



Answering the Critics of Comprehensive Immigration Reform

by Stuart Anderson

Executive Summary

Comprehensive immigration reform is defined by supporters as legislation that would reduce illegal immigration in the future and address the legal status of a large percentage of those now in the country illegally. The best approach for advocates of such 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.

Argument #1: “Immigration reform will harm taxpayers.” Response: Legalizing both the flow of workers and the workers already here will help taxpayers by raising the newly legalized workers’ productivity, their earnings, and the likelihood that they will pay taxes in the formal economy.

Argument #2: “Newly legalized immigrants will burden the welfare rolls.” Response: Immigrants are not heavy users of welfare, and additional limits can be placed on legalized workers. Newly arriving immigrants to the United States are

generally not eligible for federal means-tested benefits programs.

Argument #3: “Another ‘amnesty’ will beget more amnesties.” Response: Legalization is not necessarily an “amnesty”; it can include fines and other conditions for legalization. The 1986 law failed because it did not include a well-designed temporary worker visa system.

Argument #4: “Legalizing or admitting more unskilled workers will undermine U.S. culture and the English language.” Response: Immigrants and the children of immigrants are learning English.

Argument #5: “Letting in more temporary visa holders and legalizing current illegal immigrants will increase the unemployment rate.” Response: Immigrants make Americans more productive and do not increase the unemployment rate.

The primary arguments employed against comprehensive immigration reform do not stand up to a review of recent history and predictable social and economic behavior.

A future legal flow of workers would largely replace the current illegal flow, resulting in workers who earn higher wages.

Introduction

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.

Comprehensive immigration reform is defined by supporters as legislation that would reduce illegal immigration in the future and address the legal status of a large percentage of those now in the country illegally. Supporters of reform on the left have focused most of their efforts on legalizing the status of those already in the country illegally, viewing it as immoral that so many people—10 million or more—live “in the shadows” in America. Supporters on the right and in the business community have focused much more on the economic and policy benefits of establishing a good “future flow” of foreign-born workers, believing the best way to reduce illegal entry is to provide legal paths to work in the United States by expanding temporary visas.

Comprehensive immigration reform legislation failed to pass the U.S. Congress in 2006 and 2007. In part because of these failed efforts, new legislation did not seriously emerge in 2008, 2009 or 2010. If such legislation is to have a chance in the future, supporters must examine and respond to the major arguments made by critics of comprehensive immigration reform legislation.

Argument #1: “Immigration Reform Will Harm Taxpayers.” Response: Legalizing Both the Flow of Workers and the Workers Already Here Will Help Taxpayers.

One of the primary arguments made by opponents of immigration reform is that ad-

mitting a new flow of foreign workers—and legalizing existing ones—will harm taxpayers. The argument is that adding more lower-skilled workers would represent a fiscal drain. The primary problem with this argument is it ignores two important facts: (1) illegal immigrants already work in the United States, but for lower wages than if they were here legally, and (2) a future legal flow of workers, if designed correctly, would largely replace the current illegal flow, resulting in workers who earn higher wages, pay taxes in the traditional economy, and are less likely to settle permanently in the United States.

Would foreign-born workers earn more if they worked in the United States legally? And if such workers earned higher wages, wouldn't they pay higher taxes than they pay today while lacking legal status? Available data—and common sense—indicate the answer to both questions is “yes.” Not only would legal workers earn higher wages, it is less likely they would be part of the “underground” economy in ways that avoid taxes.

Research has shown that legal workers receive higher salaries than illegal immigrants. Data compiled by Columbia University economist Francisco L. Rivera-Batiz indicate illegal immigrants may feel that they should not complain and need to stay in the jobs they hold, which would make them less likely than legal workers to seek higher-paying employment. “The key theoretical hypothesis explaining discrimination against undocumented workers is that illegality allows employers to exert monopsonistic power over these workers because of their great fear of being reported to immigration authorities,” according to Rivera-Batiz.¹

Rivera-Batiz found the wage difference between legal and illegal workers was significant. He examined the impact of the 1986 legalization program on the earnings of previously undocumented workers. His research utilized longitudinal data capable of tracking immigrants from illegal to legal status. He found, “The average hourly wage received by illegal immigrants rose significantly after the workers were legalized.” The data showed an

increase of about one dollar an hour (in 1989 dollars) for both male and female immigrants who had been illegal previously, about a 15 percent rise.²

