Book Reviews

Immigrants: Your Country Needs Them

by Philippe Legrain
Little, Brown • 2006 • 374 pages • $28.00 (Canadian)

Reviewed by Richard M. Ebeling

Between 1840 and 1920, over 60 million people emigrated to North and South America, mostly from Europe. More than 40 million of them came to the United States. They came to escape political oppression, religious persecution, and economic stagnation due to the heavy hand of government on commerce, trade, and industry in the Old World.

During most of this time neither passports nor visas were required. In 1942 the German free-market economist Gustav Stolper referred to this earlier period as the era of the three freedoms: the free movement of men, money, and goods. At a cost as little as the price of a steerage ticket on a ship, anyone could make his way to the shores of America to have a second chance in life—and who, at some time, has not wanted a second chance?

Those immigrants often clustered in port communities made up of people from the same part of the old country. This provided a private safety net that enabled the new arrivals to become acclimated to their new home. Countrymen who had arrived earlier often helped the newcomers obtain shelter, find a first job, start to learn the language, and adjust to a different culture.

Of course, there were opponents of free immigration even during these relatively laissez-faire days of the nineteenth century. They argued that immigrants were arriving in too large a number and that they would never assimilate. It was said that many of the Germans who arrived in the 1860s and 1870s only wanted to speak German, listen to military-band music on Sunday afternoons in the park, and seemed to drink a lot of beer. Then it was said that the Poles and Italians who arrived in large number in the 1880s and 1890s could never be "real" Americans—they were all drunkards and "Pope worshipers," just like those Irish who had arrived even earlier! Then it was the turn of the Eastern European Jews, who came to America in large number in the 1890s and the first decade of the twentieth century—they were accused of being countryside penny-pinching peddlers, as well as being the "Christ killers."

Well, all these people came, and many more from many other lands. We are their lucky descendants. They crossed oceans, gave up all they knew in the old country, so they and we, their children, grandchildren, and great-grandchildren, could be freer and more prosperous than if they had never left their homes. They helped make our unique melting pot of many cultures, languages, religions, and ethnicities a combination that produced something new and special—America.

The nineteenth-century period of free immigration was a momentous epoch in the history of mankind. It is too little understood or appreciated in the new era of legal restrictions on the movement of people.

In his new book, *Immigrants: Your Country Needs Them*, Philippe Legrain tries to explain the benefits that may be expected from permitting a wider door to global migration. He reminds us of the cost that is borne today by those trying to have their second chance. Hundreds of would-be new arrivals to the United States and the European Union never get that chance because they die in the Arizona desert or in the waters off southern Europe as they attempt to get through the border patrols determined to keep them out. A vast black market in human beings feeds corruption, abuse, and violence as the poor and the oppressed try to make it to nations with greater freedom and economic opportunity.

But Legrain's main point is not to tug on our heartstrings by pointing to the tragedy and suffering of modern illegal immigrants—though he wishes us not to forget this human cost. Instead, he wants us to appreciate the economic and social benefits from taking advantage of what new people can offer to the developed and more prosperous nations of the world.

First, he explains that America and Europe can gain from the arrival of low-skilled workers. In fact, our native populations have become so well educated and wealthy by global standards that most of our fellow citi-

zens are unwilling to do many jobs that need doing for an economy to run smoothly. Who will clean our office buildings, be the nannies for our children, serve as orderlies in our hospitals, mow our lawns, be waiters in our restaurants, or do hundreds of other low-paying but essential tasks? Each earlier wave of immigrants to the United States filled these jobs as the first step to a new life in America. If immigrants can't get on the bottom rung, many tasks may not get done or will cost far more, for they will be done by people who could be profitably employed at more productive jobs.

Legrain understands why there is a greater openness to higher-skilled immigrants who are considered more likely to financially pull their weight and significantly add to the productivity of the workforce. But he argues that it is economically absurd for governments to try to micromanage the selection of new entrants to the workforce. In this case some bureaucrats and politicians, such as in Australia, decide what sectors of the market are or should be expanding and then screen for immigrants who would fit those sectors. Central planning works no better in picking people than in guiding the manufacture of hats and shoes. The market is its own natural attractor for potential immigrants and works far better than the stiff and usually misguided and politically motivated hand of the government.

He also points out that immigrants do not "steal" jobs that otherwise would go to Americans. If there were a fixed number of jobs to be filled, then how would native-born Americans find employment when they reached working age? The fact is there are always more wants that can be satisfied if we have more resources available to do the work—and this includes the two hands and mind that come with each new member of a society. Flexible markets and competitive prices and wages are always able to accommodate greater supplies of useful things, including labor, that can improve the human condition. Furthermore, this "stealing our jobs" view suffers from the "lump of labor" fallacy, namely, that all labor is perfectly interchangeable. Labor skills are just as diverse as resources, raw materials, and specifically designed capital equipment. They complement each other in the market to expand the ability to meet consumer demands. Thus new immigrant workers most often enhance the productivity and demand for other workers in the market, increasing the opportunities of almost everyone in society.

