

## Compassion Vs. Compulsion (IP-5-1995)

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By [Linda Gorman](#), Roger Drake

*In Brief. . .*

Estimates of illegal immigrants in Colorado vary from 17,000 to 60,000.

Studies have found that immigration has its most harmful economic impact on persons who are themselves recent immigrants. A 10 percent increase in immigration cause the wages of recent U.S. immigrants to fall by at least two percent.

Other than recent immigrants, the wages of the lowest skilled natives suffer most. About "a third of the 10 percentage point decline in the relative wage of high school dropouts between 1980 and 1988 [could] be attributed to the less skilled immigration flow."

Family reunification was given the highest priority under 1965 U.S. immigration law. The result of that change has been a significant decline in immigrant skills. By 1987, only four percent of the legal immigrants entered the U.S. because of their skills.

The explosion of social legislation that began at the federal level in 1965 produced new mechanisms by which some immigrants impose significant economic and political costs on natives--namely welfare and quotas.

One study shows that immigrants now receive cash benefits from public assistance programs that are 56 percent higher than would have been the case if immigrants used the welfare system to the same extent as natives.

The cost of welfare for illegal immigrants in Colorado is approximately \$9,272,762.

Colorado taxpayers spend roughly \$59,510,426 on the education of

illegal immigrants in the public school system.

The cost of Medicaid in Colorado for illegal immigrants to taxpayers is \$80 million. \$37.6 million of this amount comes out of the Colorado general fund.

Of the 8,200 prisoners in the Colorado penal system 371 (4.5 percent) are non-citizens. The cost of incarceration for each of them is about \$20,000, excluding the costs of prison construction. At this rate, the state is spending more than \$7.42 million per year for these criminals.

Many people have been dumbfounded by the debate over California's proposition 187. That serious consideration has been granted to the notion that American government should force American taxpayers to buy services for people who have no legal right to be in the United States is, quite simply, astonishing.

In the U.S., taxes must be paid before one can buy food, shelter or anything else for oneself or one's children. This means that requiring American taxpayers to provide for people who have no right to be in the United States forces them to buy food, shelter, education and health care for illegal immigrants before they buy it for their own families. Such policies treat productive American workers as legally indentured servants whose labor is owned by anyone managing to cross the border. To cloak such a preposterous idea in the mantle of compassion and human rights is an affront to all who take American citizenship seriously. It is also a measure of just how far some people's notions of compassion and responsibility have strayed from reality.

Although the real question under proposition 187 is whether illegal aliens have a claim on the pocketbooks of American citizens, arguing that illegal immigrants deserve the same benefits as legal ones ensured that the debate would widen to include the effect of immigration in general. On one end of the spectrum, people take the position that immigration of all kinds benefits American citizens. These people have difficulty making a logical case against open borders. People at the other end of the ideological spectrum feel that immigrants impose a net burden on American citizens that threatens to destroy the American way of life. At

their most extreme, they would halt immigration completely.

Given the data, neither of these extremes makes sense. It is clear that past immigration, before the advent of extensive welfare and social programs, has added to American prosperity. However, in the last 15 years, the results of economic research have also made it clear that the facts do not support the traditional view of immigration as an unalloyed benefit. Recent changes in the skill level of the immigrant population, the enormous expansion of the welfare state, and the fact that those who bear the costs of immigration are not necessarily those who benefit from it, all impose near-term costs on native Americans. Under certain conditions, those costs may continue for generations. Understanding this is an essential first step to understanding why proposition 187 generated such intense public debate and why U.S. immigration policy is in desperate need of substantial reform.

From an economic perspective, immigrants have three main effects on native Americans:

They change wages, relative prices, and tax revenues if they enter the labor market.

They may make native Americans worse off by raising taxes or degrading service quality if they use social assistance programs or public services intensively.

To the extent that immigrants exercise political power they and their agents may force political and social changes that make native Americans worse off.

### **Wage Changes, Tax Revenues, and Relative Prices**

In theory, immigrants change wages because their entry into the U.S. labor force changes the supply of labor. Changes in the supply of labor change "the" wage rate. Wages decrease if the immigrants substitute for native workers in production, and increase if immigrants complement native workers and increase their productivity.

