

Economics and Migration: The Facts

BACKGROUND: Perhaps the most controversial and misunderstood issue surrounding contemporary immigration is the impact immigrants—particularly those without documentation—have on the U.S. economy and the economic well-being of U.S. citizens. Opponents of immigration and restrictionists argue that undocumented immigrants take jobs away from U.S. citizens,¹ reduce real wages for all workers, and drain public resources away from taxpaying citizens.

Proponents of immigration and economic experts counter that immigrants play a vital role in the U.S. economy by working in industries in need of labor. They also conclude that immigrants contribute more resources to the nation, in terms of taxes and their labor, than they use. The following is a list of economic arguments used by the restrictionists and facts that can be used to counter those arguments.

ARGUMENT:

IMMIGRANTS TAKE JOBS AWAY FROM U.S. CITIZENS.

RESPONSE:

This claim is not true, for two reasons. First, studies show that immigrant workers *supplement*, rather than *displace*, native workers, and by and large do not compete for the same jobs with native citizens. According to a recent study by the University of California-Davis, immigrant workers fill jobs in certain industries that are not filled by American workers. Moreover, immigrant workers live and work in areas different from American workers of the same skill level. The same study finds that immigrant workers fill jobs in areas where there are a dearth of native workers, such as meatpacking plants in Nebraska and chicken processing plants in southern Delaware and eastern Maryland.

Second, government studies show that the U.S. economy will experience a shortage of low-skilled workers in the years ahead. According to the 2005 *Economic Report of the President*, 56 percent of the net increase in

employment nationwide between 1996 and 2003 was due to foreign-born workers.² According to the Department of Labor, there will be a shortage of two million workers in a range of low-skilled occupations by 2010. Moreover, the number of native workers in unskilled worker categories is *shrinking*, due to lower fertility rates and higher education levels. According to the Bureau of Labor Statistics, even with current levels of immigration there will be a shortage in jobs requiring “short on the job training” by 2010 because of the slow growth in the number of younger, low-skilled native workers (9 percent) as opposed to a 50 percent increase in workers aged 55 and over.³ According to the United Nations, U.S. fertility rates will fall to 1.91 children per woman by 2015, which is below “replacement” level, or the level needed to replace the current population.⁴ During the 1990s, eleven job categories would have experienced a worker shortage without the presence of immigrant workers.⁵

1 Peri, Giovanni, “Rethinking Gains from Immigration: Theory and Evidence from the U.S.,” August, 2005, University of California-Davis.

2 2005 *Economic Report of the President*, Government Publishing Office, February, 2005.

3 Bureau of Labor Statistics, “Labor Force Characteristics of Foreign-Born Workers in 2003,” December 1, 2004.

4 Population Division, Department of Economic and Social Affairs, United Nations, *World Population Prospects: The 2000 Revision, Highlights*, February 24, 2005.

5 Paral, Rob, “Essential Workers: Immigrants are needed supplement to Native-born labor force, American Immigration Law Foundation, March, 2005.

6 2005 *Economic Report of the President*, p. 17.

7 Peri, *Rethinking the Gains from Immigration*, UC-Davis, p. 2.

8 James P. Smith and Barry Edmonston, Editors, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington, D.C.: National Research Council, National Academy of Sciences Press, 1997, p. 349.

9 Stuart Anderson, *The Contributions of Legal Immigration to the Social Security System*. Arlington, VA.: National Foundation for American Policy, February, 2005, pp. 1-2.



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ARGUMENT:

IMMIGRANT WORKERS DEPRESS WAGES AND THUS MAKE JOBS LESS ATTRACTIVE TO NATIVE-BORN WORKERS.

RESPONSE:

In industries in which undocumented immigrant workers compete with native-born workers, studies show that there is a slight depression in wages, since undocumented immigrant workers are more likely to work for lower wages than native workers. However, in most industries in which immigrant workers are present, such as agriculture, construction, and service, they do not directly compete with native-born workers or they supplement the native laborers already present in the industry. According to the 2005 *Economic Report of the President*, immigrants with little English and low skills will not compete directly

with native workers. As a result, an increase of 10 percent in the foreign-born share of the workforce lowers wages for native workers by only one percent.⁶ When undocumented workers receive legal status and assert their rights in the workplace, real wages stabilize for all workers, and, in most cases, gradually rise. In addition, the increase in education levels for American workers reduces the chance that they will experience wage depression. A recent report by the University of California-Davis concludes that low-skilled immigrant workers negatively impact only high school dropouts, which represent only 9 percent of the population.⁷

ARGUMENT:

IMMIGRANTS USE MORE PUBLIC RESOURCES THAN THEY CONTRIBUTE TO THE ECONOMY; THUS, REPRESENT A BURDEN TO U.S. TAXPAYERS.

RESPONSE:

Immigrants make a net fiscal contribution to the U.S. economy. First, legal immigrants, not to mention undocumented immigrants, are not eligible for certain federal means-tested benefit programs, such as welfare assistance. Second, studies show that immigrants contribute more in taxes and Social Security payments than they consume in public resources. Perhaps the most authoritative study on the subject, conducted by the National Research Council, found that the average immigrant pays nearly \$1,800 per year more than he or she consumes in such benefits as education and healthcare. When the contributions of U.S.-citizen children of immigrants are

considered, the net fiscal contribution of the average immigrant is \$80,000 per year. The NRC study also estimates that the economic benefits of immigration run as high as \$10 billion a year.⁸

In addition, immigrants pay billions of dollars into the Social Security system. According to a recent study using Social Security Administration data, over the next 75 years new legal immigrants to the United States will contribute \$611 billion to the Social Security system. This does not include the approximate \$20 billion paid into the system by undocumented workers each year. Without legal immigration, the actuarial deficit of the Social Security trust fund would balloon by one-third over the next 50 years.⁹