Legrain also challenges the often-expressed fear that current waves of immigrants are threatening the cultural and national identity of the country. He points out that there is no homogeneous American culture. Each new group has both assimilated and added a new element to the cultural mix. Even when most immigrant waves came from Europe in the nineteenth century, they represented a wide variety of languages, religions, cultural heritages, and ethnic backgrounds. They and their descendants have made America different from what it had been. Each generation makes its society distinct from what its grandparents would have taken for "normal" and "American." We should not be afraid of such changes, for future generations will look back on a vast number of them as improvements.

Furthermore Legrain contends that like virtually all earlier waves of immigrants, those coming to America today will slowly but surely end up integrating into the society. The first generation has difficulty with the language, but their children are bilingual, and the grandchildren often do not speak (or do not speak well) their grandparents' original language. The immigrant still feels a strong tie to the old country, where he still has relatives, friends, and all his childhood memories. The immigrant's children may visit the old country and have a hyphenated sense of identity—Polish-American, or Italian-American, or Irish-American, or, today, Dominican-American. But the grandchildren have far less or no such identity. They are just "American."

Finally, Legrain looks at the evidence and shows that the impression that immigrants—especially illegal immigrants—place an excessive burden on the services of the welfare state, and therefore on the American taxpayer, is not borne out by the facts. Even if it were otherwise, legalizing the illegal immigrants would end their underground existence, making them eligible to be fully plundered as taxpayers like the rest of us.

The immigration issue will not go away. Indeed, it will continue to challenge the thinking of Americans and the policies of the government here and in other parts of the world. With all the fears expressed about the dangers from greater immigration, it is important that someone has articulated the benefits that a country

might expect from having more-open borders. Philippe Legrain does an excellent job in explaining those potential gains, and his book offers important insights into this ongoing debate.

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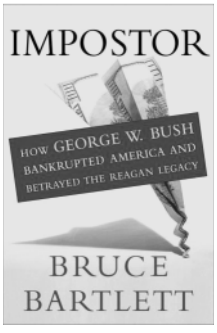
Impostor: How George W. Bush Bankrupted America and Betrayed the Reagan Legacy

by Bruce Bartlett
Doubleday • 2006 • 320 pages • $26.00

Reviewed by William B. Conerly



Economics professors often present public-policy issues as though well-intentioned leaders pull the levers of government to maximize the welfare of the people. Bruce Bartlett in his new book, *Impostor*, tells the dark side of public policy: what happens when a president pulls the levers of government for short-term political gain with no concern for the long-term consequences to public welfare.

Impostor lays out numerous charges that Bush administration economic policy has been driven by short-term political goals. Early on, a 30 percent tariff was slapped on steel imports. The main political goal, according to many observers, was to shore up political support for Republicans in Ohio and Pennsylvania, where some companies and workers would benefit from high steel prices. The tariff also helped Bush work with protectionist Republican members of Congress. In what Bartlett calls doublespeak, the administration said that the tariff was a step toward free trade.

Put aside the question of what President Bush's motivations actually were. Does our structure of economic policy allow the president to conduct policy for short-term political gain, even to the detriment of the welfare of the public? The answer is sadly yes. Although one can fault a president who uses such tools, the greater fault lies with the Congress, which put those tools in place, and with the public, which tolerates the system.

As another example, the President's push for a larger federal role in education is described by Bartlett as an effort to bribe soccer moms into supporting him. This decision didn't convince advocates of a larger federal role in education that Bush was their man. Instead, it merely moved the battlefield so that two sides fought over how to expand the federal role. That the Constitution prescribes no role for the federal government in education was of no concern to the administration.

Similarly, Bartlett sees the President's support for the Medicare drug benefit as Bush's attempt to buy the backing of senior citizens. Bartlett describes the huge unfunded liability created by this benefit as another case of long-run expansion of government undertaken just for fleeting political advantage.

Bartlett's view of President Bush and other recent White House occupants is enhanced by conclusions reached by Public Choice theory. One key conclusion is that politicians will seek programs that have benefits concentrated in a small, cohesive group and costs spread over a population so large that each person's share is inconsequential. Even if the costs far exceed the benefits, so long as the benefits are concentrated and the costs are diffused, political gains are achieved. Again and again, the Bush administration provides examples.

