

## The United States: The Home of the Free and the Brave--and Immigrants

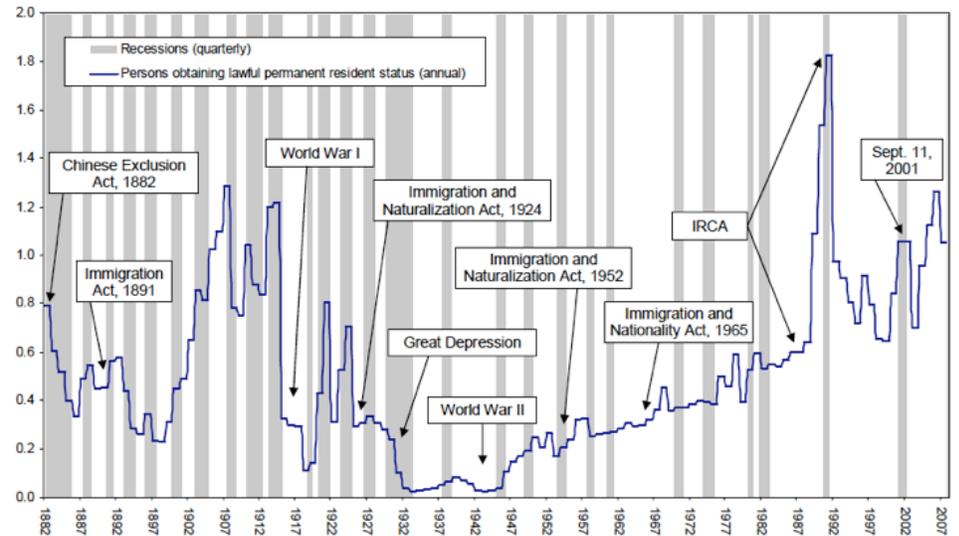
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The United States hosts 42.8 million migrants, equivalent to 20% of the world's migrant population. An estimated 12 million of these people are illegal immigrants. The vast majority work in low-skill, low-wage jobs such as construction, manufacturing, agriculture, and leisure and hospitality. Times of economic boom tend to see higher migrant inflows than times of recession. Naturalizations have increased greatly over the years but the United States has strong political opinions about the issue of the effects on native employment. Not quite a multicultural haven nor a cold, strict, xenophobic nation, the United States has a wide array of views toward immigration.

**The U.S. tends to accept fewer legal immigrants during harder economic times and to be more open during times of expansion. The largest wave of immigration to the U.S. since the early 1900s coincided with the lowest national unemployment rate and fastest economic growth. Immigrants created new jobs by forming new businesses, buying homes, spending their incomes on American goods and services, and paying taxes.**

- In 1979, the Iranian War led to an oil price shock that caused a recession in the early 1980s. Migration at this time decreased slightly as seen in the figure to the side. On the other hand, the oil shock of the early 1990s appeared to have little effect on legal immigration. Immigration soared during the economic boom of the 90s.
- In the early 2000s, with the dot com bubble burst and the terrorist events of 9/11/01, the United States saw a decrease in legal immigration. Government funds spent on security and border control exploded and immigration halted somewhat. The creation of the Department of Homeland Security and the reorganization of the structure of immigration caused changes in migrant inflows. (Graph source: Migration Policy Institute MPI)

Figure 3. Persons Obtaining Lawful Permanent Resident Status in the United States (annual, in millions), the Business Cycle (peak to trough, quarterly), and Key Immigration Legislation, Fiscal Years 1882 to 2007



