

Immigration Reform: Answering the Objections

“The primary arguments employed against comprehensive immigration reform do not stand up to a review of recent history and predictable social and economic behavior,” writes Stuart Anderson in “**Answering the Critics of Comprehensive Immigration Reform**” (Trade Briefing Paper no. 32). Still, “the best approach for supporters of comprehensive immigration reform is to take seriously the arguments of critics, explain why these arguments are incorrect and, if necessary, adapt legislation to address the concerns raised.” Anderson, an adjunct scholar at the Cato Institute, executive director of the National Foundation for American Policy, and the author of *Immigration* (2010), presents the five main arguments against liberalizing immigration policy and shows that they simply don’t work. Will immigration reform harm taxpayers? No, Anderson writes. Instead, it will raise the wages of once-illegal workers and, thus, tax receipts. Will it burden welfare rolls? Again, no. “The data indicate that immigrants are not over-

whelming users of welfare programs.” Will an amnesty program lead to more like it? Not at all, because legalization is not the same as amnesty. Will more immigrants undermine the English language? No. Anderson notes that “91 percent of second-generation children from Latino immigrant families and 97 percent from the third generation said they speak English very well or pretty well.” Finally, will increased immigration hurt American workers? Anderson addresses this concern by pointing out that “an important reason why immigration is beneficial is that it encourages a more productive use of human capital in the U.S. economy.” He argues that the status quo is not acceptable. Instead, “the best approach is to harness the power of the market to allow workers to fill jobs legally, rather than to rely on human smuggling operations for workers to enter the United States.”

The Sun Never Sets on the Patriot Act

“It has become commonplace over the last decade to speak of the need to balance pri-

vacy and security interests,” Cato research fellow Julian Sanchez observes. In the years since the USA Patriot Act was approved, the debate surrounding this tradeoff has been contentious to say the least. However, in “**Leashing the Surveillance State: How to Reform Patriot Act Surveillance Authorities**” (Policy Analysis no. 675),



Sanchez argues that these interests are not inherently in conflict. In fact, the provisions of the Patriot Act he considers “impose heavier burdens on core privacy, speech, and association interests than is necessary to the protection of national security.” In a broad analysis, Sanchez considers several parts of the act—namely, the roving wiretap authority, the “Section 215” orders, and the Lone Wolf provision—exploring their historical precedents and deviations therefrom. He argues for relatively minor adjustments, from

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enforcing sunsets to pressing for additional scrutiny. Most importantly, he calls for the scope of National Security Letters to be narrowed. “There is no legitimate reason to indefinitely retain detailed information about tens of thousands of Americans who are not suspected of involvement in terror or espionage,” he writes. Sanchez acknowledges the climate of fear and uncertainty that vindicated these expanded powers in the first place. “Now, with the benefit of a decade’s experience,” he concludes, “we have the opportunity to do better.”

Development Tax Scams

Politicians often find creative ways to finance their spending habits. In **“Crony Capitalism and Social Engineering: The Case against Tax-Increment Financing”** (Policy Analysis no. 676), Cato Institute senior fellow Randal O’Toole details one increasingly popular method. Tax-increment financing (TIF) is a mechanism that uses taxes generated from new developments to subsidize those same developments. Yet, far from achieving its stated purpose of economic improvement, TIF is often employed to capture scarce tax dollars otherwise intended for schools, libraries, fire departments, and various urban services. Indeed, “most cities can use TIF to increase their rev-

enues at little political cost,” O’Toole writes. Often, this money is then funneled into favored projects, which range from shopping malls to sports stadiums to the latest fads in urban planning. “No matter how well-intentioned, city officials will always be tempted to use TIF as a vehicle for crony capitalism, providing subsidies to developers who in turn provide campaign funds to politicians,” he writes. O’Toole examines the mechanisms of TIF, tracing the circumstances of its origin and the politics behind its abuse. Ultimately, he concludes, it is little more than an instrument of collusion between market players and an increasingly powerful government—one that should be repealed rather than reformed.

Dumping on Exports

“The president exhorts U.S. exporters to ‘win’ a global race,” writes Daniel Ikenson, associate director of trade policy studies at the Cato Institute, “yet he ignores the fact that the government’s hodgepodge of rules and regulations has tied their shoes together.” In **“Economic Self-Flagella-**

tion: How U.S. Antidumping Policy Subverts the National Export Initiative” (Trade Policy Analysis no. 46), Ikenson identifies a glaring oversight in the centerpiece of this administration’s trade agenda. The National Export Initiative (NEI), which seeks to double exports by 2014, fails to include sensible reforms to the 90-year-old antidumping law. This omission “erodes the competitiveness of U.S. firms.” By restricting access to imports, the law raises the cost of raw materials for many downstream companies, thereby squeezing their profits and elevating foreign competition. The administration, in other words, is undermining its own initiative. “In countless ways, the antidumping status quo subverts the goals of the NEI and is an albatross around the neck of the U.S. economy,” he writes. Ikenson proposes several modest but meaningful reforms, which include granting legal standing for the consuming industries, requiring a public-interest test, and applying a lesser-duty rule. In the end, he raises the curtain on the antidumping regime, revealing how the idealized imagery surrounding the law conceals the real story. Antidumping is often misconstrued as a dispute between patriotic American producers and predatory foreign traders. “The battle is better characterized as ‘we against us,’” he writes. ■

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think that we would all agree that government regulation is a necessary evil... so if you can avoid regulations, you should.” Many observers picked up on Soros’s criticisms of the less-than-savory political and legislative processes that produced the recent health care and financial-reform bills. In the end, the discussion was both provocative and civil.

The event mirrored a long-standing debate over the great economist’s influence. Last year, Kate Zernike wrote in the *New York Times* that Tea Party activists were resurrecting “long-dormant ideas [found in] once-obscure texts by dead writers.” She was referring, of course, to writers like Hayek. But she may have sold him short.

This is the same man, after all, who won the Nobel Prize in Economics in 1974. Years later, he met with President Reagan at the White House. He also met with Margaret Thatcher, who, in reference to *The Constitution of Liberty*, declared: “This is what we believe.” Hayek was described by Milton Friedman as “the most important social thinker of the 20th century” and by White House economic adviser Lawrence H. Summers as the author of “the single most important thing to learn from an economics course today.” He was the mind behind *The Road to Serfdom*, a book that has never gone out of print and, in fact, sold over 100,000 copies last year alone. Cato is proud to note that, in the last years of his

life, Hayek became a distinguished senior fellow at the Institute.

But even that doesn’t do him justice. “On the biggest issue of all, the vitality of capitalism, he was vindicated to such an extent that it is hardly an exaggeration to refer to the 20th century as the Hayek century,” John Cassidy once wrote in the *New Yorker*. Hayek, however, was much more than an economist. He also published impressive works on political theory and psychology. He embodied the type of intellect that influenced disciplines across the spectrum, remaining relevant long after his own lifetime.

As executive vice president David Boaz wrote on Cato@Liberty, “He’s like Marx, only right.” ■