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Understanding and Creating Prosperity



# Migration and Enterprise: Reforming Legal Immigration

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## Making the Case for Immigration Reform



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- Moral and ethical claims.
- American history and Constitutional claims.
- Cultural claims and concerns.
- Economic claims, costs, and benefits.  
("It's the economy, stupid")

# Current U.S. Immigration Policy



- *The Immigration and Naturalization Act (INA), the body of law governing current immigration policy...*
- *annual worldwide limit of 675,000 permanent immigrants, with certain exceptions for close family members.*
- *Congress and the President determine a separate number for refugee admissions*
- *[legal immigration to the U.S.] based upon...: reunification of families, admitting immigrants with skills that are valuable to the U.S. economy, protecting refugees, and promoting diversity.*

<http://www.immigrationpolicy.org/just-facts/how-united-states-immigration-system-works-fact-sheet>

- *Each year, starting April 1, companies can sponsor 85,000 foreigners for so-called H-1B visas. The bulk, 65,000, are for people with at least a bachelor's degree, which doesn't have to be earned in the U.S. The remaining 20,000 are set aside for foreign nationals with advanced degrees from U.S. universities.*
- *Employers are expected to exhaust this year's quota within days, say government and company officials. If that occurs, the U.S. Citizenship and Immigration Services, the federal agency that runs the program, will use a computer to randomly select petitions. Those chosen can begin jobs in October or later.*

<http://www.wsj.com/articles/visa-demand-for-high-skilled-foreigners-is-likely-to-prompt-lottery-1427921906>





## Green Card Through the Diversity Immigrant Visa Program

The Diversity Immigrant Visa Program (DV Program) makes up to 50,000 immigrant visas available annually, drawn from random selection among all entries to individuals who are from countries with low rates of immigration to the United States. The DV Program is administered by the U.S. Department of State (DOS).

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**The Seattle Times**

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### Money from investor visas floods U.S., but doesn't reach targeted poor areas

Originally published March 7, 2015 at 8:00 pm | Updated March 9, 2015 at 12:48 pm

- *The answer is an opaque federal program, known as EB-5, that annually allots about 10,000 green cards, or permanent-residency visas, to wealthy foreigners who each invest \$1 million in a U.S. enterprise that creates at least 10 permanent, full-time jobs.*
- *Few of them actually pay that price. Instead they use a loophole that cuts the price of a green card to \$500,000 if they invest in a rural area or urban one with high unemployment. The discount was intended to create jobs in depressed communities.*



<http://www.pewhispanic.org/2015/11/19/more-mexicans-leaving-than-coming-to-the-u-s/>

The image shows a screenshot of a Pew Research Center article. At the top, the Pew Research Center logo is displayed, followed by the sub-header 'Hispanic Trends'. Below this is a navigation bar with categories: U.S. POLITICS, MEDIA & NEWS, SOCIAL TRENDS, RELIGION, INTERNET & TECH, HISPANICS (highlighted), and GLOBAL. A secondary navigation bar includes PUBLICATIONS, TOPICS, INTERACTIVES, DATA AND RESOURCES, and EXPERTS. The article date is 'NOVEMBER 19, 2015'. The main title is 'More Mexicans Leaving Than Coming to the U.S.' with a subtitle: 'Net Loss of 140,000 from 2009 to 2014; Family Reunification Top Reason for Return'. Social media sharing icons for Facebook, Twitter, Email, Print, and a plus sign are visible.

<http://www.economicthinking.org/StudyGuideCubaMexVenez.pdf>

The image shows the cover of a study guide titled 'Economic Engagement with Cuba, Mexico, Venezuela'. At the top, it features the 'MACKINAC CENTER' logo and the text 'ECONOMIC THINKING' in a black bar, followed by the 'economic thinking' logo. The main title is in large blue font. Below the title is the subtitle 'Study Guide for the 2013-14 NFL Debate topic'. At the bottom, a black bar reads 'Mackinac Center Debate Workshops Topic Study Guide, October, 2013'. Below this bar are six book covers: 'Global Crossings' by Alvaro Vargas Llosa, 'Liberty for Latin America' by Alvaro Vargas Llosa, 'Borderless Economics' by Robert Guest, 'Lessons for the Poor' edited by Alvaro Vargas Llosa, 'Making Poor Nations Rich' edited by Benjamin Powell, and 'The Morality of Capitalism' by Benjamin Powell.