Legalization of status “has a direct positive effect on the earnings of illegal immigrants,” according to Rivera-Batiz.³ “An analysis of undocumented immigrants legalized after the 1986 U.S. immigration policy reform shows significant wage growth in the four years following legalization.”⁴ Importantly, Rivera-Batiz noted, “These gains are due mostly to the change in legal status itself, not to changes in the characteristics of immigrants over time.”⁵

However, some of the improvement in the lot of previously “illegal” workers came from the willingness of such workers to invest in their human capital or U.S. labor market skills (education, training, and English language) after the assurance they could stay permanently in the United States. That is an additional factor arguing in favor of the positive fiscal and economic impact of legalization. “The greater educational attainment and English proficiency of workers after legalization may have not been achieved if the workers had remained illegally in the U.S. instead of applying for legalization,” noted Rivera-Batiz.⁶

Other researchers have also found that legalization helped raise the wages of those who previously lacked legal status. In an analysis of the 1986 legalization program, University of Michigan economist Sherrie A. Kossoudji and Australian National University economist Deborah A. Cobb-Clark concluded, “Upon arrival in the U.S. labor market, unauthorized men’s wages would have been 14 percent higher if they had been legal workers.”⁷ Over time, the wage “penalty” that workers pay for being here illegally increases, on average, to 22 percent, according to Kossoudji and Cobb-Clark. Some part of this wage penalty for illegal immigrants is because those here illegally have “little incentive to invest in human capital while unauthorized and then have large incentives to invest once legalized.”⁸

The lack of job mobility appears to be a major reason that the wages of illegal immigrants do not increase as much as those of

other workers. Unlike illegal immigrants, legal workers are free to change jobs as a way to increase wages. Studying data of illegal immigrant male workers, Kossoudji and Cobb-Clark found that because of legalization such workers became “free to pursue job opportunities,” and their wages grew.⁹

Replacing the current flow of illegal immigrants with legal temporary visa holders would also be a gain for taxpayers. A 2009 study for the Cato Institute by Peter Dixon and Maureen Rimmer, both with the Centre of Policy Studies at Monash University in Australia, compared various scenarios and concluded that U.S. households would gain approximately \$260 billion a year with a new law that permitted widespread use of legal temporary visas as compared to increased border enforcement.¹⁰

Using an economic model developed for the U.S. International Trade Commission, Dixon and Rimmer compared an increase in border enforcement—basically a continuation of current U.S. policies—to a new policy of significant use of temporary visas. A scenario of increased border enforcement that reduces the supply of illegal immigrants by 28.6 percent would lead to a cost of \$80 billion a year for U.S. households, according to Dixon and Rimmer. U.S. household welfare would be similarly reduced if stricter interior enforcement reduced illegal immigration and shifted employer costs to paying for unproductive activities related to legal compliance.

In contrast, a policy that relied on increases in temporary visas would achieve a “welfare gain for U.S. households . . . equivalent to 1.19 percent of the gross national product, or \$170 billion.” U.S. households would gain even more, the researchers note, from implementing a visa tax. Dixon and Rimmer write, “This [policy] would eliminate smugglers’ fees and other costs faced by illegal immigrants. It would also allow immigrants (now guest workers rather than illegals) to have higher productivity. Both effects create a surplus gain for the economy by raising the value of immigrant labor relative to the wage necessary to attract it. This surplus can then be extracted for the benefit of U.S. households.”¹¹

The lack of job mobility appears to be a major reason that the wages of illegal immigrants do not increase as much as those of other workers.

Table 1
Tighter Border Enforcement vs. Policy of Liberalized Temporary Visa Regime

Policy Scenario	Annual Loss/Gain to U.S. Households
Tighter Border Enforcement	- \$80 Billion
Liberalized Entry with an Optimal Visa Charge	+ \$180 Billion

Source: Peter B. Dixon and Maureen T. Rimmer, "Restriction or Legalization? Measuring the Economic Benefits of Immigration Reform," Cato Institute Trade Policy Analysis no. 40, August 13, 2009. Loss and gains to U.S. households in 2009 dollars.

