



## *Promoting the integration of Hispanic Families into the Local Community*

### **Presentation to the TN Alliance for Progress (TAL) Maria Clara Mejia - April 29, 2006**

## **Economic Impact of the foreign-born in the US**

### **Myth: Immigrants who work here are simply stealing our jobs.**

*This is one of the most common myths that anti-immigrant groups cite to support their positions. Regrettably, the myth has gained some traction, and uninformed US citizens can be heard echoing it. However, official statistics and abundant studies carried out by respected think-tanks and the federal government demonstrate that there is no negative correlation between immigration rates and unemployment. Quite to the contrary, there is a positive correlation between the two.*

### **Immigrants do not 'Steal' Native Jobs**

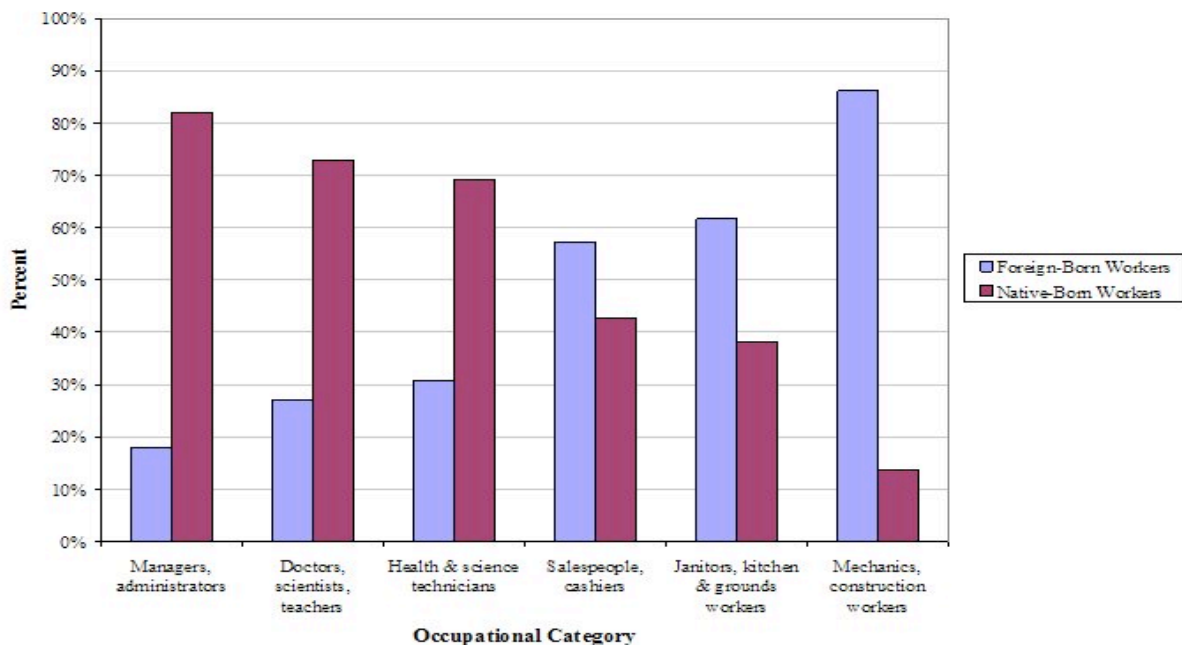
- A 1990 study of unemployment and immigration by **Richard Vedder and Lowell Galloway of Ohio University** spanning 100 years (from 1891 to 1991) found that higher rates of foreign-born population historically have corresponded to lower unemployment rates. The same study found that the states with the highest rates of immigration also had the highest rates of economic growth and the lowest unemployment levels during the same 100 year period.<sup>i</sup> This is precisely the case in Tennessee: high immigration rates have had a positive correlation to Tennessee's high economic growth and low unemployment rates.
- The Vedder and Galloway study is not isolated. According to President Bush's own **Economic Report of the President, 2005**, between 1996 and 2003, when unemployment levels reached historic lows in the US, total employment grew by 11 million jobs and 58% of the net increase was among foreign-born workers. The US economy has created a powerful demand for the low/semi-skilled labor provided by immigrants; those jobs cannot possibly be filled by the native labor force.<sup>ii</sup>

### **Immigrants fill labor shortages in the US economy and alleviate bottlenecks**

*Let's take a look at the dynamics of the labor shortage in the US. The shortage of labor in the US is an undeniable fact for economists and policy makers, yet those who cling to the myth that immigrants are stealing native jobs must deny that the US faces labor shortages.*

