

IMMIGRATION POLICY FOCUS



MAKING A DIFFERENCE IN AMERICA
Immigrants Continue to Benefit Our Nation

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AMERICAN IMMIGRATION LAW FOUNDATION
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“Immigration is not a problem to be solved, it is a sign of a confident and successful nation.”

**—George Walker Bush
July 10, 2001**

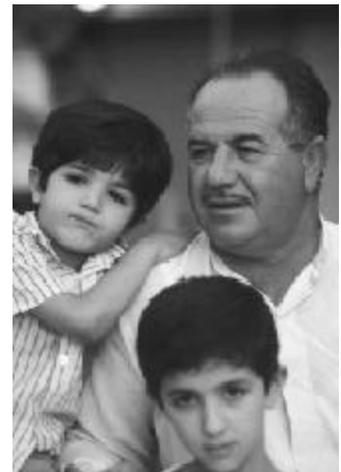
MAKING A DIFFERENCE IN AMERICA

Immigrants Continue to Benefit Our Nation

In the wake of the tragic events of September 11, 2001, America has responded with resolve, determination, and a greater commitment to freedom. Yet there are those who would use these events to propose that, in the name of national security, America close itself off from the rest of the world. Their proposals range from quadrupling the number of border agents to stopping any new immigration to the United States. While it is painfully obvious that modernizing the U.S. immigration system is critical, “Fortress America” is an incomplete response to the threat of terrorism because it fails to recognize that immigration is not the problem, terrorism is.

Additionally, as the U.S. economy regains its footing, perhaps the greatest threat to American prosperity would be to disrupt the delicate balance of the flow of people and goods across borders that has recently generated the longest period of sustained economic growth in U.S. history.

Immigration is inextricably part of the American national identity and always has been. Immigrants are an integral part of the structural fiber that has kept the great melting pot flowing with creative ingenuity. The immigrants of times long past laid the framework for this great nation with their blood, sweat and tears. They were the backbone of numerous seminal American accomplishments: the Transcontinental Railroad, the Brooklyn Bridge, and the Erie Canal to name a few. And while these immigrants of the “past” are viewed with respect and gratitude, modern day immigrants are often looked upon much less positively. However, a review of the many contributions that immigrants continue to make to our nation shows that today’s newcomers are just as critical an ingredient to America’s success as they ever were.



“People of ill will should not use the terrorist attack to foment anti-immigration sentiment. What happened on September 11 is not about immigrants; it’s about evil. Immigrants are the core and the heart of this country.”¹

**—James Ziglar
Commissioner, Immigration
and Naturalization Service**

IMMIGRANTS AND ECONOMIC GROWTH



The U.S. Chamber of Commerce, the National Association of Manufacturers, and the AFL-CIO are united in attributing America's economic success to immigration.

Throughout most of the 1990s, the U.S. unemployment rate hovered around 5 percent, a level that traditional economic theory has established as “full” employment or the “natural rate of unemployment.” Full employment has for decades been touted as the lowest sustainable unemployment level and historically, when these low levels of unemployment were achieved for an extended period they became synonymous with growing inflation. However, since 1992, the U.S. inflation rate has not exceeded 3.4 percent for any given year. Maintaining full employment while experiencing extremely low levels of inflation had heretofore been inconceivable to economists.

So what is causing this never before seen combination of low unemployment and low inflation? One reason, advanced by Harvey Rosenblum, Senior Vice President and Director of Research at the Federal Reserve Bank of Dallas, suggests that immigration may be a significant factor in the economy's divergence from prior trends. “I conclude that neither the unemployment rate nor the monetary growth rate can explain the declining inflation rate during the 1990s,” Rosenblum argues. “Rather, the missing pieces to the inflation puzzle are to be found in the synergies among (1) immigration, (2) expanded trade and globalization, (3) the explosion of private-sector applications of new technologies, (4) the beginning of a reduced scope from government and (5) a quantum leap in the availability of capital to businesses of all sizes.”²

Wage pressures and difficulties in recruiting workers have unquestionably been somewhat offset by a large supply of immigrant labor joining the U.S. workforce. Over the past twenty years, immigration has contributed at least one-quarter of the nation's labor force growth. Without a doubt, the U.S.' longest economic expansion most certainly would have ended prematurely had immigrants not been allowed to fill in where natives were too few in number. Both the business community, through the U.S. Chamber of Commerce and the National Association of Manufacturers, as well as the labor community, most notably the AFL-CIO, are now united in attributing America's economic success in part to immigration.