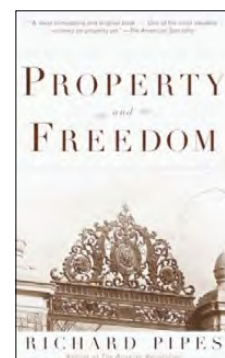
<http://www.economicthinking.org/StudyGuideCubaMexVenez.pdf>

- *In a single generation, between 1980 and 2007, more than 10 million people migrated, legally or illegally, from Mexico to the U.S.*
- *Today there are more than 12 million Mexican-born people in the U.S. and millions of American children who are their offspring-- amounting to almost 10% of the nation's population.*
- *That is exponentially larger than in 1970, when there were less than one million Mexican-born people in the country, or 1980, when there were two million. The Mexican migration, and the similarly large migration of others from the rest of Latin America, has in just one generation reshaped the nation. ("A Nation Built for Immigrants," Wall Street Journal, Sept. 21-22, page C1.)*



## Migrating to Freedom

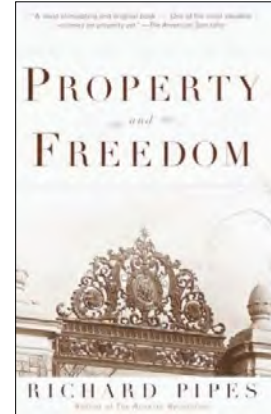
- Cities gained freedom from local princes and became “self-governing, self-judging communes...” (p. 109)
- All male residents had right to participate in communal assemblies (long Germanic custom).
- **Migrants to these cities (including runaway serfs) were considered free after living in the city a year and day.**
- “Trade, along with manufacture and the capital to which both gave rise, created in the midst of an agrarian society based on duties and privileges, oases of liberty based on rights.” (p. 111)



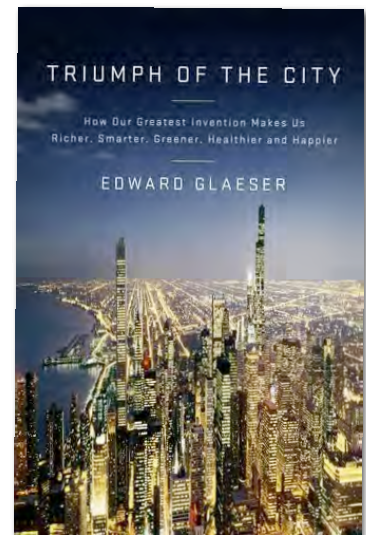
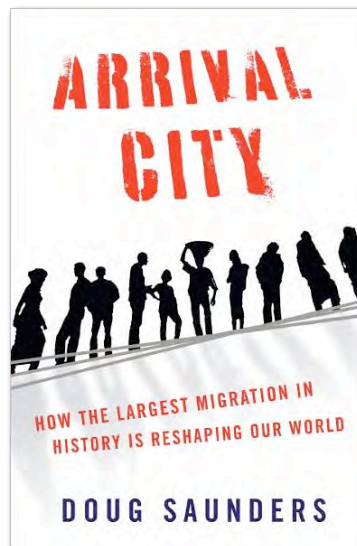
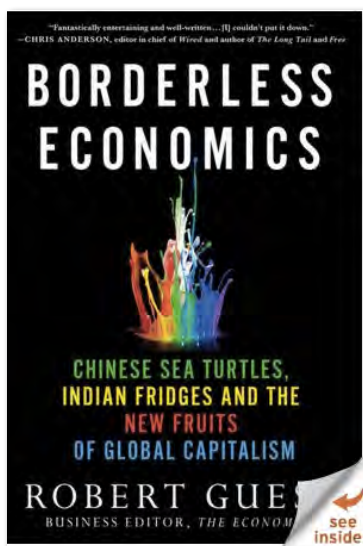


