



The Economics of Immigration

"A nation that cannot control its borders is not a nation."
Ronald Reagan

Several weeks ago, Republican House Majority Leader Eric Cantor suffered an embarrassing political defeat. It was the first time in US history that a sitting majority leader lost a re-election attempt. While several factors including his cozy relationships with big business, or his personal aloofness were blamed, his moves toward so-called immigration reform played a big part.

The President himself is currently riding a 65% American disapproval rate of how he is handling the problem. It has become a political hot button and CNN (among others) is giving it maximum airplay. There is no doubt it will play a big role in the coming midterm elections in November. For the most part, it will come down to economics and the rule of law.

While many North Americans yell in protest as Russia moves into the Ukraine, or China presses Tibet, the issues between Pakistan and India, etc.....they become indifferent when their own borders are porous and being violated.

There is no debating the economic benefits Canada and the USA has reaped from being an immigration melting pot. Millions have come to this part of the world to assimilate, adding unique cultural touches and skills. For the most part, the majority came looking for a better life for their families and have contributed. But these were legal immigrants. Let's face it; the current debate is not about legal immigration.

In the USA alone, three of four immigrants are legally in the country. An immigrant or the children of immigrants have founded 40% of the Fortune 500 companies. These companies collectively employ 10 million workers.

From 1995 to 2005, start ups by immigrants in Silicon Valley employed 450,000 people while generating \$52 billion in sales.

According to the Heritage Foundation, the illegal immigrants put a tremendous strain on the system, not counting the legal issues, via the 80 means tested benefit programs that come under welfare, food assistance, and Medicaid. It's adding to an already giant annual deficit.

The average illegal immigrant household in 2010:

\$24,721 Benefits
<u>-\$10,334 Taxes</u>
\$14,387 Deficit

The one amnesty program being discussed would take away those benefits for 13 tax years, as taxes paid would lower the deficit, but only slightly right before retirement benefits kick in and push the deficit off the charts:

- Current annual deficit: \$54.4 Billion
- Annual deficit during 13 years of amnesty: \$43.4 Billion
- Annual deficit during retirement period: \$160.0 Billion

To build a wall between the USA and Mexico is estimated to cost "only" \$22 Billion, but many opponents say it would be a waste of money and mean-spirited. In a nation where the debt is already \$17 Trillion, the \$22 Billion would be a drop in the bucket versus what taxpayers would have to dole out over a long period in the future.

The economics alone should pressure a solution out of Washington, but this current administration dithers on the issue as it has with so many others.

In Canada, we have averaged 250,000 immigrants per year for the past 23 years. Immigration should be a contributing factor to a nation's growth, not a social assistance/job finding program for people from other nations. As recently as March, Canada's Minister of Citizenship Jason Kenney was quoted as saying that most Canadian's favour limits and a recent National Post poll put that figure at better than 70%.

As government debt begins to take its toll, and the huge (and growing!!!) entitlement programs add to the burdens, there is no doubt the immigration issue will begin to play a larger role in national elections.

Stay tuned,

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