Interestingly, the United States attracts immigrants from both ends of the skill spectrum. Immigrants are less likely than natives to possess a high school diploma; simultaneously immigrants as a group show a higher tendency to earn advanced degrees than do

natives.³ To understand what causes this disparity, one need look no further than the economy. The Bureau of Labor Statistics employment projections for 2000-2010, released in November of 2001, forecast that the service-producing sector will continue to generate the most employment opportunities: an additional 20.5 million jobs by 2010. Most of the service-oriented positions do not require high levels of educations. At the opposite end of the skill spectrum, eight of the ten fastest growing occupations are in the area of information technology.⁴ As a general rule, most IT-sector jobs require at least a bachelor's degree. In short, the U.S. economy is growing at the margins. The reason both highly skilled and lesser skilled workers are coming to the U.S. is because in order to fulfill the world's largest economy's vast labor demands, employees from all skill sets are required.

Finally, America's most respected economist, Alan Greenspan, has been quite affirmative in his remarks about the impact of immigration on the nation's economy. In a testimony before the U.S. Senate he noted that "demand is putting very significant pressures on an ever-decreasing supply of unemployed labor. The one obvious means that one can use to offset that is expanding the number of people we allow in, either generally or in specifically focused areas."⁵ In another hearing he remarked, "I've always argued that this country has benefited immensely from the fact that we draw people from all over the world. And the average immigrant comes from a less benign environment, and indeed that's the reason they've come here. And I think they appreciate the benefits of this country more than those of us who were born here. And it shows in their entrepreneurship, their enterprise and their willingness to do the types of work that makes this country function."⁶



"I've always argued that this country has benefited immensely from the fact that we draw people from all over the world."

*—Alan Greenspan,
Chairman,
Federal Reserve Board*

ECONOMISTS AGREE

Question: On balance, what effect has twentieth-century immigration had on the nation's economic growth?

	Economists	Other Social Scientists
Very favorable	81	51
Slightly favorable	19	31
Slightly unfavorable	—	2
Very unfavorable	—	2
Don't know	—	14

Source: Julian L. Simon, *The Economic Consequences of Immigration*, Univ. of Michigan Press, 1999.

IMMIGRANTS REVITALIZE CITIES



Immigration & Urban Sprawl

The answers to combating the negative effects of urban sprawl are independent of immigration and will not be found in reducing the number of people in the U.S. These problems are the result of poor city planning and lifestyle preferences of the American public.

Population shifts have occurred several times in our nation's history. In the early 1800s, the population spread from East to West. In the early 1900s, the population spread from rural to urban areas. And in the late 1900s, the population began to spread from Rust Belt to Sun Belt. As these shifts occur, immigrant populations have often served to stabilize potentially detrimental effects of these changes.

And while some might argue that America should limit population growth through a policy of zero immigration, from an economic standpoint the implications of such a policy could be catastrophic.

For example, the city of Philadelphia is currently the fifth largest city in the nation. During the 1990s, it saw an estimated 68,000 residents, approximately 4 percent of its population, leave to call somewhere else "home."⁷ This loss of population has caused a reduction in the city's tax base and continues to threaten the stability of many neighborhoods and local schools. If Philadelphia's population level continues its descent so that Phoenix or San Diego overtakes it as the fifth largest city in the nation, the financial consequences for Philadelphia would be dramatic in terms of its receipt of federal dollars.

