



The Pros & Cons Of Immigration Reform

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May 1, 2015

Few political issues have generated as much heated debate in recent years as immigration reform. While the term “reform” usually entails a number of facets, the most contentious question is what to do with the estimated 11 million undocumented immigrants now living in the United States.

On one end of the argument are those advocating a path to permanent residency status – and ultimately, citizenship – for such individuals. The “Gang of Eight” proposal in the Senate, for example, would require undocumented immigrants to wait 10 years and pay fees and back taxes before obtaining a [green card](#). On the other side are those who say it’s unfair to allow these individuals to essentially leapfrog foreigners dutifully waiting for admission to the U.S. (For more, see [Understand The Requirements For U.S. Citizenship.](#))

Another concern is what to do with the government’s patchwork of visa programs, which permit foreign-born individuals to work in the United States on a temporary basis (see [Getting A U.S. Visa For Entrepreneurs & Investors](#) and [How To Retire In The U.S.: The Visas, The Process](#)). Some policymakers have advocated for a new guest worker visa, for example.

To be sure, it’s a subject fraught with a complex moral and practical concerns. One of the biggest considerations is how immigration legislation would affect American workers and the economy as a whole.

Over the years, advocacy groups on both sides have made widely divergent claims in this regard. Here, we’ll parse the main economic arguments for and against increasing the supply of foreign-born workers with legal resident status.

Impact on the Job Market

Perhaps the biggest argument against helping undocumented immigrants achieve citizenship is that they’ll take jobs from American citizens. On the surface, this seems like a pretty logical conclusion if you add millions of people to the workforce. But pro-immigration advocates say this argument ignores the dynamic nature of the job market.

Undocumented immigrants are also consumers, creating new demand for various goods and services. Several published reports suggest that the net effect would be an increase in overall

economic output. One analysis by the pro-reform Immigration Policy Center concluded that the influx of workers would boost the U.S. [GDP](#) by nearly \$1.5 trillion over 10 years.

And when the economy grows, so does the labor market. According to Madeleine Sumption, a policy analyst at the non-partisan Migration Policy Institute, immigrants could very well create more jobs than they take.

As Alex Nowrasteh, an immigration policy analyst at the libertarian Cato Institute points out, research suggests that foreign-born workers are also more likely to start their own business than other Americans. So, arguably, they're bigger job creators than folks who were born U.S. citizens.

Some also argue that immigration reform has the potential to address a growing need among U.S. employers: younger workers. With more baby boomers reaching retirement, some predict that the number of able-bodied workers will grow at a much slower clip over the next couple of decades. If predictions of a labor shortage prove accurate, Latino immigrants, who are on average 14.5 years younger than white Americans, could be one answer.

Will Wages Drop?

One of the things you'll often hear amnesty critics say is that allowing more workers to compete for American jobs will suppress wages for existing employees. The basic rules of [supply and demand](#) would seem to support that claim. When the supply of labor increases, the amount companies have to pay would presumably go down.

A USDA analysis of the agriculture sector found that increasing the foreign labor supply – whether through an increase in the number of visas or amnesty – would in fact put downward pressure on paychecks. According to the department's figures, wages would be more than 3% lower over a 15-year period if the size of the workforce were to expand in this way.

But even if pay for these jobs was to decrease, that might not be the case in every field. Supporters of immigration reform say that the availability of more workers is a boon for businesses, who have more consumers to buy their goods and enjoy lower production costs.

This theoretically strengthens demand for high-skill jobs that don't face as much competition from undocumented workers, such as managers and accountants. Therefore, reform could presumably boost wages, at least marginally, for jobs that require a college degree.

Effect on the Treasury

One of the biggest areas of disagreement is what effect amnesty would have on government coffers. A benefit of newly legalized workers is that they, for the first time, would contribute taxes to the federal government. One analysis has reform increasing revenue by \$4.5 to \$5.4 billion over the first three years.

The question is whether this influx of funds would outweigh new government expenditures on things like schools, police services and even welfare. As with many other claims, the numbers vary greatly depending on who's doing the analysis.

Nowrasteh reviewed numerous studies on immigration and found that “even dramatic changes in the level of immigration have small effects on government budgets and deficits.”

The conservative Heritage Foundation came to a very different conclusion, however. The group estimates that newly documented immigrants would obtain \$9.4 trillion in government services over a lifetime, while adding only \$3 trillion in tax revenue.

It's quite possible that the age profile of undocumented workers could bolster at least one federal program. The chief actuary of the Social Security Administration noted in a letter to Sen. Marco Rubio, a member of the “Gang of Eight,” that he projects a net benefit from the legislation. Because the 11 million workers in question tend to skew young, the agency believes they would collectively pay more into the Social Security system than they would take out.

The Bottom Line

Those who support a roadmap to citizenship for undocumented immigrants suggest that these new Americans will increase the size of the overall economy, and therefore create at least as many jobs as the workers among them occupy. Detractors argue that a bigger supply of workers will suppress wages, at least for low-skill positions. For more discussion read [3 Ways Immigration Helps And Hurts The Economy](#) and [The Economics of Labor Mobility](#).