

SECTION 1 • CHAPTER 4

Realize the potential of immigration

Demonstrators wave American flags during
an immigration rally, May 1, 2013, in Las Vegas.
AP PHOTO/JULIE JACOBSON

Immigration has long been instrumental to America's economic success. One of the core competitive advantages the United States has is that in the 21st century, people are still willing and eager to travel great distances, endure hardships, and bring their families here to live and work. Just as it was an economic benefit to the United States when Ellis Island opened 120 years ago to welcome its first arrival, a 15-year-old girl from Ireland,¹ so too is it an economic benefit to lay out a roadmap to citizenship for a 15-year-old child brought here by parents who have since lived and worked in the United States for years.

In other words, not only do we have 300 million engines of growth, we have many more aspiring potential citizens who can contribute to national prosperity.

New Americans bring new ideas and new influence. As University of Michigan Professor Scott Page has noted, “diverse groups of people bring to organizations more and different ways of seeing a problem and, thus, faster/better ways of solving it.”²

Immigrants and their children have founded 40 percent of Fortune 500 companies, from Ford Motor Company to Google to AT&T³ This kind of entrepreneurialism translates to jobs. As a report by the Partnership for a New American Economy noted, “immigrant-founded Fortune 500 companies alone employ more than 3.6 million people, a figure equivalent to the entire population of Connecticut.”⁴ Immigrant-owned businesses currently employ 1 in 10 American workers.⁵

The benefits that new Americans bring to the country accrue to the overall population. An analysis published by the Federal Reserve Bank of San Francisco found that “on net, immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity.”⁶ The economic boost


for example, finds that each farm job supports three more “upstream” jobs in things such as packing or transporting produce.⁸

Immigrants benefit the economy, but immigration within a reformed immigration system is key to realizing the following benefits fully:

- **Jobs and wages:** We would have gained 309,000 jobs in the two years following the depth of the recession in mid-2009 if we had passed immigration reform in that year.⁹ What’s more, we know that immigration has an overall net positive effect on the wages of native-born workers.¹⁰ In fact, providing legal status to undocumented immigrants in 2013 would mean an increase of \$470 billion in the cumulative earnings of all Americans over the next decade.¹¹

- **Increased revenues:** We already collect revenues from undocumented workers. The Social Security Administration estimated, for example, that undocumented workers contributed \$12 billion in Social Security taxes in 2010 alone.¹² And we know that providing legal status to undocumented immigrants will increase their earnings. The taxes paid on these additional earnings would sum to \$109 billion in federal, state, and local taxes over the next 10 years.¹³

- **Growth:** Research by economist Robert Lynch and economic researcher Patrick Oakford shows that providing legal status to the 11 million undocumented immigrants currently in the United States would add a cumulative \$832 billion to U.S. GDP over a decade.¹⁴



When the new earnings of immigrants are spent, this increased purchasing power has a demand-side impact that ripples through the economy, generating additional income, spending, and economic activity.

from providing a pathway to citizenship not only adds to productivity and output but when the new earnings of immigrants are spent, this increased purchasing power has a demand-side impact that ripples through the economy, generating additional income, spending, and economic activity.⁷ And economists find that immigrants generally complement rather than compete with native workers. The U.S. Department of Agriculture,

Immigration policies

Problem: In the United States more than 11 million undocumented immigrants currently live in the economic shadows, unable to contribute their full potential. Compounding this problem is a broken immigration system that blocks many aspiring Americans from coming to the United States and contributing to our economy.

Solution: Create a clearer, safer immigration system that serves our long-term interests.