# End of City Independence

- Modern democracy originated in medieval towns, where private property and commerce were protected by law the rule.
- Through the fourteenth and fifteenth centuries with the rise of nation states (and gunpowder), most cities began to lose their autonomy.
- “The sixteenth and seventeenth centuries were an era of absolutism which had no tolerance for urban self-rule.” (p. 111)
- “But the ideals the cities had fostered and the institutions they had created became an intrinsic part of the Western political tradition.” (p. 111)



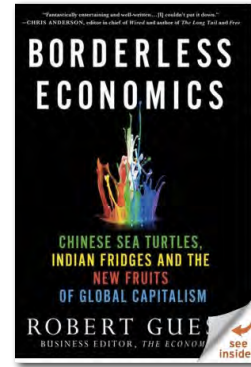
## Migration, Cities, and Economic Prosperity



# Migration Economics

## How Moving Makes Us Richer

- Stories of immigrants who see problems and act on opportunities. *Cheun Yan from China saw lots of paper thrown away in the U.S., built Nine Dragons Paper, now she is worth \$1.6 billion.*
- *Sergey Brin, son of Russian immigration to Google. Similar stories with PayPal, eBay, Sun Microsystems.*
- **[www.renewoureconomy.org](http://www.renewoureconomy.org)**



“If you build it,  
they will  
come.”





## Globalization and Migration

- ❖ 1700s - Scottish Enlightenment, American colonies left to “self-order” and prosper from trade and agriculture.
- ❖ Nationalism and war for England, France, & Spain. When England tried to regulate the Colonies: Independence
- ❖ 1815-1915 - Era of globalization... Expanding flows of goods (trade), investment, and people (migration).
- ❖ But from 1870s on, growing fear of free trade, immigration and resource depletion.
- ❖ 1950s/1960s - Return of global integration (increased trade, investment, migration). But from 1970s on, new fears of free trade and resource depletion.

## Causes of Economic Growth

- ❖ “Finding treasure” patterns of economic growth (Saudi Arabia).
- ❖ Spain and Portugal were 17th Century models for “finding treasure” model.
- ❖ But the economic success story of 17 Century was...
- ❖ But who in Amsterdam and Holland? Not so much the “Dutch.” (“What is Holland?”





## The Causes of Economic Growth

by Reuven Brenner

**P**oliticians and economists promise growth, prosperity, and higher standards of living. What do they mean by those terms? Is there some objective measure by which to judge whether people in a particular society, or in the world, expect technological and political innovations (including fiscal ones) to be beneficial and lead to the creation of more wealth? How can we be sure that a financial innovation, a change in company strategy, or a change in government policy makes a society better or worse?

The answer is that changes in the total market value of firms (the market value of debt and equity) in a society added to the market value of its government's outstanding obligations would be the best estimate to use in making such judgments—once financial markets are deep and transparent. When this sum increases, it means that the society's ability to generate revenue and pay back

When capital and people move, though, the wealth that disappears in one country reappears in others.

There are few better examples to illustrate those points than the wealth created by the various diaspora of history—Armenians, Chinese, Huguenots, and Jews—as well as the poor emigrants from Europe, who built the newer continents. (Few of the rich left Europe.) The emigrants were driven out of their homelands by politics and regulations. Let us briefly look at how the movement of the most gifted and energetic of those peo-

<http://object.cato.org/sites/cato.org/files/serials/files/policy-report/1998/5/econgrowth.pdf>

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Peter Bauer, the noted development economist, is flanked by Walter Williams of George Mason University, Steve Hanke of Johns Hopkins, and Cato's James A. Dorn at a Book Forum for *The Revolution in Development Economics*, edited by Dorn, Hanke, and Alan Walters.

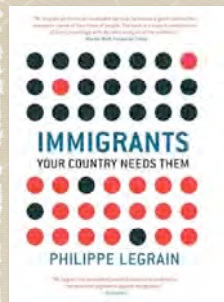


# Who are the Dutch?

- ❖ “The Dutch were the first European Republic, both tolerant toward all religions...and with sound rights to property.”
- ❖ (And the Pilgrims learned in Amsterdam about markets and commerce before departing for the New World.)
- ❖ But misleading to say “the Dutch” did it: “Openness of the new republic attracted to Amsterdam well-connected and educated...”

