



IMMIGRATION POLICY CENTER SPECIAL REPORT



THE UNEMPLOYMENT AND IMMIGRATION DISCONNECT:

UNTYING THE KNOT

PART I OF III

Produced By Rob Paral & Associates

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This report was prepared for the Immigration Policy Center of the American Immigration Law Foundation by Rob Paral and Associates, with writing by Rob Paral and Madura Wijewardena, and data programming by Michael Norkewicz.

EXECUTIVE SUMMARY

With Congress once again poised to consider comprehensive immigration reform, while the U.S. economy remains mired in a recession characterized by high levels of unemployment, a key question confronting lawmakers is to what extent immigration and unemployment are related. Opponents of immigration reform frequently argue that immigrants “take” jobs away from many native-born workers, especially during economic hard times. If this is true, then one would expect to find high unemployment rates in those parts of the country with large numbers of immigrants—especially immigrants who have come to the United States recently and, presumably, are more willing to work for lower wages and under worse conditions than either long-term immigrants or native-born workers. Yet an analysis of data from the U.S. Census Bureau clearly reveals that this is not the case. In fact, *there is little apparent relationship between recent immigration and unemployment rates at the regional, state, or county level.*

- Locales with high unemployment rates do not necessarily have large numbers of recent immigrants, and locales with many recent immigrants do not necessarily have high unemployment rates. In other words, unemployment rates in a particular area offer no clue as to how many recent immigrants live there, and the numbers of recent immigrants in an area provide no indication of what the unemployment rate might be.
 - Recent immigrants comprise 8.4 percent of the population in the Pacific region (California, Oregon, Washington, Alaska, and Hawaii), but only 2.8 percent of the population in the East North Central region (Ohio, Michigan, Indiana, Illinois, and Wisconsin). Yet these two regions have *nearly the same* unemployment rate: 10.8 percent in the Pacific region and 10.0 percent in the East North Central region.

A Note on Definitions and Data Sources

“Recent immigrants” and unemployment

This report focuses on the impact of recent, as opposed to long-term, immigrants. We measure the impact of recent immigrants by using 2000 Census data on the percent of a census division, a state, or a county that was composed of persons who arrived in the United States within the previous 10 years. Recent immigrants are of particular interest because most of the debate concerning the economic impact of immigration centers on the effect of newer arrivals rather than on persons who came here decades ago. Immigrants who arrived many years ago are more likely to be naturalized and to be deeply integrated into the economy.

Using 2000 Census data to define “recent immigrants”

While information on recent immigrants is available for census divisions and states as of 2008, such information is unavailable for counties. To maintain uniformity, we use 2000 Census data on recent immigrants for all geographic areas in this report.

- Recent immigrants are 7.3 percent of the population in New Jersey, but only 0.8 percent of the population in Maine. Yet unemployment rates in both states are *almost identical*: 8.3 percent in New Jersey and 8.1 percent in Maine.
- On average, recent immigrants comprise 3.1 percent of the population in counties with the highest unemployment rates (over 13.4 percent). But recent immigrants account for a *higher* share of the population (4.6 percent) in counties with the *lowest* unemployment rates (below 4.8 percent).
- The highest unemployment rates are found in counties located in manufacturing centers and rural areas—which tend to have relatively *few* recent immigrants. Recent immigrants usually go where the jobs are: metropolitan and non-manufacturing counties where unemployment rates are lower.
- The absence of a discernible statistical relationship between recent immigration and unemployment is not surprising given that recent immigrants are such a small portion of the overall labor force. As of 2008, immigrants who arrived during the last decade were only 5.5 percent of the U.S. workforce.
- Immigration to the United States has long been driven largely by labor demand. Immigration is highest during periods of economic expansion, and declines during economic downturns such as the current recession.

THERE IS LITTLE APPARENT RELATIONSHIP BETWEEN UNEMPLOYMENT RATES AND RECENT IMMIGRATION AT THE REGIONAL, STATE, OR COUNTY LEVEL

Similar unemployment rates are found in locales with very different levels of recent immigration.

