

November 19, 2009

THE ECONOMIC BLAME GAME

U.S. Unemployment is Not Caused by Immigration

The United States is currently experiencing its highest unemployment levels in a generation, and far too many Americans are desperate to find steady work. In the midst of our economic insecurity, Secretary of Homeland Security Janet Napolitano recently [argued](#) that now is the time to move forward with comprehensive immigration reform which includes a pathway to legal status for unauthorized immigrants already in the country.¹ Some commentators, understandably, are questioning whether this is really the best time economically to move forward with comprehensive reform. Many of Napolitano's critics are calling instead for increased immigration enforcement and stepped up deportations of unauthorized immigrants. Although it might seem that subtracting [8.3 million](#) unauthorized immigrant workers² from the labor force would automatically improve job prospects for the [15.7 million](#) Americans who are now unemployed,³ the fact is that employment is not a “zero sum” game. Mass deportation is not the solution to the nation's unemployment problem.

- The notion that unemployed natives could simply be “swapped” for employed unauthorized immigrants is not valid economically. In reality, native workers and immigrants workers are not easily interchangeable.
- Even if unemployed native workers were willing to travel across the country or take jobs for which they are overqualified, that is hardly a long-term strategy for economic recovery.
- Removing millions of unauthorized workers, taxpayers, and consumers from our fragile economy would only make matters worse.
- Legalizing unauthorized workers would benefit the economy by increasing tax revenues and consumer spending.

There is no direct correlation between the presence of recent immigrants and unemployment levels at the regional, state, or county level.

- If immigrants really “took” jobs away from large numbers of native-born workers, especially during economic hard times, then one would expect to find high unemployment rates in those parts of the country with large numbers of immigrants—especially immigrants who have come to the United States recently and, presumably, are more willing to work for lower wages and under worse conditions than either long-term immigrants or native-born workers. Yet there is [little apparent relationship](#) between recent immigration and unemployment rates at the regional, state, or county level.⁴
- Locales with high unemployment rates do not necessarily have large numbers of recent immigrants, and locales with many recent immigrants do not necessarily have high unemployment rates.⁵

- Recent immigrants comprise 8.4% of the population in the Pacific region (California, Oregon, Washington, Alaska, and Hawaii), but only 2.8% of the population in the East North Central region (Ohio, Michigan, Indiana, Illinois, and Wisconsin). Yet these two regions have *nearly the same* unemployment rate: 10.8 % in the Pacific region and 10.0% in the East North Central region.⁶
- Recent immigrants are 7.3% of the population in New Jersey, but only 0.8% of the population in Maine. Yet unemployment rates in both states are *almost identical*: 8.3% in New Jersey and 8.1% in Maine.⁷
- On average, recent immigrants comprise 3.1% of the population in counties with the highest unemployment rates (over 13.4%). But recent immigrants account for a *higher* share of the population (4.6%) in counties with the *lowest* unemployment rates (below 4.8%).⁸
- The highest unemployment rates are found in counties located in manufacturing centers and rural areas—which tend to have relatively *few* recent immigrants. Recent immigrants usually go where the jobs are: metropolitan and non-manufacturing counties where unemployment rates are lower.⁹

Recent immigrants do not account for high unemployment rates among minorities.

- States and metropolitan areas with the highest shares of recent immigrants in the labor force do not necessarily have the highest [unemployment rates](#) among native-born blacks, whites, Hispanics, or Asians.¹⁰
- In the 10 states with the *highest* shares of recent immigrants in the labor force, the average unemployment rate for native-born blacks is about 4 percentage points *less* than in the 10 states with the lowest shares of recent immigrants.¹¹
 - In Maine, recent immigrants are only 1% of the labor force, while in California they are 8% of the labor force. Yet native-born blacks in California have an unemployment rate that is about 3 percentage points *lower* than native-born blacks in Maine.¹²
- In the 10 metropolitan areas with the *highest* shares of recent immigrants in the labor force, the unemployment rate for native-born blacks is about 1.5 percentage points *less* than in the 10 metropolitan areas with the lowest share of recent immigrants.¹³
 - Recent immigrants are 17% of the labor force in Miami, but only 3% of the labor force in Cleveland. Yet the unemployment rate for native-born blacks in Cleveland is double that of native-born blacks in Miami.¹⁴

Native-born workers and recent immigrant workers are different and not easily interchangeable.

- Nearly one-third (30.6%) of all employed recent immigrants had a bachelor's degree or more education in 2008 and were [unlikely to be in the same job markets as unemployed natives](#), of whom only 14.1% had a bachelor's degree or more education.¹⁵
- Over one-quarter (27.4%) of all unemployed natives had some college short of a bachelor's degree in 2008 and were unlikely to be in the same job markets as employed recent immigrants, of whom only 14.4% had some college short of a bachelor's degree.¹⁶

Even among workers without a high-school diploma, unemployed natives and employed recent immigrants differ in location, occupation, and work experience.

- At the end of 2008, there were approximately 1.7 million unemployed natives without a high-school diploma, and 2.3 million employed recent immigrants without a high-school diploma. It might be tempting to think that if 2.3 million immigrants were to leave the country, those 1.7 million Americans would have jobs. However, this argument is overly simplistic. The differences between these two groups in terms of where they live, their job experience, and their age show that [they are far from being substitutes for one another](#).¹⁷

They live in different parts of the country

- The largest share (26.9%) of all employed recent immigrants without a high-school diploma lived in the Pacific states of Alaska, California, Hawaii, Oregon, and Washington in 2008. But the largest share (18.9%) of unemployed natives without a high-school diploma lived in the East North Central states of Illinois, Indiana, Michigan, Ohio, and Wisconsin.¹⁸

They work in different occupations

- The largest share (26.4%) of employed recent immigrants without a high-school diploma worked in construction and extraction occupations in 2008. But the largest share (23.5%) of unemployed natives without a high-school diploma had no occupation because they were “new entrants” to the labor market.¹⁹

They differ in years of work experience

- The largest share (42.1%) of employed recent immigrants without a high-school diploma was 25-34 years old in 2008; meaning that they probably had several years of work experience. But the largest share (60.8%) of unemployed natives without a high-school diploma was 16-24 years old; meaning that they probably had very little, if any, work experience.²⁰

Mass deportation is expensive and harmful to the economy.

