



## US immigration: They have a dream

By Anna Fifield

Obama is pushing to overhaul the system, giving some of the 11m illegal residents rights – and the country a boost

Nancy Hernandez stood in front of the famous dome of the US Capitol holding up a sign exhorting “Immigration reform now!” The 22-year-old had travelled from small-town Michigan to join thousands of others to urge lawmakers to [overhaul the US’s immigration system](#).

“We need a pathway to citizenship,” says Ms Hernandez, a “dreamer” – the term for young people brought to the US illegally but who know no other home and who want to become American citizens. Her parents brought her and her two younger siblings to the US when she was nine years old, in search of a better life.

After finishing high school, Ms Hernandez could not work or get a drivers’ licence, or even a library card, because she did not have the necessary identification. So she worked odd jobs and teetered on the brink of depression.

But when President Barack Obama granted dreamers two-year work permits and a reprieve from deportation in 2011, she was able to start community college and think about her future. Now, she wants that temporary move to become permanent through comprehensive immigration reform. “I want to become a social worker,” she says. “I want to contribute to my community.”

Ms Hernandez is one of the 11m unauthorised immigrants in the US, many of whom are operating below their potential, trying to keep a low profile, living in a fog of uncertainty.

If Congress manages to overhaul the US’s broken immigration system this year, as Mr Obama hopes, about 8m illegal workers will be brought out of the shadows. Business groups and economists argue that this could give a boost to the world’s largest economy as its recovery sputters along.

“We’re talking about a tremendous shot of vitality for the economy,” says Carlos Gutierrez, a former Republican commerce secretary and a proponent of

immigration reform. “This is the best thing we can do for the economy and the most efficient stimulus plan we could have.”

The Senate is debating [a bipartisan bill](#) that, if passed, would usher in the most sweeping changes since President Ronald Reagan led reforms in 1986 that allowed 3m undocumented residents to become citizens. The Bush administration tried to pass further reforms in 2007 but the effort failed to pass Congress.

The current proposal is encountering political resistance in the wake of the Boston marathon bombings, which were allegedly carried out by two immigrants. But analysts say the current backlash is unlikely to derail the bill’s prospects. Indeed, backers of the reforms are finding reasons to be optimistic – in particular new support from some Republicans, who are trying to woo Hispanic voters.

The Senate bill would allow people illegally in the US to apply for a “provisional” legal status, after paying a fine and back taxes. After 10 years, they could apply for a permanent residence “green” card, and become a citizen three years later.

Dreamers like Ms Hernandez will be offered a faster pathway, with the opportunity to apply for green cards after five years, and then for citizenship immediately. At the same time, the bill would raise the number of visas available for both high and low-skilled immigrant workers.

Analysts say the senators have remedied some of the problems of the 1986 law. The Reagan-era reforms made employers responsible for checking immigrants’ documents, which proved unwieldy and ineffective. The new proposal has strict enforcement and verification measures.

But the 1986 reforms also failed to account for the fact that many immigrants come to the US for reasons other than economic ones. While visas were given to 3m illegal workers, many of them had spouses and children at home who wanted to join them. The Senate’s latest proposal would create a new regime for family visas to resolve this problem.

As this legislation wends its way through the Senate, and as the House works on its own bill, advocates of immigration reform are focusing on the economic benefits “like a laser beam”, says Angela Kelley of the Center for American Progress, a left-leaning think-tank with close ties to the White House.

This laserlike focus on the economic case makes political sense: if they can make the case that immigration reform will help revive the US economy, the chances of success will be improved. But it also reflects hard lessons learnt.

The 11th-hour failure of the 2007 effort has been widely blamed on a report from the conservative Heritage Foundation, which warned that “amnesty” would cost American taxpayers at least \$2.6tn.

Once again, the fate of immigration reform may ultimately hinge on who wins the economic argument, which can roughly be boiled down to one issue. Does making taxpayers out of all these undocumented workers boost the US economy? Or will these newly legal residents cost more than they contribute?

Think-tanks from across the political spectrum have been churning out economic reports to answer these questions – and influence the debate. With the 2007 experience in mind, proponents of reform are armed with economic studies concluding that the Senate bill would have a net positive impact on both the US economy and the government’s coffers.

A study by Robert Lynch of Washington College found that reforms giving illegal immigrants a 10-year pathway to citizenship would add a cumulative \$832bn to gross domestic product over a decade.

It would also lead to a \$470bn increase in Americans’ income over the 10 years and create 121,000 more jobs a year, Mr Lynch found in the study, which was conducted for the Center for American Progress.

Prominent Republicans are also endorsing the economic case for immigration reform. Doug Holtz-Eakin, a director of the Congressional Budget Office during the George W. Bush administration, [concluded](#) that reform could boost the average rate of real annual GDP growth from 3 per cent to 3.9 per cent over the first decade. After 10 years, the US’s GDP per head would be \$64,700 rather than \$62,900.

The reason? More people would be working in better-paid jobs, which means they would be paying more taxes and consuming more.

“Immigration reform is going to dramatically change people’s activity in the economy,” says Alex Nowrasteh of the Cato Institute, a libertarian think-tank. “Legal immigrants invest in things like learning English and education, as well as doing things like buying a house – things they might not invest in if they are worried about being deported.”