By comparing unemployment rates across locations with different levels of recent immigration, we can determine whether or not a pronounced relationship exists between unemployment and the presence of recent immigrants:

- If unemployment is high where recent immigration is high, and unemployment is low where recent immigration is low, this would suggest a strong relationship between recent immigration and unemployment.
- Conversely, if unemployment is comparable in places with both high and low levels of recent immigration, this would suggest that there is not a strong relationship between recent immigration and unemployment.

Regions

We compared the share of the population composed of recent immigrants to March 2009 unemployment rates in the nine U.S. Census Bureau divisions (which cover all 50 states), as well as in key individual states.¹ It is clear from this comparison that unemployment rates are similar in areas with both high *and* low levels of recent immigration.

For instance, the East North Central Division and the Pacific Division had similar unemployment rates in March 2009. Yet recent immigrants are 2.8 percent of the population in the East North Central Division and 8.4 percent of the population in the Pacific Division

Census Divisions:

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Middle Atlantic: New Jersey, New York, Pennsylvania.

South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia.

East South Central: Alabama, Kentucky, Mississippi, Tennessee.

West South Central: Arkansas, Louisiana, Oklahoma, Texas.

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin.

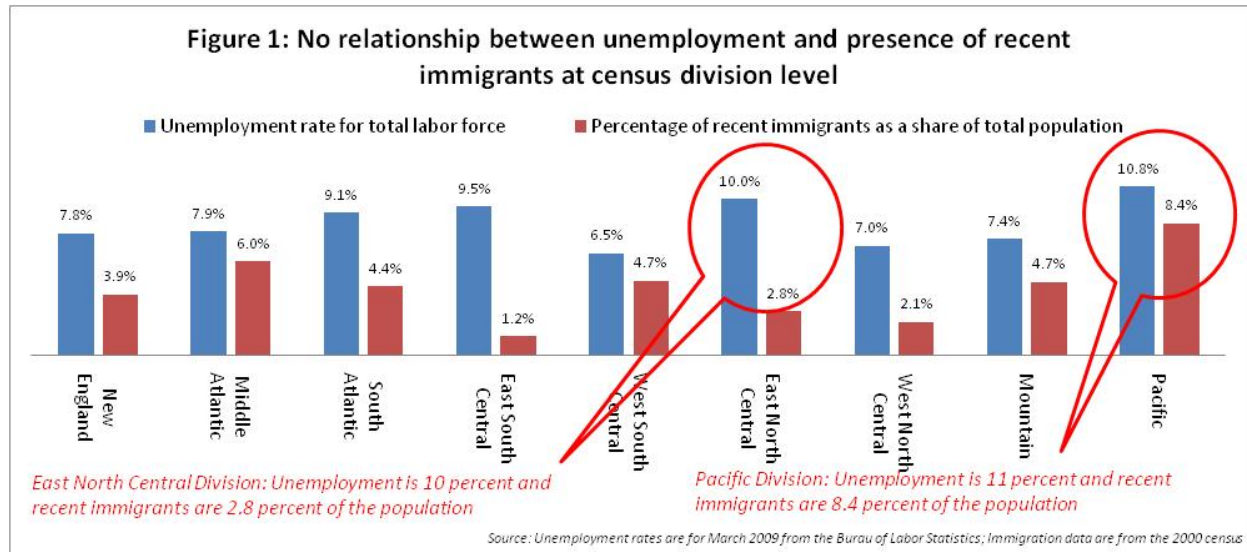
West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming.

Pacific: Alaska, California, Hawaii, Oregon, Washington.

