

Deliverance error: no theme matched
 rule: <drop theme="//div[@class='entry']/*"/>

Think Progress

THE PROGRESS REPORT

[Contact Us](#) | [Tell-a-Friend](#) | [Archives](#) | [Permalink](#) | [Subscribe to Feed](#) | [Donate](#) | [Print](#)

January 12, 2010 by Faiz Shakir, Amanda Terkel, Matt Corley, Benjamin Armbruster, Zaid Jilani, Andrea Nill, and Alex Seitz-Wald

IMMIGRATION

The Economics Of Reform

Last week, the Center for American Progress joined with the American Immigration Council to release a [study](#) by University of California at Los Angeles professor Raúl Hinojosa-Ojeda that showed that comprehensive immigration reform with a path to legalization for the nation's undocumented immigrants could generate a cumulative \$1.5 trillion in added U.S. gross domestic product (GDP) over 10 years. The report predicts the costs and benefits of three different scenarios: the mass expulsion of undocumented workers, a temporary worker program without legalization, and comprehensive immigration reform that includes a legalization program and a legal flow of future workers. Of the three policy options, Hinojosa asserts that immigration reform is the only approach that would both generate a gain in GDP and boost the wages of all categories of workers. President Obama's current focus is, understandably, "[jobs, jobs, jobs.](#)" However, Hinojosa's findings show that the issues of immigration and the economy are far from mutually exclusive. While anti-immigrant groups use anecdotal evidence to erroneously [claim](#) that legalization would be disastrous for the American worker, passing comprehensive immigration reform would not only strengthen the labor market, it would promote needed economic growth. Polling [released yesterday](#) additionally shows that 66 percent of voters support a program that requires undocumented immigrants to register, meet certain requirements, and become legal taxpayers on their way to becoming full U.S. citizens.

RAISING THE FLOOR: Hinojosa bases his findings on a simulation model that uses the positive economic effects of the [1986 Immigration Reform and Control Act](#) (IRCA), which granted legal status to 1.7 million undocumented immigrants, as a starting point. Research has [long established](#) that retaining a large population of unauthorized workers has a debilitating effect on wages and working conditions in several key industries. IRCA increased the hourly wages of legalized immigrants an average of 15.1 percent by 1992, thereby raising the floor for all workers. Legalization also significantly increased incentives for these immigrants to "invest in themselves and their communities" and removed "artificial barriers to upward socioeconomic

SIGN UP
THE PROGRESS
REPORT

FEATURES:
[Under the Radar](#)
[Think Fast](#)

BLOG WATCH

Divorce rates [are higher](#) in states with same-sex marriage bans.

The [case against](#) mountaintop removal mining.

Rethinking the supposed [intelligence failure](#) before the Christmas Day terror attempt.

Why Israel and China are not a [match made in heaven](#).

The right wing [rallies](#) around Trent Lott's segregationist remarks.

Lou Dobbs [defends](#) his birtherism.

When Britain [occupied Yemen](#).

More Iraq war [myths](#).

mobility." Though Hinojosa uses IRCA's legalization program as the basis of his economic model, he acknowledges that the bill failed to "create flexible legal limits on immigration that were capable of responding to ups and downs in future U.S. labor demand." From there, Hinojosa predicts that if immigration reform does include mechanisms that ensure a legal future flow of immigrants, in addition to a path to legalization, it would yield a cumulative total of \$1.5 trillion in added GDP over 10 years. According to Hinojosa, this approach would also bring substantial economic gains during the first three years following legalization: unauthorized workers would be granted full labor rights which, in turn, would boost worker productivity, produce \$4.5 to \$5.4 billion in new net tax revenue, and generate enough consumer spending to support 750,000 to 900,000 jobs. It's also worth noting that Congress passed IRCA [during an economic recession](#).

