An Analysis of the Impact of Immigration on the Labor Market and Economy

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An Analysis of the Impact of Immigration on the Labor Market and Economy

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by
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Abstract

Immigration is a major topic discussed in politics today, and an issue that I have become quite interested in over the last couple of years of studying political science and international relations. I interned last summer at the International Rescue Committee (IRC) of Abilene where I worked as an intensive case management caseworker, assisting clients with transportation to pay bills, set up social security, and bank accounts. This paper provides an overview of immigration, and then dives into the immigrant visa process which I learned about during my internship at IRC, the economic benefits of immigration, the importance of family-based immigration, and the current administration’s view of immigration and potential policy proposals in the future. This research provides a basis for understanding how immigration affects our economy and labor market in a positive way and acknowledges the many contributions that immigrants provide to the U.S.
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Introduction

Immigration has to be one of the top, if not the number one, policy issues in American politics today. It is a difficult topic to discuss and resolve because no matter how you look at it, people are going to suffer. For example, the “caravan” heading towards America with Central American migrants truly breaks my heart because I know that regardless of the outcome for them, they will suffer in some way or another. It seems that everyone has a different opinion on immigration, and it varies from being willing to help these migrants find refuge here in America to taking extreme measures such as shooting those who try to come over illegally, including innocent children.

While I try my best to stay out of political discussions, or at least stay unbiased and neutral, I believe, as Americans, we should help these immigrant families whether it be through shelter, jobs, or medical care.

According to the American Immigration Council, the United States allows 480,000 family-based immigration visas per year, 20,000-65,000 temporary work visas which depend on the skill level, 140,000 permanent work visas, 70,000 refugee visas, and 55,000 diversity visas (“The Effects of Immigration”). Although these numbers are not necessarily low, they are certainly a lot lower than people perceive. Below is a graph displaying the number of perceived immigrants versus the actual number of immigrants in the population of various countries including the United States in 2011:
There were 11 million unauthorized immigrants in the United States in 2015, according to Pew Research. The U.S. civilian workforce has an estimated 8 million unauthorized immigrants, making up only 5% of the total share of the U.S. civilian workforce overall (Chaparro). The six largest states that account for unauthorized immigrants include California, Florida, Illinois, New Jersey, New York, and Texas, with a majority of immigrants being from Mexico or Cuba (“The Effects of Immigration”). The age distribution of natives and non-citizen immigrants suggests that immigrants, especially recent arrivals, are generally of the working age; therefore, they “impose relatively small costs on Social Security and Medicare… While immigrants’ taxes help pay for defense spending, they do not generate any additional significant costs for the military, thereby somewhat reducing the federal tax burden of the average native” (“The Effects of Immigration”).

**The Process of Immigrating to the U.S.**

The process of obtaining an immigration visa is far from an easy process, and it requires an exhaustive amount of time and patience in regard to filling out paperwork and waiting for immigration approval. There are many potential immigrants who wait
for as long as twenty years to receive approval to migrate to the United States on a visa. However, the length of the immigration visa process varies from person to person. There are multiple ways to immigrate to the U.S., and each way of has a significantly different timeline. For example, if you are the immediate relative of a U.S. citizen, you are highly likely to secure a green card relatively quickly. This is because there are currently no limits on the number of immediate relatives who can receive green cards. If you are the spouse of a U.S. citizen, a minor under the age of 21 of a U.S. citizen, or the parent of a U.S. citizen who is over 21 years of age, you are considered an immediate relative (“The Immigrant Visa Process”). Normally, if a person fits into one of these categories and fills out all of the necessary paperwork, he or she can immigrate once the paperwork is processed. It will still require a waiting time, however, to get the paperwork completed. For example, “the visa petition can take up to 8 months to be reviewed by the U.S. and being sent the paperwork can take another one to three months” (“The Immigrant Visa Process”). Also, the wait time after scheduling an interview can take up to two to four months. Additionally, if the applicant is already residing in the U.S., the entire process can take up to one year, and this timeline may be even longer for those applying from outside the U.S.