**“Historians and economists (subsidized by governments) are very good at creating and perpetuating myths that justify increasing the power placed in the hands of government.”**

**“The West German economic miracle was due, not to foreign aid, but to migration of skilled people and significantly lower tax rates.”**



## The Case for Immigration: The secret to economic vibrancy

by Phillip Legrain  
and *TCS Daily*  
interview  
with Phillip Legrain

There is a contradiction at the heart of our globalizing world: while goods, services, and capital move across borders ever more freely, most people cannot. No government except perhaps North Korea's would dream of banning crossborder trade in goods and services, yet it is seen as perfectly normal and reasonable for governments to outlaw the movement across borders of most people who produce goods and services. No wonder illegal immigration is on the rise: most would-be migrants have no other option.

This is perverse. Immigrants are not an invading army; they are mostly people seeking a better life. Many are drawn to rich countries such as the United States by the huge demand for workers to fill the low-end jobs that their increasingly well-educated and comfortable citizens do not want. And just as it is beneficial for people to move from Alabama to California in response to market signals, so too from Mexico to the United

States to fill the low-end jobs that their increasingly well-educated and comfortable citizens do not want. And just as it is beneficial for people to move from Alabama to California in response to market signals, so too from Mexico to the United States to fill the low-end jobs that their increasingly well-educated and comfortable citizens do not want.

Governments increasingly accept the case for allowing in highly skilled immigrants. The immigration bill before the Senate would tilt U.S. policy in that direction, establishing a points system that gives preference to university graduates. Such skills-focused points systems are in vogue: Canada and Australia employ one; Britain is introducing one; and other European countries are considering them.

For sure, as the number of university graduates in China, India, and other emerging markets soars in coming decades, it will be increasingly important for the United States to be able to draw on the widest possible pool of talent--not just for foreigners' individual skills and drive, but for their collective diversity.

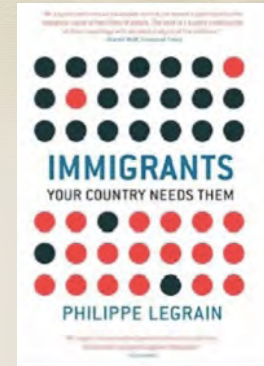
It is astonishing how often the exceptional individuals who come up with brilliant new ideas happen to be immigrants. Twenty-one of Britain's Nobel Prize winners arrived in the country as refugees. Perhaps this is because immigrants tend to see things differently rather than following the conventional wisdom, perhaps because as outsiders they are more determined to succeed.

Yet most innovation nowadays comes not from individuals, but from groups of talented people sparking off each other--and foreigners with different ideas, perspectives, and experiences add something extra to the mix. If there are ten people sitting around a table trying to come up with a solution to a problem and they all think alike, then they are no better than one. But if they all think differently, then by bouncing ideas off each other they can solve

# Open Immigration?

\* *Britain's experience since it opened its borders to the eight much poorer central and eastern European countries which joined the European Union in 2004 is instructive.*

\* *All 75 million people there could conceivably have moved, but in fact only a small fraction have, and most of those have already left again. Many are, in effect, international commuters, splitting their time between Britain and Poland.*



## The Wall That Keeps Illegal Workers In

By DOUGLAS S. MASSEY  
Published: April 4, 2006

THE Mexican-American border is not now and never has been out of control. The rate of undocumented migration, adjusted for population growth, to the United States has not increased in 20 years. That is, from 1980 to 2004 the annual likelihood that a Mexican will make his first illegal trip to the United States has remained at about 1 in 100.

