

The Case for More Low-Skill Immigration

By Veronique de Rugy
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Don't let the nativists fool you: America is wealthier and better off when low-skill immigrants arrive en masse.

Whatever one thinks of the legality or propriety of the President Obama's move to end the threat of deportation for roughly five million illegal immigrants, the correct policy would be to allow more low-skilled workers to either enter legally or remain in the country.

The fact is that low-skilled immigrants, like their high-skilled counterparts, aren't the only ones to benefit by moving to America. We all benefit.

The issue of low-skilled immigration naturally provokes intense nativist sentiments. According to the Pew Research Center, roughly [47 percent of illegal immigrants](#) haven't completed high school. And household earnings for illegal immigrants are considerably lower than that of native-born and legal immigrants. So it makes some sense that native-born Americans worry that an influx of cheaper unskilled labor will depress overall wages and take away jobs from native-born workers.

However, lower-wage immigrants are not a competitive threat to most Americans given that only [12 percent of the native-born population](#) doesn't have at least a high school diploma. Moreover, uneducated Americans have a competitive advantage because of their fluency in English. As a result, lower-skilled natives tend to specialize in higher-paying jobs that require the ability to communicate in English while the immigrants concentrate in lower-paying manual labor jobs.

Economists have shown that low-skilled immigrants typically do [the "non-language jobs"](#) that the average American simply doesn't want (e.g., manual farm labor, roofing, and lawn care). As economist Benjamin Powell explains, "free trade in labor, like goods and services, allows people to do what is in their comparative advantage. Immigrants free up natives to take more valuable positions."

Take women, for instance. In [a 2011 paper](#), economists Patricia Cortes and Jose Tessada found that the availability of low-skilled labor allows women to leave the house and enter the labor force or work more hours than they could previously.

Indeed, economists have been unable to find definitive proof that lower-skilled immigration reduces the wages of American-born high school dropouts. The worst measured impact comes from the work of Harvard University's George Bojas. In 2003, [he found that](#) a relative long-run

depressing effect on the wages of American high school dropouts of only 5 percent. However, [the enormous benefits](#) that low-skilled immigrants provide more than make up for that relatively small cost.

Economists have also shown that because immigrant workers are more mobile than American-born ones and willing to travel a long way to get to a job, they end up filling the gaps in the U.S. labor market. In a recent and excellent piece called [Open Immigration Yea](#), Cato Institute immigration specialist Alex Nowrasteh notes that “[d]uring the Great Recession, lower-skilled Mexican immigrants were the most mobile workers in the economy and often moved great distances in search of low-paying jobs in other American states or even in Mexico.”

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And not all illegal immigrants remain in the country permanently. During the recession [net immigration to the U.S. from Mexico fell to zero or less](#). That’s because contrary to immigration opponents, most illegal immigrants aren’t coming to mooch off the U.S. welfare state, which they largely don’t have access to anyhow. They are uprooting themselves, leaving their country and families, and taking great risks to come to America in order to work and earn a living.

If one needs more evidence that immigrants are here to work, consider labor participation rates. According to [Jie Zong and Jeanne Batalova](#), “In 2013, about 70 percent of Mexican immigrants (ages 16 and over) were in the civilian labor force, compared to 67 percent and 63 percent of the overall foreign-born and native-born populations respectively.” And the rate reaches [94 percent for unauthorized foreign men](#).

Americans should remember that by working for less, immigrant workers help produce goods and services at a much lower cost, which in turn lowers prices for consumers. [According to Cortes](#), immigrants lower the prices of products consumed by highly educated consumers by 0.4 percent of GDP. For less educated consumers, they lower the prices by 0.3 percent of GDP.

And immigrants are consumers, too. Nowrasteh [notes](#) that Asian and Mexican immigrants together spend about \$2 trillion annually and sustain many “service jobs in the nontradable sectors of the U.S. economy like haircuts and auto repairs,” which cannot be imported from abroad and are performed by low-skilled Americans.

Finally, a common hang-up for people opposed to low-skilled immigration is the pressure that is placed on state and local governments – mainly through Medicaid and public school spending. As libertarian economist Milton Friedman [put it](#), “It is one thing to have free immigration to jobs. It is another to have free immigration to welfare. And you cannot have both.”

However, this is an argument for reducing the welfare state or at least further restricting immigrant access to welfare to immigrants – not keeping them out of the country. The federal

government already prohibits immigrants from receiving many government benefits, including [Social Security and other need-based programs](#). One step would be to lift the federal requirement imposed on state and local governments to provide services to individuals regardless of their immigration status. For many immigrants who are coming here to work, the lack of access to government programs would still beat the alternative that they would face at home.

It's also worth noting that the cost of illegal immigration is usually overblown. The Congressional Budget Office, for instance, [notes](#) that currently available estimates of alleged costs "are prone to considerable errors." For one, many estimates don't account for the future taxes that will be paid by the children of illegal immigrants once they're grown and have entered the workforce. Also, Stephen Goss, chief actuary of the Social Security Administration, [estimated](#) that in 2010 alone undocumented workers and their employers paid \$13 billion for Social Security even though these workers will probably never receive any benefits. In fact, Goss estimated that undocumented workers only received \$1 billion back that year, hence a net benefit to the program of \$12 billion. That's not too shabby.

As the great William Niskanen, the late chairman of the Cato Institute, [wrote](#) in 2006: "Better to build a wall around the welfare state than the country." He was right. Republicans and conservatives who claim to believe in free-markets should unite around the idea of more restrictions on welfare and fewer on immigration. After all, that would create an ideal sorting mechanism since only those who want to work will be willing to endure the hardship of leaving everything behind to come to the U.S. And it might also help the GOP make inroads with voters who have been turned off by party's hardline stance on immigration.

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