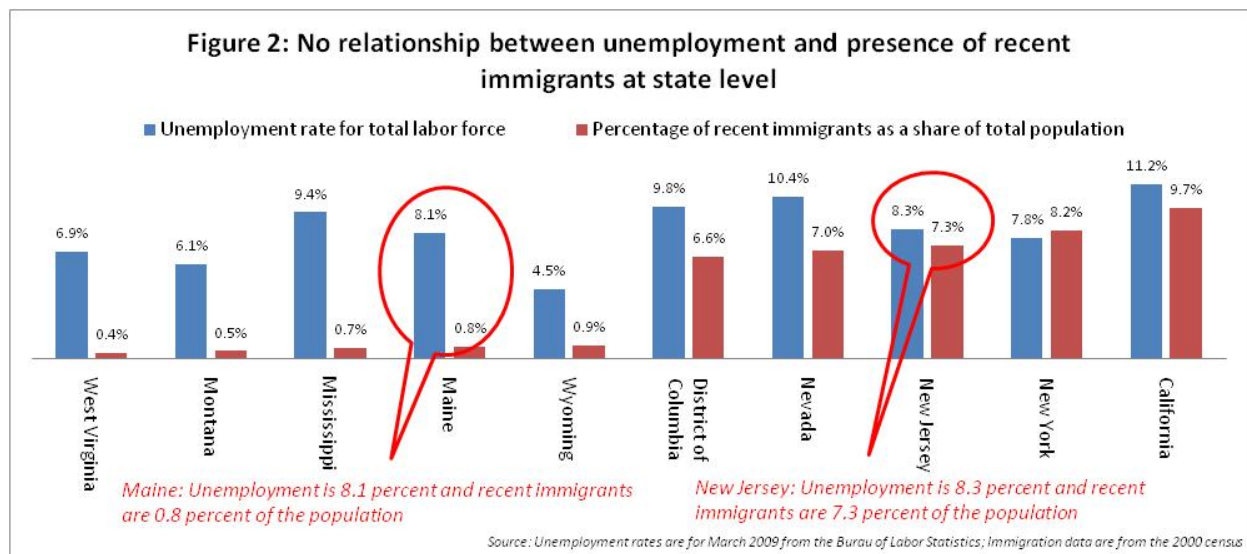
¹ Census divisions, states, and counties in this report were ranked on the basis of the percent of their population that was composed of immigrants who arrived in the United States within the past 10 years, as reported by the 2000 Census.

{Figure 1}.



States

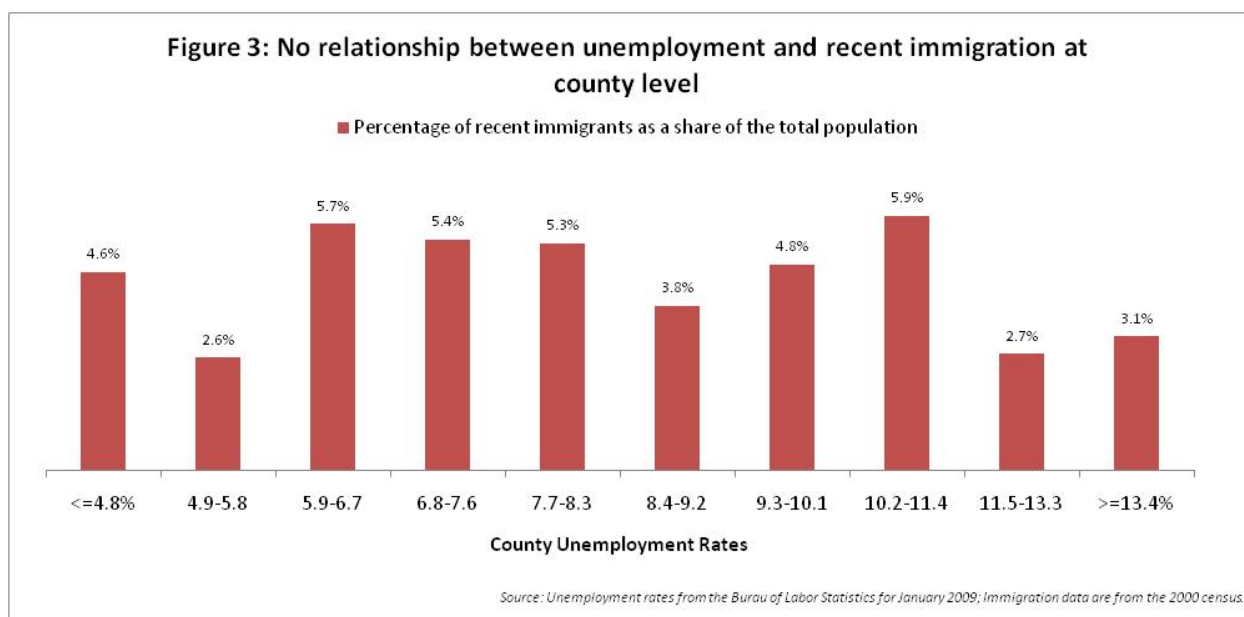
We found similar results when comparing states with high and low levels of recent immigration. In Maine, for example, recent immigrants are 0.8 percent of the population, while in New Jersey they are 7.3 percent of the population. Yet both states had nearly the same unemployment rate as of March 2009 {Figure 2}.