Key policy ideas:

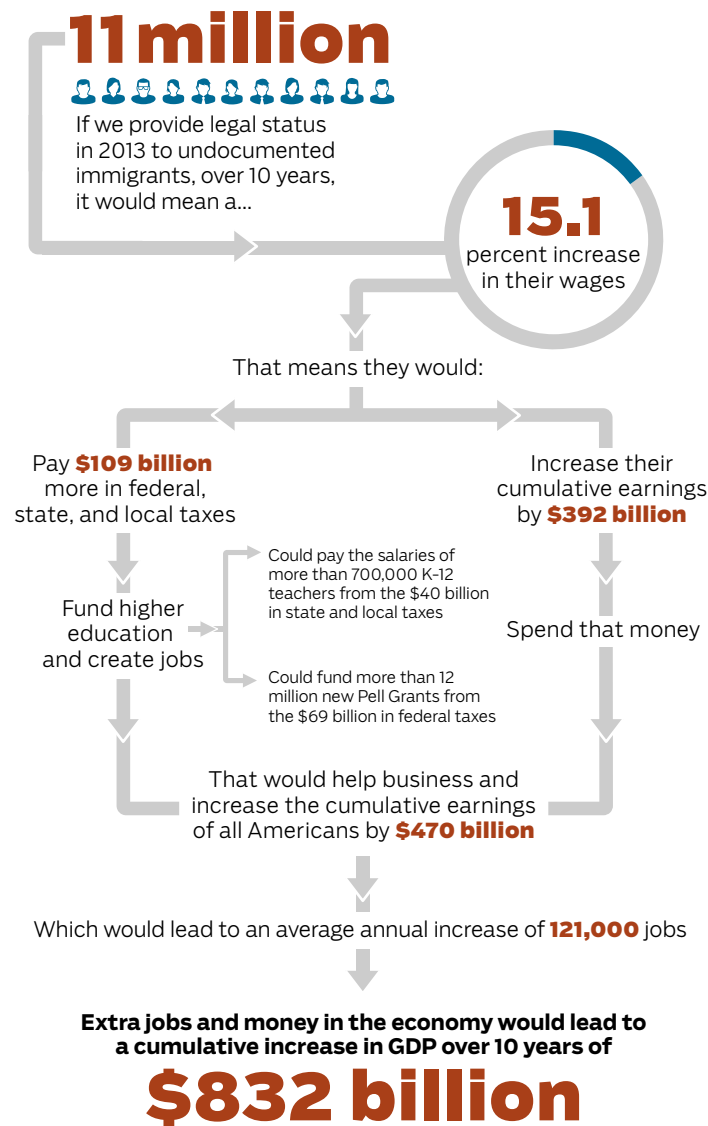
- Resolve the status of the 11.1 million aspiring Americans currently in the United States by providing a pathway to citizenship.
- Foster family reunification by clearing system backlogs and providing a clear system going forward.
- Improve access to permanent visas for foreign graduates of U.S. universities with STEM degrees.
- Create a discretionary pool of visas that can be allocated with flexibility based on determination of broadly defined national interest.

Other proposed policies include expanding funding to the Department of Homeland Security's civic engagement and integration program so that we can maximize the potential of new American citizens.

Outcomes: The status of 11.1 million aspiring Americans will be resolved by providing a pathway to citizenship, and a well-functioning immigration system will serve our economic needs. ■

FIGURE 5

How legalization and citizenship help the economy



Robert Lynch and Patrick Oakford, "The Economic Effects of Granting Legal Status and Citizenship to Undocumented Immigrants" (Washington: Center for American Progress, 2013), available at <http://www.americanprogress.org/issues/immigration/report/2013/03/20/57351/the-economic-effects-of-granting-legal-status-and-citizenship-to-undocumented-immigrants/>.

One of the biggest challenges facing developed economies is aging populations. Compared to its peers, America is a young country. Among the industrial nations in the G7, we have the lowest median age and the lowest old-age dependency ratio (senior citizens relative to working-age citizens);¹⁵ only the United States and France are having enough babies to meet population-replacement levels.¹⁶ Recent data reveal that it is the immigrant and minority groups already living in the United States that are closing the population-replacement gap.¹⁷

