the Civil War. The Civil War pushed the price even higher. And as a result of the whale oil crisis, people turned to all kinds of other sources—to rapeseed, to pine oil, to kerosene. Eventually, that shortage caused old Colonel Edwin Drake to drill down in the ground, and the result was oil wells. The price of whale oil fell again. This is a prototype of the story of all resources—increasing demand due to population growth and increased standard of living leads to temporarily

increased prices, which then constitute the incentive that leads to the discovery of new resources. Plastics are the result of a shortage of ivory for billiard balls in the mid-19th century. Somebody offered a big prize if anybody could find a replacement for ivory. That brought celluloid, and celluloid led to today's enormous plastics production.

A word about "exploitation," which Roger addressed earlier. Perhaps because of the difficulty of making convincing arguments against immigrants in terms of the economic effect on the U.S., together with the laudable desire not to make ugly noneconomic arguments, opponents of immigration such as FAIR have advised keeping immigrants out for their own good and for the good of their home countries. They make dark charges of "exploitation." As Roger puts it, "powerful economic forces are benefitting from being able to exploit illegal immigrants." I suggest that FAIR ask the immigrants themselves whether they want to be protected from such exploitation by being kept out.

FAIR also proclaims, "It's not morally allowable to this country to treat fellow human beings with less than the respect we give our fellow citizens." That high moral sentiment does not ring true in my ears.

Roger Conner: Let me continue my remarks on the Julian Simon "free lunch" position. Julian contends that immigrants pay more into the system than they take out. He contends that immigrants are a net asset to the nation's coffers and that we should have lots more of them. He told you that the present value of the future show of net income from each is \$20,000 apiece if I heard him correctly. (In that case, just two million immigrants would eliminate the deficit.)

He has not discovered the free lunch, merely how to postpone the payment. He says that illegal immigrants do not apply for welfare. He cites a study done by David North and Marion Houstoun, a sample drawn in 1975 and reported in 1977. He cites the 1980 Select Commission on Immigration and Refugee Policy. He does not mention a host of other studies that have found a growing use of welfare and other social services by illegal immigrants.

The sample that David North used in 1975, was made up almost exclusively of young single males. As Julian Simon knows, North's study was not a study of welfare dependency; the authors specifically cautioned against using this sample to estimate welfare use by illegals. More recent studies show that illegal immigrants are staying in the U.S. longer and bringing their families. In his 1979 study, Maurice Van Arsdol found that 12.4 percent of the illegal aliens he studied reported having previously used welfare benefits. A 1981 study by David Heer of undocumented

women of Mexican descent in Los Angeles who gave birth at county public hospitals reported 18.5 percent had received some sort of public welfare within the past year.

Nor is this pattern confined to Los Angeles. In Illinois, a recent state study found that half of the alien applicants for unemployment compensation were illegal immigrants using fraudulent alien identification cards. The cost to the state: \$66 million a year. In the state of Texas, \$85 million a year is spent to educate the children of illegal aliens.

Illegal immigrants are not a free lunch; they are a cost. To bring a large number of low-wage workers into the U.S. economy, hold wages down by creating a surplus of workers through uncontrolled and illegal immigration, and then think that these people will pay more in taxes than they require in social services is not only morally indefensible, it turns out to make bad economic sense as well.

A recently completed study attempts to pull all the data together to calculate tax payments as well as benefit costs. The Immigration and Naturalization Service pulled together all the literature that both Julian and I have cited. Its conclusion: every million illegals in the U.S. lost American taxpayers in excess of \$900,000 million a year. And as Everett Dirksen used to say, "A million dollars here, a million dollars there, pretty soon it adds up to real money."

Julian Simon cites David North, yet the same David North has done subsequent study on the same point. Though Julian continues to cite North's earlier work for the proposition that only 4 percent of illegal aliens received unemployment benefits, North's later study shows that 35 percent of illegal aliens applied for and received unemployment compensation. Julian continues to selectively cite out-of-date materials in an attempt to convince the American people that illegal immigration should be ignored (or promoted).

Julian Simon: There may not be a free lunch, but it is a very cheap lunch nowadays compared to the price of a lunch 100 years ago or 1,000 years ago. And that cheap lunch is courtesy of our ancestors who suffered from problems of scarcities, and developed ways to produce lunch more cheaply than before. And that explains the high standard of living and the very cheap lunch that we have now.

Concerning these more recent studies of illegals and welfare, Roger has tried to argue away the findings of the various studies of the use of welfare and taxes by illegals in two ways. First, he frequently has adduced the study by David North that he has just mentioned, an examination of the receipt of unemployment compensation by a group of illegals who gave Social Security numbers when they were apprehended. And indeed, this

group shows a raw figure for unemployment insurance use far higher than the previous studies, though probably still lower than native Americans. But this group was not, as Roger had written it was, the same group that David North had studied earlier.

Now there are two key points about this study that Roger has not mentioned. First, when dollars, rather than proportions of users, are considered the bottom line, the illegals in that study are shown to be net contributors to the public coffers on a staggering scale. North's own calculations—in this study that Roger says I ignore—suggest that illegals' estimated tax contributions for unemployment insurance alone exceed its cost (and that is the main welfare service that they use). And contributions to the state for unemployment insurance are only a drop in the bucket compared to their contribution for Social Security and income tax, which are not counterbalanced by any use of services. North himself estimates—in the study that Roger relies on and accuses me of not referring to—that the contributions for Social Security alone were twelve times the unemployment contribution. And North says this group of people “drew no Social Security benefits.” So again, this study, like all the others, shows on a dollar basis that the illegals contribute far more to the public coffers than they take out in services.

But even if this study showed that this group was, on balance, a cost to the public coffers, which it certainly does not show, these data would not be relevant evidence because they are the most startlingly unrepresentative of any study that I know of, surely much more unrepresentative than studies Roger criticizes on this ground. As I recall, this group was selected by choosing only those who gave Social Security numbers when they were apprehended. One might immediately guess that they are persons far more integrated into American society over a long period of time than most illegals, especially those from Mexico. And indeed, North's data show that more than 40 percent of this group had been paying Social Security for at least six years at the time the study was conducted.

Roger Conner: Inasmuch as this is my final three minutes. I would like to review some of the points I have raised, in particular those important points Julian has not responded to.

First of all, I say that government ought to take action to stop illegal immigration. I believe that. Though Julian does not think morality has any part in this debate, I think the immorality of illegal immigration is a reason for government to take action.

Julian's basic thesis is that population growth, “is the mainspring of all economic progress in the last 5,000 years.” That is the core of his thought from which all his other arguments derive. And it is interesting that Julian

had no response when I brought up the example of low population growth countries like Japan doing better than high population growth countries like Bangladesh. In South America I said low population growth countries like Argentina and Uruguay have done better than high population growth countries like Haiti and El Salvador. No resort to Julian's percentages could convince me to pick Bangladesh if I had a choice of my child being born today in Japan or Bangladesh. And between Argentina and Haiti, I would pick Argentina. Julian Simon's basic thesis is simply not consistent with what we know from what we see around us.

The last point I would like to make is best illustrated by the development choice faced by Japan and Germany in the 1960s. Both countries had similar problems; they had a labor shortage because so many people had died during World War II. The Germans decided to import foreign labor—Julian's panacea for economic development. The Japanese decided to increase the productivity of their workers by automating. And 25 years later, Japanese productivity has far outstripped the German productivity in key industries in which they are competing. Today Germany faces riots, strikes, and mounting xenophobia because the unemployment rate has risen and the Turks (i.e., their immigrant guestworkers) do not want to go home.

The U.S. must decide what kind of economic future it wants to look forward to. The Japanese did not listen to the Julian Simons of their day. Now they have a high productivity, high standard of living, high income economy. And that is the direction the U.S. should choose. Uncontrolled illegal immigration to the United States can only lead in the direction of lower technology, lower wages, and lower skilled jobs. And that is just not the vision I have. Limited immigration, on the other hand, would mean a more productive, a better United States.

Julian Simon: Just a word more about David North's study to show quickly how unrepresentative it is. Typically he tells that, of a sample of 500 immigrants by the INS in California, two had Social Security numbers. It is on the sample of people who had Social Security numbers, on average, about two out of 500, that his entire study is based.

Roger Conner: It was not based on two people.

Julian Simon: No, no, no. That was the average, the proportion of people who had Social Security numbers. He does not know how many thousands and does not tell how many thousands did not have Social Security numbers.

About population growth and economic growth, there is a choice: Roger's anecdotes about this country and that country, or the statistical

generalizations created by as good statisticians as there are in the country, as there are in the world, in fact. For example, in terms of Roger's Germany and Japan anecdotes, it is curious, because after World War II Germany had some of the most staggering rates of immigration any country has ever had, and at the same period it had one of the highest rates of growth of productivity that any country ever had. Since then, in the past decade or so, Germany has had low or no population growth and the productivity has not grown to speak of.

Burt Pines: I thank both Roger Conner and Julian Simon. I was impressed by the intensity and the heat and indeed the light of the exchange. Now for questions on the topic of today's proceedings: "How Does Immigration Affect the Economy?" Address your question to one of the participants, and then the other one will respond.

Guest: Mr. Simon, if the price of all natural resources declines with the growth of population, is or is not fish a natural resource?

Julian Simon: Yes.

Roger Conner: In his writing, Julian has frequently pointed out that while the "doomsayers" were out there calling for doom, the world fisheries' catch has increased. And if you look at 1971 to 1981, he is absolutely right: the fisheries' catch increased. What he forgets to tell you is that population has grown a lot faster than the fisheries' catch. The world's per capita fisheries' catch has gone down, not up. A nice little statistical manipulation. And I should add the price of fish has gone up, not down. Also, since 1981, the global fisheries' catch has decreased, not increased.

Julian Simon: I never said that there are no problems in the world, and certainly not that things are good in the world. I do say that, with respect to resources, they are, on average, improving. I am not saying that people are not sick or dying, but that fewer are sick, fewer are dying, and that people eat better than in the past. Now about fish, there is no reason why the price of some resources may not go up for one year, five years, ten years; this has happened before with many resources. But it is the very long-term trend over many decades or many centuries that should be looked at. The reason I have talked about fish is that the fish catch was the only long-run data series used in the *Global 2000* report in 1980, which said, "See, the fish catch has stagnated." Their series ended in 1975, even though the report came out in 1980. Well sure enough, right after 1975, the total fish catch began to go up and up, falsifying entirely the prediction that it would not go up before the year 2000. I have addressed myself to it, because it was the only case in which a long-run se-

ries was used, and I do not think it was a coincidence that it was the only case that showed stagnation. And it actually took off again five years before the appearance of the report.

Guest: I am interested in one thing that Professor Simon said about public works: that we should not be concerned about it for immigrants, illegal or legal, because we are on a pay-as-you-go basis. And I understand that the public works are financed with bonds that are really a debt for the state or local or national level. And the recent Joint Economic Committee said that we are going to have to spend \$450 billion in the next 20 years to maintain in place our existing infrastructure. So I am just curious as to how . . . I cannot get this concept that we are on a pay-as-you-go basis with respect to public works.

Julian Simon: I did not say we are on an entirely pay-as-you-go basis. In fact, I said that happens to be the largest cost to natives. A. James Hein and I did a study to try to estimate to what degree it is a pay-as-you-go basis—a very complicated matter because of taking into account the length of life of the bonds, the length of life of the structures themselves, and a whole host of other variables. And we found that there is a substantial cost to natives. But to keep it in perspective, the size of that cost, though it happens to be about one-fifth of the benefit to natives through the public coffers through the tax and welfare services. But I have never said there is no cost. There is a substantial cost. But it is much smaller than, for example, the other thing which is easy to parcel out, the effect on the public coffers.

Roger Conner: Julian's argument here again is predicated on his study of immigrants arriving between 1950 and 1975 in which he says that immigrants are worth \$20,000 a family. That is where the \$20,000 comes from. There is a problem with that study. If instead of being limited to immigrants who arrived between 1950 and 1975, all immigrants who came to the United States were considered, instead of finding that there is a net benefit (as he claims), it would be found that there is a net cost of about \$300 per family. Julian says that the immigrants who arrived prior to 1950 need not be included because they are being supported by their children. But interestingly enough, when Julian looked at the sample of citizens to make the comparison (from which he concludes that immigrants create a better tax-benefit ratio than citizens), he included old citizens (even though they, too, are being supported by their children) along with middle-aged citizens and young citizens. When he takes his immigrants sample, he does not include the old immigrants, only the young working immigrants. Julian is comparing apples and oranges.

Burt Pines: Julian, what about that?