Even the most partisan supporters of the President must recognize that our current structure of economic policy presents the opportunity for bad policy by vote-seeking incumbents. This is the most valuable lesson from *Impostor*.

Although Bartlett wrote his book as an attack on President Bush, along the way he does an excellent job of explaining economics. His discussion of tax policy—incentive effects versus Keynesian theories—is first class. His discussion of the benefits of foreign trade will help any economics student.

For those interested in political battles, Bartlett draws some sad conclusions about how to fight the increase in government. The old-fashioned Republican approach had been to argue for higher taxes to lower budget deficits. The Reagan administration followed a different course: cut taxes to stimulate the economy and to "starve the beast." In the wake of the Reagan tax cuts, the deficit blossomed and Congress felt the need for fiscal restraint. Thus was born the idea that tax cuts would reduce the size of government. According to Bartlett, though,

Republicans during the George W. Bush administration assumed that all they needed to do to restrain government was to cut taxes. They never followed the tax cuts with fiscal restraint. As a result, the government has grown larger since the Bush tax cuts, not smaller.

Although *Impostor* offers valuable lessons in policy and economics, it's not without some drawbacks. First, some readers will be turned off by the strident tone. In addition, Bartlett spends a fair amount of space laying out what the GOP needs to do to regain political power after the current anti-Bush backlash. That will be irrelevant to many readers who have become disillusioned with partisan politics.

Moreover, Bartlett portrays President Bush as if manipulation of economic policy for political purposes is unusual. A similar book could have been written about almost every past president, Democrat or Republican.

The ultimate takeaway from *Impostor* is simple, although Bartlett doesn't express it directly: those of us who believe in limited government should not put our faith in politicians.

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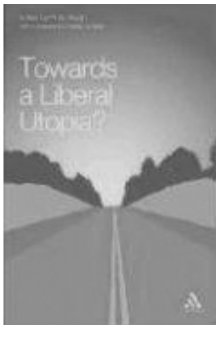
Towards a Liberal Utopia?

Edited by Philip Booth
Continuum International Publishing • 2006 • 312 pages • $29.95

Reviewed by George C. Leef



Towards a liberal utopia? You mean, like Sweden?

No, decidedly not. This wonderful volume comes to us from the venerable British free-market think tank, The Institute of Economic Affairs (IEA). In Britain the term "liberal" has not been subjected to quite the degree of corruption that it has in the United States, and the liberal utopia about which the authors write means a nation where the state has been reduced to its essential order-keeping functions. In a country that has waded so far into the swamp of socialism as Britain, that is an extremely radical vision.

Published to honor the 50th anniversary of the founding of the IEA, the book's essayists playfully imagine that they are looking back at the present from 50 years in the future and speculate as to what has transpired to bring about the liberal utopia. (The full book may be downloaded from the IEA website: www.iea.org.uk/files/upld-book402pdf?.pdf.) The result is at once entertaining and thought provoking as the IEA's crack theoreticians explain how Britain might have metamorphosed from a statist caterpillar to a liberal butterfly in the next half century.

The 21 essays cover a wide range of topics, only a small sampling of which can be noted in a short review. Here are some of my favorites.

Tim and Helen Evans lead off with a piece on the infamous National Health Service, the socialist innovation that has set such a bad example for other nations. "The root of the problem," they explain, "is that British medicine, *all* British medicine (be it state or independent), is ultimately a government sponsored monopoly." They envision a future where the free market has been restored in medical services. What brings that about is the growing revulsion of people against the inefficiency of socialized medicine (long waits for treatment) and the loss of privacy as the state begins to collect information on patients without their consent.

James Tooley writes about the reclamation of education from the grasp of the state. He imagines conducting focus-group sessions in the future in which "people looked back on our obsession with *schooling* with a mixture of horror and bewilderment." The British 50 years hence have given up on government-run education in favor of a system built around family, freedom, and philanthropy. The state does not run the educational system; in fact there isn't really a system at all, but rather individuals and families doing whatever they think best to learn. Released from government control, the market liberates learners and teachers to explore for the ideal arrangements.

J.R. Shackleton tackles the issue of labor-market regulation. Capitalizing on naïve voter beliefs that government action can and should improve the lot of the

worker, nearly all governments have enacted a host of measures that supposedly do so by interfering with freedom of contract. Shackleton points out that "The true cost of introducing mandated benefits—longer holidays, shorter working hours, paternal leave—does not ultimately reduce the profits of private business: it is instead passed on to workers in the form of cuts in wages and employment." He views all such interventions as inflicting unseen economic damage and proposes the radical change of reinstituting freedom of contract between worker and employer.

Other excellent essays in the book include liberal approaches to policing, the environment, trade, land-use regulation, limiting taxation, pensions, and constitutionalism.