SUPPORTING RESEARCH: The libertarian Cato Institute recently took a look at what legalization would specifically mean for U.S. workers and found that legalizing undocumented immigrants and creating future legal channels could increase household income by a total of approximately [\\$180 billion](#) in the 10th year, or a welfare gain of 1.27 percent. The Hinojosa study reaches a remarkably similar conclusion, finding that the addition to GDP in the 10th year following comprehensive immigration reform would total \$189 billion. Furthermore, the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) estimated that the Comprehensive Immigration Reform Act of 2006 would have generated [\\$66 billion](#) over a 10-year period in new revenue alone from income and payroll taxes and administrative fees. Another study by Giovanni Peri, Associate Professor of Economics at the University of California-Davis, further illustrated that immigrants usually "[complement](#)" the native-born workforce, thereby boosting the productivity and wages of native-born workers in a way that's reflected in Hinojosa's simulation. Studies have also confirmed the positive economic benefits of IRCA. Research by the Migration Policy Institute has shown that immigrants "legalized" under IRCA demonstrated [steady upward job mobility](#) by 1992. Other studies have also dismissed the claims of restrictionists who view immigration as a zero-sum game. "The notion that unemployed natives could simply be 'swapped' for employed unauthorized immigrants is not valid economically," [writes](#) the Immigration Policy Center. "In reality, native workers and immigrants workers are not easily interchangeable."

COSTLY ALTERNATIVES: [Anti-immigrant groups](#) and many [right-wing politicians](#) have relentlessly advocated for an "[attrition through enforcement](#)" approach that would effectively translate into deporting as many immigrants as possible and making the lives of undocumented immigrants so miserable that those not caught willingly leave on their own. However, Hinojosa points out that, any enforcement-only approach that leads to the removal of four million immigrant workers and their dependents would amount to a cumulative \$2.6 trillion in lost GDP over 10 years, not including the estimated [\\$206 to \\$230 billion](#) it would cost just to physically deport undocumented immigrants over a five-year period. Some [moderate Republicans](#) have also

DAILY GRILL

"The stimulus...has had no effect on jobs."

-- Right-wing radio host Rush Limbaugh, [1/11/10](#), citing an Associated Press analysis of the stimulus

VERSUS

"The stimulus has produced some jobs...[and] helped ease the recession."

-- AP, [1/11/10](#)

expressed a single-minded emphasis on promoting an expansion of temporary immigrant worker programs and have already indicated they won't support an immigration reform bill that doesn't include such provisions. Hinojosa warns that if immigration reform were to solely consist of a temporary worker program, GDP would increase by a comparatively meager cumulative \$729 billion over 10 years and result in a wage decline for both native-born and temporary immigrant workers. He concludes that we need to legalize the current population and then we need to create legal channels for a diminished number of future immigrant workers. Meanwhile, some Republicans are clinging to restrictionist policies. Last week for instance, Rep. Gresham Barrett (R-SC) [announced](#) his intention to update and reintroduce legislation that would "secure America" by banning and deporting immigrants from "countries designated as State Sponsors of Terrorism." Department of Homeland Security Secretary Janet Napolitano [pointed out](#) that "we will never have fully effective law enforcement or national security as long as so many millions remain in the shadows."

UNDER THE RADAR

MIDDLE EAST -- PEACE ENVOY GEORGE MITCHELL FLOATS WITHHOLDING LOAN GUARANTEES TO PRESSURE ISRAEL, JUST AS BUSH DID:

This past Wednesday, U.S. Middle East peace envoy George Mitchell -- who [successfully brokered peace](#) in Northern Ireland -- suggested to a PBS host that the United States could "[withhold support on loan guarantees to Israel](#)" as one tool to pressure the Israelis to seriously engage in peace efforts. Mitchell's remarks have sparked an "[uproar](#)" among the Israeli right, which has been intransigent on the issues of [settlement expansion](#) and the [economic blockade of Gaza](#). Additionally, a group of American senators -- John McCain (R-AZ), Joe Lieberman (I-CT), John Barrasso (R-WY), and John Thune (R-SD) -- appeared at a press conference in Jerusalem and [slammed](#) Mitchell's openness to using all available tools to forge a Middle East peace. Lieberman said that "any attempt to pressure Israel, to force Israel to the negotiating table by denying Israel support, will not pass the Congress of the United States." McCain said that "this type of pressure would not be helpful 'and I don't [agree with it](#).'" What right-wing critics of Mitchell's suggestion do not acknowledge is that threatening to freeze loan guarantees is hardly unique to the Obama administration. In fact, the last time such a threat was made was under President George W. Bush. In 2003, Bush [made the explicit threat](#) to withhold loan guarantees from the Israelis due to the expansion of their "security fence" deep into Palestinian territory. Bush's father went even further. In 1991, President George H.W. Bush briefly cut off loan guarantees to the Israeli government over their settlement policies, successfully forcing "Prime Minister Yitzhak Shamir ... to [attend the Madrid Peace Conference](#)." As the Wonk Room's Matt Duss notes, threatening to suspend aid to