- As the U.S. workforce simultaneously shrinks in number (as the Baby Boomer generation retires) and becomes more educated, the supply of native-born low and semi-skilled labor is contracting at a rapid rate.
- **The U.S. Department of Labor** projects that by year 2010, the US will create 22 million new jobs; this is **9 million more jobs** than new workers entering the job market.<sup>iii</sup>
- **According to a study done by the ACLU**, at the current fertility rates of US natives, immigrants will account for half of all working age population growth from 2006-2015.<sup>iv</sup>
- **According to the Pew Hispanic Center**, Latino immigrants have birth rates twice as high as those of the rest of the U.S. population. Between now and 2020, Latinos are expected to account for about half the growth of the U.S. labor force.<sup>v</sup>

**Foreign-Born & Native-Born Shares of Employment Growth by Occupational Category, 1996-2002**



Source: *Economic Report of the President*, Washington, DC: U.S. Government Printing Office, February 2005, p. 95.

What this graph clearly shows is the favorable balance between native and immigrant occupation growth; native-born workers shift towards higher-skilled occupations, leaving a void to be filled by immigrants. **More educated natives and less educated immigrants do not tend to compete for the same jobs.** Indeed, among immigrants, 43% work at jobs paying less than \$7.50 an hour, compared to 28% of all US workers.<sup>vi</sup>

### Immigrants Create New Jobs

**Rather than steal jobs, immigrants create jobs at a high rate, as the following numbers demonstrate:**

- Immigrants create new jobs in the U.S. by opening new businesses, raising the productivity of U.S. companies, and paying taxes. The most obvious way they create jobs is through spending their incomes on U.S. goods and services. Hispanics account for 10% of all U.S. buying power. It is easy for us to imagine the jobs they 'take', but not to see those they open and 'create' through their purchasing power, tax payments, and businesses. Just in Tennessee the Latino purchasing capacity has been estimated in about \$10 billion. This contributes an enormous lift to the state economy.
- Latino entrepreneurs have jumped by 30% of new enterprises created since 1998 according to the Internal Revenue Service<sup>viii</sup>

**Although statistics used in this article reference Latinos predominately, representatives of other immigrant groups can similarly cite the contributions of Kurdish, Somalis, Nigerians, Ethiopians, Vietnamese, indeed, all immigrants, to the US economy.**

**It is time to retire the myth that immigrants are stealing native jobs**

**A U.S. Department of Labor study prepared during the Bush Administration** notes that the perception that immigrants take jobs away from American workers is *"the most persistent fallacy about immigration in popular thought"* because it is based on the mistaken assumption that there are only a fixed number of jobs in the economy and also that American workers do not want to take these jobs.<sup>ix</sup>

## **Taxes and use of Public Services**

### **Why should we support a group of people who do not pay taxes while draining our public resources?**

To say that undocumented immigrants don't pay taxes is an inaccurate statement. Every person in the US pays consumption taxes when they purchase anything from gas, to food, to clothes. Undocumented immigrants do their share in paying these taxes to city and state governments just like any native. If they own a house, they also pay property taxes. Even if they rent an apartment, their rent payments include an allotment of the landlord's property taxes.

What about income taxes? The creation of the Tax ID number (ITIN) in 1996 by the IRS was aimed at collecting income tax from those people who do not have Social Security numbers. The ITIN does **NOT** give an immigrant the right to work in the U.S., but it does give them the obligation to pay income taxes on earned income. As a result, **over 7 million ITIN numbers have been issued since 1996** creating a huge windfall of taxes collected by the federal government that will not be spent on those paying the taxes. Undocumented immigrants generally want to pay taxes, because they understand that when and if there is a window of opportunity for them to become documented, they will be at the front of the line because they have responsibly paid their taxes.

Of course, just like US citizens who fail to report income, there are those in the ranks of undocumented immigrants who do not pay income taxes. For the most part, these people operate in the underground cash economy. In large measure, it is the fact that they are undocumented that drives

them into the underground economy. For those who believe that undocumented immigrants should be paying income taxes, and Conexion Americas is among them, the best way to do so is by giving undocumented immigrants permission to be in the US. By allowing them to register, the governments, local and federal, can more easily identify them, account for them, and tax them, thereby shrinking the underground economy and the pernicious abuses it fosters.

