

*updated June 2013*

## **THE ECONOMIC BLAME GAME: Immigration and Unemployment**

Contrary to the claims of critics, the immigration bill now winding its way through the Senate would not add to the ranks of the unemployed. In fact, both the legalization and “future flow” provisions of the bill would empower immigrant workers to spend more, invest more, and pay more in taxes—all of which would create new jobs. Put differently, employment is not a “zero sum” game in which workers compete for some fixed number of jobs. All workers are also consumers, taxpayers, and—in many cases—entrepreneurs who engage in job-creating economic activity every day.

Nevertheless, one of the most persistent myths about the economics of immigration is that every immigrant added to the U.S. labor force amounts to a job lost by a native-born worker, or that every job loss for a native-born worker is evidence that there is need for one less immigrant worker. However, this is not how labor-force dynamics work in the real world. The notion that unemployed natives could simply be “swapped” for employed immigrants is not economically valid. In reality, native workers and immigrant workers are not easily interchangeable. Even if unemployed native workers were willing to travel across the country or take jobs for which they are overqualified, that is hardly a long-term strategy for economic recovery.

### **There is no direct correlation between immigration and unemployment.**

- If immigrants really “took” jobs away from large numbers of native-born workers, especially during economic hard times, then one would expect to find high unemployment rates in those parts of the country with large numbers of immigrants—especially immigrants who have come to the United States recently and, presumably, are more willing to work for lower wages and under worse conditions than either long-term immigrants or native-born workers. **Yet there is little apparent relationship between recent immigration and unemployment rates at the regional, state, or county level.**<sup>1</sup>
- An IPC analysis of 2011 data from the American Community Survey found that, at the county level, **there is no statistically significant relationship between the unemployment rate and the presence of recent immigrants who arrived in 2000 or later.**<sup>2</sup>

### **Foreign-born and native-born workers do not generally compete for the same jobs.**

- Immigrants and native-born workers fill different kinds of jobs that require different skills. Even among less-educated workers, immigrants and native-born workers tend to work in different occupations and industries. If they do work in the same occupation or

industry—or even the same business—they usually specialize in different tasks, with native-born workers taking higher-paid jobs that require better English-language skills than many immigrant workers possess.<sup>3</sup> In other words, **immigrants and native-born workers usually complement each other rather than compete.**<sup>4</sup>

- As [data](#) from the 2012 Current Population Survey illustrates, most immigrant and native-born workers are *not* competing with each other in today's tight job markets.<sup>5</sup> The data demonstrate—as have other, more detailed [analyses](#)<sup>6</sup>—that **most foreign-born workers differ from most native-born workers in terms of what occupations they work in, where in the country they live, and how much education they have.**
- What this means in practical terms is that **most native-born workers are not directly competing for jobs with immigrant workers because they are in different labor markets.** In fact, even within the same company, immigrants and natives may not be in competition with each other due to differences in occupation, education, and location.

### **There is no correlation between immigration and minority unemployment.**

- Cities experiencing the highest levels of immigration tend to have relatively low or average unemployment rates for African Americans. An analysis of 2010 Census data by Saint Louis University economist [Jack Strauss](#) found that cities with greater immigration from Latin America experience lower unemployment rates, lower poverty rates, and higher wages among African Americans.<sup>7</sup>
  - **Latino immigrants and African Americans fill complementary roles in the labor market—they are not simply substitutes for one another.** In addition, cities which have suffered the effects of declining population are rejuvenated by an inflow of Latino immigrants who increase the labor force, tax base, and consumer base.
- **The grim job market which confronts many minority workers is the product of numerous economic and social factors: the decline of factory employment, the deindustrialization of inner cities, and racial discrimination,** among others. Immigration plays a very small role. According to Yale University economist [Gerald D. Jaynes](#), the impact on less-educated native-born workers of competition with immigrant workers “is swamped by a constellation of other factors (such as declining factory jobs and other blue-collar employment).”<sup>8</sup>
- Manuel Pastor of the University of California, Santa Cruz, concludes that “in the policymaking process, the small size of immigration’s impact on the labor market must be kept in perspective.” There are many other, far more significant factors contributing to unemployment and low wages among African American men in particular, such as “the rising level of skill requirements of jobs, racial discrimination, and spatial mismatch between the location of employment opportunities and residential locations of blacks.”<sup>9</sup>
- Economist [Gerald D. Jaynes](#) concludes that “**the best statistical studies of the effects of immigration on the wages and employment of the native-born conclude that such**