Dixon and Rimmer likely underestimated the benefits of adding more temporary visas, since they assumed certain public costs from temporary visa holders that are unlikely to materialize. Responding to follow-up questions, Peter Dixon acknowledged that the benefits of increased temporary visas may be even greater than original estimates since most temporary visa holders would be primarily able-bodied men in their 20s or 30s who pay taxes on their earnings, utilize few public resources, and in many cases only stay in the United States for 3 to 6 years.¹²

Dixon and Rimmer conclude, "Getting the policy right on illegal immigration is important for the welfare of U.S. households. Our simulations show that the difference between the long-run welfare effects for U.S. households of the worst and best policies that we considered—that is, the welfare gap between the tighter-border-enforcement policy in Simulation 1 and the liberalized policy with an optimal visa charge in Simulation 7—is about \$260 billion a year."¹³ (See Table 1.)

One of the unintended consequences of U.S. immigration policies is that they have encouraged illegal migrants to set down roots, which at least in a short-term fiscal calculation could add more costs than would be the case with temporary workers. Legal temporary workers are less likely to stay for a decade or longer if they are allowed to enter the United States to work legally and return home regularly without fear of not being able to re-enter the United States. "Not only have U.S. policies failed to reduce the inflow of people from Mexico, they have perversely reduced the outflow to produce an unprecedented in-

crease in the undocumented population of the United States," writes Princeton University's Douglas Massey. "America's unilateral effort to prevent a decades-old flow from continuing has paradoxically transformed a circular flow of Mexican workers into a settled population of families and dependents."¹⁴

A December 2006 report by the Texas comptroller of public accounts utilized a (mostly) dynamic analysis that factored in economic activity by illegal immigrants. The report found that illegal immigrants have produced a positive effect on the Texas economy and state budget and concluded: "The Comptroller's office estimates the absence of the estimated 1.4 million undocumented immigrants in Texas in fiscal 2005 would have been a loss to our Gross State Product of \$17.7 billion. Also, the Comptroller's office estimates that state revenues collected from undocumented immigrants exceed what the state spent on services, with the difference being \$424.7 million."¹⁵

One of the unintended consequences of U.S. immigration policies is that they have encouraged illegal migrants to set down roots.

**Argument #2:
 "Newly Legalized Immigrants Will Burden the Welfare Rolls."
 Response: Immigrants Are Not Heavy Users of Welfare, and Additional Limits Can Be Placed on Legalized Workers.**

The argument that taxpayers will get a bad deal from legalizing workers now lacking legal

Table 2
Use of Public Benefits by Nativity and Citizenship (2006)

Program	Percentage of Natives Using Benefit	Percentage of Naturalized Citizens Using Benefit	Percentage of Noncitizens Using Benefit
AFDC/TANF	0.6	0.3	0.7
SSI	1.6	3.0	1.3
Medicaid	13.1	10.8	11.6
Food Stamps	7.7	3.9	6.2

Source: Stuart Anderson, *Immigration* (Santa Barbara, CA: Greenwood, 2010), p. 196; House Ways and Means Committee, *2008 Green Book*, Appendix H, Table H-9—Estimated Benefit Usage by Citizenship Categories: 1995, 1999, 2001, 2006.

status is derived in part from concerns that such workers will gain access to—and swamp—American social welfare programs. However, current law already restricts an immigrant’s access to food stamps and other programs. Moreover, any future law that grants legal status to current illegal immigrants could raise the current legal standard for newly legalized individuals even higher as part of a legislative agreement on comprehensive immigration reform.

Newly arriving immigrants to the United States are generally not eligible for federal means-tested benefits programs. Except for refugees, eligibility for such programs normally requires immigrants to have lived in a lawful immigration status in the United States for five years or more.

It’s not clear that welfare use among immigrants has ever been the problem some have perceived it to be. Writing in 1994, the Urban Institute’s Rebecca L. Clark noted, “Among immigrants, high rates of welfare use are limited to one group of immigrants—those who entered as refugees—and one type of welfare—Supplemental Security Income (SSI). For other types of welfare, immigrants who did not enter as refugees are no more likely to use welfare than natives.”¹⁶

Congress enacted an almost complete prohibition on SSI for noncitizens who entered the United States after August 22, 1996, excluding only veterans, active duty military and their families, certain Native Americans born abroad, and refugees and other “humanitarian

immigrants.”¹⁷ A lawful permanent resident with credit for 40 quarters of work history in America is eligible for SSI only if he or she has been in “qualified” status for five years or more. A similar ban is in effect for the use of food stamps by immigrants.¹⁸

