

# **The Wall Street Journal**

## **Review and Outlook**

### **Immigration Spring**

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Yesterday's May Day immigration demonstrations dominated cable TV, but they were more sound than substance. The bigger news is the recent Journal report that illegal border crossings have slowed by more than 10% this year. The Bush Administration credits stepped-up enforcement, but our guess is that the cause is mostly labor supply and demand.

A slump in the housing market has resulted in fewer jobs in the building trades, which are increasingly filled by Latino immigrants. With fewer jobs available, fewer immigrants are headed north. It's another example of the market's ability to determine how much foreign labor our economy needs. It also indicates that immigrants come here primarily to work, not to idle and collect welfare.

We'd like to think these economic realities will inform any legislation produced this year. Based on the selective leaks from Capitol Hill, it's hard to know what kind of "reforms" Congress is cooking up. But smoke from the backroom suggests that the status quo might be preferable to some of the proposed bipartisan compromises. Given that illegal immigration is caused above all by a worker shortage for certain types of jobs in the U.S., any reform that doesn't take into account labor-market needs won't solve the problem and risks making matters worse.

Unfortunately, the immigration draft proposal recently circulated by the Bush Administration all but ignores the economic factors that drive illegal immigration. Aside from that, the proposal is unduly restrictive and thus probably unworkable.

Its anti-family provisions would end the ability of U.S. citizens to sponsor their parents, children and siblings for immigration. In addition to departing from U.S. tradition, this would have a damaging impact on immigrant entrepreneurs, who typically rely on relatives -- think of your dry cleaner or the corner bodega -- to help run their small businesses. It's also a startling about-face for President Bush, who promised immigration reforms that would "encourage family reunification" and repeatedly has said that "family values don't stop at the Rio Grande."

As for dealing with the estimated 12 million illegal aliens already here, the White House is bowing to GOP restrictionists. To gain legal status, an immigrant would have to pay \$3,500 in fines and fees for a three-year visa. He could renew the visa once, for another three years (and another \$3,500). To get permanent legal residency, he'd have to return to his home country and pay an additional \$10,000 fine to re-enter the U.S. (if and when the application is approved).

Such measures all but guarantee low compliance. Few illegal immigrants will be able to afford the steep fines, and fewer will want to come forward if it means giving up their jobs for weeks or months to return to their native countries. This so-called "touch-back" provision will be viewed in the migrant community as deportation by other means. Returning to the U.S. is unlikely to be as easy as advertised, as red tape is deployed to discourage re-entry. The result would be that most illegals would stay in the shadows.

The proposal's guest worker provision for handling future labor flows is also problematic, as Stuart Anderson of the **National Foundation for American Policy** points out in a recent paper. It would require an immigrant to pay \$1,500 to obtain a visa good for two years, at which time he would be required to return home for six months. This amounts to a tax on workers and a needless disruption for both immigrants and employers. Businesses want to retain their best workers, not see them sent home by the feds according to some arbitrary two-year deadline. Instead of matching jobs with workers, this kind of guest worker provision would merely encourage a black market in labor.

We hope a compromise is still possible, and we think a realistic guest worker program would make sense both for the U.S. economy and the needs of post-9/11 security. But any policy overhaul that provides little incentive for illegals in the U.S. to acknowledge their status, and then prices legal entry out of reach for most future workers, is likely to increase illegal immigration. Which is to say that any reform failing to recognize labor market realities is worse than no reform at all.