In reality, of course, there is no standard wage rate. Instead there are many labor markets in which workers compete with others

who have similar or overlapping skills. Adding another housekeeper to the U.S. labor market is unlikely to have a measurable effect on the wages of a neurosurgeon although it might change the pay of contract cleaners. In general, the theory predicts that native living standards will rise if immigrants complement native workers by taking jobs that enable native workers to switch to jobs in which they produce more. If immigrants substitute for native workers, native living standards will fall as wages decline in the affected industries. In short, the effect that immigrants have on native wages cannot be predicted without some information about the skills that they bring with them and the operation of the U.S. labor market.

Although the research is by no means complete, attempts to measure the effects of immigration on the U.S. labor market suggest that wage and unemployment effects are relatively small. This conclusion has been granted only provisional acceptance in part due to hints that substantial immigrant flows to specific areas may cause natives to move. If moving spreads the impact of local immigration throughout the national economy, its effects become difficult to measure. The result could be an underestimate of aggregate wage changes.

In general, however, immigration appears to have its largest effect on the wages and employment opportunities of natives who were themselves recent immigrants.<sup>(1)</sup>

According to George J. Borjas, a leading researcher in the field, the effect of a 10 percent increase in the number of immigrants decreases the wages of all natives by about 0.2 percent and has no effect on the unemployment rate. In some cases, women's wages actually went up by 0.2 to 0.5 percent.<sup>(2)</sup>

In contrast, Borjas notes that the wages of recent U.S. immigrants fell by "at least 2 percent" following a 10 percent increase in the number of new immigrants. New immigrants lacking fluent English, acquaintance with U.S. work habits, and knowledge of local customs may be unable to compete with native Americans in the U.S. labor markets. Instead, they compete with recent

immigrants who have learned some of the ropes, but remain at a disadvantage relative to natives.

After recent immigrants, the wages of the lowest skilled natives show the largest change. Borjas, Freeman, and Katz estimated that "perhaps a third of the 10 percentage point decline in the relative wage of high school dropouts between 1980 and 1988 [could] be attributed to the less skilled immigration flow." (3)

Some have argued that the major effect of immigration is job loss, not wage changes. In a report for the Carrying Capacity Institute, Donald Huddle concluded that about 2 million low-wage workers have been displaced from their jobs by immigrants. (4)

This estimate should be treated with caution. Huddle states that 25 natives are displaced for every 100 immigrants but does not explain, other than a footnote referencing himself, why that number should be adopted. He is also generous in calculating the number of immigrants that have arrived. While scholarly estimates of the number of illegal immigrants in the United States are usually on the order of 3 to 4 million, Huddle uses 4.8 million.

Studies of specific U.S. labor markets show relatively small changes in overall unemployment even when immigration causes large changes in local labor supply. Although Miami's labor force increased by about 7 percent after the influx of 125,000 Cubans from the Port of Mariel in 1980, time-series trends in wages and unemployment remained stable. (5)

On the other hand, some studies have suggested that metropolitan areas with large number of immigrants tend to have fewer natives moving in and more natives moving out. Further, there is evidence that the effects of shocks to regional labor markets can linger for a decade. At present, the consensus seems to be that large concentrations of immigrants may cause natives to "vote with their feet," thus dampening wage effects, and that the ways in which immigrants affect local labor markets are as yet poorly understood.

Interestingly enough, Borjas' survey of the literature finds little

evidence that U.S. labor markets systematically exploit or discriminate against immigrants. Though their wages are lower as a group, they often speak English poorly, are young, inexperienced, poorly educated, and from countries with less developed economies. Many are ill-equipped to work in an advanced industrial society, a fact conveniently overlooked by people who claim discrimination on the basis of wage comparisons between "people of color" and "white" Americans. The statistics show that "native men of Mexican ancestry earn about the same as demographically comparable white non-Hispanic natives." Furthermore, while Asian immigrants tend to have incomes below that of "white" Americans, people with Asian backgrounds born in the United States earn about 3% more than "white" Americans. (6)

This would not be the case if U.S. labor markets systematically discriminated on the basis of race.

### **Changes in Immigrant Performance in the U.S. Labor Market**

Wages are only part of the story. As more people work, production generally increases, and with flexible wages the total number of jobs in the United States depends on the number of people available to do them. (7)

This extra production has value. When immigrants produce more lettuce or more medical care, natives may benefit from lower prices, higher quality, or both. Put another way, immigrants may allow natives to enjoy an increase in income. This point underlies statements like "immigrants do the dirty jobs that Americans won't" or "we wouldn't have cheap lettuce without immigrant farm workers." Given that the dirty jobs get taken care of somehow in those parts of the U.S. without substantial immigrant populations, such arguments are not particularly compelling. Furthermore, one should keep in mind that much of the value of the extra production accrues to the immigrant in the form of wages, particularly in low-skill jobs.