Welfare use among immigrants declined significantly after Congress changed the eligibility rules in 1996. The Urban Institute reported “substantial declines between 1994 and 1999” in the use of major benefit programs by legal immigrants: Temporary Assistance for Needy Families (TANF) or, prior to 1996, its predecessor, Aid to Families with Dependent Children (AFDC) (-60 percent); food stamps (-48 percent); SSI (-32 percent); and Medicaid (-15 percent).¹⁹

The House Ways and Means Committee analyzed census data and concluded that the percentage of natives, noncitizens, and naturalized citizens who use AFDC/TANF, Medicaid, and food stamps is similar for the three groups. In addition, the vast majority of immigrants do not receive public benefits. Less than 1 percent of naturalized citizens and noncitizens in 2006 received benefits under TANF.²⁰

The data show that in 2006, 0.6 percent of natives used AFDC/TANF, compared to 0.3 percent of naturalized citizens and 0.7 percent of noncitizens. For SSI, which most natives do not use because they are eligible for Social Security benefits, 1.6 percent of natives used the program in 2006, compared to 3.0 percent of naturalized citizens and 1.3 percent

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The labor force participation rate for immigrant men is very high, in fact higher than that for native-born Americans.

of noncitizens. For Medicaid, 13.1 percent of natives used the program, while 10.8 percent of naturalized citizens and 11.6 percent of noncitizens did so. And 7.7 percent of natives used the Food Stamp program, while 3.9 percent of naturalized citizens and 6.2 percent of noncitizens did so (see Table 2).

At the state level, eligibility rules differ and can be less restrictive than federal rules. Moreover, a U.S.-born child is an American citizen and can receive benefits if he meets the eligibility criteria for a program, no matter the parents' immigration status. (However, counting the "costs" of the U.S.-born children of immigrants when they are young, while not counting the taxes paid by those children when they become adults, can create a misleading fiscal portrait.) If immigrants have been seeking states with lenient benefit eligibility, then they're not doing a good job. *Wall Street Journal* editorial writer Jason Riley, in his 2008 book on immigration, notes that many states with recent large increases of immigrants are those with low and below-average social spending, such as Arkansas, North Carolina, South Carolina, Utah, and Georgia.²¹

One of the contradictions in the immigration debate is how some argue that immigrants are "taking" jobs from Americans, while also asserting immigrants are receiving a great deal of public benefits. The labor force participation rate for immigrant men, ages 18 to 64, is very high, in fact higher than that for native-born Americans. For legal immigrant males in that age group, 86 percent were working, compared to 83 percent for native-born males, according to 2004 census data analyzed by the Pew Hispanic Center. The labor force participation rate is even higher for illegal immigrant males (92 percent).²² In the second quarter of 2010, among the working-age population age 16 and older, the foreign-born had a higher labor force participation rate than the native-born.²³

In sum, the data indicate that immigrants are not overwhelming users of welfare programs, and it is unlikely that legalizing some portion of immigrants now in the country illegally will create a great fiscal burden for taxpayers. This is particularly true in light of the

data presented by Dixon and Rimmer and past experience, which indicates that legal (or legalized) workers will earn higher wages than illegal immigrants. To the extent that the fiscal issue remains a concern, whether or not supported by data, Congress retains the option of enacting additional restrictions on benefit eligibility for anyone who receives legal status as part of immigration reform.

**Argument #3:
"Another 'Amnesty' Will
Beget More Amnesties."
Response: Legalization
Is Not Necessarily an
"Amnesty"; the 1986 Law
Failed Because It Did Not
Include a Well-Designed
Temporary Worker
Visa System.**

There are three main questions asked about including legalization as part of comprehensive immigration reform. First, is providing legal status to illegal immigrants an "amnesty"? Second, will legalizing the status of illegal immigrants simply encourage more illegal immigration? Third, didn't the 1986 Immigration Reform and Control Act show that "amnesties" don't work?

In recent legislative battles, opponents of legalization have labeled as an "amnesty" any effort to provide legal status to current illegal immigrants. *Webster's New World Dictionary* defines an amnesty as "a general pardon, especially for political offenses against a government."²⁴ In short, when a government declares an amnesty it generally requires no further action on the part of those receiving the amnesty. A pardon issued by a governor or president normally does not require a fine or other penalty.