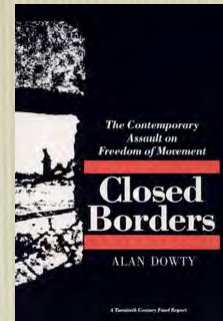
[My favorite article on immigration...](#) According to Massey "The rate of undocumented migration, adjusted for population growth, to the United States has not increased in 20 years." What has decreased, thanks to a massive increase in government spending on border control, is the rate of return of illegal immigrants. Where before 50% would return to Mexico within 12 months, now only 25% do. The Border Patrol's annual budget has risen from \$200 million to \$1.6 billion and staffing has increased from 2,500 to 12,000. The unintended consequence of this expanded border control effort has been to keep illegal immigrants in the U.S. longer, by making return trips harder and more expensive. Massey notes: "The only thing we have to show for two decades of border militarization is a larger undocumented population than we would otherwise have, a rising number of Mexicans dying while trying to cross, and a growing burden on taxpayers for enforcement that is counterproductive." (guest editorial, *New York Times*, April 4, 2006).

# Douglas S. Massey



# Closed Borders

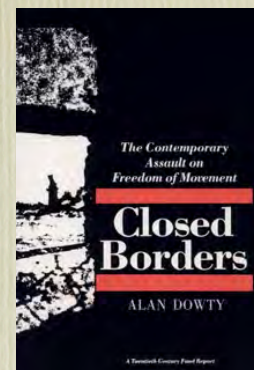
The Contemporary Assault on Freedom of Movement  
by Alan Dowty. A Twentieth Century Fund Report; Yale University Press, 1987



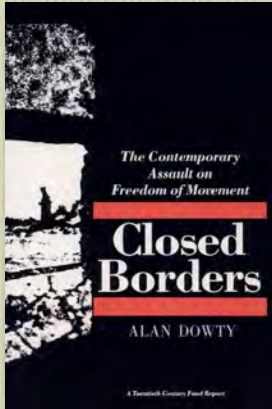
- *Human history is the history of movement.*
- **Migration** the principle drivewheel of historic change.
- **Migration** the means for diffusion of ideas, techniques, and cultures, and *new advances stimulated.*

# Free Trade & Migration

- “As supporters of free trade argue that the flow of goods will regulate itself, so defenders of free movement contend that the unhindered flow of people will find a natural balance. p. 58
- “In this view, the accumulation of millions of individual decisions will produce a better social result than any centralized scheme of control.
- The movement of people thus serves as a ‘thermostat’ of the relative pressures and opportunities existing in different societies.”





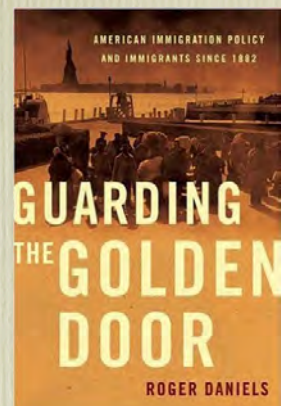


Just a thousand  
years ago...

**Closed Borders**  
The Contemporary Assault on  
**Freedom of Movement** by Alan Dowty. A Twentieth  
Century Fund Report; Yale University Press, 1987

## Migration

- After railroads & steamships, but before Passports... (“temporary wartime measure”)
- Migration: 1895-1920: 145,000 Romanians came to the United States. Many others migrated to Western Europe.
- 450,000 Hungarians to U.S. - 1894 to 1914.
- World’s largest migration: Europeans to North & South America in this period.
- Immigration in the 1980s and 1990s...





# Migration

- “In 1893, the Bulgarian writer Aleko Konstantinov recounted his journey to the World's Columbian Exposition...[his] book *Do Chikago i nazad* (To Chicago and Back) [encouraged] immigration [for] generations of Bulgarians.
- Some 50,000 Bulgarians [migrated] to the U.S. between 1903 and 1910, from Turkish-occupied Macedonia and from Bulgaria proper, or "the kingdom."



