

The Costs and Benefits of Guest Worker Visas

The U.S. government has struggled to enforce its restrictive immigration policy ever since it was created. But a real and long-term solution to unauthorized immigration requires less law enforcement and more opportunity for foreign workers to temporarily work in the United States. In **“How to Make Guest Worker Visas Work”** (Policy Analysis no. 719), Cato policy analyst Alex Nowrasteh argues that an expanded and lightly regulated guest worker visa program is an essential part of any immigration reform proposal. “The current guest worker visa system is hampered by expensive regulations, restrictive laws, and an uncaring bureaucracy that makes the system unworkable for most American employers and migrants who would like to work together,” he writes. According to Nowrasteh, a guest worker visa program should efficiently link foreign workers with American employers and function with a minimum of government interference. Market forces as well as security, criminal, and

health concerns should be the factors that determine which workers acquire visas. A successful program would also divert most unauthorized immigration into the legal system. It would shrink the informal economy, be easily enforceable, support economic growth in the United States, and narrow the government’s role in immigration. “Only a timely, cheap, and lawful way to enter and work in the United States will stanch unauthorized immigration and grow our economy,” Nowrasteh concludes.

Tackle Slow Growth or Debt?

The United States faces two economic challenges: slow growth and an ever-increasing ratio of debt to GDP. Many decisionmakers are under the impression that the policy solutions to the two problems are opposite. But Cato senior fellow Jeffrey A. Miron, argues in **“Should U.S. Fiscal Policy Address Slow Growth or the Debt?”** (Policy Analysis no. 718) that policymakers are wrong to view this as a dilemma. “The United States has a sim-

ple path to a brighter economic future: slash expenditures and keep tax rates low,” he writes. Lower expenditures will improve the debt outlook and make the economy more productive. Keeping tax rates low will



improve the incentives for labor effort, savings, and entrepreneurship, which will also foster a more productive economy. Miron also pinpoints a number of additional policies to consider. A high deductible for

Medicare, for instance, would save money and improve the efficiency of the health care market. With rising life expectancies, Social Security is more generous than necessary to accomplish any reasonable goal of the program. Much military spending goes to programs not related to the defense of the United States. Business subsidies, drug prohibition, and pork-barrel spending should be cut.

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In short, as Miron concludes, “any set of policies that is grotesquely unaffordable over the long haul cannot possibly be sensible on cost-benefit grounds.”

The Case for Pivoting Home

The most important international political developments in the coming years are likely to happen in Asia. The main factor driving Washington’s interest in the region is the growing economic and military power of the People’s Republic of China. According to Justin Logan, director of foreign policy studies at the Cato Institute, in **“China, America, and the Pivot to Asia”** (Policy Analysis no. 717), the implications of the country’s growing power and influence are enormous. Logan begins by surveying the two main schools of thought about China’s rise and examining the way in which Washington’s China policy combines elements of those two theories. Ultimately, however, both theories are flawed. “The Beltway policy establishment supports an inherently contradictory approach, conglomeration, that borrows problems from both schools of thought and creates a new problem: free riding,” he writes. Instead, Logan adds, the country ought to pivot home. “The new U.S. administration should revisit formal and informal U.S. security commitments in Asia,” he writes, “with a clear eye trained on what it would actually be willing to fight a war with China over, and just how likely those scenarios are.” If the current path persists, America will likely see a larger share of the national income dedicated to containing China. As such, Logan concludes, “the time to put the ‘offshore’ back into offshore balancing is now.”

Indo-U.S. Interdependence

Foreign policy discussions tend to focus on government policies and diplomatic initiatives. But relations between India and the United States have been driven substantially by corporations and individuals, rather than just politicians, diplomats, and military brass. In **“India and the United States: How Individuals and Corporations Have Driven Indo-U.S. Relations”** (Policy Analysis no. 713), Swaminathan S. Anklesaria Aiyar, research fellow at the Cato Institute, shows that the political relations

between the two governments have only caught up in the last two decades. During the Cold War, India’s quasimilitary relationship with the Soviet Union led to cool Indo-U.S. governmental relations. After India’s economic reforms in



1991, however, bilateral flows of individuals and corporate activity greatly accelerated. Indian politicians have historically worried about the “brain drain” of Indian emigrants and the supposed loss it imposes. Yet, according to Aiyar, “what initially looked like the brain drain has become brain circulation: the secret is to create conditions at home that attract returnees.” Individuals and corporations have also taken the lead in expanding India’s footprint in other countries across the globe. The lesson, he continues, is that good economic policy is good foreign policy. This means embracing globalization and emphasizing international exchanges in trade, investment, and the movement of people.

Privacy and American Culture

Although the stars are aligning for a market in privacy products and services, those who believe that rapidly evolving information technologies are eroding privacy regularly pitch their arguments in the direction of lawmakers, pushing for unspecified new rules that would cast a pall over innovation. In **“A Rational Response to the Privacy Crisis”** (Policy Analysis no. 716), Internet industry analyst Larry Downes maintains that these calls threaten the remarkable economic conditions that have fueled the Internet revolution thus far. “Americans are torn between two historical and cultural traditions about privacy,” Downes writes. The Puritan vision of true information transparency, he argues, lives uncomfortably with the frontier’s promise of anonymity and personal reinvention on the other. We cannot solve the privacy “crisis” by treating information as the personal property of those to whom it refers or by adapting the systems for protecting copyright, patent, and other intellectual property to personal information. But, according to Downes, the

more flexible solution of information licensing recognizes that most information with economic value is the collaborative creation of multiple sources. Rather than establish enforceable title to property, it assumes joint ownership and licenses specific uses based on mutual exchange of value. Licensing is already implicit in most information exchanges on the Internet today. “With minor enhancement,” Downes concludes, “it could resolve many of today’s perceived crises without resorting to inflexible and overreaching legislation.”

The War over Marijuana

In the event of a conflict between federal law and state law, the Supremacy Clause of the Constitution makes it clear that state policies are subordinate to federal policies. There are, however, at least two important limitations to the doctrine of federal supremacy. In **“On the Limits of Federal Supremacy: When States Relax (or Abandon) Marijuana Bans”** (Policy Analysis no. 714), Robert A. Mikos, director of the Program in Law and Government at Vanderbilt University Law School, holds that there must be a valid constitutional basis for the federal policy in question. Second, even in cases of legitimate federal authority, they may not use the states as instruments of federal governance. This “anti-commandeering limitation” is often overlooked, Mikos argues, but it is critical to maintaining the boundary lines created by the Constitution. Using a framework called the “state-of-nature benchmark,” he shows that the states retain both de jure and de facto power to exempt medical marijuana from criminal sanctions. “States generally possess legal authority to enact permissive legislation governing such issues,” Mikos writes, “in spite of contrary congressional policy.” In fact, the federal government is “only a two-bit player” when it comes to marijuana enforcement, whereas states—by virtue of their greater law enforcement resources—hold the upper hand. As such, Mikos concludes that many states have, for all practical purposes, already made medical marijuana legal. “To be sure, more battles will be fought,” he writes, “but they won’t change the reality that the states—and not the federal government—have already won the war.” ■