Julian Simon: I would very much like to address it. The sample that I worked on (with respect to the public coffers, and not in the study of capital use with A. J. Heins) was a sample drawn by the Bureau of the Census in 1976 called "The Survey of Income and Education" (SIE). It was the first and only time that the Bureau of the Census has done such a study. (The Bureau of Census is now tooling up at the cost of many tens of millions of dollars to do a future study called the SIPP Study.) SIE happens to be superb study, of 150,000 households, the only data there are. Roger is talking about some other estimates drawn from I do not know what, but there is no other body of data before or after this that touches on this question. And the sample for this study includes immigrants and natives. The reason that there are so many more old people in the native sample is that immigrants come when they are young, and that is the fundamental source of their economic contribution. It is not an accident. Immigrants have always moved when they are young, and it is that fact that is taken advantage of economically. It is not a flaw of the design, but the fundamental economic fact from which our benefits from the immigrants derive.

Roger Conner: First of all, in looking at all foreign born in the SIE sample, it can be seen that there is a net cost of \$300 per family. It is only by looking only at the foreign born who arrived after 1950 and before 1975 that Julian can claim that immigrants are a "net one-time benefit." Julian defends his methodology by saying that he should not be required to include the older immigrants. And the flaw is the kind of facile thinking that got us into the Social Security mess to begin with. He is saying, to begin with, "these immigrants come in when they're young. We could let our children worry about paying Social Security taxes when those folks retire." Julian believes he can solve the Social Security problem and all the other problems of the world by bringing in more immigrants. It is a giant Ponzi Pyramid scheme. Is it a solution or just one more "ride now, pay later" scheme?

Guest: Mr. Conner, judging from the discussions between you and Dr. Simon, it seems that most of the available data about the use of public assistance are, according to you, out of date. The only data that, according to your standards, are up to date involve a study of fairly limited scope by David North. Now, if you are going to impugn Dr. Simon's conclusions because the data are out of date and at the same time conclude that somehow the situation as to public assistance use has changed since 1975, the magic date, then are you not in fact just engaging in innuendo about

the nature of the new immigration—the nature of the immigration since 1975. It seems there is not very much to go on. On what else do you base your hypotheses that patterns have changed since 1975.

Roger Conner: Well, first, let me mention the underlying theoretical work on this subject by Michael Piore. In *Birds of Passage*, Piore stipulates that the first wave of immigrants are generally young single males. In the second stage, the young single males begin to form associations with people in the local area. The third stage occurs when the new immigrants form family units here or bring family members from their home countries because they are tired of a monastic existence. In later stages of migration, a small portion of immigrants return home and larger and larger numbers begin to settle with their families. A look at the data after 1975, in light of that theory, shows that it fits. For example, Marion Houstoun, the coauthor of the much discussed North-Houstoun study, recently presented a paper in Switzerland which showed that the mean length of stay of illegal immigrants in the U.S. had quadrupled between 1969 and 1982. The number of completed families also had enlarged. And a number of other studies agree: there are more completed families, and growing percentages of those are using the welfare payments.

Furthermore, the studies Julian has cited are based on interviews with illegal immigrants who, I think it is fair to say, probably do not overestimate their welfare use. The studies I have cited are those based on interviews and studies of government records. Government records have no reason to exaggerate or downplay welfare use. They are dispassionate. And they show an increase in use of welfare services by legal and illegal immigrants. For instance, the 1984 California Department of Social Services study says that illegal immigrants applied for \$128.8 million in food stamps, MediCal, and AFDC in fiscal year 1983. The studies are consistently showing that, though illegal immigrants are not fraudulent abusers of the system, they do make average to heavy use of the social welfare services. And when there is a large group of people with very low incomes (held down by a combination of prejudice and illegal status), they are not going to be a net benefit to the taxpayers. Even if they were, I could not rejoice in it.

Julian Simon: Roger's last remark about California is typical. The state of California estimated what the outgoes balances to some immigrants were, but there was no counterbalancing estimate of what the tax incomes were from those immigrants. And obviously from the outgoes alone, there is no clue as to whether the immigrants are a net benefit or a net cost.

But among the most recent studies, as well as the older studies, every single one that has computed any kind of a total overall benefit for the immigrants shows that the immigrants are massively net contributors—a factor of at least five times, and that includes both illegals and legals. And the very study Roger considers recent, the one by North, shows in dollars many more contributions to the public coffers by those illegals than expenditures on services to them.

The most recent is the massive study of illegals done at the University of Texas by Weintraub and Cardenas. It is a much better study than any others. Their low estimate for the cost was \$63 million for their sample group, and the low estimate of benefits from them was \$359 million, a factor of about six. This is state plus federal dollars. Their high estimates were that the sample group cost the state \$132 million and their contribution was \$580 million. The report is here if anybody wants to look at it.

Guest: Should a macroeconomic cost estimate for illegal immigration be the basis of U.S. policy toward immigration? Directed at Julian Simon.

Julian Simon: The first thing is that legal immigration is both the main topic of this debate, but moreover is by far the most important issue for our country as a whole. So I do not want to address illegals in any way. But I would add that national decisions are based on a great many things. They are based on economics, they are based on preferences. In England, for example, Margaret Thatcher makes it plain that she wants England to retain its national character and is willing therefore to keep out immigrants for exactly that reason. That is outside of my province as an economist. I can only try to tell you what I think the economic data show about the costs and the benefits. And then national decisions have to be made on the basis of that plus all the many other considerations.

Guest: Dr. Simon, as an economist, what do you have to say about some of the moral imperatives that underline the plan?

Julian Simon: Moral imperatives are no more an economist's prerogative than they are a layman's or a minister's or anybody else. We are no more repositories of moral wisdom than anybody else.

Burt Pines: What you are asking Julian Simon is his personal opinion about what you call a moral question which is fine. But Julian is here as an expert and has every right to say . . .

Roger Conner: And he refuses to answer on moral grounds.

Burt Pines: No, that is not the point. He does not refuse to answer on moral grounds. He has been brought here, he has written for The Heritage Foundation, as an economist. He has written a paper based on economic

questions, and he has addressed those questions in economic ways. I find nothing out of order in his saying that he is not here to answer such moral questions. If we want to have a colloquium on the morality of immigration, we may decide to sponsor that. But Roger, if you do want to, respond to that question.

Roger Conner: Yes I do. I certainly do because I thought The Heritage Foundation as an institution was here to address public policy. And Julian happens to be the only person on the staff writing on immigration at the moment. He has written extensively on what U.S. immigration policy should be. Frankly, I find it astounding that he can sit in front of a knowledgeable Washington audience and say “I simply have no opinion as to what a hypocritical, half-open door policy may have on future generations.”

Julian Simon: I did not say I have no opinion.

Roger Conner: You said you would not tell us what it was.

Julian Simon: That is a very different matter standing up here in front of a platform. I will tell you outside what my opinion is.

Roger Conner: I will tell you right here what my opinion is: To use some sort of “macroeconomic cross-benefit analysis” to condone the continuation of illegal immigration is irresponsible and wrong.

Guest: To follow up a little on the last question to Dr. Simon, using figures for the number of illegals, say 3½ to 5 (million), let us just take 4, you are saying there is a net cost benefit economically by this group. I am wondering what you are projecting as that number might rise. Is there a straight line of increased benefit or is there a point of diminishing returns? On the straight line theory, therefore, if there are 20 million illegals, you presume then that there is five times the benefit and on and on. And if that is true, economically, is not the logical conclusion that there ought to be open borders?

Julian Simon: That is a very good and very difficult question. We only have evidence economically on the neighborhoods in which we have operated. We have some idea of what immigration might do as a proportion of population perhaps five times what it is now, because that existed in earlier times. We do not have any idea of what it might be: 10 times, 20 times, or 50 times. And therefore, we have no idea as to whether the benefits might tend to diminish for various reasons. And there are some additional reasons why the benefits might tend to diminish. It may be that, if 50 million people a year were to enter, it would present kinds of problems that we cannot even imagine now, or that we could never learn to grapple with. We have no evidence on that. What we do have evidence on is that, at the level of immigration that we have seen in our history,

which is far higher than it is now, immigrants tended to be on balance a net contribution. And therefore, that leads me to think that even more immigrants around the present level would give us increased benefits.

Guest: Let me just follow up. We are talking about more immigrants. We are dealing right now with illegal immigrants. That is my question: illegal immigrants and the impact on that. And I am wondering about your statistical reference as to numbers of illegal immigrants now versus other times in history.

Julian Simon: Yes, it is reasonable to believe that we have more illegals now than in the past. Yes, it is reasonable to believe from data we have that, at the level of the stock of illegals we have now, or at the rate at which they are coming, that they are net contributors to us in a big way. And so, if we were to have an even larger flow of illegals, we would continue to have even greater benefits. One way to get rid of illegality is to make them legal. That would represent somewhat less benefit to us because, if we made the illegals legal, they would be able to obtain some kind of services that they cannot obtain now. But even at that level they would be net contributors. By the way there is some confusion about that due to a Congressional Budget Office study. The Congressional Budget Office was asked to study the added costs if the illegals were made legal, and they gave a number. But that estimated cost does not show that those people were, on balance, a net cost. It only shows that the net benefit from them would not be quite as great if they were made legal as when they are kept illegal. On this, Roger and I agree: these people are ripped off as illegals because they pay taxes and do not receive services.

Roger Conner: I must say that the constant assertion that there is some sort of proof that immigrants, legal or illegal, pay more in taxes than they receive in benefits is sheer nonsense. If you were going to figure out whether Roger Conner has paid in^d more than he was taking out, would you add up my tax payments and then deduct how much welfare, unemployment compensation, and Social Security I got last year, and on that basis say, Roger Conner is a net gain or net loss? No, you would say it was a lot more complicated than that.

When figuring the cost of illegal immigration, Julian has omitted a great deal. Most important was the adverse affect on American workers who may be out of work or whose wages have been depressed due to uncontrolled and illegal immigration. Julian argues that an increase in product yields a reduction in price. I cannot argue with that. By increasing the size of the labor pool at the bottom of the economic ladder, Julian would ensure lower wages for America's poor and disadvantaged. Some Americans get shoved off the job ladder altogether. Others would

receive lower incomes, and with those lower incomes, begin to need food stamps and so on to make ends meet. Clearly, the cost of providing assistance to American workers displaced by illegal immigrants could be substantial. A tally sheet of what immigrants pay in and pay out has no way to figure in the cost to the taxpayers of supporting Americans who lose out in the process.

Guest: I would suggest that immigration in proportion to the native population is significantly lower than it used to be. Are you suggesting that, as the country's population grows, it becomes more presentable or is able to have more immigrants?

Julian Simon: Yes.

Guest: Does that mean that China is in a better position to accept immigrants than the U.S.?

Julian Simon: Comparison between China and the United States is not a comparison between the United States with x people or the United States with $2x$ people. Clearly, to make a meaningful comparison, it must be asked whether a given country is better able to absorb immigrants, holding other things constant. And there is every reason to believe that other things are not held constant in a comparison of China and the U.S. As the United States has absorbed immigrants over the past 350 years, going from millions to tens of millions to hundreds of millions, it has grown increasingly richer. And if immigration had caused the kind of problems that you project, it is not likely that this country would have had the astonishing success that it has.

Roger Conner: To make these arguments about the proportion of immigrants then and now is just a sort of mind-bending attempt to come up with a meaningless number. Julian says that the United States today cannot be compared to China today. I think he is right. But to say that the United States today can be correctly compared to the United States in 1890 is just as wrong and so Julian's little proportion game is completely misleading.

But the other point I would like to emphasize is from Barry Chiswick. Looking at Julian's own data, Chiswick observes that, when immigration has been highest, productivity gains have been lowest. When immigration has been lowest, productivity gains have been highest. To the degree that this historical experience (which Julian constantly grabs on to as if it were an intellectual life preserver) is useful to us, it argues for lower immigration, not higher immigration.

Guest: The federal deficit seems to be a preoccupation in Washington and in other capitals. Professor Simon, I am curious why you think the status quo of illegal immigration will help reduce the deficit. Why do you

think one of the most conservative Senates in recent memory and a Republican-controlled Senate would twice pass employer sanctions by 4 to 1 margins?

Julian Simon: A connection between monetary changes and immigration is not the kind of connection that can easily be designated. It is a little closer than sunspots to immigration, but not much, because immigration tends to play out its effects over a very long period of time—10 years, 20 years, 50 years—whereas in talking about monetary changes, we are talking about changes in the economy that have much shorter time spans. There is no reasonable connection between the two variables.

As to how to explain the Senate's behavior, I think there are a great many other people in Washington who would like to explain the Senate's behavior at any given moment. But to deduce an economic fact from the behavior of the Senate is hardly a method that I would offer as a reasonable mode of economic inquiry.

