

Immigration doesn't hurt native-born workers

By [Daniel Griswold](#) 11:43 AM 03/09/2011



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Recent hearings in the Republican-controlled House Judiciary subcommittee on [immigration](#) focused on enforcement, but the underlying message was that immigrants are taking jobs that rightfully belong to American workers.

The implication was clear: If we can reduce illegal immigration, it will mean more jobs and higher wages for native-born workers, especially the poor and minorities.

That message may play well politically, but it does not reflect the reality of America's dynamic labor market. There is simply no evidence that immigration drives up the U.S. unemployment rate or that it drives down wages for American workers.

America's current unemployment rate of nearly 9 percent has nothing to do with immigration. The rate was below 5 percent four years ago when, according to the Pew Hispanic Center, there were 1 million *more* [illegal immigrants](#) in the United States than today.

In fact, immigration helps to soften swings in the unemployment rate by acting as a kind of safety valve for the U.S. labor market. When jobs are plentiful and labor markets tight, immigrants tend to come in greater numbers. When jobs are scarce and unemployment high, immigrants arrive in fewer numbers and more choose to return to their native countries, an option not open to native-born Americans.

The large majority of Americans have no reason to fear losing their job to an [immigrant](#). Immigrants typically fill niches in the labor market at the high end and the low end of the skill spectrum, from farm workers and dishwashers to computer scientists and physics professors. Of course, Americans perform those jobs as well, but not in sufficient numbers needed to meet demand during years of normal growth. As a result, immigrants complement most American workers rather than compete against them.

Numerous studies have found a generally positive impact of immigration on native-born wages. The only two groups that do suffer some wage losses because of immigration are other recent immigrants, and the small and shrinking pool of native-born adult Americans laboring without a high school diploma.

A comprehensive study by the National Research Council in 1997 concluded that immigration boosts the income of American workers overall by as much as \$10 billion, but that it does slightly reduce the wages of the lowest skilled Americans. The NRC found that immigration had no negative effect on the wages of black Americans as a group.

More recent studies have confirmed the benign impact of immigration on U.S. wages. In a 2006 study for the National Bureau of Economic Research, economists Gianmarco Ottaviano and Giovanni Peri estimated that [immigration from](#) 1990 to 2004 had reduced the wages of Americans without a high school diploma by 1 to 2 percent, while boosting the wages of the more than 90 percent of American adults with a high-school education by 0.7 percent in the short run and 1.8 percent in the long run.

Immigrants have a relatively small impact on the wages of native-born workers for at least three major reasons.

One, immigrants tend to bring a different set of skills and differing preferences for the kind of work they perform compared to native-born workers, which means immigrants are less easily substituted for their native-born counterparts.

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Two, by increasing the size the labor force, immigrants tend to boost the returns to capital, stimulating more investment in the economy and thus raising the productivity and wages of all workers, including the native-born.

Immigrants can also boost investment through their own human capital and entrepreneurial spirit. A 2007 Duke University study found that one-quarter of all engineering and technology companies launched between 1995 and 2005 had at least one key founder who was foreign-born. Those companies with at least one immigrant co-founder produced \$52 billion in sales and employed 450,000 workers in 2005.

Three, for all the [political](#) hype over immigration, the number of immigrants and their output continue to be modest compared to the overall size of a U.S. economy that employs close to 150 million workers and produces more than \$14 trillion in output a year.

The best approach to immigration as our economy recovers from recession would be to expand channels for legal entry. Legal immigrants tend to invest more in their job and language skills, and they enjoy more bargaining power in the market place, resulting in higher wages not only for the immigrants but for Americans working alongside them.

There is a lot a blame to go around in Washington for the recession and the resulting loss of millions of jobs in the past few years. Immigrants working hard in our economy today are not part of the problem, but part of the solution.

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