Due to the prolonged decline in Philadelphia's supply of available labor, several large factories including the naval shipyard were forced to close or relocate. Fleeing businesses hurt Philadelphia's rate of unemployment and virtually decimated the pool of prospective homebuyers. The sharp reduction in the number of jobs, coupled with the disappearance of an incoming population looking to purchase homes in the area, over time caused many residents to sell their homes and move away from the central city. This led to the deterioration of several once-flourishing neighborhoods. Scholars have begun to suggest that without an increase in immigration to Philadelphia, the city might not be able to reverse these trends.⁸

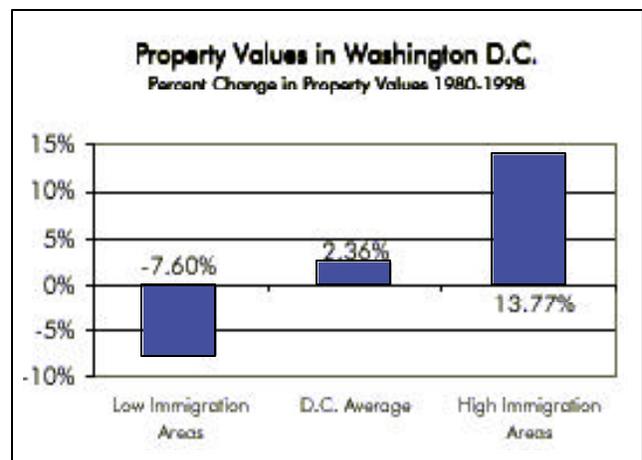
Philadelphia's experience with retaining its population level is fairly common among major metropolitan areas. Between 1990-97, the net domestic migration rate for the San Francisco Bay area was a staggering -7.1 percent. Nonetheless, San Francisco's ability to attract immigrants was able offset the loss of residents

so that the area actually grew at half the national average. It ranked first in the nation in per capita income in 1999, while reporting an unemployment rate of 3.1 percent.⁹ U.S. Census data shows that New York City lost over half a million native-born residents over the past ten years. Had immigrants not filled in where these natives left, New York would most likely be facing a similar if not more difficult situation than that of Philadelphia.¹⁰

The impact of immigrants in the metropolitan Washington, D.C. area are clear. An Alexis de Toqueville Institute study found that areas in the nation's capital that are home to more immigrants have a higher percent increase in property values than areas with less immigrants and D.C. as a whole.¹¹

According to the March 2000 Current Population Survey, almost half of the foreign born living in the U.S. resided in a central city in a metropolitan area (45.1 percent) compared with slightly more than one-quarter of the native population (27.5 percent).¹² The trend of immigrants settling in urban centers has a stabilizing effect on America, that for the most part, has kept many big cities from going through the painful process of downsizing.

Finally, the impact of immigrants on population is not limited to large urban areas; entire states reap the benefits of the immigrants who stabilize population figures. North Dakota recently recognized this, asking Congress to consider a "21st Century Homesteading Act;" that legislation would make North Dakota and five others part of a pilot project to bring in aliens with exceptional computer skills.¹³ Iowa Governor Vilsack recently set target of increasing the state's population through an aggressive recruitment effort that included foreign born workers.¹⁴ And in New England, one study found that without immigrants, the New England workforce would have 200,000 less people than it did in 1990, without which the Massachusetts economy could not have prospered during the decade.¹⁵



Source: Alexis de Tocqueville Institution, February 2000

IMMIGRANTS AND TAXES



Immigrant households and businesses provide \$162 billion per year in tax revenue to federal, state, and local governments.

A study conducted by the National Research Council (NRC) and National Academy of Sciences (NAS) concluded that the total net benefit (taxes paid over benefits received) to the Social Security system in today's dollars from continuing current levels of immigration will be nearly \$500 billion for the 1998-2022 period.¹⁶ With the baby-boomer generation approaching retirement age, the projected increased burden on the Social Security system threatens to bankrupt the elderly population's safety net. And at a time when funds for Social Security are becoming increasingly scarce, the relevance of financial contributions made by immigrants needs to be considered.