effects are relatively small—and in any event secondary to other causes of low wages and unemployment.” Jaynes and a colleague “launched a large-scale statistical analysis to measure immigration’s effects on wages and employment of natives nationwide. To our surprise, no matter how we approached the data, our results showed either no effects or very modest effects for the least-educated black men.”<sup>10</sup>

### Immigration creates new jobs.

- **Immigrants create jobs as consumers and entrepreneurs.** Immigrant workers [spend](#) their wages in U.S. businesses—buying food, clothes, appliances, cars, etc.<sup>11</sup> Businesses [respond](#) to the presence of these new workers and consumers by investing in new restaurants, stores, and production facilities.<sup>12</sup> And immigrants are 30 percent more likely than the native-born to start their own business.<sup>13</sup> The end result is more jobs for more workers.
- Economist [Giovanni Peri](#) of the University of California, Davis, concludes that “immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity,” and “there is no evidence that these effects take place at the expense of jobs for workers born in the United States.”<sup>14</sup>

### Endnotes

<sup>1</sup> Rob Paral & Associates, [The Unemployment and Immigration Disconnect: Untying the Knot, Part I of III](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, May 2009).

<sup>2</sup> Pearson r = -0.01, significance level = 0.62, N = 3,142.

<sup>3</sup> Giovanni Peri, “[The Effect of Immigrants on U.S. Employment and Productivity](#),” FRBSF Economic Letter 2010-26 (San Francisco, CA: Federal Reserve Bank of San Francisco, August 30, 2010).

<sup>4</sup> Michael Greenstone and Adam Looney, [Ten Economic Facts About Immigration](#) (Washington, DC: The Hamilton Project, Brookings Institution, September 2010), p. 5.

<sup>5</sup> Bureau of Labor Statistics, “[News Release: Foreign-Born Workers: Labor Force Characteristics—2012](#),” May 22, 2013.

<sup>6</sup> See Rob Paral & Associates, [Untying the Knot \(Part III of III\): The Disparity between Immigrant Workers and Unemployed Natives](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, August 2009).

<sup>7</sup> Jack Strauss, [Allies, Not Enemies: How Latino Immigration Boosts African American Employment and Wages](#) (Washington, DC: Immigration Policy Center, American Immigration Council, June 2013).

<sup>8</sup> Gerald Jaynes, [A Conversation About the Economic Effects of Immigration on African Americans](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, July 2010), p. 4.

<sup>9</sup> Manuel Pastor, “Somewhere Over the Rainbow? Immigration and African Americans,” *Focus Magazine* 34, no. 5 (September/October 2006): 5.

<sup>10</sup> Gerald Jaynes, [A Conversation About the Economic Effects of Immigration on African Americans](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, July 2010), p. 3.

<sup>11</sup> Heidi Shierholz, [Immigration and Wages: Methodological advancements confirm modest gains for native workers](#) (Washington, DC: Economic Policy Institute, February 4, 2010), p. 22.

<sup>12</sup> Michael Greenstone and Adam Looney, [Ten Economic Facts About Immigration](#) (Washington, DC: The Hamilton Project, Brookings Institution, September 2010), p. 5.

<sup>13</sup> *Ibid.*, p. 11.

<sup>14</sup> Giovanni Peri, “[The Effect of Immigrants on U.S. Employment and Productivity](#),” FRBSF Economic Letter 2010-26 (San Francisco, CA: Federal Reserve Bank of San Francisco, August 30, 2010).