There is a type of green card known as the family preference green card, which allowed someone to apply for family sponsorship if he or she is related to a U.S. citizen but not an immediate family. However, according to the U.S. Department of State, since only 350,000 people are allowed to secure a U.S. visa through this type of
sponsorship each year, there are backlogs and the process takes longer than it does for the immediate family:

- Children over 21 years of age of a U.S. citizen, are in the first preference. The wait time for a U.S. visa in this category can be up to six years.
- A child or spouse of a green card holder is in the second preference. The wait time for a U.S. visa in this category can be anywhere from five to ten years.
- A married child of a U.S. citizen is in third preference. The wait time for a U.S. visa in this category can be up to eight years.
- A sibling of a U.S. citizen is in fourth preference.

There are several factors that can affect waiting times of family-sponsored green card applications. For example, there is a limit to the number of family-sponsored visas granted by country. Therefore, if you come from a country where not too many people are applying for a U.S. visa through family sponsorship, you may not need to wait as long as someone applying from China, Mexico, the Philippines, or India, where applicant rates are traditionally very high (“The Immigrant Visa Process”).

![Green card categories chart](chart.png)
The graph above, according to the Pew Research Center, shows the 2016 admission categories, with family-sponsored immigrants (804,793) making up the majority of admissions (“Green Card Categories That Have Faced or May Face Reductions”).

**What Type of Jobs are Immigrants Working?**

Most immigrants are willing to put in hard work for a chance at the American Dream. One would most likely think that the employment of immigrants is typically in sweat shops and production lines. Although a large portion of immigrants are working in positions such as production line workers and dock workers, there are also many jobs that immigrants have that directly benefit us. According to statistics from The Pew Research Center, immigrants make up 63% of America’s beauty business which includes services such as manicurists, pedicurists, makeup artists, shampooers, and skin care specialists. While there are certainly Americans who enjoy working these types of jobs, many immigrants provide a delicate service which is contributing to the economy and United States as a whole as well. Sixty percent of supermarket workers are also immigrants. They ensure that only the best fruit is sold in stores, creating a healthier environment. Other jobs include sewing machine operators, stucco masons, tapers, and housekeeping cleaners. It is important to note that these jobs vary from documented to undocumented immigrants. For example, documented immigrants are more likely to work in the beauty industry or for a housekeeping agency, while undocumented immigrants are likely to work in outdoor jobs where they are not surrounded by the public.
There is not an industry in the United States in which immigrants were the majority of workers. The leading industries for immigrants include private households, leather manufacturing, computer and electronic products, and personal and laundry services (Furman and Gray). There has been a decrease in agricultural jobs within the last few years and especially since the Trump administration took office. This is due to a shortage of agricultural work visas. The “shortage has incited the American Farm Bureau Federation to ask Congress to consider issuing more agricultural worker visas.” (“Immigrant Visa Process”). One of my friends, who is a first-generation Mexican-American, explained to me that many California farmers are losing crops due to lack of jobs resulting from the shortage in agricultural worker visas. American workers are not willing to work on farms, and this will impact the economy in a detrimental way.

The History of International Rescue Committee

My interest of seeking to learn more about immigration, and its impact on the labor force and economy arose from my time as an intern at the International Rescue Committee (IRC) of Abilene. The IRC was founded in 1942 when the International Relief Association and the Emergency Rescue Committee merged together (“History of the International Rescue Committee”). It built and established hospitals as well as refugee resettlement efforts in Europe during and after World War II. Their efforts did not stop in Europe, however. They have aided Indochinese refugees, Hungarian after the revolution was crushed by the Soviet forces in 1956, Cuban refugees who were fleeing Fidel Castro in 1960, and refugees from Africa, the Middle East, and many
other places. Without their assistance, many more families would be torn apart and still be living in harsh conditions. Their latest assistance has been to the survivors of the Nepali earthquake which occurred in 2015 (“International Rescue Committee”).

The Abilene branch of IRC aids refugees from all over the world, but the majority of their clients are from various parts of Africa. The compassion from each and every member of IRC is truly incredible, and it inspired me to apply for a summer position for which I was later chosen.