[www.everyculture.com/multi/Bu-Dr/Bulgarian-Americans.html](http://www.everyculture.com/multi/Bu-Dr/Bulgarian-Americans.html)

- Bulgarian immigration never boomed the way immigration from other southern or eastern European countries did.
- [I]n 1924, the National Origins Immigration Act limited the number of Bulgarians who could enter the United States to a mere 100 a year.
- From 1924 until the lifting of the national origins quota restrictions in 1965, only 7,660 Bulgarians were officially admitted to the United States.
- Bulgarian Americans - The first Bulgarians in America, Significant immigration waves <http://www.everyculture.com/multi/Bu-Dr/Bulgarian-Americans.html#ixzz1VHK3Um2B>



# Welcome to Bulgarian Community in USA!

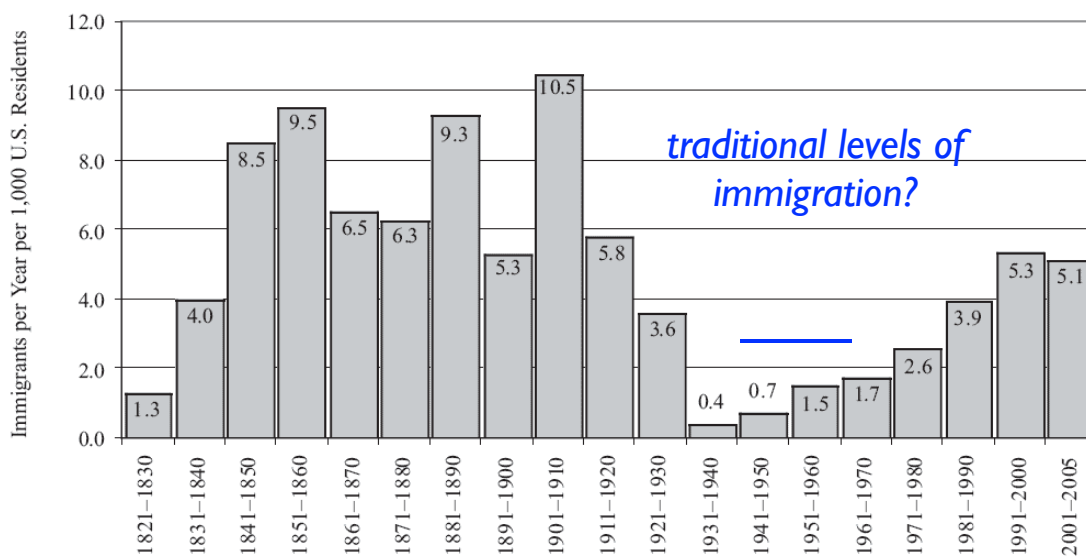


CHICAGO  
SEATTLE **BOSTON**  
NEW YORK  
LOS ANGELES  
SAN FRANCISCO



## TRADITIONAL IMMIGRATION?

**Figure 1**  
American Immigration in Perspective, by Decade, 1820–2005



Sources: U.S. Census Bureau; 2005 Yearbook of Immigration Statistics, U.S. Office of Immigration Statistics; and Pew Hispanic Center.

## THE PERFECT STORM FOR IMMIGRATION REFORM

- Neither Congress nor the Clinton, Bush, and Obama Administrations have been able to reform immigration policy.
- Labor unions supporting Democrats fear that new immigrants compete with union workers, taking jobs in right-to-work states and for nonunion contractors.
- Conservative supporters of Republicans fear new immigrants will vote Democrat, not speak English, and change traditional cultural norms (and, since 9/11, a growing fear of Islamic immigrants).
- And environmentalists, supporting both parties, fear immigrants add to “overpopulation” and negatively impact the environment.

## U.S. IMMIGRATION NOTES

- Political Economy: Interventionist dynamics
- Legislation has unintended consequences, with a history of “fixes” that have failed.
- Immigration legislation is sad examples of failed interventions.



## OVERPOPULATION?

- Is the world overpopulated?
- Is there a link between population density and poverty?
- Or between population growth and poverty?
- Is population growth bad for the environment?

## TRANSFORMING THE WORLD THROUGH MIGRATION

- Between 1990 and 2000, a 52% increase Korean immigrants, from 568,397 to 864,125.
- Koreans who came to America (earlier) helped transform Korea, as immigrants have from other countries.
- Korea, Ireland, Hungary, Romania (before wars), Italy, and more recently Ireland (again), African countries...