Roger Conner: What the Senate said—among the conservatives anyway—was that the rule of law is important to them as a principle; that illegal immigration is intolerable; that they are concerned about the effect of uncontrolled immigration on low-income Americans; that a conservative ideology is consistent with caring and being concerned about what has happened to people at the bottom of the economic ladder; and that they are far more optimistic than Julian Simon is about the capacity of American entrepreneurs to adjust to the loss of illegal immigrant labor by increasing productivity. With increased productivity, U.S. employers will be able to raise wages. We will have a more productive economy and higher paying jobs into which Americans can be attracted. Those were the arguments that were put forth as to why a majority of conservatives (as well as liberals) in the Senate voted in favor of the Simpson-Mazzoli bill.

Burt Pines: Today's debate is, I suspect, merely the opening round of a long-term debate, one that The Heritage Foundation as conservatives is going through internally, as we try to chart our own course of what is in fact a prudent immigration policy for the United States. It is clear that we have to get the numbers right. It is clear that we have to begin any debate from a solid data base. And it was toward this end that we agreed to sponsor and host today's debate, and I hope we have advanced down the road a bit toward a better understanding of the data base. Julian Simon and Roger Conner, thank you very much for coming by this afternoon.

Appendix I

Julian Simon

In the debate with Roger Conner, I had two aims: a) to present a set of statistical data and theoretical interpretations that correct widely believed and damaging myths about immigrants and immigration into the United States (these myths are the key economic objections to additional immigration expressed by anti-immigration organizations, with FAIR as my example because Roger Conner was at hand to check my statement); b) to show that many of FAIR's central statements are unfair argumentation because they are inexact, wrong, or otherwise untrue.

With the record of the debate in hand, the reader may confirm that Mr. Conner did not respond to any of my opening statement criticisms of his and FAIR's treatment of statistical material. Rather, subsequent to his initial statement, he only attacked the materials which I have presented here and elsewhere, which I then defended. His may well be an excellent strategy for an oral presentation during which the hearers cannot return to examine at leisure what was earlier said. But I hope that the reader will take the opportunity to examine the record and to notice that criticisms of FAIR were not rebutted at all, which should lend credence to the criticisms.

At the risk of sounding self-righteous, I would like to draw your attention to Mr. Conner's use of words and phrases such as the following: "free lunch position"; "hypocritical"; "irresponsible"; "nonsense"; "mindbending"; "little proportion game"; "what he doesn't tell you"; "a nice little statistical manipulation." Such incivility is not attractive to me, but that may be merely a matter of taste. More germane is that such name calling and innuendo debase the communication process, causing heat rather than light in the present exchange and by example inducing the use of such tactics in other exchanges by other people. Moreover, to the extent that such rhetorical devices are successful—and Mr. Conner is

a very skilled speaker—the listener may be misled about the facts and the appropriate conclusions to be drawn from them. And FAIR—both Roger Conner and members of his staff—has on a good many occasions written widely circulated letters (some to the newspapers) using these devices in an attempt to rebut my writings on this subject.

Mr. Conner also impugns my honesty as a scientist, saying “He continues to cite selectively and (use) out of date materials in an attempt to convince the American people that we ought not to do something about the problem of illegal immigration.” Perhaps in his occupation of advocacy this would not be a serious charge, but in my occupation of researcher and teacher it is a very serious charge indeed; if I cite selectively I am derelict to my responsibility to profess the truth and as I know it.

Guessing from his writings that Mr. Conner would use the tactic of charging me with selective citation with respect to the use of services by illegals, as part of my opening statement I distributed a photocopied review by the Select Commission staff of all the studies available to them when they did their work (Table 1); that would seem to absolve me of the charge of selective citation up to that time. (An aside about selective citation: It is to combat the tyranny of the anecdote—which can too easily be selective citation—that at all possible points, including this debate, I urge that we consider all the evidence available, and analyze it with standard statistical devices, rather than the “Germany and Japan” kind of casual reference that Mr. Conner used from the platform.)

It also must be emphasized that this debate was supposed to be about the economics of immigration, and not about the issue of whether and how illegals should be curtailed. Yet Mr. Conner devoted much of his attention to the latter issue, in contravention to the ground rules for the debate. Illegality is a dramatic and emotional issue, of course, and has the power to deflect attention away from the central issue of whether immigrants are economically good or bad for natives. I hope that the reader will focus on that central issue despite the distraction of the issue of illegals.

In this appendix I will first make a few short point-counterpoint remarks. Then come more solid substantive issues concerning the time horizon of the analysis and public opinion. I end with a long section on a crucial point of disagreement: whether immigrants in general, and illegal immigrants in particular, are on balance net takers or net givers to the public coffers when taking account of both the services they use and the taxes that they pay. The evidence of this latter matter is astonishingly clearcut, but the waters have been sufficiently muddied that several pages of evidence and discussion are necessary.

Point-Counterpoint

a) Mr. Conner said during this debate that Barry Chiswick "pointed out by looking at Julian's own data . . . that the growth in productivity in the United States was smallest in the period when immigration was greatest relative to the population and was highest in the period when immigration was smallest relative to the population." And Conner continued, "Chiswick says that the data, which Julian himself put together, on which he relies (and so on) . . ." Simply untrue. Chiswick's remark was not based on any data that I presented; in that article I presented no data at all on immigration rates. More important, Chiswick's was no more than a casual remark; it is most unlikely that he or any other econometrician would conclude from the available data that the rise in productivity in the United States in the twentieth century was due to a decline in immigration, and it is certain that no one has ever studied the matter with the necessary care and then arrived at such a conclusion.

b) In the same paragraph, Mr. Conner has it that "Julian says we need more immigration because that is the only way to increase productivity and increase our standard of living." I have never said anything like that, and never will. I do say that immigration has a positive effect upon productivity; there are light years between that statement and the statement that immigration is the only source of increased productivity. It is difficult to have an enlightening debate with an opponent who puts words in one's mouth that one does not speak.

c) For Mr. Conner to jump from the fact that I have not in the past offered a plan to "curtail illegal immigration" to the conclusion that I believe that there is no reason to do so is a classical non sequitur. Nevertheless it may wrongly leave the impression that I am in favor of illegality. Because my trade is economics, and not the law or police work, I try to confine my public remarks on immigration to its economics; I think that we are badly served by "experts" using their platforms to offer opinions about subjects on which they are only laymen. But I am glad to take this opportunity to suggest that a legal guestworker program enables those particular persons to work legally and cuts down the illegal flow of other persons; this is clear in Figure 3, which I adduced in my original statement.

d) Mr. Conner said that "Julian has lost confidence in the American entrepreneurs. He has lost confidence in the market system. . . ." I challenge Mr. Conner or anyone else to find the slightest hint of such lack of confidence in individual enterprise in anything I have ever written or said. I do not believe that one can be a much more fervent believer in free markets than I. Is such loose and inaccurate talk by Mr. Conner consistent with high credibility for the arguments he offers?

e) Mr. Conner raises an interesting question about the origin of innovation in connection with the supply of labor. But there is no reason to believe that immigrants to the United States, who are distributed widely across occupations and as a group compare favorably with the native labor force in education and skills, cause any reduction in the average cost of labor, which Mr. Conner's argument requires. Additionally, while some innovations are labor-saving, others are resource-saving, and still others are capital-saving. We still know still about this area of economics. But we do know enough to say that Mr. Conner's casual theorizing about the source of productivity is not supported by any evidence.

The Time Horizon

In thinking about the total number of immigrants that will be allowed, a crucial analytic element is the time horizon that we apply. If one asks only whether additional immigrants today will be of economic benefit tomorrow or next month, the answer is usually "no," just as a baby is a burden at first. But if we extend our time horizon so that we put heavy weight on the long-run economic future of the country, for months and years and decades, then the answer is the opposite of the answer for the short run, and more immigrants are good for the standard of living. Often when people argue about whether immigrants are good or bad for the standard of living, one person is focusing upon the long run whereas the other is focusing upon the short run, in which case different values are at the root of the disagreement—though, of course, disagreement might also be about facts, as we shall see.

Public Opinion and the Polls

I had expected that the subject of public opinion toward immigration would arise in the debate, because FAIR often raises the matter in its publications. For example, in his December 17, 1979, statement to the Select Commission on Immigration and Refugee policy Mr. Conner said: "There are few issues on which Americans have shown such a near unanimity of opinion as on immigration and refugee policy. They want fewer immigrants to be admitted to this country—not more." He went on to cite various Roper polls showing that the majority of Americans are in favor of reducing the number of refugees and illegals. And in 1983, FAIR commissioned a poll of 800 blacks and 800 Hispanics about immigration policies.

Mr. Conner is correct about the recent poll data. But he may well not be correct in his interpretation of them. Rita Simon has studied all the available polls since they began in the 1930s, and at all times the

responses seemed to indicate that Americans were not in favor of more immigration. Further back in our past, magazine articles show that native Americans were often venomous in their antipathy to immigrants, often on ethnic and religious grounds. But at the same time, American policy has usually been quite open toward immigration, and people look back toward past immigration with positive feelings. (She characterizes American public opinion at all times as saying that "The immigrants who came in the past were good folks, but the people who are coming now are scum"—with "past" sometimes meaning only five years previously, as was the case with the early and late waves of Vietnamese.) And further evidence of this apparent schizophrenia is found in the fact that polls show Americans having positive feelings toward the immigrants in their own geographical areas and neighborhoods, and toward the immigrants they know personally. So it seems likely that the polls FAIR quotes—and I will strengthen FAIR's hand by noting that there has even been an increase in apparent public sentiment against immigration in the most recent polls—these polls seem to indicate some abstract belief based on the sort of information people read in the newspaper about immigrants, much of it the result of activities by organizations such as FAIR. But their more intimate reactions are something else.

Now about the poll that FAIR commissioned. The Congressional Research Service at the Library of Congress analyzed that poll for the Congressional Hispanic Caucus. CRS does not accept as valid FAIR's central claim about what that poll shows. Mr. Conner put that claim as follows: "One of the interesting findings is that Hispanic Americans and black Americans feel about the same way as Americans as a whole on the immigration issue" (CRS, p. 4). But CRS points out that FAIR's poll did not interview any non-Hispanic whites, and therefore had no basis for such a comparative statement. (That statement of Mr. Conner's is additional evidence about how FAIR uses data.) And CRS also noted that "by focusing the questionnaire on the issue of legality and illegality, and omitting filter questions that would have enabled analysts to determine whether respondents formed an opinion, the pollsters probably have presented a limited picture of the opinions of Hispanics and blacks" (p. 21), which calls into question the validity of FAIR's survey.

CRS went further, and searched their computerized poll data base for other surveys that might allow the comparison at issue. And they found that "Generally, the other studies show that Hispanics are less likely to favor measures to restrict immigration than non-Hispanics, but more likely to be concerned with the issue" (p. 4). This additional research material flatly contradicts Mr. Conner's statement about what FAIR's survey showed, as quoted by CRS.

Immigrants and the Public Coffers Redux

The central issue in the debate, and a central issue in public discussion of immigration, is the effect of immigrants upon the public coffers. FAIR charges that immigrants, legal and illegal, are a burden rather than a boon. I took a considerable part of my allotted time to discuss this issue, and I hope that the reader will look again at that material. But more needs to be said, especially because Mr. Conner has disputed what I said.

A simple point first: Mr. Conner tries to dismiss my study of immigrants' taxes-and-services balance by noting that the data were gathered by the Bureau of the Census in 1975. To argue against relying upon the only available massive official set of data that bear upon the issue on the grounds that the data are no longer relevant requires that one show that present and future immigrants are fundamentally unlike those who came in the past. And all of our data on legal immigrants suggest that each wave of immigrants was like the others in their main economic characteristics. Mr. Conner's irrelevancy argument is either statistically un-knowledgeable or it is a dirty debating device.

Mr. Conner also attempts to vitiate my study by asserting that I erroneously, or with malice aforethought, do not include the immigrants who arrived prior to 1950 in the calculations. Because he had written that before, I tackled the issue in my initial statement. I also took up the charge that I had purposely left out the relevant data and that North had "discovered" them—in fact, published along with the rest of my data is the original paper in the Select Commission's volumes! But that did not prevent Mr. Conner from repeating the charge in his response. Apparently he has decided that my explanation is sufficiently complex that many people will not follow it carefully, and if he then asserts the apparently simple and commonsensical (but wrong) view, many people will believe him. If we could convene a jury of eminent economists to hear the issue—as, in fact, a seminar "jury" including two Nobel prize winners did indeed "hear" the issue when I presented it at the Hoover Institution several years ago, with none disagreeing with my logic—I would be prepared to bet a very large sum with Mr. Conner that his charge would be summarily dismissed. I can do little more now than ask the reader to re-read my remarks on the matter in my initial statement, or in the paper in the Select Commission Volume, or in *Population and Development Review* (where the editor unfortunately insisted on deleting the data in question because I wrote that they are not relevant—though I am sure someone will now charge me with suppressing them because they are not found there).