**My Experience with Immigration at International Rescue Committee**

During the summer of 2018, I worked at IRC as an intensive case management caseworker for six weeks, working alongside my supervisors with refugees predominantly from the Congo who spoke native Swahili. I assisted my clients with tasks such as paying rent and water bills to determining why a client’s electric was turned off and working to have it turned back on. Something that interested me from the very beginning was my clients’ places of employment. There was always someone around who would say something similar to, “They’re are taking our jobs.” I never paid much attention to these types of comments because immigrants deserve jobs as much as Americans. However, I quickly learned from my research and observations of my clients’ places of employment that this statement was quite invalid. They were, in fact, working at places that almost no American would want to work. This idea was first visible to me when I took one of my clients to her job at Goodwill. The garage-type area where she worked had no air conditioning, and it was the middle of July
where temperatures easily reached 100 degrees or higher. I felt terrible for the clients who had to work in “sweat shops” to make ends meet and to ensure that their family had food. This sparked my interest in researching immigration and its effect on our economy. I wanted to know if they are, in fact, taking our jobs, or if they are taking the jobs that no one else wants. It was a pleasant surprise to find the large amount of research on this topic, and it inspired me to continue researching and exploring immigration in regard to the U.S. economy and labor market.

The Benefits of Immigration on the Economy

Immigration not only allows for a more culturally diverse country, but it also benefits the economy in many ways. According to the Small Business Administration, immigrants are 30 percent more likely to start a business in the United States than non-immigrants, and 18 percent of all small business owners in the United States are immigrants (Orrenius). Immigrant-owned businesses thus creates more jobs for both immigrant and American workers. Additionally, immigrants are more likely to create their own jobs, specific to their talents and abilities, which will contribute to the growth of the economy and workforce. As President Barack Obama once explained at a naturalization ceremony held at the White House:

The lesson of these 236 years is clear – immigration makes America stronger. Immigration makes us more prosperous. And immigration positions America to lead in the 21st century. And these young men and women are testaments to that. No other nation in the world
welcomes so many new arrivals. No other nation constantly renews itself, refreshes itself with the hopes, and the drive, and the optimism, and the dynamism of each new generation of immigrants. You are all one of the reasons that America is exceptional. You’re one of the reasons why, even after two centuries, America is always young, always looking to the future, always confident that our greatest days are still to come. (Furman and Gray)

Immigrants create developing cutting-edge technologies and companies. According to the National Venture Capital Association, “immigrants have started 25 percent of public U.S. companies that were backed by venture capital investors” (Orrenius). The list of the companies include eBay, Sun Microsystems, Google, Intel, and Yahoo.

There are also many other benefits of immigration on the U.S. economy including a boost in demand for local consumer goods as well as American workers, and it would also create jobs and increase America’s gross domestic product (GDP). Increased immigration to the U.S. has increased the earnings of Americans who have a high school diploma and a college degree. Between 1990 and 2004, “increased immigration was correlated with increasing earnings of Americans by 0.7 percent and is expected to contribute to an increase of 1.8 percent over the long-term, according to a study by the University of California at Davis” (Furchtgott-Roth). The Immigration Policy Center estimates that the purchasing power of Latinos and Asians, many of whom are immigrants, alone will reach $1.5 trillion and $775 billion, respectively, by
2015. Comprehensive immigration reform “could support and create up to 900,000 new jobs within three years of reform from the increase in consumer spending, according to the Center for American Progress” (“The Economic Benefits of Immigration”). The nonpartisan Congressional Budget Office found that even under low investment assumptions, comprehensive immigration reform would increase GDP by between 0.8 percent and 1.3 percent in just four years which would help the U.S. economy tremendously.