Turning to social security taxes:

- **Immigrants pay \$90 billion in taxes per year and receive just \$5 billion in welfare.<sup>x</sup>**

**Paradoxically, immigrants help subsidize a Social Security system from which they cannot receive benefits. Undocumented immigrants are contributing fresh money to the Social Security system, the benefits of which only US citizens and documented immigrants can enjoy.**

- The Social Security Administration estimates that undocumented workers contribute \$7 billion per year to Social Security and \$1.5 billion to Medicare; two federal programs from which they will never receive benefits.<sup>xi</sup>
- Taxes paid under false Social Security numbers end up in a limbo fund called the '**Earnings Suspense File**'. About \$75 billion accrued in this account during 1980s, \$175 billion during the 1990s, and **\$160 billion in 2000-2002 alone.**<sup>xii</sup>
- The Social Security 'Earnings Suspense File' was valued at \$463 billion in 2002.<sup>xiii</sup>

**Undocumented immigrants do not consume health and other social services in excess of their contributions to support those services.**

Immigrants pay much more in taxes than they receive in public benefits. They are modern-day examples of **Taxation without Representation**, as borne out by the following:

- The **February 2005 Economic Report of the President** points out that "more than half of undocumented immigrants are believed to be working 'on the books', so they contribute to the tax rolls but are ineligible for almost all federal public assistance programs and most state-funded programs.<sup>xiv</sup>
- **The National Research Council calculates that the average immigrant pays nearly \$1,800 more in taxes per year that he/she 'costs' in public benefits such as education and healthcare.**<sup>xv</sup>
- **Undocumented immigrants are ineligible for Medicaid** (except in certain life-threatening and public health situations), Supplemental Security Income (SSI), food stamps, and Temporary Assistance for Needy Families (TANF). (The U.S.-born children of undocumented immigrants, however, may receive some public benefits.)
- As a group, immigrants of working age are less prone to require welfare benefits than natives. This is due to a combination of factors, including their being young and healthy for the most part, their strong work ethic and their lack of access to public welfare programs in their countries of origin.
- Most undocumented immigrants wish to stay below the radar. They tend to avoid any interaction with the government that might lead to their deportation. Therefore, undocumented immigrants have a disincentive to attempt to enroll in public programs.

**Myth: Immigrants come to Tennessee for public welfare benefits like TennCare**

- Undocumented immigrants are not eligible for TennCare.
- In 2004 Latinos represented less than 4% of all TennCare clients in the state of Tennessee.

Undocumented immigrants can be and are treated by hospitals in emergency situations, since hospitals have an ethical duty to assist anyone who requires emergency care, but the vast weight of the evidence bears out that they are putting into our economy and our governments' coffers far more than they receive in public assistance.

\*\*\*\*\*  

---

**We hope this brief article helps to dispel these pernicious myths. Our national debate over immigration policy is best served by a public informed by facts, not fiction.**

***For more information please contact Conexion Americas.  
(615) 320-5152 ext 223 or visit our website  
[www.conamericas.com](http://www.conamericas.com)***

## *Bibliography*

---

- i Vitter, Richard and Lowell Galloway, "Do Immigrants Increase Unemployment or Reduce Economic Growth?", *Congressional Record*, September 1990.
- ii *Economic Report of the President*, Washington, DC: U.S. Government Printing Office, February 2005, p. 94.
- iii National Immigration Forum, <http://www.immigrationforum.org/DesktopDefault.aspx?tabid=175>
- iv National Immigration Forum, Employment, <http://communityresourcebank.org>
- v Pew Hispanic Center, "Hispanic Trends, a People in Motion", January 2005.
- vi National Immigration Forum, Employment, <http://communityresourcebank.org>
- viii Business Week Magazine March 15, 2004, page 50
- ix ACLU. "Immigrants and the Economy", March 2002. <<http://www.aclu.org/news/NewsPrint.cfm?ID=9937&c=22>>
- x ACLU. "Immigrants and the Economy", March 2002. <<http://www.aclu.org/news/NewsPrint.cfm?ID=9937&c=22>>
- xi Eduardo Porter, "Illegal Immigrants Are Bolstering Social Security with Billions", *New York Times*, 5 April 2005.
- xii General Accounting Office and Social Security Administration
- xiii *Economic Report of the President*, Washington, DC: U.S. Government Printing Office, February 2005, p. 108.
- xiv *Economic Report of the President*, Washington, DC: U.S. Government Printing Office, February 2005, p. 106-108.
- xv American Immigrant Law Foundation, "The Economics of Necessity", May 2005.  
<http://www.aifl.org/ipc/economicsofnecessityprint.asp>