As Borjas puts it, "the practical importance of this increase in real income has not been empirically documented." A more important question, one that has immense practical significance for immigration policy, is whether we gain more from "having

cheaper agricultural produce or from having cheaper (or more advanced) electronic and technical equipment?" Unskilled immigrants are more likely to produce lettuce, skilled ones are more likely to produce technical equipment. Beginning in 1965, family reunification, including brothers-in-law and sisters-in-law of adult citizens as well as children, unmarried adult children, siblings, and spouses was given the highest priority under U.S. immigration law. Whether intended or not, the result of that change has been a significant decline in immigrant skills. By 1987, only 4 percent of the legal immigrants to the U.S. entered the U.S. because of their skills.

Judged by earnings data from Public Use Census data, the skill gap is large and increasing. Immigrant men aged 25 to 34 who arrived in the U.S. between 1960 and 1964 had annual earnings that were 3.1 percent higher than native Americans in 1970, 0.3 percent lower in 1980, and 0.2 percent lower in 1990. When corrected for age and education, their earnings in 1990 were 0.1 percent higher. Men aged 25 to 34 arriving in 1965-1969 had wages 12 percent lower than comparable natives in 1970, almost 6 percent lower in 1980, and 2.5 percent lower in 1990.

In the 1970s and 1980s, the wage gap between immigrants and natives continued to widen. In 1980, the 1970-1974 arrivals had wages 11.4 percent below those of natives. By 1990 the earnings gap for this group was essentially unchanged at 11.8 percent. Adjusting earnings for age and education results in only a slight improvement, with the gap narrowing to 10.4 percent. By 1990, 25-34 year old 1980-1984 arrivals were making 18.6 percent less than natives. <sup>(8)</sup>

The skill decline may have important implications for the U.S. income distribution. Unskilled workers often have a difficult time making ends meet in the United States, and current data suggest that many unskilled immigrants will not be able to reach parity with natives during their working lives. This means that a continuing influx of unskilled immigrants could increase the proportion of low income people in the U.S. population. The result may be a widening of the measured gap between the rich and the

poor with a predictable hue and cry over the failure of the American system and a push for more income redistribution. Finally, a worker's earnings have a strong correlation with the income of his or her parents. This means that the large skill differences observed among today's groups of foreign born immigrants are likely to show up in the next generation of Americans as income differences between ethnic groups.

Unfortunately, both national policy and the public debate have largely ignored the fact that immigrant wage differentials and educational levels vary with national origin. On the whole, there appears to be a strong correlation between immigrant earnings in the United States and the per-capita GNP in the country of origin, with immigrants from nations with a high per-capita GNP doing much better economically than those from countries with low per-capita GNP. In countries with a low per-capita GNP, skilled people are often relatively scarce and the labor markets reward them with a higher rate of return than labor markets in the United States. As a result, they have little incentive to leave home for the United States.

The *least* skilled, on the other hand, have little to lose and appear more likely to emigrate from low per-capita GNP countries to the United States. <sup>(9)</sup>

People with above-average skills, on the other hand, tend to come to the U.S. from source countries that have policies that "tax" high ability workers or offer a low return to them. One place this shows up is in the return migration rate of foreign students in the United States. About 3 percent of students coming from Mexico or Germany choose to remain in the United States. Nearly 30 percent of students originating in Israel, Poland, and Kenya elected to stay. <sup>(10)</sup>

Other industrialized, English-speaking countries appear to have attracted immigrants much better prepared to participate in their labor markets. This may be because their visa systems admit people on the basis of points awarded for desirable individual characteristics. Point systems appear to produce a skill mix more compatible with that of the host country. For example, in 1971 Canadian immigrants earned 2.6 percent *more* than natives.