Counties

To understand the potential relationship between immigration and unemployment at the local level, we examined data on overall unemployment and the presence of recent immigrants in the 3,140 counties of the United States.² If we rank all U.S. counties into 10 equivalent categories using their unemployment rates as of January 2009,³ and then identify the percentage of recent immigrants in each category, it is clear that unemployment rates are similar in places with both high and low levels of recent immigration {Figure 3}:

- In counties with the lowest unemployment rates (below 4.8 percent), 4.6 percent of the population is composed of recent immigrants. But in counties with the highest unemployment rates (over 13.4 percent), only 3.1 percent of the population is composed of recent immigrants.



² County-level analysis provides special insight because smaller geographies reduce the impact of averaging that occurs in larger areas.

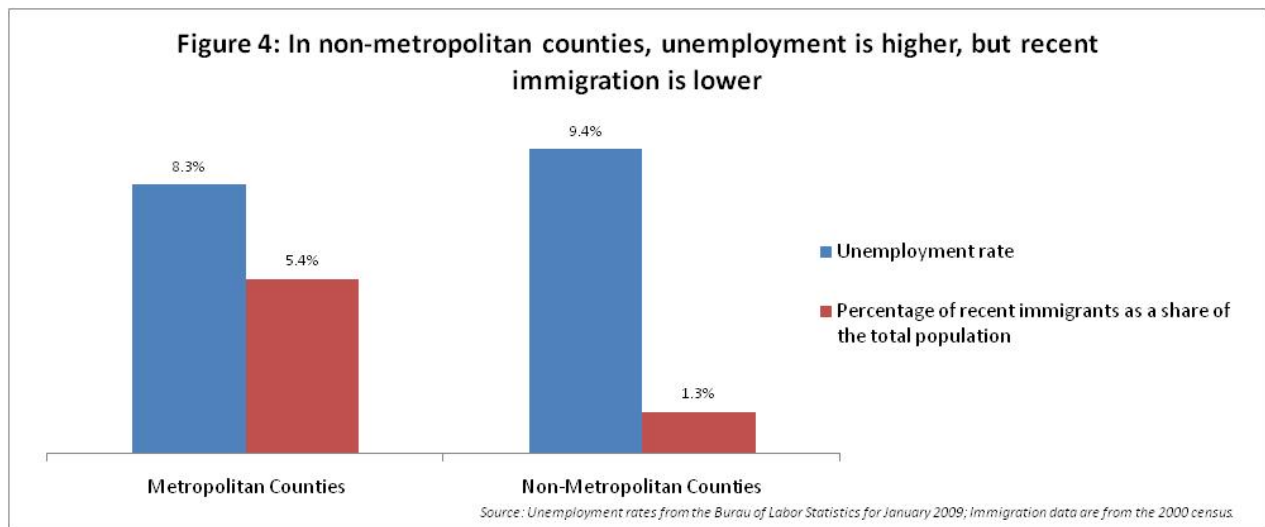
³ January 2009 is the most recent period for which data are available from the U.S. Bureau of Labor Statistics on unemployment at the county level.

UNEMPLOYMENT RATES ARE CLOSELY ASSOCIATED WITH RURAL AND MANUFACTURING AREAS—*NOT* RECENT IMMIGRATION

We found that two key characteristics of U.S. counties are more likely to be associated with high unemployment than the presence of recent immigrants: whether the counties are part of urban areas, and whether manufacturing is a key source of local revenue.