(Incidentally, knowing Mr. Conner's keen intellect, I find it most difficult to credit that he really does not follow the explanation that

immigrants who come when young and produce children are then constructively recipients of Social Security payments from those same children when they retire, payments that would not be paid into the system if the immigrants had not come and bred children, and therefore the retirees do not increase the burden on anyone else in the labor force. Natives are therefore the beneficiaries of the windfall that the immigrants pay into the Social Security system, while they are in the labor force and have no parents of their own who are drawing upon the payments which the immigrants are making.)

Mr. Conner also suggested that the study of illegals by North and Houston, as well as other pre-1980 studies, is not applicable because conditions have changed recently. Luckily, since 1980 there have been several impressive new studies, all of which support my assertions. I will review them briefly.

a) Rita Simon and Margo deLey studied Mexican illegal women in Los Angeles and found welfare use patterns rather similar to North and Houston.

b) The Urban Institute (Muller, 1984) studied families that the Census managed to interview in California. The brief summary that has been distributed estimates that the costs to the State of California are greater than the state tax revenues. But this is not grounds for concluding that illegals are an overall net cost to the U.S., for two reasons. First, the Urban Institute's sample excluded immigrants not counted by the Census, and about that group the Urban Institute says, "those immigrants probably pay more in taxes and compulsory public program contributions than they receive in benefits." And even more important, their analysis excluded federal tax contributions, which dwarf state taxes.

c) A recent study in Weintraub and Gardenas at the University of Texas deals explicitly with these two issues, and has been fully published so that its methods can be analyzed. It provides reliable evidence that the taxes paid by the immigrants greatly exceed the cost of the services they use. "Despite our biasing the costs upward and the revenues downward, tax revenues from undocumented aliens clearly exceed costs to provide public services to them."

d) Mr. Conner refers to a study done by "The Immigration Service" which he says indicates a "net cost to the taxpayers for every million illegals in the country in excess of \$900 million." When I queried him about the identification of this study, because I had never come across such an INS study, he told me that the Congressional Budget Office studied the cost of services used by illegals, and because of the way the question to CBO was framed, the response seemed to suggest that illegals are a net cost. Because that result has been widely publicized, I must take

the time to discuss it here. In fact, all that the CBO study did was estimate how much more in services the illegals would use if they were made legal. In answer to my query, Rudolph Penner, CBO's director, wrote, "CBO's estimated cost for the (Simpson-Mazzoli) bill in no way implies that aliens use more in services than they pay in taxes. Nor does it account for secondary effects on the economy, but only on direct effects on federal and state and local government budgets. Precisely because unauthorized aliens contribute to the U.S. economy on balance, the bill's costs might be even higher if secondary effects were considered; the employer sanction provisions of the bill, if effective, would reduce numbers of unauthorized aliens in the U.S., possibly reducing GNP and government revenues . . . the immigration estimate in no way implies that aliens do not make a net contribution to the economy" (letter of May 11, 1984).

Mr. Conner has tried to argue away the findings of the various studies of the use of welfare services and the payment of taxes by illegals in two ways. First, he has adduced a study by David North of the receipt of unemployment compensation by a group of illegals who gave actual Social Security numbers to interviewers when they were apprehended. Indeed, that group shows a raw figure for unemployment insurance use far higher than the previous studies, though probably lower than that of native Americans. In one of my early responses, however, I go into some detail about how—if one were to consider it relevant evidence, as Mr. Conner insists on doing, even though its sample is startlingly unrepresentative, as I shall show in a moment—it would only confirm my main argument because it, too, along with all the other studies, shows that in dollar terms the sample of illegals contributed much more, twelve times more, in taxes than they use in services.

Even though this study of North's apparently shows that this group on balance is a net benefit to the public coffers, thoroughly consistent with my point of view and directly contradicting Mr. Conner, I must point out that these data are not relevant evidence because they are startlingly unrepresentative and surely much more unrepresentative than any of the studies Mr. Conner criticizes on this ground. Recall that the group was selected by choosing only those who provided Social Security numbers on apprehension. One might immediately guess that such persons are far more integrated into American society over a long period of time than are most illegals, especially those from Mexico. And indeed, North's data show that more than 40 percent of this group had been paying Social Security for at least six years at the time the study was conducted. Just how unrepresentative they are is shown by one of North's footnotes: "a

recent review of more than 500 I-213s of illegal immigrants apprehended by the Livermore (CA) detachment of the INS Border Patrol hundreds of miles north of the border during 1977 turned up exactly two SSNs" (p. 5). And North does not indicate how many forms he searched through to obtain his sample of 580 persons. Now consider how Roger Conner writes about this study to back up his charges against my *Backgrounder*: "Did Simon know of these studies and intentionally omit them? Or is he just not keeping up with the field? . . . What makes Simon's error more glaring . . . inaccurate and misleading . . . etc." He says of the people in North's study, "most had social security numbers" (p. 2 of February 20 letter). Unless 2 out of 500 is your conception of "most," I suggest that you not put much credence in Mr. Conner's version of such research.

Additionally, Mr. Conner does not even have his facts right about which study is which. He writes that "North did a follow-up study on the illegals analyzed in the original report," ostensibly referring to the persons in the study by North and Houston that produced the welfare and tax data that I quoted. But the North study of persons with Social Security numbers did not in fact deal with the North and Houston sample at all. That sort of confusion makes it difficult to come to grips with statements that come out of FAIR.

A second way that FAIR has tried to argue away the body of evidence on the low use of welfare services by illegals has been to say that recent studies show a higher rate of use than did the earlier studies. "In this monograph, FAIR reports upon recent studies of welfare use by illegals. These force a blunt conclusion: later and sounder examination reveals high and increasing levels of welfare utilization by illegal immigrants" (from "Introduction" by Otis L. Graham, Jr.). This line of argument fails on several grounds. First, the very latest studies discussed above, by Weintraub and Cardenas, and by Muller, which probably are better methodologically than are most of the earlier studies, show low levels of usage. Second, the earlier studies are not, as FAIR tries to say, more unrepresentative than are the studies that FAIR relies on—North (1981), Van Arsdol (1979), and Heer and Falasco (1982). Rather, it would seem to be that these three studies deal with far less representative populations—North's as discussed above, Van Arsdol's, a group of "covered aliens who sought to regularize their civil status in the U.S. at the office of One-Stop Immigration, a legal assistance agency in Los Angeles" (Conner, 1982, p. 14) and Heer's, a group of "women of Mexican descent who had live births in Los Angeles County hospitals" (Conner, 1982, p. 150). But the third reason why FAIR's argument that new studies show a different picture from old studies fails is by far the most compelling: The

percentage rates of use are only imperfect proxies for the total dollar effect upon the public coffers. And every single one of the studies that provides any dollar estimate—I again challenge Roger Conner to cite even one to the contrary—shows that when the sum of tax contributions to city, state, and federal government is allowed for, those tax payments vastly exceed the cost of the services used by a factor of perhaps five, ten, or more. That is the true bottom line, and it is found in the studies that FAIR relies on such as North (1981) as well as studies of illegals by Weintraub and Cardenas, and Muller, and my own study. This argument takes precedence over all the others, and should end the discussion—though given the nature of an advocacy organization such as FAIR, it surely will not be the end.

It may also be relevant that an overwhelmingly large proportion of the costs for services used by the illegals—somewhere between 85 percent and 95 percent—go for education. This should effectively demolish the myth that illegals come to the U.S. and immediately become leeches on the public by living off of welfare and unemployment. And the extraordinarily low rate of unemployment among the illegals Weintraub and Cardenas studied—1.5 percent—is direct evidence that the proportion of illegals getting unemployment compensation cannot possibly be anywhere near the upper figure of 10 percent that Roger mentions, even if all the illegal unemployed receive it, which is surely not true.

In short, the evidence that illegals, even more so than legal immigrants, pay more into the public coffers than they take out in services, is overwhelming, and more so with every new study. To suggest the opposite is plain wrong.

Barry Chiswick, ed., *The Gateway* (Washington, D.C.: American Enterprise Institute, 1982).

Congressional Research Service, Library of Congress, "Analysis of the Poll on Attitudes Towards Immigration Conducted by Lance Tarrance and Associates and Peter Hart, Associates," memorandum, 1984.

Roger Conner, "Breaking Down the Barriers: The Changing Relationship Between Illegal Immigration and Welfare," FAIR Immigration Paper IV, September 1982.

David M. Heer and Dee Falasco, "The Socioeconomic Status of Recent Mothers of Mexican Origin in Los Angeles County: A Comparison of Undocumented Migrants, Legal Immigrants and Native Citizens," PAA paper, 1982.

Thomas Muller, *The Fourth Wave, California's Newest Immigrants* (Washington, D.C.: The Urban Institute, 1984).

David North, *Enforcing Immigration Law: A Review of the Options* (Washington, D.C.: New TransCentury Foundation, 1980).

David North, *Government Records: What They Tell Us about the Role of Illegal Immigration in the Labor Market* (Washington, D.C.: New TransCentury Foundation, April 1981).

David North, "The Missing Tallies in Julian Simon's Work," prepared as an appendix to the work of the Select Committee on Immigration and Refugee Policy, May 1981.

David North and Marion Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study" (Washington, D.C.: Linton and Company, 1976).

Select Commission on Immigration and Refugee Policy, *U.S. Immigration Policy and the National Interest*, Final Report and Recommendations, 1981.

Rita Simon and Margo deLey, article forthcoming in *International Migration Review*.

Julian Simon, "Nine Myths About Immigration," *The Heritage Foundation Backgrounder* No. 326, February 1, 1984.

Maurice D. Van Arsdol, Jr., et. al., *Non-Apprehended and Apprehended Undocumented Residents in the Los Angeles Labor Market: An Exploratory Study* (mimeo, 1979).

Sidney Weintraub and Gilberto Cardenas, *The Use of Public Services by Undocumented Aliens in Texas: A Study of State Costs and Revenues* (Austin: The University of Texas, 1984).