Recent immigrants earned 6.6 less. By 1981 Canadian immigrants were still earning 1.9 percent more than natives, although recent immigrants earned 17.3 less. In Australia in 1981, all immigrants earned 3.6 percent less than natives while recent immigrants earned 0.3 percent more than natives. In the United States, the main requirement for a U.S. visa is having a relative, however distant, as a U.S. citizen. Its immigrants were earning almost 30 percent less than natives in 1980. <sup>(11)</sup>

Changing U.S. immigration policy to emphasize relatives rather than skills has been costly for American citizens. Using standardized 1980 dollars as a measure, the average person who immigrated to the U.S. soon after World War II came from a country with a 1980 per capita GNP almost twice as high as the average immigrant in the late 1970s. Borjas estimates that national income would have been increased by \$6 billion annually, including tax revenues of \$1.5 billion, had the immigrants admitted in the 1970s been as skilled as those admitted in the early 1960s. <sup>(12)</sup>

### **Immigration and the Welfare State**

Before the explosion of social legislation that began at the federal level in 1965, wage changes were the primary burden that immigrants could impose on native Americans. The evidence suggests that the burden of wage changes has been relatively small. Since 1965, an explosion of legislation has provided income transfers from average taxpayers to the needy in the form of cash payments, housing subsidies, educational subsidies, food stamps, and Medicaid. In addition, a wide range of programs has been created to promote "diversity" and "multiculturalism." These legislative changes have produced new mechanisms by which immigrants may impose significant economic and political costs on natives.

### **Table 1: Immigration and Population**

#### **1: Legal Immigrant Flow to the United States 1881-1990**

	<b>Immigrant Flow (in 1000's)</b>	<b>Immigrant Flow as Percentage of Change in Population</b>	<b>Percentage of Population That is Foreign- Born at End of Decade</b>
<b>1881-1890</b>	<b>5246.6</b>	<b>41.0</b>	<b>14.7</b>
<b>1891-1900</b>	<b>3687.6</b>	<b>28.3</b>	<b>13.6</b>
<b>1901-1910</b>	<b>8795.4</b>	<b>53.9</b>	<b>14.6</b>
<b>1911-1920</b>	<b>5735.8</b>	<b>40.8</b>	<b>13.2</b>
<b>1921-1930</b>	<b>4107.2</b>	<b>24.6</b>	<b>11.6</b>
<b>1931-1940</b>	<b>528.4</b>	<b>5.9</b>	<b>8.8</b>
<b>1941-1950</b>	<b>1035.0</b>	<b>5.3</b>	<b>6.9</b>
<b>1951-1960</b>	<b>2515.5</b>	<b>8.7</b>	<b>5.4</b>
<b>1961-1970</b>	<b>3321.7</b>	<b>13.7</b>	<b>4.7</b>
<b>1971-1980</b>	<b>4493.3</b>	<b>20.7</b>	<b>6.2</b>
<b>1981-1990</b>	<b>7338.1</b>	<b>33.1</b>	<b>7.9</b>

Source: George J. Borjas. December 1994. "The Economics of Immigration," *The Journal of Economic Literature*, vol. 32, no. 4, Table 1, p. 1668. The sources cited for the table are the U.S. Department of Justice, the Immigration and Naturalization Service, and the Bureau of the Census.

This fact is generally ignored by those who claim that the United States handled larger immigrant flows in the early 1900s, and therefore there is no reason why people should worry about the equally large ones in the 1980s and 1990s. And as Table 1 shows, they also tend to overlook the fact that Americans reacted to the massive influx in the early part of the century by reducing immigration for almost three decades after that. Worse, they pay little or no attention to the combined effects of three important contrasts between today's America and that of the beginning of this century. These are declining immigrant skill levels, the massive changes in income redistribution policies, and the skyrocketing number of officially designated "minorities" that the U.S. government deems eligible for special treatment.

Those who do pay attention to such things regard the tax revenues and productivity lost because the U.S. now attracts relatively low-skilled immigrants as only a small part of the total bill. As Barry

R. Chiswick put it

In the 19th and early 20th centuries there were virtually no public transfer programs and little concern for the distribution of income. There was, therefore, little public policy interest in the distributional impacts of the massive low-skilled immigration that occurred at that time and the United States could easily maintain a largely open-door immigration policy. Today, as a result of considerable public concern over both income inequality and poverty, numerous large income transfer programs have been enacted. Yet by statute and court decisions, the United States generally allows legal immigrants the same access to income transfers and social services as natives.<sup>(13)</sup>