There are experts from both ends of the political spectrum that see immigration as a net benefit to the economy. They “cite everything from population growth to increased tax receipts to diversity of people and ideas” (Orrenius). The Center for American Progress, a policy institute in Washington DC, estimates that a policy of mass deportation would “immediately reduce the nation’s GDP by 1.4% and ultimately by .6%. Because capital will adjust downward to a reduction in labor — for example, farmers will scrap or sell excess equipment per remaining worker — the long-run effects are larger and amount to two-thirds of the decline experienced during the Great Recession” (Furchtgott-Roth). Furthermore, removing 7 million unauthorized workers would reduce national employment by an amount similar to that experienced during the Great Recession as well. Over 10 years, U.S. output will have fallen $4.7 trillion short of what it might otherwise have been if stricter immigration laws are put into effect, according to many economists (“The Economic Benefits of
For comparison, U.S. GDP, the nation's total spending on goods and services, stood at roughly $18 trillion at the end of 2016.

**Family-Based Immigration Benefits the Economy in More Ways than One**

A family-friendly policy is one reason the U.S. has done well attracting talented scientists and engineers despite increased international competition for the best. Perhaps counterintuitively, “family-based immigrants add dynamism to the U.S. labor markets precisely because their skills do not instantly fit” (Regets and Duleep). Rather than being recruited for a specific job, family-based immigrants often have to adapt their skills to the U.S. labor market due to the various jobs that they are tasked with. They invest in U.S. human capital at astonishing rates, both through formal enrollment in schools and training programs, and in their willingness to change jobs and occupations if needed (Regets and Duleep). As they learn and develop new skills, they also become increasingly able to make their older skills valuable in the U.S. economy. In this way, they provide the U.S. with a continuous stream of persons who are willing to learn new skills, giving the U.S. an extraordinarily flexible labor force that responds to business innovations.

Family-based immigration is also associated with the phrase immigrant entrepreneurship. Another way to adapt one’s skills is to find or create new niches in the economy where they can be valuable to others and society as a whole. In a family business, for example, there are obvious advantages to being able to sponsor a sibling for immigration. It is undeniable that “when researchers have studied what factors encourage
immigrant entrepreneurship, sibling admissions was the star” (Regets and Duleep).

Though President Trump's proposed immigration plan did not add a single visa in these categories of sibling admissions, many experts would support raising those quotas; however, family immigration has its own positive features for the U.S., and there is no reason that it needs to be reduced in order to provide more employment visas.

Current Status of Immigration and its Future

Late last year, President Trump enacted a new rule that changed many of the factors that immigration officials typically consider when deciding if an applicant qualifies for a permanent resident status or a visa. President Trump’s new rule states that “applicants seeking to live in the U.S. from other countries or immigrants seeking to stay permanently should be denied if they will rely too heavily on government services, such as government housing, subsidized health care or food stamps, known as the Supplemental Nutrition Assistance Program or SNAP” (“Food Banks See Impact of Trump’s Immigration Policies”). Due to this new rule, there were many immigrant families who were reluctant to go to food banks and sign up for food stamps. They were afraid that those requests for assistance would be used against them when their immigration paperwork was processed. Sadly, many people who were at a high risk for malnutrition, such as pregnant women and young children, went without much needed food and nutrients. People who are receiving monetary assistance from the federal government are the ones in which the rule applies; however, the Trump administration has proposed a change, allowing officials to consider more government assistance programs as well.

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U.S.-born citizens, specifically young children and elderly adults, make up the majority of people who receive food stamps in the U.S. Roughly 9 million people are legal immigrants or children who are American citizens, but their parents were born outside the country which has caused some conflict due to President Trump’s view on it. According to Homeland Security, there has been an “estimation of a proposal that 2.5 percent of immigrants in the U.S. (more than 500,000 people) would withdraw from public programs because of the change” (Krogstad and Gonzalez-Barrera). A new survey from the nonpartisan policy group, Children's Health Watch, found that even more immigrant families reported that they do not have access to healthy food and water on a regular basis. Furthermore, it can be determined that SNAP benefit enrollment among immigrant families in the U.S. less than five years is down roughly 10 percent.