FIGURE-1

TOTAL NUMBER OF IMMIGRANTS, AND IMMIGRANTS BY CONTINENT 1820-1979

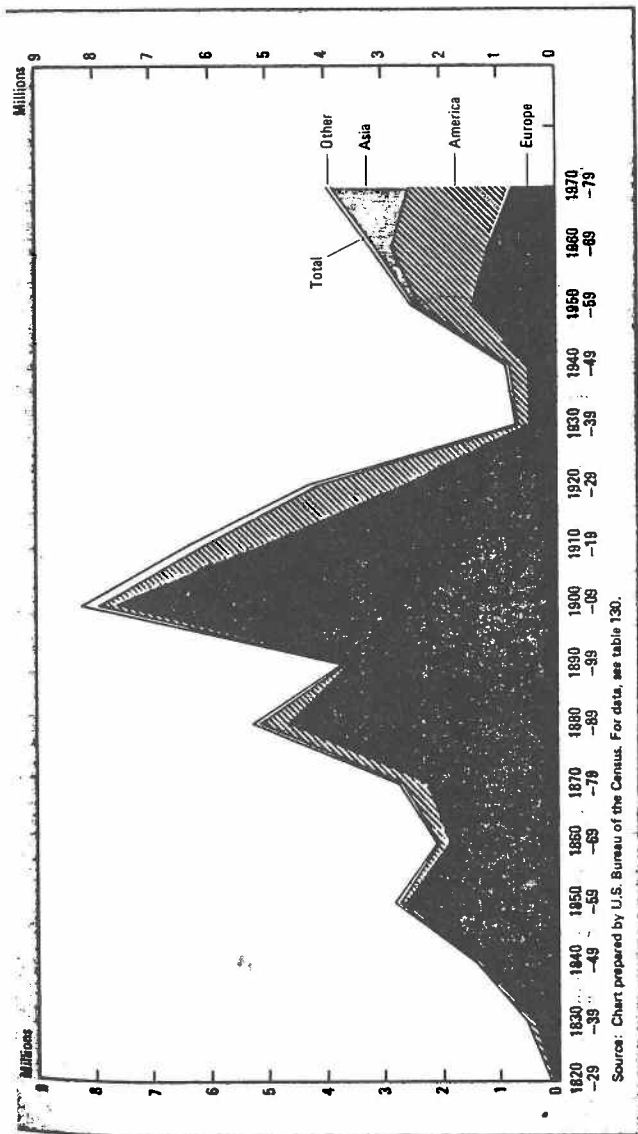
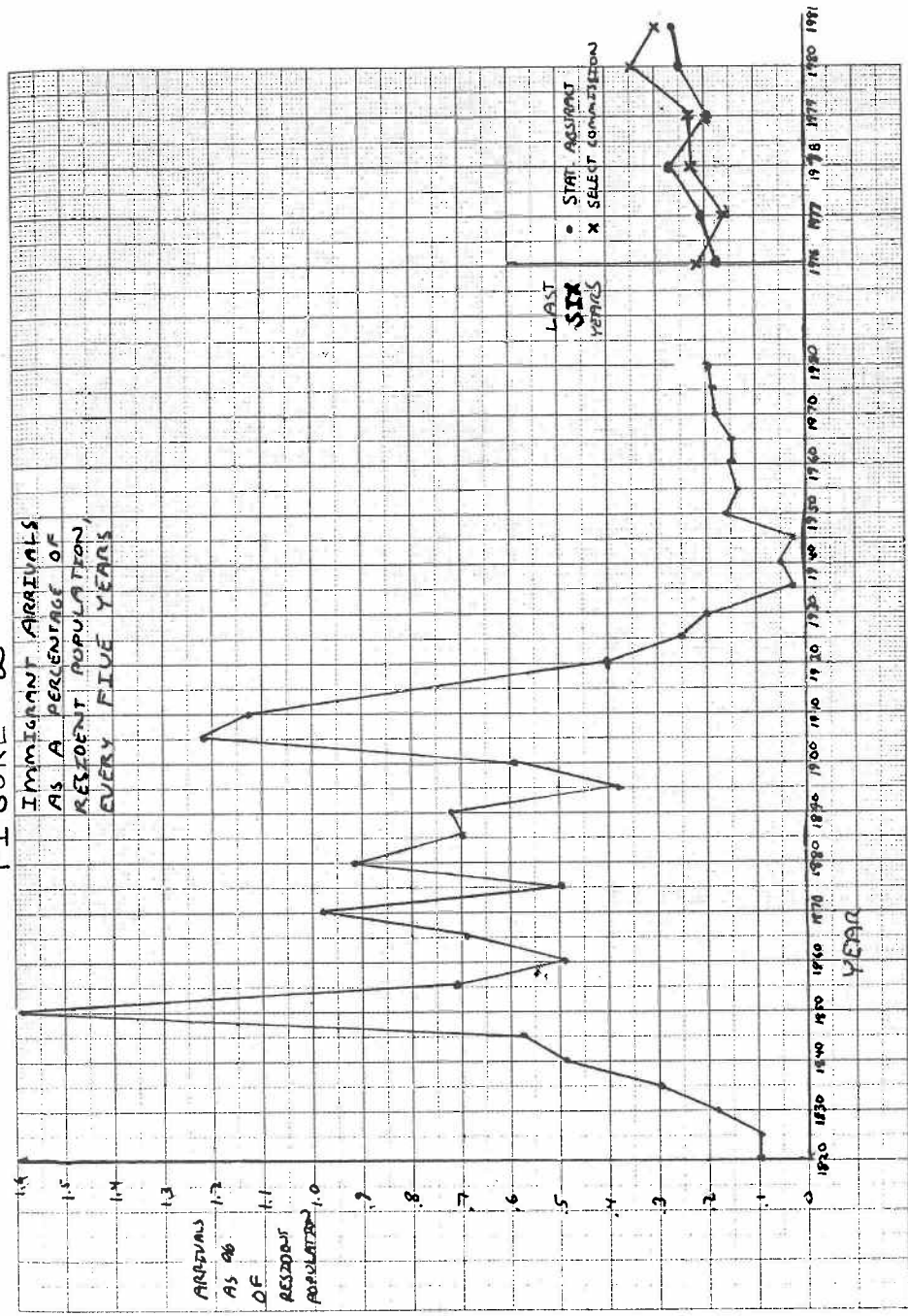


FIGURE 2

IMMIGRANT ARRIVALS
AS A PERCENTAGE OF
RESIDENT POPULATION,
EVERY FIVE YEARS



ARRIVALS
AS %
OF
RESIDENT
POPULATION

LAST
SIX
YEARS

• STAT. ASSISTANT
x SELECT COMMISSION

YEAR

SOURCES: HISTORICAL STATISTICS OF U.S.

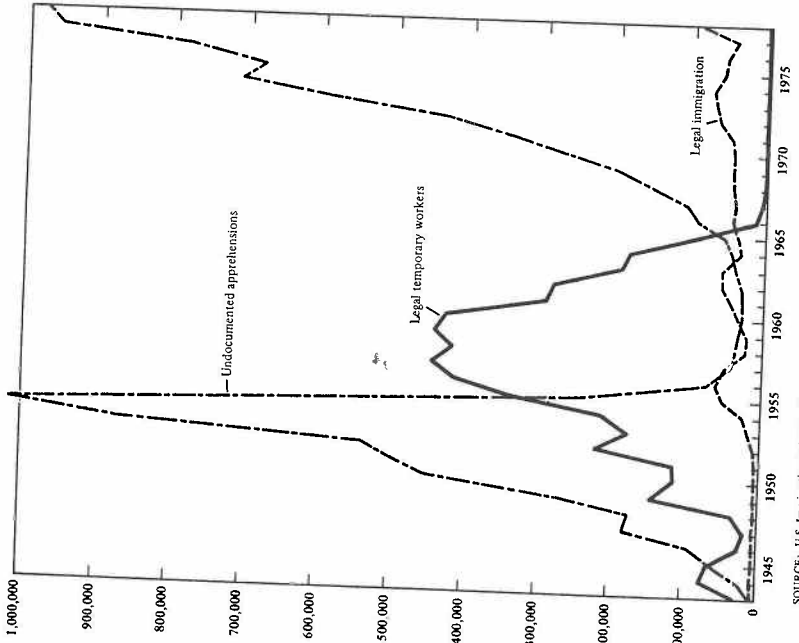
STAT. ABSTRACT OF U.S.

SELECT COMMISSION 1981

BY PAPERBY BUREAU OF ECON. ANAL.

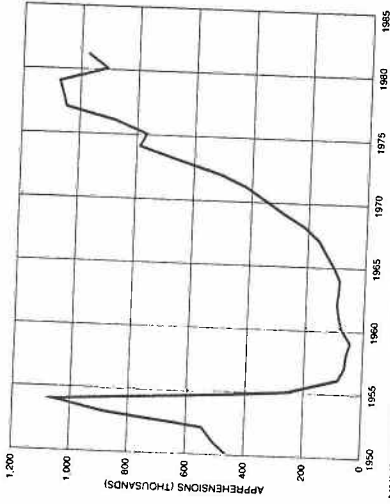
FIGURE 3A

MEXICAN MIGRATION TO THE UNITED STATES
1943-1978



SOURCE: U.S. Immigration and Naturalization Service, Annual Reports.

FIGURE 3B



NUMBER OF MIGRANTS TAKEN INTO CUSTODY by the INS for lack of valid immigration documents shows the impact of the federal policy on illegal immigration. Beginning in 1942 a series of agreements with the Mexican government resulted in the Bracero Program allowed Mexican workers to enter the Southwest to pick crops. In 1952 an attempt was made to apprehend all illegal agricultural workers, return them to Mexico and the official apprehensions fell rapidly. In 1955 limits were imposed on immigration from countries of the Western Hemisphere. The continuing economic problems of those countries coupled with limitations on legal entry, caused a sharp increase in illegal immigration. One estimate that has been widely accepted (although it has an explicit basis) is that 500,000 illegal migrants per year are added to the U.S. population.

SOURCE = KEELY, 1982

FIGURE 4 A,B

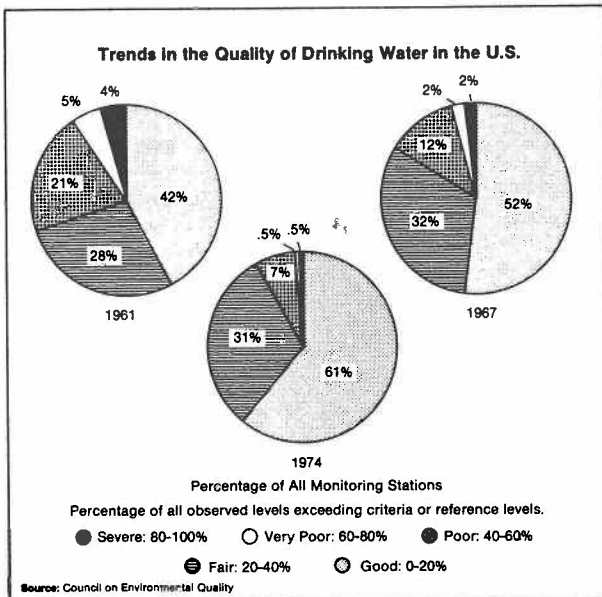
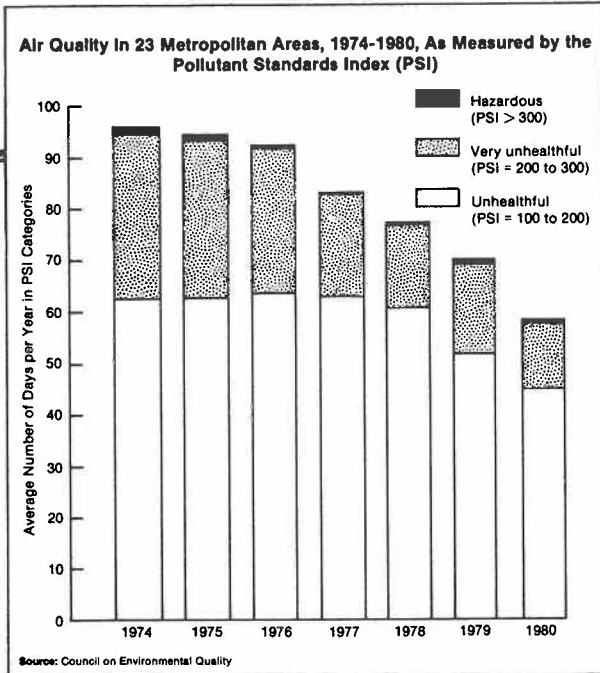


FIGURE 4 C, D

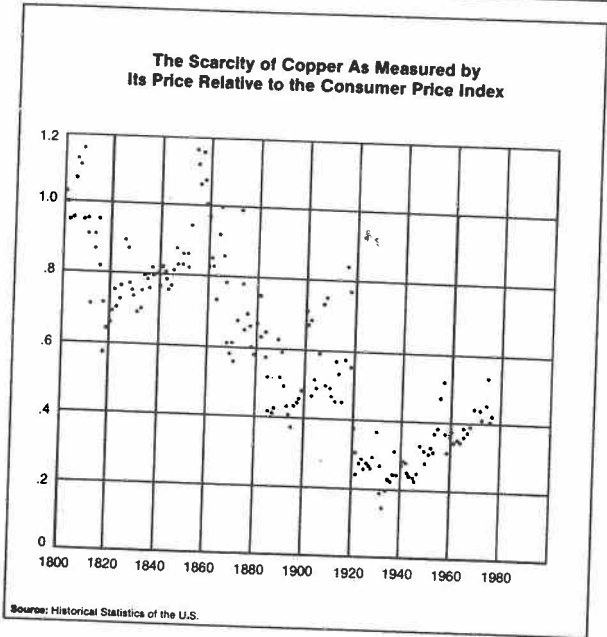
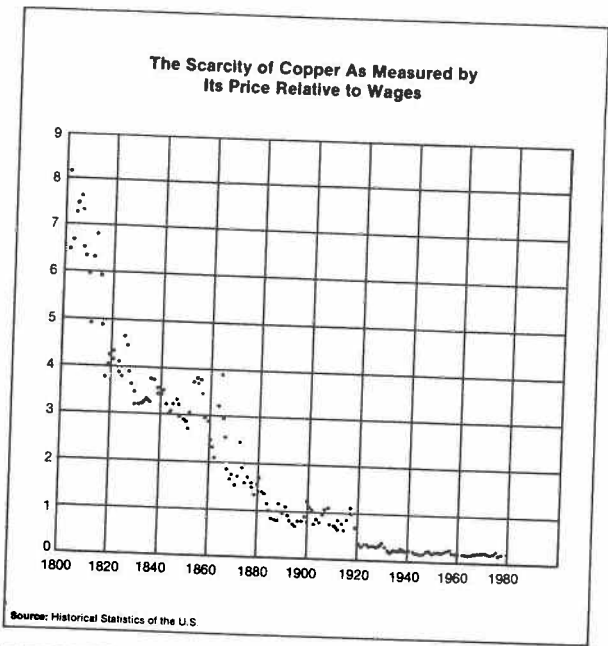


TABLE 1-A

IMPACT ON SERVICES OF UNDOCUMENTED/ILLEGAL ALIENS--PUBLIC SERVICES

B	NH1	K2	H	DR	V3	ES	P	CR
Hospital use								
Average	7.8	27.4	44.5	76.5	37.3	7.3	24.5	
	MEX: 22.0				Male: 38.3			
	WH: 37.8				Female: 35.7			
	EH: 29.7				PA: 44.4			
	VA: 41.0							
	EMI: 22.1							
Hospital insurance								
Average	44.0	44.0	24.0	58.8	NA	25.1	40.4	
	MEX: 45.1							
	WH: 44.2							
	EH: 37.3							
Children in U.S. schools								
Average	0.9	3.7	12.9	29.4	21.1	23.9	41.1	
	MEX: 2.7				Male: 19.6			
	WH: 5.5				Female: 23.7			
	EH: 4.0				PA: 25.0			
	VA: 7.1							
	EMI: 2.2							

1 Percentage of those who reported one or more visits to U.S. medical facilities and those who reported having one or more children enrolled in U.S. schools. Hospital insurance was only that deducted from paychecks.
 2 Percentage of those who have children in U.S. schools and those who personally used a clinic or a hospital.
 3 Percentages of those owing bills to county hospitals and those who have one or more children in U.S. schools.