Metropolitan vs. Non-Metropolitan Counties

We separated all U.S. counties into metropolitan and non-metropolitan categories, and then identified their unemployment rates as of January 2009 and the share of recent immigrants. It is apparent that non-metropolitan counties have far fewer recent immigrants than metropolitan counties, yet had much higher unemployment rates as of January 2009 {Figure 4}.⁴

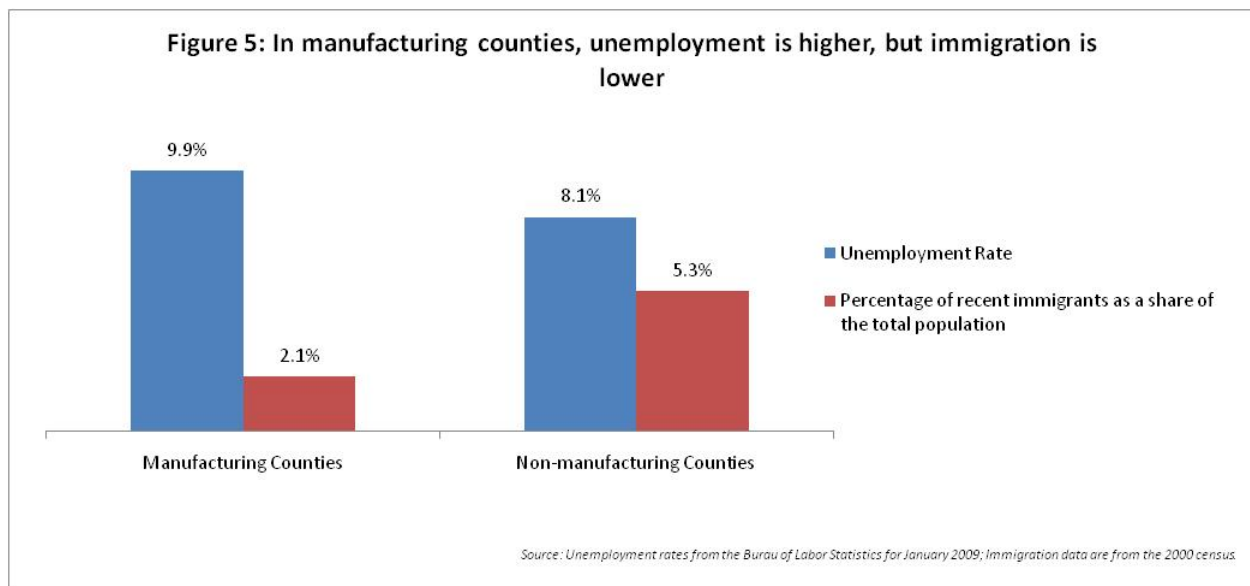


Manufacturing vs. Non-Manufacturing Counties

Similarly, we separated all U.S. counties into manufacturing and non-manufacturing categories, and then identified their unemployment rates as of January 2009 and the share of recent immigrants.⁵ Manufacturing counties have far fewer immigrants than other counties, yet they had a higher unemployment rate as of January 2009 {Figure 5}.