The 1986 Immigration Reform and Control Act did not require any future obligations but rather awarded permanent residence to

The 1986 amnesty did not increase illegal immigration.

those who maintained a continuous presence in the United States within specific dates and who met certain other basic criteria. The AgJOBS Act, which critics consider an amnesty, requires individuals to work in often sweltering fields over the course of at least three years in the future. Requiring additional work, particularly for many years, and perhaps even in jobs that many people would find arduous, difficult, or distasteful, does not meet a reasonable definition of amnesty.

It has been argued that IRCA led to fraud among a number of those who did not meet the requirements of the act. It has been difficult to document the extent of fraud. However, as noted, the 1986 law did not require any future work, particularly not three years of work, to receive the benefit. In the case of the AgJOBS Act, for example, informing someone they must work three years in agriculture to earn a green card may deter those who might have sought a benefit to which they were not entitled.

Recent legislation to legalize those in the country illegally also penalized individuals by fining them. Title VI of S. 2611, which passed the U.S. Senate in 2006, included a \$2,000 fine for those seeking to legalize their status under the bill. This is also different from a typical amnesty, which normally would not place such additional obligations on individuals.

A common refrain in the immigration debate is that because it's against the law to enter and work illegally that should end the debate. The rhetorical question is asked: What's so hard to understand about the word illegal? But it's not that simple when the law does not allow individuals to enter the United States legally and work at lower-skilled jobs. The choice for many individuals south of the border is to live in poverty or seek out an opportunity to gain a better life for themselves and their families. That's not the same as a choice between robbing a bank or working a nine-to-five job.

Daniel Griswold, director of the Cato Institute's Center for Trade Policy Studies, explains: "Laws should be obeyed, but laws should also be in fundamental harmony with

how most people choose to live their lives. When large numbers of otherwise normal and law-abiding people routinely violate a law, it signals that the law itself may be flawed."²⁵ Griswold provides examples of laws shown to be unenforceable without changes. The 55-miles-per-hour speed limit was ignored at times in many western states until Congress allowed states to set higher limits based on local driving preferences. The prohibition on alcohol—from 1920 to 1933—is acknowledged as a costly social and economic mistake.

Both the federal government and many states periodically permit individuals or businesses failing to pay taxes to come forward and correct such actions without fines or penalties. Though one could argue the measures excuse illegal behavior, tax amnesties are usually adopted without controversy.

Did the 1986 Immigration Reform and Control Act result in increased illegal immigration? A Federal Reserve Bank of Atlanta study looked closely at Immigration and Naturalization Service (INS) apprehensions data before and after 1986. The authors concluded that the 1986 amnesty did not increase illegal immigration. "It appears that amnesty programs do not encourage illegal immigration. If anything, IRCA reduced the number of illegal immigrants in the short run, perhaps because potential migrants thought that it would be more difficult to cross the border or get a job in the United States after the law was passed," wrote authors Pia M. Orrenius (Federal Reserve Bank of Dallas) and Madeline Zavodny (Federal Reserve Bank of Atlanta). "An amnesty program also does not appear to encourage illegal immigration in the long run in the hopes of another amnesty program; we do not find a significant difference between apprehensions after the IRCA amnesty expired and before the program was created."²⁶

Some observers might argue that even if the authors of the Federal Reserve Bank of Atlanta study are correct that the 1986 amnesty did not increase illegal immigration, the 1986 law failed to reduce illegal immigration. It's true the 1986 law did not prevent future illegal immigration. However, that is not because of the legalization

Ninety-one 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.

program but because Congress failed to include a generous supply of legal work visas for lower-skilled jobs in the United States. Without such visas, individuals have continued to enter America and work illegally.

As noted earlier, increased border enforcement beginning in the 1990s made it harder to enter the United States, which encouraged many more individuals to stay and live permanently (or at least for several years) rather than risk making the perilous trek across the border multiple times. The blame for increased illegal immigration since 1986 can be laid at the doorstep of an “enforcement-only” approach that has shunned the use of market mechanisms to match employers and workers.

**Argument #4:
“Legalizing or Admitting
More Unskilled Workers
Will Undermine
U.S. Culture and the
English Language.”
Response: Immigrants and
the Children of Immigrants
Are Learning English.**

The key questions regarding English language acquisition are: Do immigrants think it’s important to learn English? And are immigrants and their children learning English? The available data indicate the answer to both questions is “yes.” A third question can be asked as well: Will current illegal immigrants be more likely to learn English if they receive legal status?

