

62. Immigration

Congress should

- expand, or at least maintain, current legal immigration quotas;
- increase permanently the number of H-1B visas and deregulate employment-based immigration to facilitate the entry of skilled immigrants;
- remove the new one-year time limit on filing for political asylum and reform the “expedited removal” laws;
- repeal employer sanctions;
- stop the move toward a computerized national identification system and the use of government-issued documents, such as birth certificates and Social Security cards, as de facto national ID cards; and
- reduce restrictions on the movement of workers within the North American Free Trade Agreement area.

America was founded and shaped by immigrants seeking freedom and opportunity. Since records were first kept in 1820, our nation has absorbed more than 60 million immigrants. Those new Americans have almost universally embraced American culture and values, serving bravely in our armed forces, founding some of our most successful companies, and pioneering advances in science, technology and industry. Immigrants have been crucial to America’s success in the global economy.

Immigration strengthens and enriches American culture, increases the total output of the economy, and raises the standard of living of American citizens. Immigrants benefit the United States in several ways: (1) Since they are willing to take a chance in a new land, they are self-selected on the basis of motivation, risk taking, work ethic, and other attributes beneficial to a nation. (2) They tend to come to the United States during their prime working years (the average age is 28) and thus contribute immediately to

the workforce and make huge net contributions to old-age entitlement programs, primarily Social Security. (3) Immigrants tend to fill niches in the labor market where demand is highest relative to supply, complementing rather than directly competing with American workers. (4) Many immigrants arrive with high skill and education levels, and virtually all, regardless of skill level, bring a strong desire to work. (5) Their children tend to reach high levels of achievement in American schools and in society at large.

Facts about U.S. Immigration

The United States maintained an unrestricted immigration policy during the 17th, 18th, and 19th centuries. Only the Chinese Exclusion Act of 1882 and some qualitative restrictions altered that policy. But in the 1920s Congress responded to rampant xenophobia and bizarre theories about racially “inferior” immigrants by establishing strict quotas that favored immigrants from northern Europe. In 1965 Congress finally repealed such quotas and, in effect, increased the numerical limits. By 1990 Congress had raised the numbers and included more visas for people whose immigration is employment based.

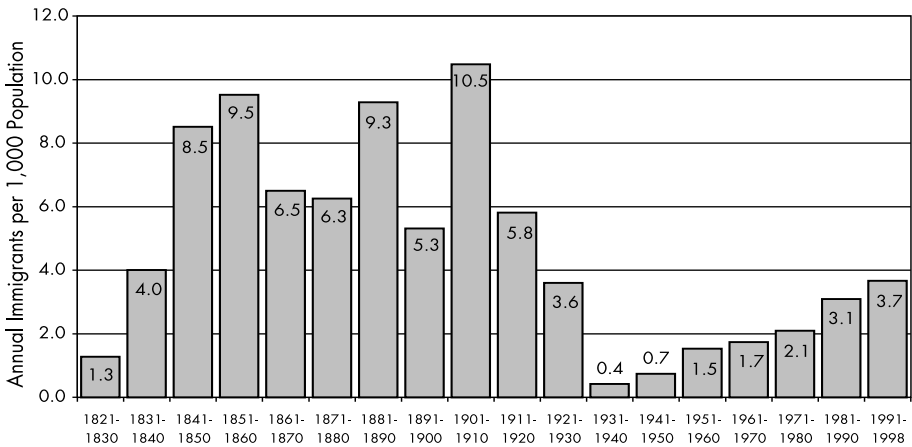
The Immigration Rate Is Low by Historical Standards

Immigration levels today are not historically high in relation to the U.S. population. According to the most recent Census Bureau figures, about 10 percent of Americans are foreign born, a figure that has been rising in recent decades but is significantly lower than the proportion—13 percent or higher—during the period from 1860 to 1930. The annual flow of immigrants, now roughly 1 million, is comparable in absolute numbers to the annual flow when immigration peaked in the first decade of this century. But as a percentage of the total U.S. population, immigrant arrivals today are relatively low. Figure 62.1 shows that immigrant arrivals as a share of the population—the most relevant measure of the impact of immigrants on our culture, infrastructure, and labor markets—are less than half the average from 1840 to 1910. We can absorb, and have absorbed, far more immigrants than we do today.