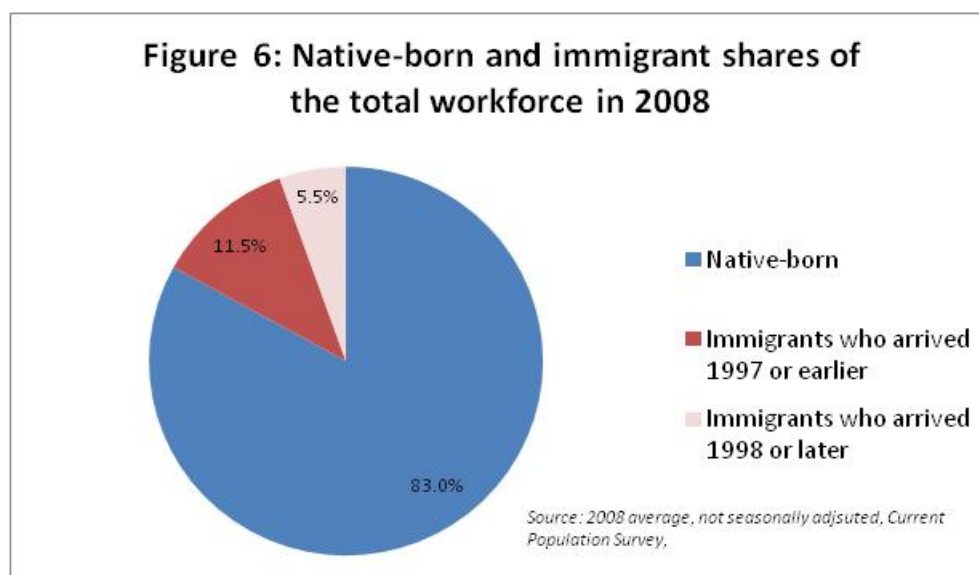
⁴ Counties are defined as metropolitan or non-metropolitan by the U.S. Census Bureau. There are 1,090 metropolitan counties and 2,050 non-metropolitan counties in the United States.

⁵ Manufacturing counties are defined as counties where 25 percent or more of earnings are derived from manufacturing. There are 904 manufacturing counties and 2,236 non-manufacturing counties in the United States.



RECENT IMMIGRANTS ARE A SMALL PORTION OF THE U.S. LABOR FORCE

A principal reason that recent immigration has so little impact on the unemployment rate is that the overwhelming majority of the U.S. labor force is native-born. In 2008, immigrants who had arrived since 1998 were only 5.5 percent of the total labor force {Figure 6}:



IMMIGRATION TRENDS HISTORICALLY FOLLOW THE DEMAND FOR LABOR

The U.S. economy's need for workers drives immigration.

The primary motivation for immigration to the United States has always been the U.S. economy's demand for labor. In times of economic growth, when the demand for labor is high, immigration has also been high. Immigrants are not “taking” jobs from the vast majority of native-born workers, but filling the demand that comes from the creation of new jobs:⁶

- The immigrant (foreign-born) share of the U.S. population increased from 9.7 percent in 1850 to as much as 15 percent in the 1860 to 1920 period. This was a period of long-term economic growth, overall.
- The immigrant share of the population increased from 6.2 percent in 1980, to 7.9 percent in 1990, to 11.1 percent in 2000. By 2007, immigrants were 12.5 percent of the U.S. population. The most significant growth in immigration has occurred since 1990.⁷ The period 1991-2000 was the longest, continuous period of economic growth in U.S. history. After a relatively minor downturn in 2001, this period of economic growth continued until the onset of the current recession.

There is no compelling evidence that attempting to arbitrarily restrict immigration will reduce unemployment levels for the native-born. The only period in which immigration was heavily restricted by law was also a period of economic turbulence that included severe economic downturns and job losses for native-born workers:

⁶ Campbell J. Gibson and Emily Lennon, [*Historical Census Statistics on the Foreign-born Population of the United States: 1850-1990, U.S. Census Bureau*](#) (Washington, DC: U.S. Census Bureau, Population Division, February 1999).

