



IMMIGRATION POLICY CENTER
PERSPECTIVES

A CONVERSATION ABOUT



THE ECONOMIC EFFECTS OF IMMIGRATION ON AFRICAN AMERICANS

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JULY 2009

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ABOUT PERSPECTIVES ON IMMIGRATION

The Immigration Policy Center's *Perspectives* are narrative thought pieces written by leading academics and researchers who bring a wide range of multi-disciplinary knowledge to the issue of immigration policy.

ABOUT THE AUTHOR

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ABOUT THE IMMIGRATION POLICY CENTER

The Immigration Policy Center, established in 2003, is the policy arm of the American Immigration Law Foundation. IPC's mission is to shape a rational national conversation on immigration and immigrant integration. Through its research and analysis, IPC provides policymakers, the media, and the general public with accurate information about the role of immigrants and immigration policy on U.S. society. IPC reports and materials are widely disseminated and relied upon by press and policymakers. IPC staff regularly serves as experts to leaders on Capitol Hill, opinion-makers, and the media. IPC is a non-partisan organization that neither supports nor opposes any political party or candidate for office. Visit our website at www.immigrationpolicy.org and our blog at www.immigrationimpact.com.

Supported in part by a grant from the Foundation to Promote Open Society

A CONVERSATION ABOUT IMMIGRANTS AND AFRICAN AMERICANS

A friend of mine, an African American we shall call Sarah, recently asked me, “Well, Dr. Economist and Professor of African American Studies, what do you think about the immigration problem?”

“What do you mean?” I asked.

She replied, “I’ve been reading news articles and paying a lot of attention to cable TV stories on immigrants and the economy. The picture isn’t good, especially in regard to illegal workers. Based on the information I’m getting, immigrants take jobs from Americans, especially blacks, lower the wages of those who manage to stay employed, and threaten our communities with bankruptcy because they consume way more public services than they pay in taxes.”

“Most of the information you’re getting from the media is oversimplified,” I explained. “Remember, cable TV shows look for both sides of an argument to get a debate. Thus, someone lobbying for a group specifically advocating against immigrants usually provides anecdotal evidence and selected statistics to make a point with high shock value. Such spokespersons are given equal time with serious scholars who have no particular ax to grind, and whose presentations of data are often boring. For about two decades, the best academic research has consistently concluded that, accounting for their overall benefits and costs, immigrants have had net positive effects on the American economy.”

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Sarah disagreed. “My observations are more consistent with the opposite conclusion. Everywhere I look, I see Spanish-speaking immigrants working jobs like in fast food restaurants, landscaping, construction, and janitorial services; jobs that could go to African Americans. I like Hispanics and think they should have a chance to improve their lives, but how can you say they give a positive benefit?”

“I don’t dispute your observations,” I replied. “We can conclude that immigration is a net benefit for the United States as a whole and still acknowledge it probably hurts the employment and wages of some less-educated citizens; no social

change is always a perfect blessing. Although the best statistical studies of the effects of immigration on the wages and employment of the native-born conclude that such effects are relatively small—and in any event secondary to other causes of low wages and unemployment—the brunt of the effects are concentrated in specific industries and geographic locations where less-educated African American and native Hispanic workers predominate. These examples provide an abundance of anecdotal evidence suggesting immigrants “take over” jobs. Because most of the negative effects are on African Americans, they are more likely than whites to believe that immigrants take away jobs, and given these local observations and the common sense of simple supply-and-demand reasoning, some African American local leaders join the forces calling for draconian changes in how immigrants are treated. These local leaders are well-meaning, but misguided.”

One Economist’s Journey

“I once had the same views based on similar observations, but immigration’s effects on the economy are very complicated. Our observations of a few kinds of jobs and the circumstances in some places don’t tell the whole story.

“Being a trained economist, I was able to conduct my own research before drawing firm conclusions. After seeing large numbers of immigrant workers in the kinds of jobs you just mentioned, I believed that immigration probably was a major factor in African American job losses.

“A colleague and I launched a large-scale statistical analysis to measure immigration’s effects on wages and employment of natives nationwide. To our surprise, no matter how we approached the data, our results showed either no effects or very modest effects for the least-educated black men. Intellectual honesty required that we report our findings as we found them, and my opinion about the effects of immigration on African American employment and wages changed.

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“Our findings remain consistent with the latest studies by academic researchers. One widely cited study estimates that between 1980 and 2000, immigration reduced black men’s employment by about 8 percentage points. This is less than one-half of the 18-percentage-point decline in their employment during that period. Even an author of

that study says, 'Much of the decline in employment and increase in incarceration for the low-skilled black population would have taken place even if the immigrant influx had been far smaller.' His point and mine is that declining black employment is due more to other factors and events that have been restructuring our nation's labor market during the past several decades. The relative significance of the 8-point decline in black men's employment is indicated by the fact that the employment of black male drop-outs declined 30 points between 1960 and 2000.¹

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“The relative importance of less-educated young native workers' job losses due to the competition of immigrants is swamped by a constellation of other factors (such as declining factory jobs and other blue-collar employment) diminishing their economic status. A significant minority of our most disadvantaged young people persist in low educational achievement, dropping out of high school, and engaging in negative behaviors such as criminal activity. Those of us committed to improving the welfare of disadvantaged people must reinvigorate our efforts to combat these more consequential problems.

“The evidence supports the conclusion that from an economic standpoint, immigration's broader benefits to the nation outweigh its costs. The real question we should be asking is not how to take away all the benefits enjoyed by the majority of Americans (as well as immigrants) to protect the jobs of a few Americans, but how do we compensate those Americans, such as less-educated workers, who disproportionately bear the costs of immigration?”