Immigrants Are Not a Burden on Taxpayers

A comprehensive study in 1997 by the National Research Council determined that immigrants and their children, over their lifetimes, contribute an average of \$80,000 more in taxes than they consume in government

Figure 62.1
American Immigration Rates, by Decade, 1820–1998



SOURCES: 1998 *Statistical Yearbook of the Immigration and Naturalization Service*; and 1999 *Statistical Abstract of the United States*.

services. As one of the authors of the study, economist Ronald Lee of the University of California at Berkeley, explained in congressional testimony: “Most immigrants arrive at young working ages, with their education already paid for. At most ages, the total benefits immigrants receive actually cost less than those received by natives. Immigrants’ taxes help pay for government activities such as defense for which they impose no additional costs. Their taxes help to service the national debt. And immigrants will help pay for the baby boomers’ retirement. These factors add up to a net positive impact on government budgets.”

Immigration improves the bottom lines of the two largest federal income-transfer programs, Social Security and Medicare. In a 1998 report, the Social Security Administration concluded, “The cost of the system decreases with increasing rates of immigration because immigration occurs at relatively young ages, thereby increasing the numbers of covered workers earlier than the numbers of beneficiaries.” The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 has made new, nonrefugee immigrants ineligible for most welfare programs, further reducing the fiscal burden of immigrants.

Immigrants Do Not Cause Unemployment or Drag Down “Native” Wages

By starting businesses, spurring innovation, and spending their income on products made by Americans and immigrants alike, immigrants create

at least as many jobs as they fill. Simply put, immigrants increase the supply of labor, but they also increase the demand for labor. Since 1990, more than 7.6 million immigrants have entered the United States legally. During that time, the number of Americans with jobs has grown by more than 20 million, and both the unemployment rate and the total number of unemployed have fallen steadily. Without immigration, America's workforce would actually begin to decline by the year 2015.

There is no evidence that immigration reduces real wages of native workers. The 1997 NRC study concluded that any relationship between native wages and immigration is "numerically weak." The only two demographic groups whose wages were negatively affected were high-school dropouts and other recent immigrants. Economists Rachel M. Friedberg of Brown University and Jennifer Hunt of Yale University wrote in the *Journal of Economic Perspectives* that "despite the popular belief that immigrants have a large adverse impact on the wages and employment opportunities of the native-born population, the literature on this question does not provide much support for this conclusion."

Immigrants Enrich American Culture and Values

Immigrants tend to personify such American values as initiative, hard work, and devotion to family. A CNN/USA Today poll found that more immigrants than natives believe that hard work and determination are the keys to success in America. A study by the Manhattan Institute found that immigrants are more likely than are the native born to have intact families and a college degree and be employed, and they are no more likely to commit crimes. Immigrants, and especially their children, value education and learn English. A 1998 study by Michigan State University sociologist Ruben Rumbaut found that children of immigrant families in the 1990s achieved better grades, were less likely to drop out of school, and had higher ambitions for further study than did children from native families. While 90 percent of the high-school-aged children from immigrant families spoke a language other than English at home, 88 percent preferred English as their first language. "English is triumphing with breathtaking rapidity," Rumbaut concluded.

Through our nation's history, immigrants have shouldered their share of the burden of defending our country. According to the Defense Department, more than 60,000 immigrants serve in the nation's armed forces today. Of the 3,400 men and women who have received the Medal of Honor since the Civil War, more than 700, or 20 percent, have been immigrants.

The "New" Immigrants Are Not Less Skilled or Educated Than the Old

Average education levels have risen each decade, though in recent decades immigrants' levels relative to those of natives have declined because of rapid increases in the educational achievement of natives. Legal immigrants, on average, are better schooled than the native-born population, with an average of 13 years of schooling, according to a 1997 study by the National Institutes of Health. The proportion of legal immigrants with postgraduate education is three times the native rate. Legal immigrants are also twice as likely as natives to have less than nine years of schooling, but this is more a reflection of poor educational opportunities in their countries of origin than of the personal traits of the immigrants.