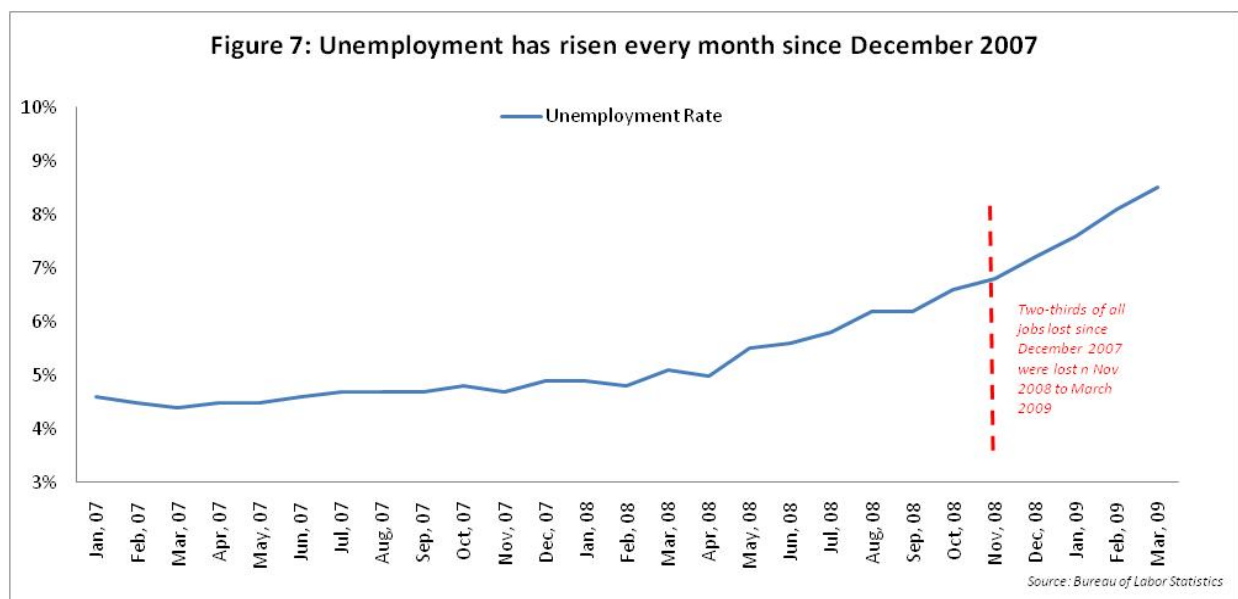
⁷ Incidentally, during this period, the levels of undocumented immigration also rose.

- The immigrant share of the population fell from 11.6 percent in 1930 to 6.9 percent in 1950. Legal immigration was subject to harsh restrictions from the 1930s to the mid-1960s, but the period from 1930 to 1950 was also a period of economic turbulence that included the Great Depression and the economic downturn of World War II.⁸

There are indications that immigration has declined during the current recession.

The current recession, which began in December 2007, has led to a dramatic drop in demand for labor.⁹ This is most profoundly measured by the sharp rise in unemployment since November 2008, and large-scale job losses in the five months leading up to March 2009 {Figure 7}:

- The unemployment rate has risen in almost every month since December 2007; unemployment rose from 8.1 percent to 8.5 percent in March 2009 alone.
- Nearly two-thirds of all jobs lost since the recession began were lost between November 2008 and March 2009.¹⁰



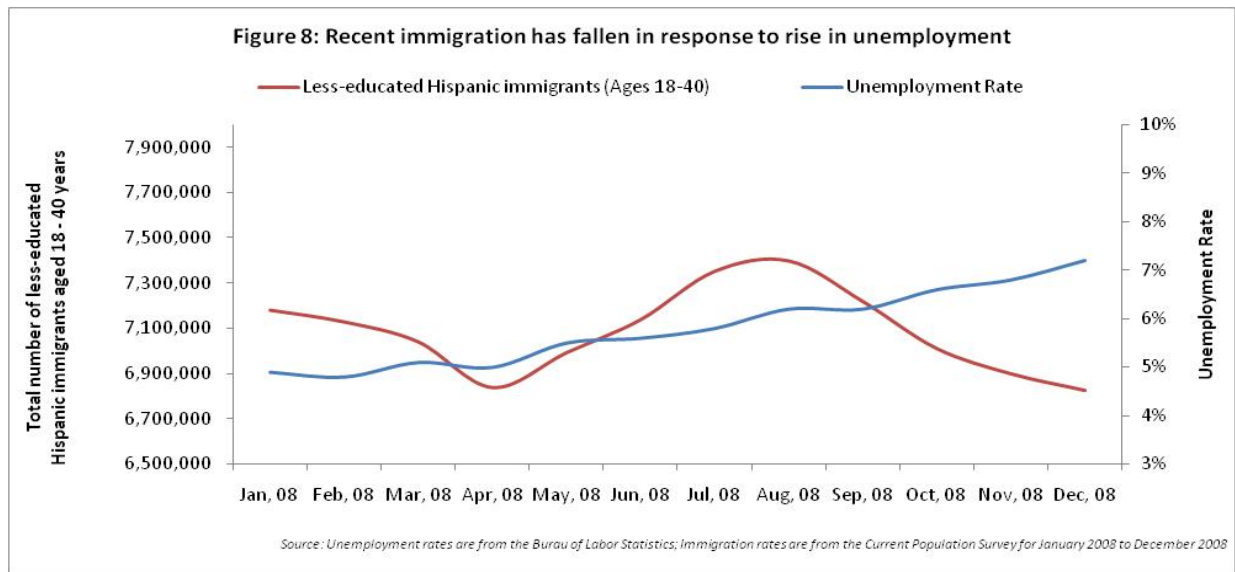
There are indications that immigration has slowed in the face of worsening unemployment. We examined the relationship between the unemployment rate and the number of less-educated (with a high-school diploma or less) Hispanic immigrants between the ages of 18 and 40, who tend to be less-skilled and, often, undocumented workers. This is a group that should be highly sensitive to changes in the demand for labor {Figure 8}:

