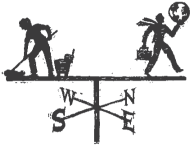


By Robert Pollin



ECONOMIC PROSPECTS

Can We Please Stop Blaming Immigrants?

HOSTILITY IN THE UNITED STATES TOWARD IMMIGRANTS HAS RISEN SHARPLY IN recent years. The strongest sign of this was the law signed last April by Arizona Governor Jan Brewer, which gave the police broad powers to detain anyone suspected of being an illegal immigrant. Two U.S. Senators, Jon Kyl of Arizona and Lindsey Graham of South Carolina, have gone so far as to propose repealing

the Fourteenth Amendment to the U.S. Constitution, which grants automatic citizenship to all babies born on U.S. soil, regardless of the citizenship status of the baby's parents. Of course, these actions are primarily a response to the economic wreckage caused by the 2008-2009 Wall Street collapse. But they fly in the face of evidence, which shows that immigrants are by no means responsible for mass unemployment or the cutbacks in social benefits that U.S. residents are now experiencing.

Immigration into the U.S. has been rising steadily since the 1970s, after having fallen for sixty years from its peak level around 1910. At present, immigrant arrivals—running at about 1.25 million people per year—account for 40 percent of population growth nationally, and a

much larger share in some regions. Something like 35-40 percent of new arrivals are undocumented immigrants from Mexico and Central America with low education and limited English skills.

According to polling data, large majorities of native U.S. residents hold much more favorable attitudes toward immigrants, including undocumented workers, than Governor Brewer and Senators Kyl and Graham. Still, politicians do not make a habit of taking actions that lack popular support. The anti-immigration sentiment is real, even if among only a minority of the population, including those supporting the right-wing Tea Party insurgency.

Nobody should be surprised by this development. Due to the 2008-2009 Wall Street collapse and ensuing recession, the official

unemployment rate averaged 9.7 percent for the first eight months of 2010, although a more accurate figure would be close to 20 percent. State and local governments throughout the country are sharply cutting education, health, and social safety net programs. This is all *after* the recession ended in mid-2009, at least according to the official declaration of the National Bureau of Economic Research.

IMMIGRANTS DON'T TAKE AWAY JOBS FROM EVERYONE ELSE

ALL KINDS OF PEOPLE ARE JUSTIFIABLY enraged and frightened by the dismal economy. Some have concluded that immigrants are taking away the jobs that they themselves need. The logic seems straightforward. Let's assume that, at any given time, there are a fixed number of jobs available. If immigrants take a significant share of the available jobs at low wages, that will mean fewer jobs are available for U.S. natives. The increased competition for the given number of jobs will also weaken workers' bargaining power, and thus drive wages down.

But does this simple logic accurately describe what is really happening out in the world? In fact, after decades of debate, including studies by researchers from a wide range of disciplines and political persuasions, the weight of evidence strongly supports the conclusion that immigrants—including undocumented workers—are not hurting job opportunities or wages for native U.S. workers.

Some of the most innovative research on the jobs question has been done by the UC-Berkeley economist David Card. Focusing on data from the 2000 census, Card compared local labor market conditions in the seventeen largest metropolitan areas throughout the U.S. There were two reasons for making this comparison. First, the immigrant population in these cities is very high, at nearly 27 percent,

which is roughly twice that of the country as a whole. So if we are going to observe the effects of immigration on jobs anywhere in the U.S., it will be in these large cities. In addition, the percentage of immigrants varies dramatically *between* these different cities, with Philadelphia and Detroit at a low of 8 percent of the total population while the figure is 35 percent in Los Angeles and Miami.

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If immigrants are indeed making conditions more difficult for native workers, we would therefore expect that native workers would be relatively worse off in places like Los Angeles than in Philadelphia, after we control for other factors affecting the labor markets in these cities, such as the relative levels of business investment, or changes in population, or the city's overall unemployment rate. In particular, we would expect such problems to show up especially with regard to jobs available to people with low educational credentials, such as restaurant workers, hotel workers, taxi drivers, cleaning people, practical nurses, and gardeners. This is because immigrants tend to have less formal education than native workers, and would therefore be relatively more active in competing for these types of jobs. However, Card showed that there are no significant differences from city to city in terms of either number of jobs available or wage levels for native workers, regardless of the proportion of immigrants living in the city. Other researchers have reached basically the same conclusion, using different methodologies and data.