- Between 1990 and 2004, roughly 9 out of 10 native-born workers with at least a high school diploma experienced wage gains because of increased immigration, according to Aaron Terrazas in a 2009 study for the Migration Policy Institute.
- A crackdown in illegal immigration in 2004 caused a shortage of workers needed to bring in the lettuce crop in the western United States, which caused a \$1 billion loss for the industry as many growers left their fields unharvested.
- The sub-prime mortgage crisis and the collapse of several important financial institutions such as Lehman Brothers, and Fannie Mae and Freddie Mac caused a severe dip in GDP growth and a rise in unemployment to 10.2% in 2009. Foreign workers, particularly Mexicans, in the construction industry were hard hit by this housing crisis. Though immigration fell at the beginning of the recession, it has recovered recently. The size of unauthorized Mexicans fell only slightly from 12.1 million in July 2008 to 11.8 million in August 2009. Notably, the demand for H1-B visas fell considerably. Skilled workers were not finding work in the United States. Comparing unemployment rates of Latino immigrants from the onset of the crisis in the fourth quarter of 2007 to the fourth quarter of 2008, unemployment rose from 5.1 to 8.0 percent.
- The legal flow of immigrants based on workforce demand strengthens the U.S. economy by keeping productivity high and countering negative impacts as the U.S. aging population swells. Of the twenty occupations that will see the largest growth in the next seven years, twelve of them require only on-the-job-training. This includes jobs in SEIU's core industries like home care, cleaning/janitorial services, child care, and hospitality services. But as native-born workers seek higher education and move up the occupational ladder, the number of native-born workers seeking employment in these industries has shrunk.

**Immigration to the U.S. from 1990 to 2007 endured a 6.6% to 9.9% increase in real income per worker. That equates to an increase of \$5,100 in yearly income for the average worker in constant 2005 dollars. Such a gain equals 20% to 25% of the total real increase in average yearly income per worker registered in the US between 1990 and 2007.**

- In the long-run, the increases in income per worker are due to immigrants for increases in the efficiency and productivity of state economies. This effect becomes apparent in the medium to long run. Though in the short run, physical capital per unit of output is decreased by net immigration, in the medium to long run, businesses expand their equipment and physical plant proportionally to their increase in production.
- 47% of current venture-backed companies in the U.S. have immigrant founders. Nearly 50% of immigrant entrepreneurs surveyed came to the U.S. as students and started their own businesses within 12 years of entering the country. According to the Migration Policy Institute, the

number of Hispanic-owned businesses has grown at three times the national average, while the number of Asian-owned businesses has grown at twice the national average.

- According to one investigation, in the short run, the legalization of illegal workers would generate between 4.5 and 5.4 million of surplus in taxes for the government and could generate even more than 900,000 jobs.

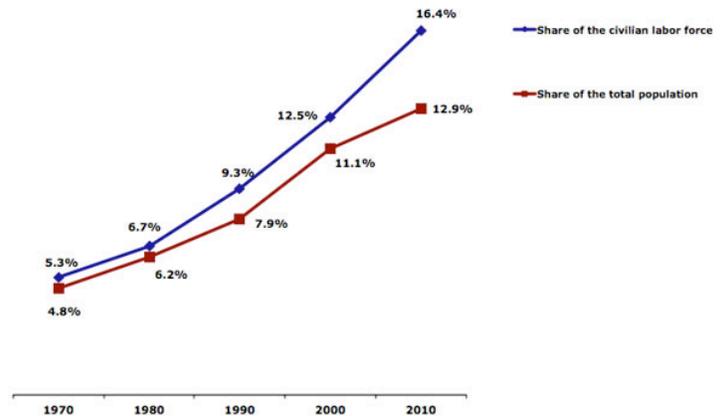
**One in five doctors in the US is foreigner. The US has high demand for migrant doctors and they can find high wages in hospitals. The US receives a large amount of skilled labor, but it does not heavily recruit from abroad.**

- Immigrants have had a role in science, innovation, and technology and have fueled growth of new businesses. Half of Silicon Valley start-ups were founded by immigrants, including Yahoo, eBay and Google. According to the U.S. Census and analysis by the Immigration Policy Center: "In 2002, 1.6 million Hispanic-owned firms provided jobs to 1.5 million employees, had receipts of \$222 billion, and generated payroll of \$36.7 billion. The same year, 1.1 million Asian-owned firms provided jobs to 2.1 million employees, had receipts of \$326.4 billion, and generated payroll of \$56 billion."
- Companies in need of skilled workers are able to recruit workers through the H-1B visa program for specialty occupations. The foreigner must have at least a bachelor's degree and the employer must agree to pay that person a fair American wage.
- Employment based visas, also known as green cards, have been argued to be very inefficient because firms lose important workers when they expire. The shortage of green cards produces severe backlog and frustration on many employers' parts.