⁸ Bureau of Economic Analysis, [GDP and the National Income and Product Accounts Historical Tables](#) (using 2000 dollars).

⁹ U.S. Bureau of Labor Statistics, ["Employment situation summary,"](#) April 3, 2009.

¹⁰ [Ibid.](#)

- The number of less-skilled Hispanic immigrants aged 18-40 fell in the last months of 2008. It appears that this decline started before the steep job losses began in November 2008, which suggests that immigration is sensitive to labor demand.
- There has been a longer-term downward trend in less-skilled immigration as well. The total number of less-educated Hispanic workers aged 18-40 at the end of 2008 was nearly 350,000 less than at the start of 2008.



CONCLUSION

There is little apparent relationship between unemployment and the presence of recent immigrants at the regional, state, or county level in the United States. While it might seem intuitive that immigrants would compete with many native-born workers for jobs, and potentially cause unemployment to rise when jobs are relatively scarce, the fact is that the causes of unemployment are far more complex than whether or not immigrants are in the labor force.

Most rural areas of the United States have high unemployment rates, but relatively few recent immigrants. Similarly, the great industrial centers of the Midwest, such as Michigan and Ohio, are home to struggling durable-goods manufacturing centers with high unemployment rates, but are home to relatively few immigrants.

The question of whether or not immigration causes unemployment should be largely laid to rest. Remedies for high unemployment lie in economic policies such as stabilizing the U.S. financial sector, removing unfair trade barriers, and investing in new infrastructure. But unemployment should not be blamed on immigration or immigration policy.

Methodology

This report uses data from the U.S. Bureau of Labor Statistics on unemployment in census divisions, states, and counties. These data may be found at www.bls.gov. The report also uses data from the 2000 census on recent immigrants. This latter information is available at www.census.gov.

The Immigration Policy Center

The Immigration Policy Center (IPC), established in 2003, is the policy arm of the American Immigration Law Foundation. IPC's mission is to shape a rational 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.

Rob Paral and Associates

Research and evaluation for family and community development

Rob Paral and Associates (RPA) is a consulting firm that helps not-for-profit and philanthropic institutions understand the populations they serve and the impact of their programs. RPA provides information on demographic, social, and economic characteristics of communities.

Some examples of our recent work include the following:

- Helping a health policy organization determine the need for health insurance in legislative districts in Illinois.
- Estimating the numbers of legal immigrants in U.S. metro areas for a national philanthropic organization.
- Providing a legal aid corporation with information to understand the shifting needs of its clients.
- Evaluating the impact of charitable giving and support for community foundations in the Midwest.
- Developing policies and procedures needed by a state agency to communicate with limited-English clients.

Direct outcomes of our work have recently been cited in *The New York Times*, the *Washington Post*, the *Economist*, the *Wall Street Journal*, and a large number of other major news media outlets. More information is available at www.robparal.com.