In January of 2017, President Trump signed an executive order that immensely expands who the U.S. considers a deportation priority. The order received little immediate media attention at the time of the signing, most likely because of the many other controversial orders the president released simultaneously during the beginning of his presidency. The order is “full of vague language and interpreting it has left a lot of questions as to what’s in store for the country’s 11 million undocumented immigrants” (Surana). There are arguments that these changes were done to make the U.S. safer, ridding communities of criminals. If this is true, it will be so because Trump’s order greatly increased the number of people considered criminals worthy of
deportation. An estimate, according to the *Los Angeles Times*, stated, “Trump’s order could include as many as 8 million undocumented immigrants, all of whom would be eligible for deportation at any moment. Immigration attorneys are still trying to make sense of the Trump’s order, mostly because of its vague language—probably done intentionally” (Surana). Trump signed the order to follow through on his campaign promise of mass deportations.

The language in the new order of President Trump says that any unauthorized immigrant convicted of any crime, no matter the severity, can be deported without notice. It makes no distinction between what type of crime this will be which “has the potential to put murder on par with rolling through a stop sign” (“Trump Admin Proposes Rule to Block Visas”). One of the most controversial terms in the order is a line that makes acts that might “constitute a chargeable criminal offense” deportable (Anderson). This has been interpreted as meaning an immigrant does not have to be convicted of a crime, does not even have to be charged with a crime, they just need to be suspected of committing some type of crime. Lawyers who specialize in this field say this will “likely be used to deport anyone who crossed the border outside of an immigration checkpoint” (Anderson). The distinction lies in whether someone overstayed a visa, or if the person crossed the border through the desert.

As President Donald Trump fights a flagrant battle against illegal immigration, his administration has been working more quietly to cut down on legal pathways to immigrate to the U.S. In late 2018, “a new type of policy kicked in which allowed officers with the U.S. Citizenship and Immigration Services to outright deny any visa
or green card application that was missing evidence or contains an error” (“Trump Admin Proposes Rule to Block Visas”). Around seven million people apply for a visa or green card every year. Previously, officers were required by an Obama-era policy to send notices which gave applicants a chance to correct such problems instead of shutting down the process. Officers can still choose to do so, but they can also choose to skip that step if the application is deemed frivolous. Without the notices, “applicants will not have the opportunity to intervene before a decision is made, potentially adding months or years of extra paperwork and thousands of dollars in fees to the already lengthy process” (“Trump Admin Proposes Rule to Block Visas”). In the case of those trying to renew their visas while they are still in the U.S., they could potentially be placed in deportation proceedings the moment their visas expire.

**Conclusion**

Immigration is a topic that I hope to continue studying and analyzing. My desire and interest in better understanding immigrants in these desperate, tragic situations makes my heart yearn for the day when immigrants in the U.S. from all different backgrounds are seen as equal not only in the workforce, but also as an equal member of society. Although immigrants have a different background than most of us, they are quite similar to us: They are working towards the same goal of providing for their families, and they work jobs that many Americans would not even attempt to try if they had no other choice. Their hard work and dedication benefits the economy by providing services that would otherwise not be provided. I saw firsthand the time and
effort immigrants have put in to better their lives and their children’s lives. I worked with clients at the IRC who were working two or three jobs, so they could fulfill their dreams of purchasing a car or a home. There are many immigrants and their families who are easily mistaken for people looking for handouts and an easy way out of their dire situations; however, in most cases, the opposite is occurring. We can learn a lot about hope and hard work from immigrant workers. As an American and fellow worker, I can gain knowledge and wisdom from their sacrifice to have a better life, not only for themselves but for future generations. According to George Borjas, an economist who studied immigration in relation to the economy in the mid 1990’s identified the benefits of immigration for the U.S. economy:

“If we are willing to maintain the hypothesis that immigration policy should increase the national income of natives, the government's objective function in setting immigration policy is well defined: maximize the immigration surplus net of the fiscal burden imposed by immigrants on native taxpayers. The optimal size and skill composition of the immigrant flow would equate to the increase in the immigration surplus resulting from admitting one more immigrant to the marginal cost of the immigrant.” (Borjas 18)

While the economic benefits are not the most important qualities of immigration, it is quite imperative to acknowledge that immigration makes our economy grow at a faster rate than it would without immigrant workers.
References