SOURCES:
 B: Table 6, p. 170.
 NH: p. 145 and p. 147.
 K: Table 20.
 V: Table 26, p. 89.
 P: Table 49, p. 99 and Table 48, p. 98.

FROM SELECT COMMISSION STAFF REPORT 1981

TABLE 1-B

IMPACT ON SERVICES OF UNDOCUMENTED/ILLEGAL ALIENS--GOVERNMENT TRANSFER PAYMENTS

B	NH	H	K	DR	G	M	R	V	ES	P	CR
Welfare											
Average	3.2	0.5	0.0	5.9	NA	NA	2.9	7.8	1.2	2.2	
								Male: 5.8			
								Female: 11.3			
								MEX: 8.1			
Unemployment insurance											
Average	NA	3.9	12.9	29.4	6.5	2.9	NA	NA	1.2	7.3	
		MEX: 3.6						MEX: 6.4			
		WH: 5.6						PRA: 38.3			
		EH ¹⁰ : 1.4						35.5			
Food stamps											
Average	NA	1.3	3.7	5.9	NA	NA	NA	NA	NA	NA	

SOURCES:

- B: Table 6, p. 170.
- NH: P. 146.
- K: Table 20.
- M: Table 37, p. 61 and Table 74, p. 116.
- V: Table 26, p. 89.
- P: Table 49, p. 99.

SOURCES FOR TABLE 1 A, B

SERIES OF TABLES ON CHARACTERISTICS AND IMPACTS OF UNDOCUMENTED/ILLEGAL ALIENS

LEGEND (Data from following studies used to compile charts)*

- B Jorge Bustamante, "Undocumented Migration from Mexico: Research Report," International Migration Review, 1977.
- C Wayne Cornelius, "Mexican and Caribbean Migration to the U.S.: The State of Current Knowledge and Priorities for Future Research," 1978.
- CEN Carlos Zazueta (CENIET), Mexican Workers in the United States: Some Initial Results and Methodological Considerations of the National Household Survey of Emigration, 1980.
- D Christine Davidson, Immigration and Naturalization Service, "Characteristics of Deportable Aliens Located in the Interior of the United States," 1979.
- INS Immigration and Naturalization Service, Office of Planning and Evaluation, "Illegal Alien Study. Part 1. Fraudulent Entrants Study: A Study of Malafide Applicants at Selected Southwest Land Border Ports," 1976.
- K Charles Keely, Patricia Elwell, Austin Fragomen, Silvio Tomasi, "Profiles of Undocumented Aliens in New York City: Haitians and Dominicans," 1977.
- M Sheldon Maram, "Hispanic Workers in the Garment and Restaurant Industries in Los Angeles County," 1980.
- NH David North and Marion Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market," 1976
- P Guy Poitras, "The U.S. Experience of Return Migrants from Costa Rica and El Salvador," 1980.
- RM Josh Reichert and Douglas Massey, "Patterns of Migration from a Rural Mexican Town to the U.S.: A Comparison of Legal and Illegal Migrants," 1979.
- V Maurice Van Arsdol, Joan Moore, David Heer and Susan Haynie, "Non-Apprehended and Apprehended Undocumented Residents in the Los Angeles Labor Market: An Exploratory Study," 1979.

* Specific sources are listed at the bottom of each table.

Charts compiled by Sheila H. Murphy and Philip M. Wharton

Further Reflections on the Simon-Conner Debate

Roger Conner

I. Introduction: A Restatement of the Issues

Burton Pines opened by noting that “we have asked ourselves at Heritage” two questions. First, “what is a prudent, responsible policy for the U.S. regarding immigration?”; and second, “what do immigrants do to our standard of living?”¹

It is FAIR’s position that immigration to the United States is out of control. FAIR believes that a “prudent, responsible policy” would include (1) vigorous steps to stop illegal immigration; (2) a reasonable ceiling on legal immigration of 350,000 to 400,000—that level of legal immigration which prevailed from 1965 until the surge in legal immigration in the mid-1970s; and (3) a periodic review of the ceiling on legal immigration in light of changing circumstances.

In his opening remarks, Julian Simon did not offer an immigration policy for the United States, but spent his time on vigorous attacks on statements he attributed to FAIR. When I pointed out that he had yet to say what immigration policy he favored, he responded:

I believe, contrary to the status quo, that if we would admit more legal immigrants, it would be good for our standard of living in the long run.²

Later he gave his opinion of illegal immigration:

It’s reasonable to believe from the data we have that at the level of stock of illegals we have now or at the rate at which they are coming that they are net contributors to us in a big way. And so *if we were to have an even larger flow of illegals we would continue to have even greater benefits.*³ (Emphasis added.)

Julian Simon seemed cool to the idea of legalizing all the illegal aliens.

That would represent somewhat less benefits to us because . . . they would be able to obtain some kinds of services that they can’t obtain now.⁴

In Part II of this appendix we will examine the arguments which Simon uses to support his idea that increased immigration is desirable. In Part III we will examine his attacks on FAIR's belief that our government should take action to regain control of immigration.

II. An Analysis of Simon's Theory That More Immigration Will Raise the U.S. Standard of Living

A) *The Productivity Myth: Immigration Is the Mainspring of U.S. Technological Progress*

Julian Simon's productivity myth is based on "a crucial historical cycle" which goes like this:

(a) an immigrant-swelled population leads to greater use of natural resources; (b) prices of raw materials then rise; (c) the price and the resultant fear about scarcity impel individuals to seek new sources of raw materials, new production technologies, and new substitutes for the resource; and (d) eventually the price of the service provided by the resource in question . . . falls lower than it was before.⁵

Simon actually believes that population growth "has been the mainspring of all economic advance for the past 5,000 years"; "more immigrants mean a faster growing population and thus even more progress."⁶

When I challenged this assertion during the debate, Simon defended by citing a World Bank study.⁷ Here is what the latest World Bank study says of Simon's theory:

But throughout the modern technological era, there is no evidence that a large or rapidly growing population has itself been influential in promoting new technology . . . Although adjustment and technical progress can accompany population growth, slower population growth would permit them to raise average incomes all the faster.⁸

Economic historians have identified many factors driving economic advance in the last 5,000 years: the birth of reason, discovery of the scientific method, capitalism, democracy, individual freedom, natural resources, the thirst for knowledge that drives inventors, war, the desire for individual advancement, and so on. The notion that immigration is vastly more important than all of these is preposterous.

Economist Barry Chiswick—on whom Simon relies heavily—took a look at Simon's own data and observed wryly that

The productivity data (supplied by Simon) . . . suggest that the growth in productivity was smallest in the period when immigration was greatest

relative to the population (1900-1929) and was highest in the period (1948-1966) when immigration was smallest relative to the population.⁹

In short, Simon's own data do not support this theory that immigration raises productivity. Dr. Michael Teitlebaum, in a review of available literature prepared for the U.S. Chamber Foundation, argues that precisely the opposite is likely to result from today's illegal immigration.

... the low educational levels of many undocumented immigrants may be significant impediments to creativity and high productivity in an economic setting in which high skill levels are important. Certainly the fact that there has been almost no immigration to Japan in recent years does not appear to have limited productivity growth in that country. . . . It is worth noting that those sectors of the economy that become dependent on undocumented labor are typically under-capitalized, and hence their productivity tends to be low. . . .¹⁰

Unlimited and illegal immigration to the United States creates an environment that actively discourages automation and innovation. Why should a farmer invest in a mechanical harvester when illegal aliens are cheap, docile, and available? Why should a company invest in the development of a computerized sewing machine when an unlimited labor pool guarantees that there will be little market for such a capital-intensive machine? As long as the United States continues to ignore massive illegal immigration, many of America's oldest industries will have little incentive to modernize their means of production. Instead, these industries will remain content to plod down the easy path leading to economic obsolescence and protectionist tariffs.

Another way to look at Simon's theory is to ask what would happen if the flow of illegal immigrants were to be cut off. The economists who have investigated this question are in agreement: to replace the immigrant workers with American workers, employers would have to offer higher wages. Higher labor costs would, in turn, act as an incentive to increase productivity through improvements in management and labor-saving technology.¹¹

In short, Simon has yet to produce any serious evidence for his claim that without immigration "the mainspring of all economic advance" will wind down. The evidence indicates that just the opposite is true.

B) *The Myth That Illegal Aliens Don't Use Social Services*

The second leg of Julian Simon's theory relates only to illegal aliens: even if they do not benefit the economy, they benefit us as taxpayers since they "receive little in welfare service because of their illegal status."¹²

In support of his conclusion, Simon has repeatedly maintained that only 1-4 percent of illegal aliens receive welfare, unemployment compensation, or food stamps.¹³

His authority is a 1976 study by David North and Marion Houston. Simon surely knows, but never acknowledges, that this study was not a survey of welfare use or tax payments by illegal aliens in the United States, but simply a profile of a small group of illegal aliens apprehended by the U.S. Immigration and Naturalization Service. North and Houston have cautioned researchers not to use this study as evidence of welfare use by illegal aliens. The reason: 46 percent of those sampled had been in the U.S. for less than a year, and 90 percent were apprehended males¹⁴—the very group least likely to make use of U.S. social service programs. This discrepancy has been called to Simon's attention, and yet he continues to cite the North/Houston survey as "proof" that illegal aliens do not use welfare.

Recent, more representative studies show quite another pattern of social service use by illegal aliens:

- A 1980 study by David North of apprehended illegal aliens with fraudulent Social Security numbers showed that a full 49 percent applied for (and 35 percent received) unemployment insurance benefits.¹⁵
- The Los Angeles County Department of Public Social Services has found that illegal aliens in Los Angeles County alone apply for over \$36 million worth of benefits a year.¹⁶
- A study by David Heer found that 18.5 percent of illegal alien mothers in Los Angeles County General Hospital have used either AFDC, Food Stamps, or MediCal since arrival in the United States.¹⁷
- A May 1983 study by the Arizona Hospital Association estimated that providing health care to illegal aliens cost \$4.4 million a year. To recoup this loss, Arizona hospitals charged regular patients an average surcharge of \$10.10 per patient per day.¹⁸
- A 1982 study by the Illinois Attorney General's office found that 50 percent of non-citizen unemployment insurance applicants were illegal aliens using fraudulent documents. The estimated loss to Illinois taxpayers: \$50 million a year.¹⁹

Julian Simon has consistently failed to note these studies in any of his work. Instead, he repeatedly returns to the North-Houston report, which is not a study of welfare use at all. It is time to look at the facts. The evidence is in: illegal aliens make average to heavy use of the American

social service system. Julian Simon's assertion that illegal aliens do not use welfare is an outdated myth.

C) *The "Free Lunch" Myth: Illegals Pay More in Taxes Than They Receive in Benefits*

During the debate, when challenged on his assertion that "illegal aliens use little welfare," Julian Simon fell back to argue a different position: that aliens pay more in taxes than they receive in benefits.²⁰ In short, immigrants—both legal and illegal—are a "free lunch."

Simon's primary support for this argument is an analysis of Census Bureau data on immigrants who arrived in the United States between 1950 and 1975. Oddly, when David North (the same expert Simon relies on in other contexts) went back to the same Census Bureau data, and using Simon's formulation, recalculated the "costs" and "benefits" from immigrants, he came to precisely the opposite conclusion.²¹ (In a typical exaggeration, Simon claims that two Nobel Prize-winning economists "reviewed" his study and "found no flaw in its procedure." When we asked for a copy of the reviews, we were informed that Simon spoke on a panel before an audience that happened to include two Nobel laureates; neither commented on his methodology in the question and answer session that followed his presentation.)

Even if you accept Simon's study, it cannot predict the "costs and benefits" of today's immigrants (illegal aliens, legal immigrants, and refugees) unless you assume today's immigrants will be as productive and earn as much money as the legal immigrants who entered the United States between 1950 and 1975—a group dominated by skilled professionals from Eastern Europe and Cuba.

Simon offers no evidence to support this assumption. All available data indicate that illegal aliens are significantly less productive and earn less money, and according to economist Barry Chiswick, recently arrived refugees, legal Hispanics, and Filipinos have all been less successful than the group Simon studied.²² This is a significant finding in light of the fact that these three immigrant groups represent a large percentage of the immigrants coming to the United States today.

