

## WHY WE NEED IMMIGRANTS EVEN IN A RECESSION

### SOME INDUSTRIES STILL CAN'T FIND ENOUGH WORKERS

- Of the industries that traditionally employ immigrant workers, construction and hospitality are contracting in the downturn. But agriculture, food processing and home health care are still strong, and few employers in those sectors report significant numbers of native-born workers showing up to take low-end, unskilled jobs.
- Data is not yet available, but anecdotal evidence suggests that some industries, especially seasonal ones, still can't find enough workers.
  - Because immigrant workers are more flexible and they relocate more readily to find work, they are more likely to accept short-term, seasonal jobs, which generally last only three to six months and are often located in remote areas. Even unemployed U.S. workers are hesitant to move to fill seasonal lifeguarding or apple-picking jobs.
  - Colorado's governor says inadequate quotas for seasonal H-2B workers hurt the state's ski resorts and hotels this past winter.<sup>1</sup>
  - A Washington lawmaker says many farms in his state are operating with less than 75 percent of the workforce they need, and growers will need to leave as much as five percent of crops on the ground.<sup>2</sup>
- Even in a downturn, skilled U.S. workers may not take low-paying unskilled jobs.
  - In Morristown, Tenn., where the unemployment rate is 11.2 percent, U.S.-born workers told *The New York Times* they would take minimum wage or low-paying manufacturing jobs only as a last resort, and even after six to nine months out of work, they had not done so.<sup>3</sup>
  - A New York state apple grower said many U.S. workers take a pass on his jobs when they see that the work pays only \$9.50 an hour.
- The downturn doesn't change long-term educational trends: foreigners still account for two-thirds of the students enrolled in computer science and engineering programs at U.S. universities – and few employers want to overlook that talent.<sup>4</sup>

### IMMIGRANTS SPUR ECONOMIC GROWTH

- Immigrants boost consumer spending, the largest contributor to economic growth.
  - In 2007, Latino immigrants represented more than \$860 billion in buying power.<sup>5</sup>

- Immigrants start businesses that hire U.S. workers.
  - According to the Kauffman Foundation, immigrant entrepreneurs are twice as likely to start businesses as American entrepreneurs.<sup>6</sup>
- Immigrants sustain industries that create jobs for the native-born.
  - The University of Maryland found that every H-2B temporary worker creates 2.5 jobs for Maryland shore residents.<sup>7</sup>
  - Each farm job supports 3.5 non-farm jobs, which are generally better paying and more likely to be held by native-born U.S. workers.<sup>8</sup>
  - Low-skilled immigrant workers keep higher skilled U.S. workers employed. A restaurant can't stay open if it can't find dishwashers. These unskilled workers sustain jobs for waiters, managers and a chef. They also generate work for other companies, and other native-born workers, that do business with the restaurant – U.S. farmers, food processors, truckers, a laundry, an advertiser and the bank that finances the restaurant.

## **IMMIGRANTS PAY TAXES AND HELP CONTROL THE DEFICIT**

- Immigrants pay taxes.
  - Federal authorities estimate that 75 percent of immigrants already pay their full freight in taxes – income, Social Security, sales and property taxes.<sup>9</sup>
  - The average immigrant pays \$1,800 more in taxes than he receives in benefits each year.<sup>10</sup>
- Legalized immigrants would pay more taxes.
  - Immigrants legalized in 1986 saw their wages increase by 15 percent in just five years, and their taxes went up accordingly.<sup>11</sup>

## **LABOR SHORTAGES COULD CHOKER THE RECOVERY**

- Neglecting immigration reform or shrinking temporary worker programs now will lead to labor shortages when the economy starts to improve.
  - Eventually, the economy will start to grow again: housing starts will climb, restaurants will fill up again, Americans will take the vacations they've been putting off through the downturn. Instead of planning layoffs, employers will start hiring, and U.S. workers will want their jobs back. But many companies will be unable to grow – and unable to rehire management or technicians – if they can't find unskilled workers.
- If businesses can't find the labor they need, they will move off-shore.

- U.S. employers can raise wages only so much – any higher and they will find they are no longer globally competitive. And if they can't make a go of it in the U.S., many will move to other countries.
- According to growers in border states, Mexican workers are going to tend their produce one way or the other – the only question is whether the growers will stay in the U.S. or move south across the border. Many have already moved. U.S. direct investment in Mexican agriculture has increased sevenfold since 2000. American companies now farm more than 45,000 acres in Mexico, employing 11,000 workers.<sup>12</sup>
- Other countries are working hard to attract high-skilled immigrants – talent the U.S. will need when the economy starts growing again.
  - The European Union is considering a “blue card” visa with streamlined processing and other perks for high-skilled immigrants.<sup>13</sup>
  - Alberta, Canada has launched a program designed expressly to attract U.S. H-1B workers – more than 2,000 workers have applied since last April.<sup>14</sup>
- The demographic reality that makes immigrants essential to our economy is not going to change, no matter how long the downturn lasts.
  - By 2012, more than 75 million baby boomers will retire.<sup>15</sup>
  - The U.S. fertility rate will drop below replacement levels by 2015 or 2020.<sup>16</sup>
  - Fewer than 10 percent of American men drop out of high school to look for unskilled work today – compared to 50 percent in 1960.<sup>17</sup>

<sup>1</sup> *The Associated Press*, “Colo. Governor: Laws Stopping Immigrant Workers,” 1/29/09.

<sup>2</sup> *The [Vancouver, WA] Columbian*, “Farmworker Bill Stifled In House Committee,” 2/26/09.

<sup>3</sup> *The New York Times*, “A Slippery Place In The U.S. Workforce,” 3/22/09.

<sup>4</sup> *San Jose Mercury News*, “Fewer Applications For H-1B Visas Expected This Year,” 4/1/09.

<sup>5</sup> Jeffrey M. Humphreys, “The Multicultural Economy 2007,” *Georgia Business and Economic Conditions*, University of Georgia, 3<sup>rd</sup> quarter 2007, p. 1.

<sup>6</sup> Robert W. Fairlie, “Kauffman Index Of Entrepreneurial Activity,” April 2008.

<sup>7</sup> *The Associated Press*, “Crab Industry Worries About Few Visas For Pickers,” 3/24/09.

<sup>8</sup> Dr. James S. Holt, Testimony, Committee on Education and Labor, U.S. House of Representatives, 6/7/07.

<sup>9</sup> *The New York Times*, “Illegal Immigrants Are Bolstering Social Security With Billions,” 5/5/05.

<sup>10</sup> James P. Smith and Barry Edmonston, “The New Americans: Economic, Demographic, and Fiscal Effects of Immigration,” National Research Council, National Academy of Sciences Press, 1997, p. 347-348.

<sup>11</sup> “The Economics Of Immigration Reform: Legalizing Undocumented Immigrants A Key To U.S. Economic Recovery,” Immigration Policy Center, March 2009.

<sup>12</sup> *The Associated Press*, “Some U.S. Farms Outsourced To Mexico,” 5/27/08.

<sup>13</sup> *ChinaDaily.Com*, 10/23/08.

<sup>14</sup> *Boston Globe*, “American Dreams Deferred,” 3/24/09.

<sup>15</sup> Tamar Jacoby, “Immigration Nation,” *Foreign Affairs*, November/December 2006.

<sup>16</sup> United Nations, “World Population Prospects: The 2004 Revision, Highlights,” 2/24/05, p. 71.

<sup>17</sup> Dan Griswold, “Willing Workers: Fixing The Problem Of Illegal Mexican Migration To The U.S.,” Cato Institute, 2002.