Immigrants Do Not Cause "Overcrowding"

Assertions that immigrants lower our quality of life by increasing the country's population growth rate contradict the experience of the past 50 years, which has seen environmental indicators improve while the population has increased. Even though the number of immigrants has been rising in recent years, America's annual population growth rate is now less than 1 percent, compared to an average rate of 1.3 percent since 1900.

Non-Employment-Based Immigration

Current legal immigration is tightly regulated and limited by numerical quotas and per country ceilings that prevent people from a few countries from obtaining all the visas. Only refugees, close family members, and individuals with a company to sponsor them can immigrate. A limited number of "diversity" visas are also distributed to immigrants from "underrepresented" countries. All categories are numerically restricted, except for the "immediate relatives" of U.S. citizens, whose totals have not shown a long-term, upward trend.

Family Reunification

Under U.S. law, an American citizen can sponsor (1) a spouse or minor child, (2) a parent, (3) a married child or a child 21 or older, or (4) a brother or sister. A lawful permanent resident (green card holder) can sponsor only a spouse or child. No "extended family" immigration categories exist for aunts, uncles, or cousins. In 1998, 77 percent of all family-

sponsored immigration visas went to spouses and children. The other 23 percent went to the parents and siblings of U.S. citizens.

Refugees

Congress should reject any “cap” on the admission of refugees. Such a cap is designed to slash the number of refugees admitted and would prevent flexible responses to emerging world situations. The annual number of refugees is set each year by consultations between the president and Congress. The number of refugees admitted has been dropping in the last decade, from a high of 114,498 in 1992 to only 76,181 in 1998, a decline of one-third. While U.S. programs to settle refugees from Southeast Asia are winding down, Congress should keep the door open to refugees from other nations; it could even raise the cap to accommodate refugees suffering from religious persecution.

Asylum

Unlike refugees, who are accepted for admission while still outside the United States, people seeking political asylum must first enter the country and then request permission to stay. Contrary to the popular impression, it is quite difficult to obtain political asylum. According to the Immigration and Naturalization Service, only 23 percent of the claims considered in 1998 were approved. INS administrative reforms corrected the system’s key problems (asylum applicants can no longer receive work papers and disappear into the workforce). The number of first-time claims has dropped dramatically, and almost all new cases are completed within 180 days of filing.

The legislative changes contained in the 1996 immigration law were thus unnecessary and have created a new set of problems. There was no need to require individuals to file for asylum within one year of arriving in the United States, as Congress did in the 1996 immigration bill. Many victims of torture and persecution need time for their emotional wounds to heal and view asylum as an inevitable break with their families and followers back home. If a one-year time limit had been in effect in past years, 62.5 percent of those who later received asylum as legitimate refugees would have been denied asylum.

Another problem is the “expedited removal” provision of the 1996 law, which allows low-level INS officials to prevent those arriving without valid documents from receiving a full hearing of their asylum claims. It is not difficult to understand why people fleeing torture or other forms of

persecution often cannot obtain valid travel documents from their own governments. The “extraordinary circumstances” exception to the one-year time limit and the summary proceedings established to screen those entering without valid documents do not ensure a high enough standard of procedural protection for people with legitimate claims.

It is a human rights as well as an economic imperative that both the one-year time limit and the expedited removal provisions be changed.

Employment-Based Immigration: The H-1B Debate

Foreign-born workers have filled an important role in the American economy. Nowhere is this more evident today than in America’s booming high-technology sector. The ability to hire foreign-born workers has allowed America’s most dynamic high-tech companies to innovate and grow despite a national shortage of computer engineers, programmers, systems analysts, and other technical workers.

The primary means of hiring highly skilled foreign-born workers is the H-1B visa. Though overly bureaucratic, the system works reasonably well. It allows U.S. companies to hire in a timely manner foreign nationals with the right skills for the job. H-1B visas are generally approved within 60 days. They are valid for six years but must be renewed after three years. The company granted the visa must agree to pay the new employee at least the “prevailing wage” for that area and industry. H-1B visa holders are not immigrants or permanent residents, and they cannot progress toward citizenship.