Simon's cost-benefit argument discounts at least one significant cost: Social Security. He ignores this cost when discussing illegal aliens, assuming that they pay into but make no use of this costly federal program. Yet current law permits both legal and illegal aliens to receive Social Security benefits, and increasing numbers are doing so. A recent study by the General Accounting Office found that, of the 312,000 non-citizen Social Security recipients residing overseas, as many as 194,000

may be illegal aliens. On average, these Social Security recipients are receiving \$23 in benefits for every \$1 they paid into the system prior to retirement.²³

As the alien population of the United States grows older, we can expect more legal and illegal immigrants to file for (and receive) Social Security benefits. It is important to note here that these claims will increase rapidly at the very time that American “baby boomers” begin to come of age and make claims. The effect of adding additional numbers to this sizeable bulge in the U.S. age structure can only accentuate what will be a significant problem in years ahead.²⁴

Simon has an answer for this, of course. He admonishes the audience not to worry about any such future liability: “What happens 25 years and more from now is relatively insignificant because of discounting.”²⁵

During the debate, Simon cited a recent study by Cardenas and Weintraub to buttress his argument that illegal aliens pay “five and ten times” as much in taxes as they receive in benefits.²⁶ He asserted that the study found that “all together, this is state plus federal” illegal aliens in Texas pay \$359 to \$580 million in taxes but receive only \$63 million to \$132 million in benefits.²⁷

What Simon does not say is that Cardenas and Weintraub, in the very first page of their introduction, state that while they did “examine . . . local, state, and federal taxes paid by these (undocumented) persons,” they estimated only “what costs are incurred by the State of Texas for the provision of public services. . . .”²⁸

So Simon’s “bottom line” was a distortion: his calculations include income to the federal government but none of the costs. Was this misstatement accidental? Perhaps. But Weintraub and Cardenas are quite clear that they did not study federal costs (their study contains no data on federal costs). And Simon had clearly seen a copy of the report; he waved a copy about when I challenged him on the accuracy of his statement.²⁹

D) *The Myth That Poor Workers Own American Industry*

On one subject Simon and we are in agreement: today’s immigration has the result of driving down wages for American workers. The reason is that immigration increases the supply of labor, and increasing the supply of any factor of production tends to lower the price.

Since today’s immigrants tend to concentrate in low skilled jobs, the Americans who face lower incomes because of competition from immigrants tend to be disadvantaged American workers—the young, minorities, handicapped, and women.³⁰

Simon actually cites a study which found wages depressed by 8 percent by the presence of illegals.³¹ Other studies indicate the effect is three times as great in areas of heavy concentrations of illegals.³²

Nonetheless, Simon dismisses this loss of earnings by American workers. The reason is that any loss of wages is offset by an increase in profits to the owners of capital. And, he states matter of factly,

... much of America's private capital is owned directly by "workers" through pension funds and by way of the taxes paid on interest and dividends. Hence the loss to the "worker" is unclear.³³

It is hard to believe that Julian Simon really believes this unique version of the trickle down theory: that American workers at the bottom of the economic ladder are not affected by illegal immigration because of the dividends they receive from employers who hire illegal aliens. It is worth noting that Simon does not supply any data to support this remarkable assertion.

There is not a single scholarly dissent from the proposition that large-scale legal and illegal immigration lowers the standard of living for disadvantaged Americans.³⁴

E) *The Myth That Americans Will Not Do Jobs Held by Illegals*

Millions of immigrants have joined the workforce of the United States over the last ten years. Former Secretary of Labor Ray Marshall has observed that unemployment could be 2 percent lower than it is today if illegals were not taking so many jobs from Americans.³⁵

Simon disagrees. He asserts that "there tends not to be a deleterious effect on natives because natives do not want these jobs."³⁶

Yet in every major occupation in which aliens are found, the majority of the labor force are American citizens. In every single occupation where illegal aliens are employed, they toil side by side with citizen and legal resident alien workers.³⁷ In other words, the assertion that American workers would not do jobs now held by illegals is absurd. American workers are now doing those jobs—as long as they are paid a decent wage under reasonable conditions.

Yet employers continue to hire illegal workers. The reason: illegal aliens are willing to work for less than the prevailing wage in occupations where they concentrate.

Though Julian Simon suggests that Americans are unwilling to do difficult or "stoop" labor, a moment's reflection reveals this to be untrue. American workers have always been willing to do boring, dirty, and dangerous work. American workers actively seek jobs mining coal,

resurfacing roads, and laying hot tar roofs. Every sidewalk in America was built by someone who stooped.³⁸

What Simon fails to grasp is the very important relationship between depressed wages and working conditions brought about by illegal immigration (which he acknowledges) and the displacement of American workers. Illegal immigrants do not take jobs Americans will not fill; they make jobs Americans will not fill.

The presence of illegal aliens creates a vicious labor market cycle. Large numbers of illegal aliens depress wages and working conditions in these industries. At some point the wages are so low, the working conditions so bad, that American workers are unwilling to accept them. The "unavailability" of American workers is used as an excuse to justify more illegal immigration, which drives wages and working conditions even lower, resulting in even fewer Americans applying for such jobs. The reemergence of the sweatshops in New York and Los Angeles in the past ten years is an example.

Now consider what would happen if illegal immigration were cut off. Some sweatshops might be moved abroad. But the restaurants, hotels, and construction companies would have to stay and attract unemployed Americans with better wages and working conditions, thereby reducing unemployment.

F) *The Myth That There Is No Limit to America's Carrying Capacity*

Immigration will add more than fifty million people to the population of the United States by the year 2025 if today's levels continue and do not increase.³⁹ Many scientists believe that such population growth will result in severe strains on our natural resources and a significant reduction in the quality of life in this country.

Simon concedes that such population growth will create real strains on our natural resources and a significant reduction in the quality of life in this country.

Simon concedes that such population growth will create real strains on the carrying capacity of our country. He predicts "prices of raw materials [will] rise," and that there will be "fear of scarcity."⁴⁰

Why is he so willing to bring about this reduction in the standard of living? Because the scarcity will trigger technological progress "in the long run."⁴¹

His faith in technology is based on what he asserts to be a historical fact: "natural resources are in the long run getting increasingly more available rather than increasingly scarce."⁴²

The reader should be aware that this assertion is hotly contested by most of the experts in the field he cites. For example:

Fisheries: Simon has frequently said (and repeated in our debate) that the total world fisheries catch has increased in recent years. But population has grown even faster, so the per capita world fisheries catch has declined. It is per capita availability of a resource that determines its overall scarcity.

Land: To show that land resources are not getting scarcer, Simon claims that the ratio of acres per farmer has increased. But the number of acres per person has decreased in recent years.

Forestry: In discussing forest resources, Julian Simon points out that the United States has more forests than ever before. Yet he ignores readily available national and global data that indicate per capita forest resources are decreasing.⁴³

Even if you accept his apparently boundless faith in technology, ask one more question: How long will we have to wait for the future benefit? Simon recently wrote that "eleven years is much too short a time for the most important effects of population change to have their effects [sic]."⁴⁴ During the debate he mentioned that it might take "10 years, 20 years, 50 years" for the cycle of resource strains to technological improvements to take place.

Says Peter C. Timmer, Professor of Agriculture and Business at the Harvard Business School.

Policy makers and poor people alike live in the short run, where events several years ahead might as well be an eternity. If no mechanism exists for connecting the short run with the long run, then Simon's vision is not only utopian but pernicious because it raises our sights from the real problems of today to the future problems that—by his reckoning—inevitably solve themselves. . . . [Simon's] faith that everyone will be better off in the long run is little solace to the several hundred million poor of the world who have no grounds for such hope.⁴⁵

III. The U.S. Should Take Steps To Regain Control of Immigration

In recent years, public figures as divergent as Attorney General William French Smith and Father Theodore Hesburgh have all reached the same conclusion: America has lost control of its borders.⁴⁶ The consensus is that legal and illegal immigration to the United States is high and is growing with each passing year. Yet Julian Simon suggests that this is not so; that illegal immigration is not increasing and that, in fact, we are accepting fewer immigrants than we have in the past.

A) *Simon's Numbers Game, Part I: Unrealistic Estimates for Illegal Immigration*

Legal immigration has ranged from 600,000 to 800,000 over the past five years. If illegal immigration has ranged from 500,000 to 1,000,000 per year, as many experts believe, immigration is now at the highest levels in American history.

Simon ridicules the experts, claiming that 250,000 per year is the true figure for illegal immigration. Yet he himself cites the Census Bureau's conservative estimate that there were between 3.5 and 6 million illegal aliens in the country in 1978. As most of this stock was accumulated in the 1970s, at least 350,000 to 600,000 per year were coming in to stay in each of the past ten years.

Professor Daniel Vining has estimated that well over 250,000 illegal aliens came in by air between 1970 and 1977.⁴⁷ To accept Simon's estimate of 250,000 per year requires us to assume that every illegal who came in by land went back.

Whatever the precise number of illegal aliens, one thing is clear: it is large enough to cause concern. And it is growing.

B) *Simon's Numbers Game, Part II: More Is Less*

Simon's next argument is that, although more immigrants may be coming in today than ever before, the proportion of immigrants compared to the native population is lower than it was earlier in the century.

From the point of view of the economic impact of immigrants upon natives, more appropriate than these absolute numbers is the volume of immigration as a proportion of the native population. . . . The immigrants who arrived between 1901 and 1910 constituted 9.6 percent of the population, whereas, between 1961 and 1970, immigrants constituted only 1.6 percent of the population. So the recent flow is less than one-sixth as heavy as it was in that earlier period proportionately.⁴⁸

The next sentence reads:

Another way of thinking about the matter: in 1910, 14.6 percent of the population was foreign born. In 1970, only 4.7 percent of the population was born abroad.⁴⁹

Characteristically, Simon chose 1970 as his reference point. By 1980, the Statistical Abstract notes the percentage of foreign born had increased by 50 percent over the 1970 figure.⁵⁰

We are to take from this statement that immigration levels are "lower" today even though more people are actually entering the United States.

During the question and answer period, Simon confirmed that it is his belief that as a country's population grows it becomes more able to absorb immigrants. He was asked whether this meant that "China is in a better position to accept more immigrants than the U.S." Simon responded that to compare China and the U.S. was not possible, because the two circumstances were not alike.

It is apparently acceptable to compare the U.S. today with the U.S. in 1895, but unacceptable to compare the U.S. in 1984 with China in 1984.

Whatever battery of logic is stored in Simon's comparative examples, it is lost to most listeners, who are left with only the notion that immigration is lower today than it was at the turn of the century—a statement that is, in absolute terms, simply not true.

Simon argues that, for any given country, its ability to absorb immigrants increases as its population increases, "holding other things constant."⁵¹

Yet Simon offers no specific evidence to support this statement and it is *prima facie* invalid; in the U.S. we have not held "other things constant." Almost nothing is the same as it was one hundred years ago. We do not have as much per capita oil, water, coal, or land as we did only 100 years ago. One hundred years ago, we did not have major social welfare programs; there were fewer potential immigrants; transportation costs were lower; and so on.

Perhaps the best way to test Simon's theory is to carry it to its logical conclusion. He says that "even more immigrants at this relative [level] would give us increased benefits." That is, we could accept without strain the same number of immigrants relative to our current population size as we accepted at the turn of the century.

What is the "level of immigration" which Julian Simon speaks about? How many immigrants does Julian Simon believe the United States can absorb every year?

A quick look at the data shows that at the turn of the century the United States accepted as many as one million legal immigrants a year though the total population of the U.S. was under 50 million. To match the proportion of natives to immigrants that we have in 1970, the U.S. would have to begin with an annual influx of 4.9 million immigrants a year (and increase the number each year to maintain the proper ratio). Assuming the fertility rate of the U.S. remains at its current low rate (TFR = 1.8), by the year 2030, the population of the United States would more than double to 550 million.⁵²

According to Simon's theory, we should be able to absorb 5 million immigrants per year and add 300 million people to our population in 50

years without strain. When a theory leads to an absurd result it is time to question the theory or the theorist.

C) *The Numbers Game, Part III: Illegal Immigration—Not Growing?*

Apprehensions of illegal immigrants have increased 3,000 fold in the past twenty years, even though the number of Immigration Officers has barely increased at all.⁵³ Apprehensions per hour of Border Patrol time have increased by 250 percent in the past ten years.⁵⁴

But Simon rejects the overwhelming consensus among law enforcement officials and experts that the number of illegal border crossers is growing by noting that “earlier than the 1960s, the number of apprehensions was quite large relative to now.”⁵⁵

Now this is a clear misrepresentation of the facts. Any serious student of INS history knows it. Only in 1954 did the INS apprehend anything like the number of illegal aliens they are apprehending today. In that year, the INS scoured the U.S. in a quasi-military action called “Operation Wetback,” seeking to deport all the illegal aliens they could find. Such a program was unprecedented (and has not since been repeated). One year after this massive illegal alien roundup, the INS yearbook noted that:

The so-called “wetback” problem no longer exists. The decline in the number of “wetbacks” found in the United States, even after concentrated and vigorous enforcement efforts were pursued throughout the year ([1955], reveals that this is no longer, as in the past, a problem in border control. The border has been secured.⁵⁶

Since 1955, apprehensions have been rising. The escalation has been sharper since the late sixties, without significant increases in the Border Patrol. Last year over a million persons were apprehended crossing the border.⁵⁷ Some are obviously repeat offenders. But Border Patrol officials estimate that for every one they catch two or three simply slip across the border.

