



JUSTICE FOR
IMMIGRANTS

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IMMIGRATION AND THE ECONOMY

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Immigration and the Economy

The goal of this document is to set forth lesser-known facts about the impact of immigration to the United States on a macroeconomic level. Accordingly, certain premises should be set forth: first, the economic impact of immigrants varies from state-to-state, and according to immigrants' education level, age, and skills; second, the magnitude of unauthorized immigration on the U.S. economy is relatively small (.03% of GDP, in one study) and thus should not be overstated either positively or negatively; and third, determining the net economic impact of immigrants depends in part on the timeframe used to measure it (short-term or long-term).

Immigrants tend to complement the native workforce, rather than compete with it

- The percentage of Americans without a high school diploma has fallen from 50% in the 1960's to 7% today—and immigrants are filling the jobs vacated by increasingly educated Americans. (1)
- Unemployment in border states remained below the national average despite a decade of high-immigration levels (1998-2008). (2)
- Immigrant workers (authorized and unauthorized) boost the wages of 90% of native U.S. workers. (3)
- Studies show that legalization would likely improve wages for all workers. (4)

Immigrants contribute mightily to the Social Security System

- Studies show that unauthorized immigrants provide a net gain of \$7 billion to the Social Security system each year. The Social Security Administration also credits these workers for paying an additional \$520 billion under mismatching Social Security Numbers. (5)

Immigrants boost state revenues

- Reports from several states such as Texas show that unauthorized immigrants contribute as much as \$1.5 billion to state revenues. (6) Legalization would force unscrupulous employers to contribute payroll taxes for their immigrant workers and thus further increase state revenues.

Immigrants Do Not Drain The Economy

- Unauthorized immigrants are ineligible for most state and federal public benefits; even legal immigrants are ineligible for many benefits during their first five years in the United States.
- The net fiscal impact of unauthorized immigrants on the U.S. economy is



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“close enough to zero to essentially be a wash.” (7) Estimates range from an average net positive impact of \$80,000 per immigrant to an average net negative impact of \$-31,000 per immigrant, (8) depending on educational level. (9)

Immigrant workers help to produce lower cost goods for U.S. consumers

- Many unauthorized immigrants are low-wage employees whose hard work has helped produce more affordable goods for all U.S. consumers. Deporting these workers will lead to labor shortages that will increase the costs of U.S. goods.

Immigrants are consumers too

- Immigrants are also consumers themselves, which increases demand for the goods and services of U.S. industries. (10)

Immigrants are needed to grow the tax base for an aging workforce

- Immigrants are needed to grow the labor force to support the retiring generation. (11)

Immigrant workers are suffering alongside native workers during this recession

- Growth in the foreign-born population began slowing following the onset of the 2007 recession. (12)
- Immigrant workers are just as vulnerable during recessions as native workers due to their lower levels of skill and education, their relative youth, and their overrepresentation in the most vulnerable U.S. industries. (13)
- Unemployment rates for foreign-born latinos have exceeded that of non-hispanic workers during the current recession. (14)

Legalization of immigrants would help stimulate the U.S. economy

- Legalization may increase short-term incomes, create jobs through increased consumption, boost net tax-revenues among low-wage workers, and expand the middle class. (15)
- The Immigration Reform and Control Act of 1986 (IRCA), which contained a broad legalization program, produced wage and consumption gains, enhanced tax-revenue collection, and increased educational, home, and small business investments by newly legalized families, even in the midst of a recession. (16)

Legalization would help create new job opportunities for Americans.

- Increased legal and illegal immigration in the past fifteen years has not increased the number of people living in poverty in the United States. In fact, the number of people living in poverty decreased during this period as U.S. economic growth expanded, and native-born Americans attained higher levels of education and new job skills. (17) Legalization combined with a new worker program would likely continue this trend, creating additional middle-class job opportunities for native-born workers. (18)



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Footnotes:

- (1) Daniel T. Griswold, "When employment lines cross borders," CATO Institute, Center for Trade Policy Studies, April 21, 2008, available at www.free-trade.org/node/866 (accessed 12/18/09).
- (2) See Griswold at fn. 1.
- (3) White House Council of Economic Advisers, *Immigration's Economic Impact*. Washington, DC: Executive Office of the President, The White House, June 20, 2007, p. 4, available at http://georgewbush-whitehouse.archives.gov/cea/cea_immigration_062007.pdf (accessed 12/18/09); see also Giovanni Peri, PhD. "Re-thinking the Effects of Immigration on Wages," October, 2006, available at www.econ.ucdavis.edu/faculty/gperi/reports/infocus_10306.pdf (accessed 12/18/09).
- (4) Dr. Raul Hinojosa-Ojeda, *Comprehensive Migration Policy Reform in North America: The Key to Sustainable and Equitable Economic Integration*, Los Angeles, California: North American Integration and Development Center, School of Policy and Social Research, UCLA, August 2000.
- (5) Testimony of Patrick P. O'Carroll, Jr., Inspector General of the Social Security Administration, before the U.S. Senate, Committee on Finance, regarding "Administrative Challenges Facing the Social Security Administration," March 14, 2006.
- (6) Carole Keeton Strayhorn, Texas Comptroller, *Special Report: Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy*, Austin, TX: December 2006, p. 1.
- (7) Professor Gordon Hanson, *The Economics and Policy of Illegal Immigration in the United States*, Migration Policy Institute, December 2009.
- (8) National Research Council, National Academy of Sciences, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Academy Press, Washington, D.C., 1997; see also fn. 1 (NRC study cited positively by the White House Council of Economic Advisers in 2007 regarding its estimate of \$80,000).
- (9) See *The New Americans* at fn. 8.
- (10) Daniel Griswold, "The Fiscal Impact of Immigration Reform: The Real Story," CATO Institute, Center for Trade Policy Studies, May 21, 2007.
- (11) Mary Ann Glendon, "Principled Immigration," *First Things*, June/July 2006.
- (12) Demetrios Papademetriou and Aaron Terrazas, "Immigrants and the Current Economic Crisis: Research Evidence, Policy Challenges, and Implications," Migration Policy Institute, January 2009, available at www.migrationpolicy.org/pubs/lmi_recessionJan09.pdf (accessed 12/18/09).
- (13) See Papademetriou at fn. 13.
- (14) Rakesh Kochhar, "Latino Labor Report, 2008: Construction Reverses Job Growth for Latinos," Pew Hispanic Center, available at www.pewhispanic.org/reports/report.php?ReportID=88 (accessed 12/18/09).
- (15) Dr. Raul Hinojosa-Ojeda, *Economic Stimulus through Legalization*, William C. Velasquez Institute Intermestic Initiatives White Paper, p. 1, available at www.wcvi.org/intermestic_initiatives/FinalWCVIWhitePaperLegalization.pdf (accessed 12/18/09).
- (16) See Hinojosa-Ojeda at fn. 15.
- (17) Daniel T. Griswold, "As Immigrants Move In, Americans Move Up," *The CATO Institute*, July 21, 2009; Stephen Moore, "More Immigrants, More Jobs," *The Wall Street Journal*, July 17, 2005, available at www.opinionjournal.com/editorial/feature.html?id=110006977 (accessed 12/18/09).
- (18) See Griswold at fn. 17.