

The Case For Immigration

by Diana Furchtgott-Roth

It was raining in Washington last week, and vendors selling \$5 and \$10 umbrellas appeared on the streets. They had Hispanic accents, and were undoubtedly some of the unskilled immigrants that Steven Malanga referred to in his recent City Journal article, "How Unskilled Immigrants Hurt Our Economy."

I already had an umbrella. But the many purchasers of the umbrellas did not seem to notice that the economy was being hurt. Rather, they were glad of the opportunity to stay dry before their important meetings.

The City Journal article is worth a look because it reflects an attitude becoming more common these days in the debate. The article speaks approvingly of immigrants from Portugal, Asia, China, India, Haiti, and Jamaica. But it also makes it clear that we have too many Mexicans, a "flood of immigrants" who cause high unemployment rates among the unskilled. They work in shrinking industries, drive down wages of native-born Americans, cost millions in welfare, and retard America's technology.

These are serious charges indeed. Similar charges, that immigrants have caused native-born Americans to quit the labor market, have been made by Steven Camarota of the Center for Immigration Studies. But are they true?

Annual immigration is a tiny fraction of our labor force. The Pew Hispanic Center Report shows that annual immigration from all countries as a percent of the labor force has been declining since its recent peak in 1999.

Annual immigration in 1999 equaled 1% of the labor force — by 2005 it had declined to 0.8%. Hispanics, including undocumented workers, peaked in 2000 as a percent of the labor force at 0.5%, and by 2004 accounted for only 0.4% (0.3% for Mexicans) of the labor force.

Looking at unskilled workers, Hispanic immigration as a percent of the American unskilled labor force (defined as those without a high school diploma) peaked in 2000 at 6%, and was 5% in 2004 (4% for Mexicans). Five percent is not "floods of immigrants."

Mr. Malanga writes that America does not have a vast labor shortage because "unemployment among unskilled workers is high — about 30%." It isn't. In 2005, according to Bureau of Labor Statistics data, the unemployment rate for adults without a high school diploma was 7.6%. Last month it stood at 6.9%.

Data from a recent study by senior economist Pia Orrenius of the Dallas Federal Reserve Bank show that foreign-born Americans are more likely to work than native-born Americans. Leaving their countries by choice, they are naturally more risk-taking and entrepreneurial.

In 2005 the unemployment rate for native-born Americans was 5.2%, but for foreign-born it was more than half a percentage point lower, at 4.6%. For unskilled workers, although the total unemployment rate was 7.6%, the native-born rate was 9.1% and the foreign-born was much lower, at 5.7%.

According to Mr. Malanga, unskilled immigrants "work in shrinking industries where they force out native workers." However, data show otherwise. Low-skilled immigrants are disproportionately represented in the expanding service and construction sectors, with occupations such as janitors, gardeners, tailors, plasterers, and stucco masons. Manufacturing, the declining sector, employs few immigrants.

One myth repeated often is that immigrants depress wages of native-born Americans. As Professor Giovanni Peri of the University of California at Davis describes in a new National Bureau of Economic Analysis paper last month, immigrants are complements, rather than substitutes, for native-born workers. As such, they are not competing with native-born workers, but providing our economy with different skills.

Education levels of working immigrants form a U-shaped curve, with unusually high representation among adult low- and high-skilled. In contrast, the skills of native-born Americans form a bellshaped curve, with many B.A.s and high school diplomas but relatively few adult high school drop-outs or Ph.D.s

Low-skill immigrants come to be janitors and housekeepers, jobs native-born Americans typically don't want, but they aren't found as crossing guards and funeral service workers, low-skill jobs preferred by Americans. Similarly, high-skilled immigrants also take jobs Americans don't want. They are research scientists, dentists, and computer hardware and software engineers, but not lawyers, judges, or education administrators.

Because immigrants are complements to native-born workers, rather than substitutes, they help reduce economic bottlenecks, resulting in income gains. Mr. Peri's new study shows that immigrants raised the wages of the 90% of native-born Americans with at least a high school degree by 1% to 3% between 1990 and 2004. Those without a high school diploma lost about 1%, an amount that could be compensated from the gains of the others.

If immigrants affect any wages, it's those of prior immigrants, who compete for the same jobs. But we don't see immigrants protesting in the streets to keep others out, as we see homeowners in scenic locations demonstrating against additional development. Rather, some of the biggest proponents of greater immigration are the established immigrants themselves, who see America's boundless opportunities as outweighing negative wage effects.

Mr. Malanga cites a 1998 National Academy of Sciences study to say, "The foreign-born were more than twice as likely as the native-born to be on welfare." Yet this study contains estimates from 1995, more than a decade ago, and mentions programs such as Aid to Families with Dependent Children that no longer exist. Even so, the NAS study

says that foreign-born households "are not more likely to use AFDC, SSI, or housing benefits."

The NAS study concludes that, since the foreign-born have more children, the "difference in education benefits accounts for nearly all of the relative deficit ... at the local government level." Mr. Malanga, writing about how unskilled immigrants hurt the economy, would likely be in favor of these immigrants trying to educate their children, especially since these children will be contributing to his Social Security benefits.

Mr. Malanga suggests that the availability of low-wage immigrants retards investments in American technology. He cites agriculture as an example where machines to pick produce could be invented if labor were not available. Or, Mr. Malanga says, we could import produce from abroad at little additional cost.

Although consumers don't care where their food comes from, farmers certainly do. Farms provide income to farmers as well as to other native-born Americans employed in the industry as well as in trucking and distribution, just as immigrants in the construction industry have helped fuel the boom that sent employment of native-born construction workers to record levels. It makes little sense to send a whole economic sector to other countries just to avoid employing immigrants.

If unskilled immigrants don't hurt our economy, do they hurt our culture? City Journal editor Myron Magnet writes that Hispanics have "a group culture that devalues education and assimilation." Similar concerns about assimilation were made about Jews, Italians, Irish, Germans, Poles, and even Norwegians when they first came to America. All eventually assimilated.

Moreover, for those who are concerned with Spanish-speaking enclaves, a September 2006 paper by a professor at Princeton, Douglas Massey, shows that within two generations Mexican immigrants in California stop speaking Spanish at home, and within three generations they cease to know the language altogether. He concludes, "Like taxes and biological death, linguistic death seems to be a sure thing in the United States, even for Mexicans living in Los Angeles, a city with one of the largest Spanish-speaking urban populations in the world."

Legalizing the status of the illegal immigrants in America by providing a guest-worker program with a path to citizenship would produce additional gains to our economy. This is not the same as temporary worker programs in Germany, which did not have a path to citizenship, and so resulted in a disenfranchised class of workers.

With legal status, workers could move from the informal to the formal sector, and would pay more taxes. It would be easier to keep track of illegal financial transactions, reducing the potential for helping terrorists.

For over 200 years, American intellectual thought has included a small but influential literature advocating reduced immigration. The literature has spawned political parties

such as the Know-Nothing Party in the mid-19th century and periodically led to the enactment of anti-immigrant laws. Immigrants, so the story goes, are bad for our economy and for our culture.

The greatness of America is not merely that we stand for freedom and economic prosperity for ourselves, but that we have consistently overcome arguments that would deny these same benefits to others.

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