Illegal immigration is growing, and has been for twenty years. To cite the 1954 data without explanation is to mislead and confuse the debate.

D) *Should We Follow Simon’s Counsel and Do Nothing to Regain Control over Immigration?:*

Even if the reader accepts Simon’s argument that the number of immigrants entering today (or a modest increase over that number) is acceptable, there is still an urgent need to take action now to control illegal immigration. Most immigration experts agree: immigration pres-

tures on the United States are going to increase sharply in the coming years. Simon seems unconcerned over the prospect, perhaps because his theories predict that things will get better in the developing world in the coming decades. Consider the evidence:

Africa, hard-pressed to feed 513 million persons today, must somehow find the means to feed a population of 1.39 billion the year 2020.⁵⁸ Latin America, with a gross national product one-fifth that of the U.S., must create twice as many jobs as the United States averaged throughout the 1970s, and do it every year for the next 40 years just to maintain current levels of unemployment.⁵⁹ It is hard to imagine that the economic growth of these two continents will be able to keep pace with their rapid population growth. Certainly the most recent World Bank report is not optimistic about the outcome.⁶⁰

What is wrong with Julian Simon's overall logic regarding both immigration and population growth is that he fails to recognize that the pace of world population growth has changed. Though it took two million years to add the first billion people to the world (1830), it took only one hundred years to add the second billion (1930), thirty years to add the third billion (1960) and 15 years to add the fourth (1975). Today, world population growth has reached such a frenzied pace that we add one billion people to the world every eleven years.⁶¹

Simon's theory is based on the slow, gradual population growth that has occurred throughout most of human history. But world population growth is no longer lumbering along at a comfortable pace. Without a rapid decline in fertility, the current population of the world is projected to double in less than 40 years.⁶² Mexico and Central America, with a combined population of 100 million today, will have a combined population of more than 220 million only 16 years from now.⁶³

Simon asserts that rapid population growth is a boon to developing countries, and he cites World Bank data for this proposition:

... population growth has been a lot faster in the less developed countries, but the percentage rate of economic growth has been no slower and probably faster in the less developed countries taken as a whole in those 25 years since World War II.⁶⁴

Presumably, World Bank President A. W. Clausen has reviewed the same data. He recently observed that current population growth rates "threaten to plunge countries into chaos" by halting development in the poorest, developing nations and threatening the quality of life in others. Clausen went on to say that, "In the poorest countries, development may not be possible at all unless slower population growth can be achieved soon."⁶⁵

For most of the developing world, the question is not economic prosperity, but economic survival. The most recent World Bank *Development Report 1984* concludes that rapid population growth endangers, rather than enhances, precarious economic conditions in the developing world.⁶⁶

Even if Third World economies grow as their populations expand, more and more of the world's displeased and dispossessed will seek to improve their lot through migration. Many will seek passage to the United States. Already, nearly everyone in El Salvador, Mexico, and the Philippines knows someone who has gone to America—the land of Ivory Snow, Chevrolet, and designer jeans. In Haiti, a popular local myth holds that in America there is a computer on every corner and all you have to do is punch in a few numbers and money comes pouring out—a classic interpretation of computerized banking. Though such stories are amusing, it is a sad and frightening truth that whole generations of children are growing up today with only one thought in mind: to migrate to the United States.

Conclusion

Though America has a long immigrant tradition, it cannot afford to accept all who come. We are no longer a nation of frontiers. Our western states are already suffering from a mounting water crisis. And today's natural resource constraints endanger our national security and leave us vulnerable to the whims of unstable foreign governments.

Though the U.S. birth rate has dropped, we continue to have one of the fastest population growth rates in the industrialized world. The reason: legal and illegal immigration, which accounts for 40 to 50 percent of U.S. population growth.⁶⁷ Between 1980 and the year 2000, current levels of legal and illegal immigration will add over 20 million people to the population of the United States—a sum equal to the combined 1980 populations of Los Angeles, New York, Philadelphia, Chicago, Phoenix, Houston, and Dallas.⁶⁸

Though some employers may derive short-term economic benefit from hiring cheap, docile, illegal alien labor, society as a whole must bear the burden and pay the price—a price that includes lower wages for American workers, higher unemployment, and increasing social service costs.

Julian Simon has failed to show that today's uncontrolled immigration is a net benefit to the United States. In fact, careful scrutiny of his sources of authority demonstrates the validity of FAIR's contention that America must regain control of its borders.

- ¹ Transcript of the debate between Roger Conner and Julian Simon sponsored by The Heritage Foundation (hereinafter referred to as "Debate"), p. 1.
- ² Debate, p. 14.
- ³ Debate, p. 27.
- ⁴ *Ibid.*
- ⁵ Julian Simon, "Nine Myths About Immigration," Heritage Foundation *Background* No. 326, February 1, 1984, p. 9.
- ⁶ *Ibid.*
- ⁷ Debate, p. 16.
- ⁸ *World Development Report 1984* published for the World Bank by Oxford University Press, May 1984, p. 81.
- ⁹ Barry Chiswick, ed., *The Gateway* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1982), pp. 356-357.
- ¹⁰ Michael Teitlebaum, *Immigration, Refugees and American Business* (Washington, D.C.: National Chamber Foundation, 1984), pp. 26-27.
- ¹¹ *Ibid.*, p. 21.
- ¹² Simon, "Nine Myths About Immigration," *op. cit.*, p. 3.
- ¹³ Julian Simon, "Don't Close Our Borders," *Newsweek*, February 27, 1984, p. 11.
- ¹⁴ David North and Marion Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study" (Washington, D.C.: Linton and Company, 1976).
- ¹⁵ David North, *Government Records: What They Tell Us About the Role of Illegal Immigrants in the Labor Market* (Washington, D.C.: New TransCentury Foundation, April 1981).
- ¹⁶ Los Angeles County, Department of Public Social Services, "Alien Status Verification Reports," Los Angeles, August 14, 1980, Tables 2 and 4.
- ¹⁷ David M. Heer and Dee Falasco, "The Socioeconomic Status of Recent Mothers of Mexican Origin in Los Angeles County: A Comparison of Undocumented Migrants, Legal Immigrants, and Native Citizens," a paper presented to the annual meeting of the Population Association of America, San Diego, California, April 29-May 1, 1982, Tables 7 and 11.
- ¹⁸ *Arizona Republic*, May 18, 1983, p. A-14.
- ¹⁹ *Chicago Sun-Times*, April 9, 1982, and unpublished data from the Chicago District office of the INS.
- ²⁰ Debate, p. 13.
- ²¹ David North, "The Missing Tallies in Julian Simon's Work," prepared as an appendix to the work of the Select Committee on Immigration and Refugee Policy, May 1981.
- ²² *The Gateway*, *op. cit.*, p. 157.
- ²³ *Congressional Record*, February 3, 1983, p. E306, "Billions Paid to Legal and Illegal Aliens," comments of Congressman William Whitehurst (R-VA).
- ²⁴ Teitlebaum, *op. cit.*, p. 39.
- ²⁵ Debate, p. 11.

- ²⁶ Debate, p. 12.
- ²⁷ Debate, p. 25.
- ²⁸ Gilberto Cardenas and Sidney Weintraub, *The Use of Public Services by Undocumented Aliens in Texas* (Austin, Texas: The University of Texas, 1984), Policy Report No. 60, p. 1.
- ²⁹ Debate, p. 25.
- ³⁰ Teitelbaum, *op. cit.*, p. 24.
- ³¹ Simon, "Nine Myths About Immigration," *op. cit.*, p. 6.
- ³² Thomas Muller, *The Fourth Wave, California's Newest Immigrants* (Washington, D.C.: The Urban Institute, 1984), p. 15, Table 3.
- ³³ Simon, "Nine Myths About Immigration," *op. cit.*, p. 10.
- ³⁴ *Business Week*, May 14, 1984.
- ³⁵ Ray Marshall, interview with Harry Bernstein, *The Los Angeles Times*, December 2, 1979.
- ³⁶ Simon, "Nine Myths About Immigration," *op. cit.*, p. 5.
- ³⁷ Teitelbaum, *op. cit.*, p. 29.
- ³⁸ *After the Bracero* by Fred Schmidt, quoted by Elliott Epstein in testimony before the Select Commission on Immigration and Refugee Policy, 1981.
- ³⁹ Leon Bouvier, *The Impact of Immigration on U.S. Population Size*, Population Reference Bureau, 1981, p. 6, Table 4.
- ⁴⁰ Simon, "Nine Myths About Immigration," *op. cit.*, p. 9.
- ⁴¹ *Ibid.*
- ⁴² *Ibid.*
- ⁴³ Lindsey Grant, *The Cornucopian Fallacies*, The Environmental Fund, 1982, pp. 9-10.
- ⁴⁴ Simon, "Nine Myths About Immigration," *op. cit.*, p. 9.
- ⁴⁵ C. Peter Timmer, *Population and Development Review*, March 1982, pp. 164-165.
- ⁴⁶ Theodore Hesburgh, interviewed by Georgie Anne Geyer for *Notre Dame Magazine*, July 1983; also Statement of Attorney General William French Smith before the California Roundtable, Los Angeles, May 20, 1982.
- ⁴⁷ Daniel Vining, *Net Migration by Air: A Lower Bound on Total Net Migration to the United States*, University of Pennsylvania, August 1979.
- ⁴⁸ Debate, p. 8.
- ⁴⁹ *Ibid.*
- ⁵⁰ *Statistical Abstract of the United States*, 1982-1983, U.S. Department of the Census, p. 89.
- ⁵¹ Debate, p. 28.
- ⁵² For more information on immigration and U.S. population growth, see Leon Bouvier, *op. cit.*
- ⁵³ *Immigration and Naturalization Service Budget Highlights* for FY 1985 budget, Budget Office, INS Central, Washington, D.C., p. 1.
- ⁵⁴ David North, *Enforcing the Immigration Law: A Review of the Options* (Washington, D.C.: New TransCentury Foundation, 1980), p. iii.

- ⁵⁵ Debate, p. 9.
- ⁵⁶ *History of the United States Immigration and Naturalization Service*, Congressional Research Service for the Senate Judiciary Committee, Washington, D.C., 1980, p. 66.
- ⁵⁷ INS data by telephone from Verne Jervis, INS Central, Washington, D.C.
- ⁵⁸ 1983 World Population Data Sheet of the Population Reference Bureau, Washington, D.C.
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- ⁶⁰ *World Development Bank 1984*, *op. cit.*, p. 83.
- ⁶¹ Lester Brown, *The Twenty-Ninth Day* (Washington, D.C.: Worldwatch Institute, 1978), p. 74.
- ⁶² 1983 World Population Data Sheet of the Population Reference Bureau, *op. cit.*
- ⁶³ *Ibid.*
- ⁶⁴ Debate, p. 15.
- ⁶⁵ *The Columbia South Carolina Record*, July 11, 1984, p. 16-A.
- ⁶⁶ *World Development Report 1984*, *op. cit.*, p. 83.
- ⁶⁷ *The Impact of Immigration on U.S. Population Size*, *op. cit.*, p. 1.
- ⁶⁸ *Ibid.* See also Andrews Hacker, *A Statistical Portrait of the American People* (New York: Viking Press, 1983), p. 26.

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Few issues cause so great a dilemma as immigration. Americans inhabit a country and celebrate a nation whose doors always have been open. It is a nation which has been and continues to be a land of opportunity; a nation whose record of contributions by immigrants can stretch from here to California and back several times; a nation whose dynamics of growth and dynamics of creativity have to a great extent been created by immigrants.

Yet there is a nagging concern among some that maybe this time something is different. There is a fear that maybe in the 1980s something is different about the dynamics of immigration and about the conditions concerning immigration. It is said, for example, that maybe too many immigrants are coming to America's shores. It is said that maybe the conditions in this country—and its resources—are not as great as they once were to handle and to welcome the immigrants.

What, then, is a prudent and responsible policy for the U.S. regarding immigration? What is a prudent and responsible policy for a nation which still proudly boasts that the Statue of Liberty is one of its most cherished national symbols? How, in fact, do immigrants affect the U.S. standard of living? What economic impact do immigrants have on the United States?

Policy makers long have been debating these tough questions. It is hoped that this exchange by experts Julian Simon and Roger Conner will contribute to the debate.