The NRC/NAS study also reported that the average immigrant imposes a net lifetime fiscal cost on state and local governments of \$25,000. A simple explanation for this finding is that most of the taxes exacted from immigrants, such as income and social security taxes, go to the *federal* government, whereas the services they use, i.e. schools, hospitals, roads, etc., are provided by *local* governments.

One figure often absent from the analysis is the impact of immigrants on the amount of state revenues received via the collection of sales and consumption taxes. Since these taxes are received regardless of legal status, there is no way to determine exact figures, but it is clear that immigrants purchase goods and services, and therefore contribute more than just the recorded property and state income taxes. Overall, the NRC/NAS study's main conclusion is that on average, an additional immigrant generated a positive net contribution to the country of roughly \$1,800.

Additional studies confirm these findings. The Urban Insiteute found that immigrants paid found that on the national level, immigrants paid \$70.3 billion in taxes per year and received \$42.9 billion in services.¹⁷ According to a 1998 study conducted by the National Immigration Forum and the Cato Institute, "in their first low-earning years in the U.S., immigrants typically are net drains on the public coffers, but over time – usually after 10 to 15 years in the U.S. – they turn into net contributors."¹⁸ This study determined that immigrant households and businesses provide \$162 billion per year in tax revenue to federal, state and local governments.

Immigrants clearly pay more in local, state and federal taxes than they receive in most public services.

IMMIGRANTS AND LANGUAGE

One area of public service that immigrants do make greater use of than native born residents is that of English language training. Since nearly 20% of America's homes speak a language other than English, the need for English as a Second Language (ESL) classes is apparent.¹⁹

The children of immigrants increasingly prefer English to the native language of their parents. A recent study estimates that by the time they reach their senior year of high school, immigrant children prefer English to their parent's native tongue by over 80 percent.²⁰ According to this same survey, "English triumphs and foreign languages atrophy in the United States—even in a border city such as San Diego with the busiest international border crossing in the world—as the second generation not only comes to speak, read and write it fluently, but prefers it overwhelmingly over their parents' native tongue."

Yet despite the fact that English proficiency is a significant predictor of success in many aspects of schooling for most racial/ethnic groups, funding for ESL programs has not kept pace with demand. For example, in Colorado, the State has dropped from \$221 per student in 1992-93 to just \$90 per pupil in 2002.

Educators report that there are not enough resources to test ESL students as required by law, let alone enough to buy special learning tools, hire skilled teachers, or provide extra tutoring where needed.²¹ Specifically, at the primary and secondary education level, a significant shortage of ESL teachers is evident. In one recent study as many as 79% of educators report a lack of qualified teachers in their school districts.²²

In addition to programs for schoolchildren, a significant need exists for adult ESL initiatives. This is evidenced by ESL program waiting lists often numbering in the thousands, with waiting periods to begin classes numbering in the years. In Seattle, a recent report counted 3,000 adults on one program's waiting list; in New York, over 1,000 were waiting for a public library's program, and in Dallas there are reports of 6,000 people on a one-year waiting list.²³

Immigrants clearly want to learn English.



By their senior year of high school, immigrant children prefer English to their native tongue by over 80%.

PROTECTING OUR BORDER



These acts of cowardice were by hate-filled criminals, not by immigrants seeking a better life in America.

As immigrants work to learn English, contribute to the U.S. economy, and revitalize our cities, they demonstrate their support and loyalty to their adopted country. And they join with all Americans in condemning the terrorist attacks of September 11, 2001, against our nation. These acts of cowardice were performed not by immigrants seeking to share in our nation's success, but by hate-filled criminals seeking to tear down our triumphs.

The attacks have brought needed attention to the many inadequacies in today's INS, which is in dire need of reform, both to protect our nation and to provide better service to newcomers who seek to share in the American dream.

In partnership with the intelligence and law enforcement communities, the Service must move expeditiously to address any flaws that might facilitate a future attack on our nation. In fact, the INS and other government agencies are already undergoing many changes, several of which are far-reaching and will drastically reduce the possibility of future attacks. Among the changes is a greater sharing of information between intelligence agencies and law enforcement, so that the Consular Officers who issue visas are better informed and can more effectively screen and identify potential threats. In addition, allowing the INS access to this previously unavailable information will provide an additional layer of protection when foreigners pass through INS inspection at U.S. ports of entry. Prevention is the most practical means of reducing the U.S.' exposure to those wishing to do it harm.