**The immigrant stock in the United States was 38 million in 2008, representing over 12% of the total population. There were 16.8 million naturalized citizens in 2009 and 600,000 during that year. Due to the financial crisis, between 2008 and 2010 the number decreased by 40%. However, naturalizations have increased over time.**

- Approximately 53.6% of immigrants residing in the United States in 2008 came from Latin America. 26.8% were from Asia, 13.1 % from Europe, 3.7 percent from Africa, and 2.2% from Northern America.
- 41.4% have naturalized since 2000, 28% were naturalized between 1990 and 1999, 14.6% were naturalized between 1980 and 1989, and 16%t were naturalized prior to 1980. Almost 50% the growth in the US labor force in the 1990s and 60% of the growth between 2000 and 2004 was due to the influx of new immigrants.
- According the the U.S. Citizenship and Immigration Services website, an immigrant must be in the US for 3 years without leaving for more than 6 months. This is called a continuous residence. USCIS makes a judgement of the person's moral character, and must observe that the person's criminal record is fairly clean. Understanding of the English language is highly important during the interview process. The person then takes an oath of allegiance to the Constitution before the process is complete. Application fees allow this agency to work.
- In 2008, 92% of registered Latinos voted. Immigrants do play a decent role in elections. Latinos tend to lean towards the Democratic side. It was estimated that over 225,000 of the 480,000 Guatemalan legal residents voted in the past elections.
- The Nicaraguan Adjustment and Central American Relief Act (NACARA), since 1999, granted Temporary Protection Status relief to over 156,000 individuals (as of the end of January 2007 including Salvadorians, Guatemalans, and nationals of the former Soviet Bloc countries). Also, the Immigration and Nationality Act has helped Guatemalans, and other foreigners who have served in the military to more easily obtain citizenship after they have risked their life for the United States.

**Immigrants as a Percentage of the Total US Population and of the US Civilian Labor Force, 1970 to 2010**



**Policies developed to inhibit illegal migration in the United States are largely centered on border control. The Secure Fence Act of 2006 set up funding for a 700 mile barrier in Texas between the US and Mexico. It has already cost about \$2.6 billion and is estimated to cost \$6.5 billion to maintain for the next 20 years.**

- The Patriot Act of 2001 gave authorities greater ability to investigate immigrants for suspicious activity. Immigration officials made over 1/2 million apprehensions in 2010. Deportations are an important method for discouraging and removing undocumented workers. In 2010, approximately 388,000 were deported, which was an increase of over 100% since 2000 (188,476). In 2011, a registered 30,855 Guatemalans were deported. Trends reveal deportation of Guatemalans increased as migration due to natural disasters and increasing violence in the country.
- In 2012, Guatemala will promote a link program with Mexico and the US, as most of Guatemalan illegal migration channels through the Mexico-US border. This program will encourage the proper deportation of Guatemalans, attempting to reduce the number of Guatemalans left in Mexico. Most of the time, Guatemalans are deported without identification papers, and thus are victims of human and drug trafficking.

- A realistic immigration system would make the annual legal intake more or less equal to the flow generated by supply and demand. According to the USCIS, the U.S. currently issues 5,000 visas per year to year-round unskilled workers, while 400,000-500,000 additional such workers are demanded by US firms.

