

Immigration and the Economy

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 1960s to 7% today – and immigrants are filling the jobs vacated by increasingly educated Americans.¹
- Unemployment in border states has remained below the national average despite high levels of immigration.²
- Studies show that legalization would likely improve wages for all workers.³

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.⁴

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.⁵ Legalization would force unscrupulous employers to contribute payroll taxes for their immigrant workers and thus further increase state revenues.

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

- Many unauthorized immigrants are low-wage employees whose hard work helps 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.⁶

Immigrant workers fill critical shortages in key U.S. industries

- The Department of Labor forecasts employee shortages in agriculture, construction, and service by 2010--sectors filled largely by immigrants.⁷

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.⁸

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.⁹
- 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.¹⁰
- Unemployment rates for foreign-born Latinos have exceeded that of non-hispanic workers during the current recession.¹¹

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Has the slowing economy increased the return of migrants to their home countries?

- Scholars have suggested for decades that migrants (particularly undocumented migrants) decisions to return to their home country depends more on the conditions in the home country than those of the receiving country. This is one reason that development of sending countries is a critical pillar of comprehensive immigration reform.
- “Anecdotal evidence suggests that return migration to some countries, including Mexico, appears to have increased in the last two years; however, data do not yet substantiate these reports. As a result, there is no definitive trend so far that can be tied in a significant way to the US economic conditions. Some observers attempts to tie immigrants returns (other than removals) to the substantial increase in interior immigration enforcement appear to be premature.”¹²

How has the recession impacted immigrants?

- Non-citizen immigrants are much more vulnerable to fluctuations in the economy. The median annual income of non-citizen immigrant households fell 7.3% from 2006-2007. In contrast the median annual income of all U.S. households increased 1.3% during the same period.¹³

Endnotes

1. Daniel T. Griswold, “When employment lines cross borders,” CATO Institute, Center for Trade Policy Studies, April 21, 2008, available at www.freetrade.org/node/866 (accessed 01/22/09).
2. See fn. 1.
3. Raul Hinojosa Ojed, *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.
4. 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.
5. Carole Keeton Strayhor, 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.
6. Daniel Griswold, “The Fiscal Impact of Immigration Reform: The Real Story,” CATO Institute, Center for Trade Policy Studies, May 21, 2007.
7. Daniel Hecker, “Occupation Employment Projections to 2012,” U.S. Department of Labor, *Monthly Labor Review*, February 2004.
8. Mary Ann Glendon, “Principled Immigration,” *First Things*, June/July 2006.
9. 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 01/22/09).
10. See fn. 9.
11. 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 01/22/09).
12. Demetrios G. 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 01/22/09).
13. Rakesh Kochhar, “Sharp Decline in Income for Non-Citizen Immigrant Households, 2006-2007,” Pew Hispanic Center, available at <http://pewhispanic.org/reports/report.php?ReportID=95> (accessed 01/23/09).

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