Immigration Effects in the United States

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U.S. Laws on Immigration

1920 – present

Sarah White
Unrestricted Immigration before the 1920’s

- 1820-1920 estimated 34 million Europeans came to New World
- Majority of immigrant workers young, single and unskilled

Immigration Act of 1921

- First immigration quota system based on national origin
- Numbers set according to past census data
  - This favored Europeans
- Immigration Act of 1952
Changes in Immigration Legislation

- Immigration Act of 1965
  - Eliminated quotas
  - Reflected changing ideas of public and government
- Legal Immigration and Immigration Act of 1990
  - Focused on numerical limits
  - Division between types of immigrants
    - Family Sponsored
    - Employment based
    - Diversity
  - Increased restrictions always underlying goal

Changes in Legislation Reflected in Immigration Rates

![Immigration to the United States: Fiscal Years 1820-1998](chart.png)
Increased restrictions based on controversial assumptions

- Immigration laws based on public and government assumptions about immigrants
  - Population impacts
  - Impact on state and foreign policies
  - Impact on labor market
  - Economic and social success
  - Fiscal impact
  - Illegal status

- This paper focuses on the possible fallacies of 3 assumptions
  1. Impact on Labor Market
  2. Economic and Social success
  3. Fiscal Impact

Impact of Immigrants on the Labor Market

Mike Ferguson
Impact of Immigration on Employment & Wages

- There are two different theories that are used to explain how immigrant and native workers are related in the labor market:
- Theory #1: Immigrants displace native workers, and increase labor supply, driving wages down.
- Theory #2: Immigrants and native workers do not compete for the same jobs, because most immigrant workers will do the jobs that native workers refuse to do.

Theory 1: Immigrants displace native workers.

- Based on 3 assumptions:
  1. The number of jobs in the labor market is fixed.
  2. Immigrants are willing to work for lower wages than native workers.
  3. Natives and immigrants are good substitutes for each other.
Analyzing the Validity of Theory 1

- The number of jobs in the labor market is in reality not fixed, and subject to fluctuations and adaptations.
- Studies have shown that immigrants are not willing to work for less than natives.
- Natives and immigrants are substitutes, but not very good substitutes.

Theory 2: Immigrants and native workers do not participate in the same labor market.

- Assumes that immigrant workers are willing to accept jobs that native workers refuse to do.
  - This assumes that immigrants are willing to accept lower wages than native workers for the same job, as in the first theory.
Analyzing the Validity of Theory 2

- Immigrants are not willing to accept lower wages for the same job as native workers.
- According to economic theory, if nobody wants a job, the only way to get people to take the job is to increase wages, which would then make the job look more appealing to all workers, including native workers.

True Impact of Immigration on Employment and Wages

- There is a very small change in wages and employment.
- Borjas found that a ten percent increase in immigration oftentimes lead to a decrease in wages of native workers, but the decrease was around 2 tenths of one percent.
- Analyzed the change in wages and employment native ethnic groups that are most often assumed to be competing with immigrants (African Americans, Hispanics), and found a small decrease in wages, but it too was insignificant.
Implications of Having Incorrect Assumptions about Immigrants

- Much of the U.S. Fiscal Policy that deals with immigrants and labor has been based on the theories discussed, which have been shown to be incorrect.
- Fiscal policy intended to help native workers may actually just be hurting immigrants.

Impact of Immigration on the Labor Market

Trevor County
What determines Success of Immigrants?

- In one study relative earnings used as measure of success
  - Successful = If immigrants earnings were greater than or equal to earnings of similar native-born worker
  - Unsuccessful = If immigrant’s earnings were less than the earnings of similar native

What determines earnings?

- Job Skills
  - Higher level of job skills = Higher earnings potential
- Education
  - Years of education completed
    - More years of education = higher earnings potential
  - Where education was received
2 Main Factors of Education Comparisons

- How much education does a person have?
  - Higher % immigrants with lower levels of education compared to natives

- Where was the person educated?
  - Holding years of schooling constant, a person with a U.S. education on average will have higher earnings than a person educated abroad
  - Perceived/Actual differences in the two educations
  - Assimilation

Immigrant’s Earnings Compared to Native’s Earnings

- According to our definition of earnings (job skills, education) immigrants have on average less earnings than Natives

- Relative earnings determine success
Are Immigrants Successful?

- The average immigrant is not successful by the definitions stated in this paper

- But, successful immigrants do exist and therefore so do opposing views to those of our paper

Fiscal Impact of Immigrants on Public Services

Leigh Campbell
Current U.S. View of Immigrants Fiscal Costs

2 Main Assumptions:
1. “Anti-Immigrant tone”
   Immigrants are a larger drain on social services than natives
2. “Isolationism”
   In order to reduce public costs increased restrictions on immigrants access to public programs

Causes:
- Rapidly changing racial and ethnic composition in U.S.
- Growing economic insecurity

2 Studies Used for Comparison
- Thomas Espenshade
  - Socioeconomic Status
  - Overall use of all public programs
- Georges Vernez & Kevin McCarthy
  - Gender and age
  - Specifically use of welfare (TANF, General Assistance, SSI)
2 Exceptions to the Results

1. The Elderly
   - Higher participation rates in SSI, Medicaid
   - Have not worked in U.S. so not eligible for S.S. and Medicare

2. School Lunch and Breakfast Programs
   - Higher participation rates
   - Immigrants overall larger families and lower incomes

Socioeconomic Comparison

- Immigrants application for permanent residence based primarily on ability to financially support themselves or potential to become a “burden” on the government
- Immigrants in lowest income bracket considered to have lowest skills, and large possibility to be a “burden” – targeted the most by increased restrictions
- Therefore, immigrants in lowest bracket should have highest participation rates
Participation Rates in Public Programs

- In lowest income bracket, *natives* higher overall participation
- In middle bracket, immigrants higher overall participation
- In upper bracket, participation rates are equally low
- Public view is contradicted, burden on government fluctuates between income level

Inconsistency in Study

- One problem with this study is it does not define the percentage of immigrants in each income bracket
  - If highest % of immigrants in lowest income bracket – confirmed
  - If highest % in middle income bracket - contradicted
Welfare Reform 1996

- Prior to 1996 welfare reform bill immigrants had full eligibility equal to natives
- After Personal Responsibility Act of 1996
  - Naturalized citizens full eligibility
  - Lawful permanent residents demoted to 2nd class
  - New immigrants denied access for 5 years

Percentage receiving income from AFDC

- Men under 65 years old, dependency rate .4% higher for immigrants
- Women under 65 years old, dependency rate .9% lower for immigrants
- Overall, dependency rate of immigrants slightly lower at 4% vs. 4.3%
- According to California data
The Main Point: A Misguided Target

- Immigrants may not be the primary cause of rapidly increasing public services costs
- Harsh restrictions and eliminations of immigrants from government programs may be unjustified and an ineffective solution for reducing government costs
- Immigrants are a misguided target for fiscal conservatism and budget cuts