But skeptics nevertheless raise the issue: why hasn't the increased immigrant population forced down job opportunities and wages for low-credentialed natives? If economists cling to any core precepts in their thinking, the first has to be "the law of supply and demand." This includes the idea that if the supply of something goes up while demand stays the same, prices will fall and some of the excess supply will go unsold. If we are talking about immigrants increasing the overall supply of workers looking for jobs, their impact within this supply-and-demand logic should be to deliver lower wages (as the price of labor falls) and more unemployment (as workers become unable to sell their labor services to businesses). Thus, without repealing the simple logic of supply and demand, how is it possible that a rising supply of immigrant workers in the U.S. does not cause lower wages and higher unemployment?

As many researchers have shown, one key factor is that immigrants do not just increase supply of labor—they also increase overall market demand. Immigrants living in the U.S. buy consumer goods and cars in this country, and they either own or rent homes. These purchases create more buoyant U.S. markets. This, in turn, encourages businesses to invest more and hire more workers. In addition, immigrants

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start their own businesses at a higher rate than native U.S. residents. This raises demand for business-related supplies—such as computers and office furniture—and services such as bookkeepers, accountants, and lawyers. Indeed,

the large immigrant populations in cities like Los Angeles, Miami, and New York have drawn foreign investment into these cities. All of these factors also help support wage rates at least at the levels they would be in the absence of the increased levels of market demand created by immigrants.

Jeannette Wicks-Lim and I have recently updated this research and found that these same results have held up over the 2008-2009 recession. One additional important factor here is that immigration rates vary with the economy's overall cyclical swings. The recession has thus led to an accelerated rate of reverse migration—i.e., immigrants returning to their home countries precisely because opportunities in the U.S. have declined.

IMMIGRANTS PAY TAXES BUT RECEIVE FEW GOVERNMENT BENEFITS

DO IMMIGRANTS—PARTICULARLY undocumented workers—drain the public treasury, paying little or no taxes while benefitting from our public schools, government health care programs, unemployment insurance, food stamps, and Social Security? Here again, the weight of evidence points in the opposite direction: most undocumented workers are paying significant amounts of taxes, while receiving few social benefits. One survey of undocumented Mexican migrants—conducted jointly by researchers at Princeton University and the University of Guadalajara—found that three quarters did pay taxes, with 66 percent having had social security taxes withheld, and 62 percent having income taxes withheld. At the same time, only about 10 percent said they ever sent their child to a U.S. public school and 5 percent, or less, said they ever received food stamps, welfare, or unemployment compensation. Along similar lines, the chief actuary for the Social Security Administration roughly estimated that for

2007, the Social Security Trust Fund had received a net benefit of somewhere between \$120 billion and \$240 billion from unauthorized immigrants—a remarkable 5–10 percent of the trust fund’s total assets of \$2.2 trillion, as of 2007.

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The explanation behind these figures is straightforward: undocumented workers know their situation in the U.S. is precarious. Therefore, they do not protest when—just as with legal employees—taxes are withheld from their paychecks. They also know it would be foolish to press their luck attempting to get government-provided social services or Social Security checks.

FIGHTING FOR REAL SOLUTIONS

OF COURSE, IMMIGRANTS DO receive major benefits through living and working in the United States. Even those with low-end jobs receive far higher incomes than they would in, say, rural Mexico,

Guatemala, or Vietnam. A high proportion of immigrants also send back large remittances to their families in their home countries, enabling the families to purchase land and homes, and generally live better. The remittances are a major source of overall income in large numbers of developing countries.

But focusing on impacts within the United States economy, the bottom line is clear: there is simply no evidence supporting the idea that immigrants are to blame for the mass unemployment and the cutbacks in social benefits facing U.S. residents today. On balance, immigrants are now, and always have been, a positive force within the U.S. economy. There could possibly be situations in which high levels of in-migration could generate negative economic effects. For example, an extremely rapid increase in the immigrant population, combined with a sharp slowdown in the rate of out-migration, could reduce job opportunities and wages for natives, especially those looking for work at the low end of the wage scale. But this combination of events has not happened to date, even amid the ongoing economic slump.

If we are serious about solving the severe problems we face, we then need to focus on what really matters: fighting for full employment at living wages and defending our rights to high-quality education, health care, and public services. To scapegoat immigrants is nothing more than a dangerous and inhumane distraction from the formidable challenges at hand.