On October 1, 2001 the INS announced implementation of new biometric Mexican-border crossing cards known as laser visas, which contain photos and machine readable information, to better regulate entries at ports along the Mexican-U.S. border. This new technology, when a sufficient number of machines are installed, could expedite crossing at several congested ports of entry, while improving the surveillance capabilities of INS agents.

On January 25, 2002, President Bush announced plans to develop a federal tracking system to monitor the arrival and departure of noncitizens from airports, ports, and Mexican and Canadian border crossings.²⁴ In addition, the INS is planning to create a comprehensive student information system that has up

until now been operating on a pilot basis. These new systems, if sufficiently funded by Congress, will significantly expand the INS' ability to monitor the whereabouts and activities of foreign students and some temporary visitors.

Unfortunately, these measures represent a solution to only some of the problems facing the INS. Fundamental restructuring of the agency is required if we are to have a truly viable organization capable of assisting in the protection of America from alien terrorists.

CONCLUSION

Some Americans' first reaction to the tragedy of September 11, understandably, is to create an impenetrable fortress of border guards around America, closing our doors to any newcomers. But such a response would not truly protect our nation. Our nation must not change immigration policy based on fear, but rather we must remain faithful to the fundamental values and principles that we cherish.

Without immigration, our nation would not continue to grow and prosper, which is something at which America's enemies would surely delight. Instead, the United States must continue to welcome newcomers as we always have.

These immigrants create jobs, revitalize cities, and remind us all of the great sacrifices made by our own ancestors. America has always protected refugees fleeing religious persecution, war, or famine. Our nation has encouraged entrepreneurs seeking to build new businesses in the high tech fields. And this country has prided itself on its policies that reunite spouses, children, and parents.

While the government agencies that administer our nation's immigration laws need substantial reform, immigrants continue to renew the United States, helping us remain strong and vital in the 21st Century. They are a critical ingredient that makes our nation the strongest in the world. It is with pride that we continue to teach our children that America is a nation of immigrants.



ENDNOTES

NOTES:

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IMMIGRATION FACTS

AMONG THE STATISTICS INSIDE THIS ISSUE OF IMMIGRATION POLICY FOCUS:

Over the past twenty years, immigration has contributed at least one-quarter of the nation's labor force growth. —Page 2

An additional 20.5 million new jobs in the service-producing sector will be created between 2000-2010. —Page 3

100% of economists surveyed believe that immigration has had a favorable effect on the nation's economic growth. —Page 3

Property values increase by 13.7% in metropolitan Washington, D.C. neighborhoods with immigrant populations. —Page 5

45.1% of immigrants live in cities, compared to 27.5% of native born Americans. —Page 5

Due to contributions by immigrants, the total net benefit to the Social Security System for 1998-2022 will be nearly \$500 billion. —Page 6

On average, immigrants generate a net contribution to the U.S. of \$1,800 each. —Page 6

Nationwide, immigrants pay \$70.3 billion per year in taxes, but receive only \$42.9 billion in services. —Page 6

Immigrant households and businesses provide \$162 billion per year in tax revenue to federal, state, and local governments. —Page 6

By their senior year in high school, immigrant children prefer English to their parents' native tongue by over 80%. —Page 7

Individual city waiting lists for English as a Second Language classes can have as many as 6,000 immigrants at a time. —Page 7



“The life of our nation has been continually renewed and enriched by the many different people who choose to come here and become our fellow citizens.”

—William Jefferson Clinton, April 4, 1997

ABOUT THE FOUNDATION...

The American Immigration Law Foundation is a 501(c) (3) non-profit organization dedicated to increasing the public understanding of immigration law and policy and the value of immigration to American society; to promoting public service and excellence in the practice of immigration law; and to advancing fundamental fairness and due process under the law for immigrants.



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