**Immigration: Meeting the Challenge**

*by*[*Gary Jason*](http://www.libertyunbound.com/node/382)  |  Posted October 19, 2011

A deeply contentious issue in American politics is immigration, especially illegal immigration. As recently as 2007, the issue caused major fissures in both major parties. And the debate is equally heated in many European countries.

Stepping boldly into the immigration debate is economist Gary Becker, who proposes a novel — nay, radical — solution to the problem in a short new book by the Institute of Economic Affairs. Becker is the 1992 Nobel Prize winner in economics, receiving it for producing a wealth of research using the standard microeconomic model to explicate a wide variety of human behavior, including behavior in fields traditionally considered outside the domain of economic analysis. He has done seminal work in areas such as addiction, marriage and family economics, human capital, criminal behavior, national demographics, and discrimination.

Becker begins by reviewing the international immigration trends. He notes that one of the main motives for immigration is the large average income gap between rich and poor countries. Despite the fact that poor countries have progressed economically, that gap is still large. Another big influence is fertility gaps among nations, with almost all European nations having fertility levels well below replacement level (2.1 children per woman), while in many areas of the developing world, the fertility rate is still high.

Becker notes that opposition is strong against unrestricted immigration in developed countries; and accordingly all of them — including the US since 1925 — have more or less restrictive immigration laws. But as he adds, while many other countries (such as Australia, Canada, and the UK) allow people in for work-related reasons, our law permits immigration primarily for family and humanitarian reasons.

In an aside, Becker mentions a common feeling among his libertarian friends, who say we ought just to go back to our (alleged) historical position of welcoming all comers. But while he usually inclines towards libertarian principles, he objects (as did Milton Friedman) that modern America is a welfare state, and this will give an incentive to some people to come for governmental benefits.

To the idea of just limiting by law how quickly new immigrants could receive welfare benefits, he replies that such laws would be hard to implement, and anyway, the immigrants would soon be voters, so unless we could select people inclined to vote against welfare programs, the new immigrants would simply vote for the limitations to be lifted.

Becker points out the anomaly of America's limiting immigration by the most highly trained foreigners (for example, by means of the low cap on the H-1B visa program), and indicates that these limitations on legal immigration lead to large amounts of illegal immigration.

Recognizing that besides bringing benefits, immigrants bring costs (crime, welfare, and medical costs, etc.), Becker devises a characteristically direct and simple solution: countries should just sell the right to immigrate. The government could exclude the obvious cases (such as criminals, possible terrorists, and people with communicable diseases) and charge everyone else who wants to come, say, $50,000 (Becker’s figure).

He argues the merits of this simple scheme by adducing a number of points. First, it would attract the most skilled immigrants — such as those with technical degrees — who could easily either pay the fee themselves or find employers who would pay it for them. Again, more young people would immigrate than old ones, because the young would have more time to pay off the fee or earn it back (if they borrowed it from a third party). Moreover, his system would attract the immigrants most committed to being permanent citizens, because the ones who only plan a temporary stay would be deterred by the loss of their fees.

Another argument Becker offers is that his system would lessen the resentment citizens feel toward immigrants. In a welfare state, ordinary taxpayers fear that immigrants will be “free riders,” taking government benefits but not fully contributing to pay for them. The revenue brought in every year by the immigrants’ fees (about $50 billion for America under its existing rate of legal immigration) would help to offset the costs incurred by them.

A problem with this argument is that in America, hostility to immigration grew dramatically in the 1910s and 1920s, leading to legislation in 1925 that virtually ended it, but welfare programs as such were virtually nonexistent at the time.

Becker also argues that his system would not block poor though highly skilled workers, because they would be able to get loans, which their employers would be ready to pay. A counter here is that if other nations don’t charge a similar fee, the skilled immigrants would likely choose to immigrate to those nations. Similarly, his system would incentivize domestic high-tech firms to move their operations to countries with no immigration fees.

Becker concludes by noting that the fee amount he picked is arbitrary, and might be set higher or lower depending upon how many people we would want to allow in, and that there are many details that would have to be worked out, such an how to set the fee for spouses, children, and people fleeing persecution. In a later discussion, he admits that a variant on his scheme might be to set an annual quota and let prospective immigrants bid, with the highest bidders getting the available slots.

But this brings up another problem with his proposal: it is silent about how high to set the limit for legal immigration. This is no minor matter, for research done by Robert Putnam and others seems to show a significant cost to society from widespread immigration, especially when immigrants cluster in a community. The issue is that of “social capital” — the depth and breadth of social networks in a community, from which spring the valuable but hard to quantify habits of mutual trust and reciprocity. Under Becker’s proposal, how do we know whether asking even $50,000 for each immigrant will keep immigration to a level at which assimilation will occur quickly enough that social capital is not undermined?

**Editor's Note:***Review of "The Challenge of Immigration," by Gary Becker. London: The Institute of Economic Affairs, 2011. 66 pages.*

**About this Author**

Gary Jason is an academic philosopher and a senior editor of *Liberty*. His recent books, *Disturbing Thoughts: Unorthodox Writings on Timely Issues*and *Philosophic Thoughts: Essays on Logic and Philosophy*are both available through Amazon

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