Help for Low-Wage Workers

Sarah thought for a moment and then asked, “What you say makes sense, but what kinds of compensation to low-skilled workers are we talking about?”

“Well,” I said, “I'm not talking about cash payments, but rather social policies specifically aimed at disadvantaged workers and their children. Programs such as higher minimum-wage laws, skills training for unemployed low-skilled native workers, greater

¹ Franklin D. Wilson and Gerald Jaynes, “Migration and the Employment and Wages of Native and Immigrant Workers,” *Work and Occupations*, Vol. 27, No. 2, May 2000. George J. Borjas, Jeffrey Grogger, and Gordon H. Hanson, *Immigration and African American Employment Opportunities: The Response of Wages, Employment and Incarceration to Labor Supply Shocks* (Cambridge, MA: National Bureau of Economic Research, Sept. 2006).

resources to public schools with high percentages of low-income children, renewed enforcement of antidiscrimination laws, and improved rehabilitation programs for ex-offenders and prisoners.

“And by the way, these are just the kinds of programs disliked by all the conservatives who recently began clamoring about how immigration hurts black male employment; if they were really all that concerned with black people’s well-being, they would be more receptive to social programs aimed at improving low-income people’s lives.”

“Yeah,” Sarah said. “My grandmother always told me to be careful about whom I set up house with. I’ve already figured out that those social conservatives who are supposedly voicing some new-found love for poor black men are merely using the issue to get African American cooperation in an attempt to stop the cultural and social changes that are being driven by increasing proportions of minority neighbors, workers, voters, and spouses for their children.”

Immigrants and Government Benefits

Sarah continued, “But you haven’t said anything about taxes and government spending on immigrants. Pretty much everyone I know says that illegal immigrants are getting over on us because they pay no taxes and cost more in government services than they contribute to the communities where they live.”

“Not true, Sarah. The fact is that undocumented immigrants pay billions of dollars in taxes such as sales, property, income, Social Security, Medicare, and unemployment to federal, state, and local governments. However, the data just aren’t available to be able to separate undocumented immigrants from those who are citizens or documented residents in order to do a study only of the undocumented. What we do know is that studies measuring the fiscal impact of immigrants on states have been done, and they generally find that immigrants pay more in taxes than they cost their states in welfare spending. For example, a recent study of Nebraska found that during 2006 immigrants consumed about \$1,455 per person in food stamps, public assistance, health, and education expenditures, while paying \$1,554 per person in property, sales, income, and gasoline taxes. Immigrants in Nebraska thus paid about 7% more in taxes than what they consumed in public services; this was actually better than the native-born in Nebraska, who consumed just as much as they paid in such taxes.”²

Immigrants and Taxes

“But what about all the examples I hear about immigrants costing a lot more than they pay in taxes?” rejoined Sarah.

² Christopher S. Decker, Jerry Deichert, and Lourdes Gouveia, *Nebraska’s Immigrant Population: Economic and Fiscal Impacts* (Omaha, NE: Office of Latino/Latin American Studies, University of Nebraska, 2008).

“Well, Sarah, it’s similar to the issue of immigrants taking jobs. Someone can always find some specialized example that gives them the kinds of numbers they seek. If someone asks a narrow question, such as do low-earning immigrants pay more in taxes than they receive in public services, or do immigrants pay more in taxes to some city or county than they receive in services, they will undoubtedly find examples where they don’t. Obviously, we suspect that low earners (whether immigrants or natives) don’t pay very much in taxes. But this does not mean low-income workers are not a benefit to the country or their communities.”

“What do you mean?” Sarah asked.

“Think of an immigrant we’ll call Horace who works for an employer in some town. Horace pays taxes to the federal and state governments, but receives services (education for his children, medical services) from the city. If we calculate Horace’s fiscal impact on his city, it would probably show his household pays less to the city than it receives in city services. But Horace’s employer profits from Horace’s labor and pays taxes on the profit to city, state, and federal governments. Moreover, Horace’s household spending and his employer’s business activity create additional income and jobs for merchants and native workers. For example, the study of immigrants’ fiscal impact on Nebraska that I mentioned earlier estimated that, if the state’s immigrants were suddenly unavailable, total production in the state would fall by about \$13.5 billion, and the state would lose several thousand jobs.”

“...immigrants pay more in taxes than they cost their states in welfare spending.”

Sarah interrupted me. “Wait a minute. If the immigrants left Nebraska the jobs would be filled by Americans, and all the profits and spending would still be there.”

“Oh no,” I replied, “that is the kind of thinking that leads some Americans to say that immigrants take jobs. They think every working immigrant occupies a job some citizen would fill. That is not true. Economists’ statistical models take into account that some immigrant-held jobs would be filled by natives, but not all. Without the immigrants, some of the jobs would not even exist. Most Americans understand this. The majority of Americans respond in surveys that they do not believe immigrants take jobs from Americans. But I grant you that African Americans are more likely to say that immigrants take jobs. As I said before, this is because immigrants are more likely to be in jobs competing with some African Americans. The amazing thing is, despite this, compared to whites, African Americans have consistently been found to express relatively positive opinions of immigrants, even though they more frequently view them as competitors for jobs.”

CONCLUSION

Like Sarah, most African Americans are very conflicted about the immigration issue. African Americans, who have long espoused strong beliefs in principles of equality of opportunity, the rights of the downtrodden, and respect for humanity viewed in its broadest terms, are especially cognizant of the hypocrisy embedded within ethnocentric demands for an end to immigration. For the nation, immigration's economic benefits exceed its costs, but the costs are disproportionately borne by certain social groups and geographic areas. Rather than divide the public over the issue of depriving the country of the benefits to help the few who pay the highest costs, we need to be engaging in a political debate over the kinds and levels of compensatory policies that should be enacted to help low-income citizens.