The answer to the last question is also “yes.” Research that examined those who received legal status as a result of the 1986 law showed a significant improvement in both the educational attainment and English language skills of legalized immigrants after the legalization. “There was . . . a substantial improvement in English language proficiency,” according to economist Francisco L. Rivera-Batiz. “The proportion of men who could not speak Eng-

lish at all declined from 29.9 percent to 15.3 percent, and among women the change was from 39.9 percent before legalization to 28 percent after.”²⁷ This was in a period of four to five years.

Looking more broadly, the story is quite positive with the children of immigrants. According to a Pew Hispanic Center survey, 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.²⁸ (See Table 3.)

Do immigrants and their children think it’s better for immigrants to learn English as quickly as possible? The answer is “yes.” A Pew Hispanic Center report found, “Latinos believe that English is necessary for success in the United States.” According to the Center: “Asked whether adult Latinos ‘need to learn English to succeed in the United States, or can they succeed even if they only speak Spanish,’ 89% of Hispanics in the 2002 survey said that they need to learn English. Slightly more Spanish-dominant Hispanics (92%) voiced this belief.”²⁹

Research shows that worries that the children and grandchildren of Spanish-speaking immigrants will speak only Spanish are misplaced. The later generations of children in America tend to lose the native language skills of their parents and grandparents and replace these with English. “Although the generational life expectancy of Spanish is greater among Mexicans in Southern California than other groups, its demise is all but assured by the third generation,” according to Frank Bean and Ruben Rumbaut of the University of California, Irvine, and Princeton University’s Douglas Massey.³⁰

The research runs counter to the fear that immigrant parents are not encouraging their children to learn English. “Based on an analysis of language loss over the generations, the study concludes that English has never been seriously threatened as the dominant language in America, nor is it under threat today,” according to Bean, Rumbaut, and Massey.³¹

Assimilation does occur, but it takes time. Snapshots of English language ability that in-

Table 3
Ability of Latinos and Their Children to Speak English Well

Hispanic Immigrants	Ability to Speak English Well or Pretty Well
1st Generation	35 percent
2nd Generation	91 percent
3rd Generation	97 percent

Source: Shirin Hakimzadeh and D’Vera Cohn, *English Usage among Hispanics in the United States* (Pew Hispanic Center, 2007).

clude many newly arrived immigrants can create a skewed portrait that masks progress made by individual immigrants over the years.³² Moreover, data that include illegal immigrants can also produce a misleading impression about the progress of legal immigrants, since temporary migrants—as opposed to permanent residents—are less likely to invest the time and energy in the difficult long-term process of learning English.

Argument #5:
“Letting In More
Temporary Visa Holders and
Legalizing Current Illegal
Immigrants Will Increase
the Unemployment Rate.”
Response: Immigrants Make
Americans More Productive
and Do Not Increase
the Unemployment Rate.

Would an increase in temporary visas lead to more unemployment for American workers? In their 2009 report for the Cato Institute, Peter Dixon and Maureen Rimmer found that would not be the case: “Among other key findings is that additional low-skilled immigration would not increase the unemployment rates of low-skilled U.S. workers.”

Dixon and Rimmer show that the U.S. economy is dynamic, not static as many critics of immigration either assume or at least appear to argue. “While our modeling sug-

gests that there would be reductions in the number of jobs for U.S. workers in low-skilled occupations, this does not mean that unemployment rates for these U.S. workers would rise,” according to Dixon and Rimmer. “With increases in low-skilled immigration, the U.S. economy would expand, creating more jobs in higher-skilled areas. Over time, some U.S. workers now in low-paying jobs would move up the occupational ladder, actually reducing the wage pressure on low-skilled U.S. workers who remain in low-skilled jobs.”³³

An important reason why immigration is beneficial is that it encourages a more productive use of human capital in the U.S. economy. “If you have high-skilled natives doing low-productivity jobs, it’s a fundamental misallocation of labor and a big inefficiency,” according to Pia Orrenius of the Federal Reserve Bank of Dallas. “And it makes people—natives—worse off.”³⁴ As Dixon and Rimmer note, pointing to the benefits of an increased use of temporary visas, “The presence of more guest workers in lower-skilled, lower-paying occupations encourages Americans to seek employment in occupations where they can be more productive.”³⁵

Critics of immigration assume a zero-sum game, whereby every illegal immigrant deported from the country opens up one of a fixed number of jobs, which would then be filled by a U.S.-born worker. That’s not how things work. Dixon and Rimmer (and other economists) point out that low-skilled workers can help make the U.S. workforce more productive. “Under policies that increase the number of low-skilled immigrants, the occupational mix of U.S. workers shifts in a way that in-

An important reason why immigration is beneficial is that it encourages a more productive use of human capital in the U.S. economy.