A visa system for highly skilled foreign-born workers existed for decades without a cap, but in 1990 Congress imposed an arbitrary annual quota of 65,000 H-1B visas. As America’s information economy gained steam in the second half of the 1990s, the quota proved to be too restrictive. In 1998 Congress approved an increase in the cap to 115,000 in fiscal years 1999 and 2000, and in October 2000 Congress raised the annual cap again, to 195,000 for three years. But even the new, higher quota may prove inadequate to meet continuing strong demand for highly skilled labor. Under the law, the quota will revert to the old level of 65,000 in fiscal 2004, which could cripple the ability of America’s most dynamic companies to create new products.

Despite the charge of critics, H-1B professionals do not depress wages, create unemployment, or cost taxpayers money. H-1B workers are generally among the best-paid workers in U.S. industry. Among the more than half a million H-1B visas issued from 1991 through September 1999, the

Department of Labor found only seven cases of willful underpayment by an employer. Unemployment rates among high-tech professions are extremely low. In fact, in hearings before Congress, high-tech executives testified that the hiring of H-1B professionals allows their companies to expand employment for Americans in related jobs. If U.S.-based companies are denied the ability to hire the skilled workers they need, they could be forced to move production offshore to remain competitive. Besides benefiting the economy, H-1B workers typically shoulder more than their share of the tax burden. According to the 1997 National Research Council study, immigrants with a college education will, on average, pay \$105,000 more in taxes during their lifetimes than they will consume in government services.

Congress should repeal the H-1B cap entirely to allow U.S. companies to hire the workers they need when they need them to stay competitive in the global economy. At the very least, Congress should raise the cap to a minimum of 200,000 annually, with automatic annual increases of 10 percent thereafter. Department of Labor certifications should not place uneconomic regulatory burdens on U.S. firms that are already under market pressure to offer competitive wages and benefits to their workers.

Legal Immigration Reform: What Congress Should Do

Congress has followed a policy of “immigrants yes, welfare no” by overwhelmingly rejecting cuts in legal immigration while at the same time passing a welfare bill that makes immigrants ineligible for public assistance. Immigrant welfare use, often overstated, is now a dead issue in the immigration policy debate. Since illegal immigration is the main concern, and legal immigration is not a problem, it is not clear why Congress needs to make more than modest reforms to the current legal immigration system.

Congress should continue to keep the issues of legal and illegal immigration separate. For legal immigrants, Congress should at least maintain current family categories and quotas. Ideally, Congress should raise the current numbers by, among other things, setting aside separate visas for the one-third of spouses and children of lawful permanent residents in the immigration backlog who are physically separated from their sponsors. It should do so without tearing apart the current family immigration system, as the U.S. Commission on Immigration Reform recommended. In particular, Congress should resist attempts to stop brothers and sisters from immigrating simply because a backlog exists in that immigration category.

Congress should reject any effort to impose a minimum education requirement on family immigrants, such as requiring a high-school-equivalent degree. First, immigrant families should not be kept apart simply because of a lack of educational opportunities in the country where their relatives remain. Such a requirement would have a disproportionately negative impact on Latino families in particular. Second, while immigrants without a high school degree do, on average, consume more government services than they pay in taxes, the 1997 NRC study found that the economic success of their children almost entirely offsets the loss to taxpayers.

Illegal Immigration: What Congress Should Do

Illegal immigration is a problem that stems primarily from lack of economic opportunities in the countries below our southern border, not from lack of INS authority.

The INS has the resources to control the border if it employs intelligent strategies to deter illegal immigrant crossings. In the 1996 immigration bill, Congress approved sanctions against the illegal immigrants themselves, including those who overstay visas for six consecutive months. Unfortunately, enforcement depends on an agency that few observers now consider competent to do its job.