The second part of the book consists of five chapters written by the late Lord (Ralph) Harris. Harris was one of the founders of the IEA—an act that took great fortitude in the Britain of 1955. In the postwar years Britain had fallen under the spell of Keynesian economic theory and egalitarianism, and Harris writes that the role of the IEA was like that of "a missionary in a pagan land."

With limited resources, Harris and his colleagues had to decide how to maximize their impact. The brilliant economist Arthur Seldon was instrumental in the decision to establish "a niche market specializing in short, scholarly texts aimed principally at teachers and students of economics, but accessible to interested laymen, journalists, and the minority of politicians with a taste for serious reading." Perhaps the most famous of those publications was F. A. Hayek's 1976 monograph advocating the denationalization of money.

Friends of liberty around the globe should be grateful for the efforts of the IEA over the last half century. *Towards a Liberal Utopia* is a most commendable volume, and readers are encouraged to look into the steady stream of IEA books and papers.

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Downsizing the Federal Government

by Chris Edwards

Cato Institute • 2005 • 250 pages • $20.00 hardcover; $12.00 paperback

Reviewed by J. H. Huebert

Leonard Read once said that if there were a button that would instantly eliminate all government intervention, he would push it. But since no such button exists, and the federal government is so overwhelmingly large, one who really wants to go about reducing government might reasonably ask: where to begin? A book by Cato Institute scholar Chris Edwards, *Downsizing the Federal Government*, offers some ideas on that question.

Downsizing the Federal Government details the many ways in which the federal government takes our money and spends it on things that are often not merely wasteful, but also harmful. As a solution, it recommends widespread cuts and elimination of major programs. For example, it proposes an end to farm subsidies, corporate welfare, federal housing, and subsidized loans, among many other programs. It calls for complete privatization and revocation of privileges for government-run "businesses," such as the United States Postal Service, Amtrak, and the Tennessee Valley Authority.

The book also calls for steps to prevent new programs from arising and becoming entrenched. For example, Edwards advocates inclusion of a "sunset" provision in all programs and regulations, which would terminate them after a fixed period. He argues, rightly, that advocates of intervention should bear the burden to show why their proposed programs are necessary; the presumption always should be in favor of more liberty and less government.

Though it is refreshing to see a book published in Washington, D.C., that considers ways to reduce rather than expand the federal government, *Downsizing the Federal Government* is not perfect.

The book too often implicitly or explicitly accepts interventionist premises. For example, it concedes that government might be competent or desirable to per-

form certain functions, such as provide so-called "public goods." While a smaller government such as the one Edwards endorses would indeed be far preferable to the present federal behemoth, a government of any size or scope is nothing more than organized violence and, Ludwig von Mises noted, "the negation of liberty." *Downsizing the Federal Government* would have done well to acknowledge this.

More disturbing is the book's endorsement of Social Security and Medicare "personal accounts," such as those proposed by President Bush and other politicians. These schemes would not increase freedom because they would still forcibly take money from individuals and use it in ways government planners consider best. To genuinely increase liberty in these areas, we need more radical changes that would allow people to keep their own money and use it for any purpose.

One must also wonder who the audience is for this book. Through no fault of the author, detailed descriptions of federal programs and budget numbers are not exactly captivating reading for those of us not fully immersed in the world of public policy. And such facts and figures—again, through no fault of the author—become outdated quickly, as programs proliferate and budgets burgeon. Government will always need to be reduced, of course, but the specifics to which this book devotes so many pages will change—probably some already have. So the book seems to have a limited period of direct usefulness.

Of course, one would like to imagine that our lawmakers will read the book, have a road-to-Damascus experience, and begin making Edwards's proposed cuts immediately. But that will not happen. As Public Choice economists and common sense tell us, politicians are personally motivated to serve interest groups and get reelected. Despite their righteous rhetoric, most are not sincerely interested in what is best for everyone or in reducing the state power they've worked so hard to seize. Instead, politicians are essentially plunderers who steal from the productive and give to the politically favored. This book therefore will not help educate politicians—they know very well what they're doing, and that's why they're in Washington in the first place.

Still, *Downsizing the Federal Government* is largely an admirable book and—at least by Washington standards—a radical one. And it is always possible that some idea within it will find its way to some politician who can use it to his advantage while marginally increasing our liberty. Murray Rothbard, perhaps the most radical libertarian of all, wrote that the supporter of liberty "must take any and every opportunity to chop away at the State, whether it's to reduce or abolish a tax, a budget appropriation, or a regulatory power." *Downsizing the Federal Government* shows numerous ways in which those in power could begin to reduce and abolish right now—if they wanted to.

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