The vast majority of the 11.1 million undocumented workers in the United States have been here for more than a decade, live in families with children, and came to the United States to make a better life for themselves and their families.¹⁸ Our broken immigration system makes it hard for even some of the most qualified workers to stay in America and pushes others into the shadows of the informal economy at enormous cost to both native and immigrant workers. Opportunistic employers devalue native workers' wages by underpaying undocumented workers. Undocumented workers, in turn, are left without labor protections, and bad-faith politicians find the political space to pass anti-immigrant laws attempting to force immigrant workers and their families from their states—while mainly just forcing them further underground.¹⁹

Getting immigration right would be a huge economic boon to the country. We need legislation that accomplishes the following four goals:

- Resolving the status of the 11.1 million aspiring Americans already in the United States through a rigorous but fair pathway to citizenship
- Creating legal channels that serve our long-term interests and protect legal immigration
- Protecting U.S. workers from a race to the bottom
- Fostering an inclusive American identity

Policies that resolve the status of the 11.1 million aspiring Americans already in the United States through a rigorous but fair path to citizenship

While demagogues may talk about mass deportation in one form or another, the only sustainable way forward is to create an immigration process based on a fair and realistic program for registering new Americans and putting them on a path to citizenship—which also carries with it huge economic gains for the country fueled by increased purchasing power of workers with legal status. We propose providing a pathway involving background checks, learning English, and the payment of back taxes and a fine. We must also ensure that the road to citizenship can be completed in a reasonable amount of time so that the pathway is not a pathway in name only.



Our broken immigration system makes it hard for even some of the most qualified workers to stay in America and pushes others into the shadows of the informal economy at enormous cost to both native and immigrant workers.

Policies that create legal channels that serve our long-term interests and protect legal immigration

Right now we have a system that does not suit our economic needs. We educate people with advanced degrees in science, technology, math, and engineering, only to deny them the ability to stay and use their talents to invent new products and start new businesses in this country. We keep families separated through a system that is difficult to navigate, and we maintain backlogs that convince some people that it makes more sense to skip the formal system entirely.



Milagros Rodriguez, top right, who is originally from the Dominican Republic, works with a customer at her salon, the Woodside Beauty Salon, in the Queens borough of New York, Jun. 14, 2012.

AP PHOTO/SETH WENIG

We need to improve access to visas for foreign graduates of U.S. universities who receive STEM degrees, as well as for those who have the drive to start the next big company and the vision to develop the next breakthrough product. And we need to both clear the current green-card backlog through a discrete and dedicated channel of additional visas and, going forward, create a discretionary pool of visas that can be allocated with flexibility based on a determination of broadly defined national interest. Immigration policy should not be viewed as a zero-sum game in which there can be no increase in employment-based visas without a cut in family-based visas. Both serve the national interest, as evidenced by the fact that the founders of Google, Intel, Yahoo,

and eBay all came to this country not through the employment-visa categories but rather through the family or refugee categories.²⁰

Policies that protect U.S. workers from a race to the bottom

By providing all American workers—immigrant and native-born alike—with labor protections, we both protect individuals and also prevent the destabilizing effects of eroding labor standards. The exploitation and mistreatment of immigrants harms all workers in the United States. When immigrants are paid below the minimum wage, it brings

down wages for all workers. The key here is ensuring a level playing field based on strong worker protections for all employees within the United States and ensuring that workers do not fear retaliation from their employers because of their status. To do that we need to invest in worksite-enforcement mechanisms and also levy tough fines against employers who violate employment and labor laws.

Policies that foster an inclusive American identity

There is strength in America's diversity and the shared commitment to national values of democracy, equality, freedom, opportunity, and

hard work. Just as new Americans in the 19th and 20th centuries advanced their personal and professional fortunes as they learned English and became active in their civic communities, so too will new Americans in the 21st century. We should expand funding to the Department of Homeland Security's civic engagement and integration program. Dedicating resources to new citizenship initiatives and programs to help prepare "receiving communities" for their new immigrant populations will pay significant social and economic dividends. Similarly, programs such as the Welcome Back Initiative, which works to ensure that professional immigrants can retrain to use their skills in this country, will help us maximize the potential of new Americans.²¹ ■

Endnotes

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