**30% of foreign-born workers have less than a high school education, while 28% hold a Bachelor’s degree or more. This is about the same rate as natives yet immigrants are seen doing less skilled jobs. Brain waste is more prominent for some groups than others. Also, wage gaps between natives and immigrants are considerable.**

- Certain countries, especially Latin Americans and Eastern European ones have a harder time getting skilled jobs. Academics have found that military conflict in these countries weakened institutions that create human capital.
- A hypothetical Indian 34-year old college graduate has a 69% chance of getting a skilled job whereas a Mexican with the same qualifications has a 24% chance of obtaining skilled work. Immigrants from countries where English is the common language increases the likelihood by 11% that they obtain a skilled job. Also, countries where the expenditure on tertiary education is high do very well in terms of being allocated to where their human capital can be used most efficiently.
- The Bureau of Labor Statistics estimates that 22% of construction workers are foreign born. With 2.4 million immigrants working in the sector, it is the largest source of jobs for immigrant labor. The National Association of Home Builders estimates that 25 to 30% of those working in resident construction are immigrants.
- In the 90s, the probability of a Guatemalan obtaining a skilled job if he has a bachelor’s was 27%. It was 47% if he had a masters, and 60% if he had a professional degree. For an Australian, the probabilities were 65%, 74% and 82% respectively.
- In 2009, 52% of foreign-born persons age 5 and older were limited English proficient. Language accounts for some of the problem in this brain waste and wage gap issue.
- Table 1. contains information regarding the prominent wage gap from a 2002 Industrial and Labor Relations Review. Wage gaps occur for several reasons such as linguistic and cultural barriers, discrimination, and other differences between the US and sending countries.

*Table 1. Unadjusted Immigrant/Native-Born Log Wage Gaps, 1960–1990.*

<i>Gender Group</i>	<i>1960</i>	<i>1970</i>	<i>1980</i>	<i>1990</i>
Men	-0.053	-0.036	0.022	0.095
Women	-0.023	-0.033	-0.035	-0.005

*Note: Native less Immigrant Mean calculated from log wages reported in Appendix Tables A1 and A2.*

**Immigrants tend to gravitate toward cities that thrive economically. However, they are flocking to less traditional places nowadays. A large population of Somalis can be found in Lewiston, Maine and a small enclave of Guatemalans can be found outside of Portland, Maine.**

- D.C. and Northern Virginia are home to many Latin Americans, particularly Salvadorans. Los Angeles is the most common destination for Guatemalans while they also go to Miami, Trenton, and Houston. New York, Los Angeles, Pasadena, Chicago, Houston, and Miami are cities that continually see high influxes of immigrants. The most popular destination states are Florida, Texas, California, and New York. In 2010, 70% of Mexicans resided in California, New York, Florida, and Texas. More than a third of illegal immigrants live in just three cities: New York, Los Angeles and Chicago.

**Immigration is a hotly debated topic in the United States, and the strongest sentiments are generally focused on illegals. A 2007 Pew Poll found that three-quarters of all U.S. citizens want to further restrict immigration. Most of the sentiment is directed toward Mexicans but Guatemalans get lumped in to the Latino category and do face discrimination.**

- The conservative side of the political spectrum produces videos to create an image in voters’ minds of immigrants taking away American jobs. There are also important groups like the California Coalition for Immigration Reform, the American Immigration Control Foundation, and the Federation for American Immigration Reform that lobby against increased legal immigration.
- The preliminary findings of a congressionally-mandated study by the National Institute of Justice suggest that anti-Latino hate crimes rose disproportionately to other hate crimes between 2004 and 2008. The study estimates that in 2003 there were 426 hate crimes against Latinos, while in 2007 there were 595.
- Guest worker programs are heavily debated. The programs are intended to bring temporary workers to the United States in times of high labor demand. However, many argue that workers overstay their visas and soak up funds from government programs.
- The costs of legal processes to determine deportations are too high. On the other hand, the indefinite detention of immigrants is arguably too harsh for illegals. Amnesty is also heavily debated because it might provide incentive for people to illegally cross the border.

**Data reveals that immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity. However, most economists agree that the wages of low-skill high-school dropouts are suppressed by somewhere between 3 percent and 8 percent because of competition from immigrants, both legal and illegal. This bolsters anti-immigrant sentiments. On the whole, immigration represents income to aid the development of poor countries and compensates for labor demand during economic booms in the United States.**

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