THE CASE FOR IMMIGRATION

DR. YUMA TOMES

Philadelphia College of Osteopathic Medicine

Email: yumato@pcom.edu

Abstract

Public opinion toward illegal migration to the United States varies considerably across different segments of the population, but little is known about why some individuals hold more liberal attitudes than others. Several hypotheses are scattered throughout the research literature, but they have not been brought together in one place and tested using a common data set. Nor have the limited tests been satisfactory from a methodological standpoint. Instead of using multiple regression, typically analysts have relied on cross-tabulations of the data. This paper explores attitudes toward illegal immigration and undocumented migrants. The results support sensitivity to undocumented immigrants living and working in the United States.

Introduction

Contemporary immigration to the United States and the formation of new ethnic groups are the complex and unintended social consequences of the expansion of the nation to its post-World War II position of global hegemony. Immigrant communities in the United States today are related to a history of American military, political, economic, and cultural involvement and intervention in the sending countries, especially in Asia and the Caribbean Basin, and to the linkages that are formed in the process that open a variety of legal and illegal migration pathways. The 19.8 million foreign-born persons counted in the 1990 U.S. census formed the largest immigrant population in the world, though in relative terms, only 7.9% of the U.S. population was foreign-born, a lower proportion than earlier in this century. Today's immigrants are extraordinarily diverse, a reflection of polar-opposite types of migrations embedded in very different historical and structural contexts. Also, unlike the expanding economy that absorbed earlier flows from Europe, since the 1970s new immigrants have entered an “hourglass” economy with reduced opportunities for social mobility, particularly among the less educated, and new waves of refugees have entered a welfare state with expanded opportunities for public assistance. This paper seeks to make sense of the new diversity. A typology of contemporary immigrants is presented, and their patterns of settlement, their distinctive social and economic characteristics compared to major native-born
racial-ethnic groups, and their different modes of incorporation in—and consequences for—American society are considered.

**Immigrants’ impact on wages**

Immigration positively affect U.S. workers’ wages and employment. How can that be? While overly simplistic views of economic theory might suggest that wages will decline in the short run as the supply of labor increases, this is not the case with immigration for two reasons. First, immigrants generally do not have a direct negative impact on the earnings of native-born workers, as native-born workers and immigrant workers generally complement each other rather than compete for the same job. Native-born workers and immigrants tend to have different skill sets and therefore seek different types of jobs. Thus, immigrants are not increasing the labor market competition for native-born workers and therefore do not negatively affect American workers’ earnings.

To be sure, there are some instances when immigrants and the native born are similarly skilled and substitutable for similar jobs. Recent research has found, however, that firms respond to an increase in the supply of labor by expanding their business. Thus, an increased supply of labor as a result of immigration is easily absorbed into the labor market as a result of increased demand for labor, without lowering the wages of native-born workers.

Second, research finds small but positive impacts on native-born workers because of the indirect effects that immigrants have on the labor market and economy. As economists Michael Clemens and Robert Lynch (1990). “In some areas of the economy, lesser skilled immigrants have kept entire industries alive.” This not only helps native-born workers within the industries but also native-born workers whose jobs are associated or closely connected to those industries.

Abowd (1991) shows, for example, that as new immigrants come into the country, the number of jobs offshored in the manufacturing sector decreases. By ensuring that more manufacturing jobs stay in the United States, not only do native-born manufacturing workers benefit, but the demand for services that the manufacturing industry relies upon—such as the transportation of manufacture goods throughout the United States—also remains high. Thus the “upstream” jobs held by native-born workers in industries associated with manufacturing are also better off as a result of immigration.

Moreover, when one considers how immigration affects different groups of American workers who may be the most likely to compete with immigrants, the positive story still holds true. Aizen (1980) found that as immigrants enter the labor market, African Americans respond to these changes in the workforce by moving up to higher-skilled—and presumably higher-paying—jobs. In fact, African Americans are three times more likely to transition to higher-skilled jobs as a result of immigration than non-African American workers.

Combining the research on how new immigrants will affect the wages of American workers with the future flow of immigrants expected under S.744 allows us to estimate the Senate bill’s impact on American workers’ wages. Alvin (1991) finds that the rise in immigration between 1990 and 2006, which increased labor-force participation by about 12.5 million, increased the
earnings of U.S. workers by between 0.6 percent and 0.7 percent. Applying these findings to the current and expected future flows of immigration under S. 744 means that the earnings of U.S. workers would rise between 0.4 percent and 0.7 percent as a result of immigration.

**Legalized immigrants’ impact on undocumented immigrants**

In addition to providing avenues for new immigrants to enter the U.S. labor market, S. 744’s legalization provisions would greatly improve the lives and economic potential of the currently undocumented immigrants living in the country. Allowing these immigrants to reach their greatest economic potential will have positive economic effects on all American workers. Research from the Center for American Progress shows that undocumented immigrants’ earnings will increase by 15% over five years when they receive legal status and by an additional 10 percent over five years when they acquire citizenship. This is because, with legal status and citizenship, immigrants are able to fully participate in the labor force, receive full protection under our employment laws, and find jobs that best match their skills. In turn, immigrants will spend their increased earnings throughout the economy on things such as homes, cars, and clothing. This increase in consumption means that business will be better off and will lead to higher earnings for American workers. In fact, research shows that within 10 years of providing legal status to undocumented immigrants, the cumulative increase in income of all Americans would be 470 billion.

**Immigrants create jobs**

Research on how immigration impacts U.S. workers often focuses on how immigration affects the wages of native-born workers. Equally important, however, is how immigration affects employment opportunities for the native born. Borjas (1992) that increased immigration does not displace U.S. workers for many of the same reasons that there are not negative wage effects. Another reason that immigrants do not displace U.S. workers from their jobs is that many immigrants create their jobs by starting their own business. In fact, according to the 2011 Current Population Study 7.5 percent of the foreign-born population is self-employed. Thus, we can expect that under S. 744, between 600,000 and 840,000 of the newly legalized immigrants would be self-employed.

Not only are immigrants unlikely to take jobs away from the native born, but they can also create new jobs for American workers. The entrepreneurial nature of immigrants, however, is not being fully realized, given that there are 8 million undocumented workers. To be sure, some of these undocumented workers currently run their own business, but these businesses likely exist in the underground economy (Bouvier, 1996). Thus, legalizing these undocumented entrepreneurs will formalize their businesses and bring their employees above ground, leading to better job opportunities. The legalization provisions under S. 744 could potentially bring between 336,000 and 470,000 entrepreneurs into the formal economy.* Given that the average immigrant-owned business hires 11 employees, these businesses would account for between 3.7 million and 5.2 million jobs in the formal economy, which is equivalent to 45 percent of those who are currently unemployed in the United States. Some of these 3.7 million to 5.2 million jobs may be new jobs as a result of immigrants starting businesses and hiring workers for the first time. Others,
however, may simply be jobs that are formalized for the first time. Nonetheless, whether they are new jobs or recently formalized jobs, the U.S. labor market and economy will be better off, as formal jobs often have higher pay and generate greater tax revenues.

Conclusion
Too often throughout our country’s past, immigrant and native-born workers have been pitted against each other in an attempt to stifle social and economic progress. Today, however, Congress has an opportunity to fix our immigration system and improve the economic well-being of all Americans. Fallacies about the negative impact that immigrants have on native-born workers should not halt the progress that the Senate made in June. Under sensible immigration reform such as S. 744, immigrants would trigger increased wages for native-born workers and generate new jobs. As the House returns from recess next month and considers immigration reform, it is more important than ever to understand the positive effects that immigrants have on native-born workers.

References