Many of the 8m people working without the right papers are in low-skilled jobs such as cleaning or landscaping, and are vulnerable to exploitation. They often end up being paid lower wages than native-born workers in similar jobs – sometimes below the minimum wage – since they are unlikely to complain.

A 1996 Department of Labor study on the impact of the reforms a decade earlier found that the wages of previously undocumented immigrants rose by 15.1 per

cent five years after gaining legal status. This is largely because they moved into better jobs than they had before.

George Borjas of Harvard and Princeton's Marta Tienda found that before 1986, Mexican immigrant men who were working in the US legally earned 6 per cent more than undocumented Mexican men. Recent studies suggest that undocumented immigrants are further "underground" today than they were in 1986, making the wage gap even wider.

If immigrants can expect higher wages as a result of immigration reform, then so too can US-born workers, who no longer find themselves having to vie for jobs with lower-paid workers. "Native-born workers will no longer be competing with people earning low wages, sometimes less than the minimum wage, so that will push up wages across the board," Mr Lynch argues.

However, some economists say that the benefits will not be equally shared. Mr Borjas, who favours limits on immigration, argues that illegal immigration reduces the wages of the bottom 10 per cent of native-born earners by an estimated \$99bn to \$118bn a year.

When he launched his push for reform in January, Mr Obama depicted immigrants in a way that Americans like to see themselves: self-starting and entrepreneurial. "One in four new small-business owners were immigrants," he said. "Folks who came here seeking opportunity and now want to share that opportunity with other Americans."

There are studies that back this view. The Kauffman Foundation of Entrepreneurship found that immigrants are more than twice as likely to as native-born Americans to start businesses.

More fundamentally, they are also more likely to have babies. Hispanic women have an average of 2.4 children, much higher than the native-born average of 1.95.

"Imagine more rapid fertility growth, productivity, more rapid economic growth," says Mr Holtz-Eakin, who is still affiliated with Republicans. "That's all good news."

Some argue that this could help the US deal with the yawning gap in its pension system and other "entitlement" programmes. The government's unfunded liabilities for Social Security and federal pensions, as well as the Medicare health insurance system for the elderly, now total \$86.8tn. The problems get worse as more baby boomers retire.

Immigration reform "is a *de facto* way to get more people into the system and it puts off the days until the money runs out", in the opinion of Mr Nowrasteh.

But even as they pay more in, newly legal residents will be limited in what they can take out. The Senate bill stipulates that federal benefits – including healthcare, Social Security and other aid – will be off-limits to people with provisional legal status. At the same time, these people will pay far more tax. Estimates range from an additional \$109bn in taxes over a decade to \$600bn.

But the Heritage Foundation does not agree with such forecasts and is preparing a reprise of its 2007 assault.

“Our research has shown that the unlawful, lower-skilled tend to pay significantly less in taxes than they receive in benefits,” says Derrick Morgan, vice-president for domestic and economic policy.

It does not matter that the current bill bars provisional immigrants from receiving federal benefits for at least a decade, he says.

“The delay simply pushes off the day of reckoning because once they are citizens, they will be eligible for all these benefits,” Mr Morgan says.

Other conservatives, however, are backing reform. Salvatore Mattiaccio, a second-generation Italian-American and “card-carrying Republican” who employs immigrant labourers at his New Jersey construction company, says that reform must happen.

“There are so many undocumented workers here and there is no way we can root them all out and deport them,” he says. “So they should be legalised and made to pay taxes.”

### **Senate: Long road to full citizenship**

The immigration reform bill introduced last week in the US Senate offers a path to citizenship for people living in the country illegally. The House of Representatives is working on its own reforms, which are likely to be broadly similar, though they may not offer full citizenship. Below are highlights of the bipartisan bill:

#### **Provisional status**

Undocumented immigrants can apply for “registered provisional immigrant” (RPI) legal status but they must pay a \$500 penalty fee, back-taxes and an application fee. Anyone convicted of a felony, or three or more misdemeanours, will be ineligible.

Immigrants with RPI status can work for any employer and travel outside of the US. After a decade in RPI status, a person can apply to adjust their status to “lawful permanent resident” through the established process.

“Dreamers” can get permanent residence “green cards” after five years and will be eligible for citizenship immediately after getting green cards. Undocumented farm workers will be eligible through an “agricultural card programme”.

### **Family and students**

The bill sets up a merit-based system to eliminate the backlog for family and employment-based immigrants. It increases the annual cap on H-1B visas for highly skilled workers from the current 65,000 to 110,000, while allocating an additional 25,000 visas for graduates of US universities with advanced degrees in science, technology, engineering and mathematics. The caps can rise if there is high demand for these workers. The bill also creates up to 200,000 new “guest worker” visas.

### **Employment verification**

The “E-verify” system will be upgraded and all employers will be required to use the system to check on potential employees’ immigration status. Under the system, every non-citizen will be required to show their “biometric work authorisation card” or their “biometric green card”.

### **Border security**

The bill allocates \$3bn to secure the border using drones and other surveillance measures, and for additional border-patrol agents. It will also provide \$1.5bn for high-tech fencing along the border.