Economist Giovanni Peri has found that “there is no evidence that immigrants crowd out U.S.-born workers in either the short or long run.”

creases their overall productivity.”³⁶ In contrast, reducing the supply of low-skilled immigrants “draws Americans into less productive, lower-paying jobs than they would have occupied otherwise.”³⁷ In addition, changes in the U.S. labor supply affect the amount of capital invested in the economy.

Mark J. Perry, a professor of economics and finance in the School of Management at the University of Michigan, Flint, dispels the myth of a fixed number of jobs: “There is no fixed pie or fixed number of jobs, so there is no way for immigrants to take away jobs from Americans. Immigrants expand the economic pie.”³⁸ Economists Richard Vedder, Lowell Gallaway, and Stephen Moore explain the ways in which immigrants create jobs and do not just fill jobs:

First, immigrants may expand the demand for goods and services through their consumption. Second, immigrants may contribute to output through the investment of savings they bring with them. Third, immigrants have high rates of entrepreneurship, which may lead to the creation of new jobs for U.S. workers. Fourth, immigrants may fill vital niches in the low and high skilled ends of the labor market, thus creating subsidiary job opportunities for Americans. Fifth, immigrants may contribute to economies of scale in production and the growth of markets.³⁹

According to research on the 10 states with the highest and lowest concentration of immigrants for the period 1960 to 1990, Vedder, Gallaway, and Moore, found, “In the 10 high-immigrant states, the median unemployment rate in the 1960–91 period was about 5.9%, compared with 6.6% in the 10 low-immigrant states.” They also concluded that between 1980 and 1990, “the median proportion of the population that was foreign-born was 1.56% in the high-unemployment states, compared with 3.84% in the low-unemployment states. More immigrants, lower unemployment.”⁴⁰

What about the impact of immigrants at the national level? In separate research, Rich-

ard Vedder and Lowell Gallaway found “no statistically reliable correlation between the percentage of the population that was foreign-born and the national unemployment rate over the period 1900–1989, or for just the postwar era (1947–1989).”⁴¹

Economist Giovanni Peri has found in several studies that immigrants are economically beneficial to the United States. An analysis Peri performed for the Federal Reserve Bank of San Francisco concluded: “Statistical analysis of state-level data shows that immigrants expand the economy’s productive capacity by stimulating investment and promoting specialization. This produces efficiency gains and boosts income per worker. At the same time, evidence is scant that immigrants diminish the employment opportunities of U.S.-born workers . . . There is no evidence that immigrants crowd out U.S.-born workers in either the short or long run.”⁴²

Conclusion

The status quo is not acceptable. There is no evidence that continuing—or expanding—the current “enforcement-only” policies on immigration will be successful. 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. Addressing the situation of those now in the country illegally will achieve both humanitarian and economic objectives, including raising the wages of those now working as illegal immigrants. The primary arguments employed against comprehensive immigration reform do not stand up to a review of recent history and predictable social and economic behavior.

Notes

1. Francisco L. Rivera-Batiz, “Undocumented Workers in The Labor Market: An Analysis of the Earnings of Legal and Illegal Immigrants in the U.S.,” *Journal of Population Economics*, 1998, p. 8.
2. *Ibid.*, pp. 24–25.

3. Ibid., p. 29.
4. Ibid., abstract.
5. Ibid.
6. Ibid., p. 29.
7. See Sherrie A. Kossoudji and Deborah Cobb-Clark, "Coming out of the Shadows: Learning about Legal Status and Wages from the Legalized Population," Centre for Economic Policy Research, Australian National University, October 1, 1998, p. 17; also published in the *Journal of Labor Economics* 20, no. 3 (2002).
8. Ibid., p. 17.
9. Ibid., p. 20.
10. Peter B. Dixon and Maureen T. Rimmer, "Restriction or Legalization? Measuring the Economic Benefits of Immigration Reform," Cato Institute Trade Policy Analysis no. 40, August 13, 2009.
11. Ibid., p. 4.
12. Interview with Peter B. Dixon in Stuart Anderson, *Immigration* (Santa Barbara, CA: Greenwood, 2010), pp. 179–80.
13. Dixon and Rimmer, p. 4.
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