- A policy designed to deport approximately 10 million undocumented immigrants would cost at least \$206 billion over five years, or \$41.2 billion annually, according to a study by the

[Center for American Progress](#).²¹ By way of comparison, the total budget for DHS in [FY 2008](#) was \$47 billion.²²

- Deporting 12 million employees, consumers, and tenants would do further damage to our already ailing economy. The [Perryman Group](#) estimated that the immediate negative effect of eliminating the undocumented workforce would include an estimated:
 - \$1.8 trillion in annual lost spending
 - \$651.5 billion in annual lost output
 - \$8.1 million in lost jobs
- The [CATO Institute](#) found that further enforcement-only policies would result in a reduction in GDP and direct job and wage losses for skilled U.S. workers. A policy that reduces the number of low-skilled immigrant workers by 28.6% would reduce U.S. household welfare by about \$80 billion.²³
- Since 1992, the annual budget of the U.S. Border Patrol has increased by 714%, and the number of Border Patrol agents stationed along the southwest border has grown by 390%.²⁴ Since the creation of DHS in 2003, the budget of U.S. Customs and Border Protection (CBP) has increased by 92%, and the budget of U.S. Immigration and Customs Enforcement (ICE) has increased by 82%.²⁵ Despite all this additional spending, the number of undocumented immigrants in the United States has roughly [tripled](#) from 3.5 million in 1990 to 11.9 million in 2008.²⁶
- The immigration detention population has increased dramatically in recent years, and so has the budget. ICE operates the largest detention and supervised-release program in the country. Since 1994, the number of detention beds available has increased six-fold, from 6,785 to 33,400 in 2008.²⁷ During 2008 alone, ICE detained a record 378,582 persons—a 60 percent increase from 2005.²⁸ Between 2005 and 2009, the [ICE budget for detention nearly doubled from \\$860 million to \\$1.72 billion](#).²⁹

Large scale raids are harmful to the economy.

- On May 12, 2008, 389 workers were arrested during an immigration [raid](#) at the Agriprocessors, Inc. meatpacking plant in Postville, Iowa.³⁰ The consequences for the community and the economy have been dire:
 - According to the authors of [Postville U.S.A.](#), one year after the raid, Postville “lost 40% of its pre-raid population, the economy was in shambles, the city government teetered on the brink of financial collapse, and the future of the town’s major employer grew increasingly doubtful with time.”³¹
 - Long after the Agriprocessors raid, Postville was still grappling with what its leaders call “[a humanitarian and economic disaster](#).” The population loss meant steep losses for Postville in taxes and utility revenue. Local businesses closed, rental units remained empty, and the town couldn’t pay its bills.³²

- According to the book’s authors, “Attempts to come up with simple black-and-white solutions, such as arresting undocumented workers or closing down the companies that employ them, often causes a host of far more complex situations that do little to address any of the real concerns expressed by either side in the immigration debate.”³³

Legalizing unauthorized workers would benefit the economy.

- The libertarian [CATO institute](#) found that legalizing undocumented workers in the United States would have significant economic benefits for the country.³⁴
 - Legalization would allow immigrants to increase their productivity and would create more openings for Americans in higher-skilled jobs. The welfare gain to U.S. households would amount to \$180 billion over 10 years.³⁵
 - The difference between the long-run welfare effects for U.S. households of the worst and best immigration reform policies is approximately \$260 billion a year.³⁶
- The 2006 immigration reform bill, which included a legalization program, would have more than paid for its reform provisions through increased tax revenue. The Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) have [estimated](#) that, as originally introduced on April 7, 2006, the Comprehensive Immigration Reform Act of 2006 would have generated \$66 billion in new revenue during 2007-2016 from income and payroll taxes, as well as various administrative fees.³⁷
- The 2007 immigration reform bill, which included a legalization program, would also have more than paid for its reform provisions through increased tax revenue. The CBO and JCT have [estimated](#) that the Comprehensive Immigration Reform Act of 2007, as amended by the Senate through May 24, 2007, would have generated \$48 billion in new revenue during 2008-2017 from income and payroll taxes, as well as various administrative fees.³⁸
- Legalization of unauthorized immigrants can play a role in promoting economic growth and lessening socioeconomic disparities. [Studies](#) have found that immigrants who legalized under IRCA improved their education, improved their wages, moved out of poverty, bought homes, and generally invested in themselves and their communities. For example, while 34 percent of IRCA immigrants age 35-44 years owned homes in 1990, 68 percent owned homes in 2006.³⁹

Endnotes

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- ¹⁷ Ibid.
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- ²⁷ Don Kerwin and Serena Yi-Ying Lin, [*Immigration Detention: Can ICE Meet Its Legal Imperatives and Case Management Responsibilities?*](#) (Washington, DC: Migration Policy Institute, September 2009), p. 6.
- ²⁸ Ibid, p. 7.
- ²⁹ Ibid.
- ³⁰ See Spencer S. Hsu, "[*Immigration Raid Jars a Small Town*](#)," *Washington Post*, May 18, 2008.
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