

# Five ways immigration reform will help low-wage workers

By Ezra Klein, Updated: April 22, 2013

Something odd happens whenever immigration reform enters the news: Politicians and pundits who barely spare a word for low-wage workers in normal times suddenly become extremely concerned that immigrants might compete with low-wage laborers.

There's a reason for that: The overall economic benefits of immigration are clearly positive. Immigration is good for the economy. So opponents of the bill are left picking over the distribution of those benefits.

As the Hamilton Project writes in their [summary](#) of the evidence, "immigrants create average wage increases of between 0.1 percent and 0.6 percent for American workers. The greatest academic dispute is around the effect on the wages of Americans with less than a high school diploma, with estimates ranging from slightly positive to a decline of 4.7 percent." Here's the graph:

But the evidence for those low-wage losses is mixed, and a lot of it relies on excessively narrow models of the economy. The right question is whether low-wage workers are better off under a world in which we've passed immigration reform, or under the status quo. On this, I think the answer is clear, for at least five reasons.

## **1) It's better for low-wage workers to compete against immigrants here legally than immigrants here illegally.**

A native-born worker can't drop his wage demands beneath the legal minimum. But undocumented immigrants are often paid much less than that. As Peter Kirsanow, a member of the U.S. Commission on Civil Rights, told the Senate Judiciary Committee on Friday, immigrants here illegally are "highly unlikely to complain to the Wage and Hour Division of the Department of Labor, the EEOC or OSHA."

If the playing field were leveled to, at the least, the legal minimum, employers might well decide that it's a better deal to hire a worker at \$8.25 an hour who speaks English than to hire a worker at \$7.25 an hour who doesn't. But if the difference is \$8.25 and \$5.25, well, the native-born worker can't compete with that.

## **2) Immigration reform will staunch the flow of unauthorized immigration.**

An oft-used argument against immigration reform is that it will attract even more unauthorized immigrants. Thus, low-wage native workers will be competing not just against the country's newly legalized immigrants, but with the new class of unauthorized immigrants hoping for a future amnesty.

The situation is likelier to be the precise reverse. Immigration reform will come alongside huge new investment in border security and, more importantly, a revolution in employer verification. If immigration reform is defeated, neither is likely to happen. So here, too, immigration reform is likelier to put native-born workers in competition with legal

immigrants, and take them out of competition with immigrants who came here illegally.

### **3) Immigration reform will grow the economy**

“I’ve done some estimates that, for benchmark reforms, suggest you could have as much as nearly a full percentage point faster growth over 10 years,” economist Doug Holtz-Eakin, president of the conservative American Action Forum, told the Senate Judiciary Committee. Faster economic growth, of course, means more jobs.

### **4) It could also reduce the budget deficit.**

“Faster growth reduces, using [Congressional Budget Office] rules of thumb, deficits by about \$2.5 trillion over 10 years,” continued Holtz-Eakin. “And that’s clearly a benefit that we ought to think about when we think about immigration reform.”

It’s particularly a benefit to low-wage workers, who rely most on social services. If we could painlessly free up \$2.5 trillion in the budget, that could mean much smaller cuts to the safety net — and it could even go to fund tax cuts or programs, like pre-K, that directly help low-wage workers.

### **5) Immigrants are often low-wage workers, too.**

Perhaps the toughest question in the immigration discussion is what is our universe of concern? Is it U.S. citizens? Legal U.S. residents? Anyone in the U.S., including unauthorized immigrants? What about potential immigrants, both legal and illegal?

Whose welfare you’re worried about, and how worried you are about it, matters quite a bit in this conversation. But it’s rare to hear anyone define their universe of concern. The National Review’s Reihan Salam did so on [Twitter](#) the other day, saying, “I’m only thinking about interests of U.S. residents.”

Thus far in this post, I’ve written implicitly about a universe of concern that only includes legal, low-wage workers in the United States. In reality, my universe of concern is much broader, and includes immigrants here illegally, immigrants who might come here in the future and so on. After all, immigrants are also low-wage laborers, and when they come here, their wages skyrocket — which leads to better lives for them and their families back home. As Harvard’s Dani Rodrik wrote in “[The Globalization Paradox](#)“:

Consider the numbers. Wages for similarly qualified workers in poor and rich countries can differ by an order of magnitude; a worker could increase his income several-fold just by crossing the border. Straightforward comparisons of wages across nations are fraught with problems because it is difficult to tease out the effects of visa restrictions from other factors such as differences in skills, education, experience, or aptitude. A recent study which makes adjustments for these factors delivers some striking findings. The average Jamaican worker who moves to the United States would increase his earnings by at least twofold, a Bolivian or Indian by at least threefold, and a Nigerian by more than eightfold. To put these numbers in context, we can compare them to the mere 50 percent gain that a Puerto Rican worker can expect to make when she moves to New York City, which she is of course free to do, unlike other foreign counterparts.

This would be tough if more immigration hurt our economy, or at least our workers. But the evidence we have suggests that more immigration — particularly when funneled through a rational system — grows the economy and helps American workers. As such, the welfare benefits to immigrants themselves are, I think, the strongest argument in favor of immigration reform.