

Mexican Immigration: Don't Open the Doors Wide Yet

Gary S. Becker. Business Week. (Industrial/technology edition). New York: October 23, 2000. Iss. 3704; pg. 34.

Mexican President-Elect Vicente Fox has asked the U.S. to work with Mexico toward eventual free movement of people across their borders. This is a fine goal for the future, but under current conditions the U.S. should not allow unlimited immigration from Mexico or anywhere else.

Proponents of open borders with Mexico believe this to be a natural complement to the more or less free trade in goods and capital established by NAFTA. They emphasize that the U.S. benefited enormously from open immigration during the 19th and early 20th centuries and lament the subsequent imposition of severe immigration quotas.

However, entrants prior to the middle of the 20th century had to sink or swim on their own, or with the aid of friends and relatives. The U.S. government then would not bail out either immigrants or the native-born with welfare, unemployment compensation, subsidized medical help, or other public assistance. Many immigrants simply returned home if they could not make it in the New World.

This is not the case today. To be sure, younger immigrants are attracted by better jobs and higher earnings, not by welfare-state benefits. In particular, immigrant workers from Mexico gain enormously, since wages in the U.S. are more than three times those at home. But open borders would also encourage large numbers of immigrants seeking the generous benefits provided by state and federal governments. Given widespread poverty in much of Mexico, how could it be otherwise?

Supporters of open immigration deny that immigrants might take advantage of welfare-state programs, yet they do recognize that most people respond to the work and other incentives produced by government tax and subsidy programs.

NIPPING BAIT IN THE BUD. Some libertarian economists and others support illegal over legal immigration since illegal immigrants do not qualify for most welfare-state programs. It seems bizarre, however, to glorify behavior that violates laws. A much better approach is to admit many more legal immigrants--the recent congressional vote to increase the number of visas to high-tech workers is a small step in the right direction. But at the same time, the government should deny welfare and many other benefits to all immigrants for several years.

Unfortunately, experience has shown that the political will to deny immigrants these benefits rapidly erodes with time. One important reason is that Hispanics and some other ethnic groups now form powerful voting blocs that lobby for extending most benefits to immigrants in order to strengthen their political bases. Some leaders of the Hispanic communities support bilingual education to bolster Hispanic culture even though the effect is to make it more difficult for young Hispanics to integrate into the general

community. Students who fail to develop a good command of English generally have far inferior economic opportunities.

The good news, however, is that the economic boom induced by NAFTA and Mexican economic reforms may eventually resolve Mexico's immigration problems with the U.S. This boom, helped by investments in Mexico by U.S. and other companies with advanced technologies and knowledge, has sharply raised the demand for both skilled and unskilled Mexican workers. The gross domestic product of Mexico has been growing at an annual rate of 5% since 1996, and unemployment is at record low levels. Its exports have exploded since the beginning of NAFTA, with more than 80% going to the U.S., and a similar percentage of imports returning from there.

Growing Mexican prosperity will weaken the desire to emigrate since people generally prefer to remain at home unless they can greatly increase their earnings or other benefits by leaving for rich nations. Welfare-state benefits in Mexico will also become much more extensive and generous as that nation becomes increasingly prosperous. These benefits, too, will encourage unemployed and low-wage workers to remain in their country and look for better jobs rather than emigrating.

The European Union provides a good example of what might happen. Despite the freedom to move within the community, and considerable differences in earnings among Western European members, there is little migration across their borders. If Mexico continues to grow rapidly, the pressure to leave will also greatly ease long before incomes approach what workers can earn to the North.

President-Elect Fox is right to look ahead to the time when Mexico and its large neighbor have open borders for people as well as goods. That day has not yet arrived, but it will come before too long if NAFTA continues to work well, and if the Fox administration accelerates market-oriented policies that would enable Mexico to grow rapidly.