Repeal Employer Sanctions

Congress should repeal employer sanctions. Passed in 1986 and widely viewed as a failure, employer sanctions have made it a crime to “knowingly” hire an illegal immigrant. It should be the job of the federal government, not private business owners, to keep out of the country people who are not supposed to be here. The U.S. General Accounting Office found that employer sanctions have created a nationwide pattern of discrimination. The nation’s largest labor organization, the AFL-CIO, recently joined major business organizations in formally opposing employer sanctions as a tool of enforcement.

Congress must oppose any related expansion of INS “pilot projects” to a full-fledged national computerized employment ID system. It should also prohibit any requirement that government-issued documents, such as birth certificates and Social Security cards, become de facto national ID cards, as was the intention of the 1996 immigration bill.

Under the computer system scheme, an employer would check an individual’s name and Social Security number against federal government

databases. If the database failed to confirm the worker's legal status, the burden would be on the employee to appeal. One of our most basic rights, the right to earn a living, would be at the mercy of an unreliable government computer system. Computer verification would also compromise the right to privacy and invite abuse by government officials.

A national computerized ID system would be fraught with fraud and errors, and it would not deter illegal immigration. Ultimately, we must recognize that less than 1.5 percent of the U.S. population resides here illegally. Congress must reject efforts to "solve" the illegal immigration problem by discarding the principles of individual liberty on which this nation was founded.

Legalize and Regulate Mexican Immigration

The best long-term solution to illegal immigration from Mexico is sustained growth south of the border to create sufficient opportunities at home for Mexican workers. Meanwhile, the United States and Mexico should take steps toward a more open border across which citizens of both countries can eventually move freely and legally. Mexico's new president, Vicente Fox, has made such a proposal part of his long-range agenda, citing the European Union and its free movement of people between member nations as a model.

One element of a more open border policy could be a temporary visa system under which Mexicans would be allowed to work in the United States for a fixed time before returning to Mexico. Visa holders would be allowed to work in any job in which there was demand for their labor, including those occupations where illegal immigrants commonly find work today. Such a program would allow Americans to enjoy the many benefits of employing Mexican-born workers in sectors where demand for labor is especially high.

At the same time, an expanded and orderly visa program would drastically reduce the disorderly and dangerous flow of illegal immigrants across sparsely populated areas of America's 2,000-mile border with Mexico. The current system has empowered smugglers and has led to the deaths of hundreds of people whose only crime was seeking a better job. A legal visa system would bring hundreds of thousands of workers out of the shadow economy and into the legal economy, reducing incentives for fraud and opportunities for exploitation.

Conclusion

Few policies symbolize America's commitment to liberty as well as our willingness to accept immigrants. So long as immigrants are not

burdening taxpayers—and the evidence is overwhelming that they are not—the rights of Americans are honored far more by permitting immigrants to work, reunite with their families, and find a safe haven from persecution than by closing the door.

Suggested Readings

- Briggs, Vernon, and Stephen Moore. *Still an Open Door? U.S. Immigration Policy and the American Economy*. Washington: American University Press, 1994.
- Handlin, Oscar. *The Uprooted: The Epic Story of the Great Migrations That Made the American People*. New York: Little Brown, 1973.
- Masters, Suzette Brooks, and Ted Ruthizer. “The H-1B Straitjacket: Why Congress Should Repeal the Cap on Foreign-Born Highly Skilled Workers.” Cato Institute Trade Briefing Paper no. 7, March 3, 2000.
- Micklethwait, John. “The new Americans.” *The Economist*, March 11, 2000.
- Moore, Stephen. *A Fiscal Portrait of the Newest Americans*. Washington: Cato Institute and National Immigration Forum, 1998.
- National Research Council. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington: National Academy Press, 1997.
- Pistone, Michele R. “New Asylum Laws: Undermining an American Ideal.” Cato Institute Policy Analysis no. 299, March 24, 1998.
- Simon, Julian L. *The Economic Consequences of Immigration*. 2d ed. Ann Arbor: University of Michigan Press, 1999.
- . *Immigration: The Demographic and Economic Facts*. Washington: Cato Institute and National Immigration Forum, 1995.

—Prepared by Daniel T. Griswold