Israel "is the [only thing likely to change Israel's behavior](#)."

THINK FAST

A new CBS News poll finds President Obama's **job approval rating has slipped to 46 percent**, the lowest rating yet. Also in the poll, "[57 percent of Americans approve](#) of the way the Obama administration has responded to the attempted attack, and 29 percent disapprove."

A number of Republican senators have **stepped up to defend Sen. Harry Reid** (D-NV) in the wake of his racially-insensitive remarks. Sen. John McCain (R-AZ) told NBC's Today Show that Reid is [not racially insensitive](#). Sen. John Ensign (R-NV) said [it was wrong](#) for Republicans to call for Reid's resignation. "It [pains me](#) that Republicans are saying Harry Reid ought to step down," added Sen. Tom Coburn (R-OK).

In an interview with a local news station, Sen. Russ Feingold (D-WI) criticized Reid and suggested he may consider **calling on the Majority Leader to step down**. Feingold said the topic will come up during [next week's caucus meeting](#).

A new ABC News/BBC/ARD poll has found that nearly **70 percent of Afghans support the U.S. presence** in their country and 61 percent favor the surge of 37,000 U.S. and NATO forces. The poll also found that about 70 percent think Afghanistan is headed [in the right direction](#).

The Federal Reserve "made record profits in 2009" while propping up the financial industry and **will "return about \$45 billion to the U.S. Treasury,"** according to Washington Post calculations. "The numbers are good news for the federal budget and a sign that the Fed has been successful, at least so far, in [protecting taxpayers](#)."

Obama "will try to recoup for taxpayers as much as \$120 billion of the money spent to bail out the financial system, **most likely through a tax on large banks**." The levy would attempt to reduce the deficit, discourage the excessive risk-taking that led to the financial collapse in 2008, and also dispel Americans' anger as big banks [report record profits](#).

Though Obama told union leaders in a private meeting yesterday "that [he remained committed](#) to taxing high-cost insurance policies as a way to drive down health costs," **he also "signaled that he was willing to amend the proposal** to 'make this work for working

families.'" "It was a frank conversation about the excise tax," said a senior administration official.

"The CIA had 25 agents in Germany after the September 11 attacks and **planned to 'rendition' illegally al-Qaeda subjects** without informing the German government," the German magazine Der Spiegel reports. "We were planning stuff [that was totally illegal](#)," one former CIA agent told Der Spiegel.

The Department of Veterans Affairs says that "**the suicide rate has gone up among 18- to 29-year-old men who have left the military.**" Between 2005 and 2007, "the suicide rate for these veterans [went up 26 percent](#)." "It's assumed that most of the veterans in this age group served in Iraq or Afghanistan."

And finally: **The Vatican does movie reviews.** The official newspaper and radio station of the Vatican has registered its disapproval with the movie Avatar. "So much stupefying, enchanting technology, [but few genuine emotions](#)," said Vatican newspaper L'Osservatore Romano, which devoted three articles to Avatar in its Sunday editions. Vatican Radio criticizes Avatar's portrayal of nature as "a divinity to worship."

[About Think Progress](#) | [Contact Us](#) | [Terms of Use](#) | [Privacy Policy \(off-site\)](#) | [RSS](#) | [Donate](#)
© 2005-2010 Center for American Progress Action Fund