**Table 2: Welfare Participation by Period of Immigration**

<b>Group</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>
<b>Natives</b>	<b>6.0</b>	<b>7.9</b>	<b>7.4</b>
<b>All Immigrants</b>	<b>5.9</b>	<b>8.7</b>	<b>9.1</b>
<b>Arrival 1985-1989</b>	--	--	<b>8.3</b>
<b>1980-1984</b>	--	--	<b>10.7</b>
<b>1975-1979</b>	--	<b>8.3</b>	<b>10.0</b>
<b>1970-1974</b>	--	<b>8.4</b>	<b>9.7</b>
<b>1965-1969</b>	<b>5.5</b>	<b>10.1</b>	<b>9.8</b>
<b>1960-1964</b>	<b>6.5</b>	<b>9.2</b>	<b>8.4</b>
<b>1950-1959</b>	<b>4.9</b>	<b>7.1</b>	<b>6.7</b>
<b>pre-1950</b>	<b>6.2</b>	<b>9.3</b>	<b>8.1</b>

Source: George J. Borjas. December 1994. "The Economics of Immigration," *Journal of Economic Literature*, vol. 32, no. 4, Table 12, p. 1701. Borjas cites the 1970, 1980, and 1990 Public Use Samples of the U.S. Census as his source. Households are limited to those with heads at least 18 years old not residing in group quarters.

In practice, immigrants are eligible for means-tested entitlement programs. These programs did not exist in the early 1900s. It is therefore possible that in recent decades the cost of income transfers from the native population to immigrants has exceeded the gains produced by immigrants and that immigration has made the nation as a whole worse off.

It is well known that people with fewer salable skills tend to be poorer and more likely to receive public assistance. Given that

recent groups of immigrants to the U.S. appear to have been less skilled, one would expect more recent waves of immigrants to have higher welfare participation rates. The data in Table 2 bear this out. Furthermore, the longer immigrants are in the U.S. the more likely they are to receive welfare benefits. An estimated 5.5 percent of the households that migrated between 1965 and 1969 received public assistance in 1970. By 1980, 10 percent of the households in this group received public assistance.

This can be seen in the tremendous variation of welfare use with national origin. As shown in Table 3, in 1980 it ranged from a low of about 3 percent for households from India to a high of almost 26 percent for households from the Dominican Republic. The rates for female-headed households are much higher, with rates ranging from 6.5 percent for those from India to 30 percent or more for women from Cuba, the Dominican Republic, and Mexico.

**Table 3: Immigrant Participation in the Welfare System**

(Figures are for 1980. Welfare defined as participation in AFDC, old-age assistance, general assistance and SSI programs. Participation in programs such as Social Security, permanent-disability Insurance Programs, food stamps and Medicaid is not included.)

<b>Group</b>	<b>Percent of households in group which receive welfare.</b>	<b>Percent of households in group headed by female only.</b>	<b>Percent of households in group headed by male only.</b>
<b>Natives</b>	<b>8.0</b>	<b>16.1</b>	<b>4.8</b>
<b>All Immigrants</b>	<b>9.1</b>	<b>14.7</b>	<b>6.9</b>
<b>Immigrants born in Europe</b>			
<b>Germany</b>	<b>4.6</b>	<b>7.5</b>	<b>3.0</b>
<b>Greece</b>	<b>6.4</b>	<b>12.9</b>	<b>4.9</b>
<b>Italy</b>	<b>7.1</b>	<b>12.1</b>	<b>5.2</b>
<b>Poland</b>	<b>6.3</b>	<b>9.1</b>	<b>4.9</b>
<b>United Kingdom</b>	<b>5.3</b>	<b>9.2</b>	<b>3.1</b>

**Immigrants Born  
in Asia**

<b>China</b>	<b>8.4</b>	<b>15.0</b>	<b>7.2</b>
<b>India</b>	<b>2.8</b>	<b>6.5</b>	<b>2.5</b>
<b>Japan</b>	<b>5.7</b>	<b>9.0</b>	<b>4.0</b>
<b>Korea</b>	<b>6.3</b>	<b>8.7</b>	<b>5.7</b>
<b>Philippines</b>	<b>10.3</b>	<b>12.2</b>	<b>9.8</b>

**Immigrants Born  
in the Americas**

<b>Canada</b>	<b>6.2</b>	<b>11.1</b>	<b>3.7</b>
<b>Cuba</b>	<b>17.3</b>	<b>31.7</b>	<b>13.1</b>
<b>Dominican Republic</b>	<b>25.9</b>	<b>41.0</b>	<b>12.9</b>
<b>Jamaica</b>	<b>7.4</b>	<b>12.1</b>	<b>3.9</b>
<b>Mexico</b>	<b>12.7</b>	<b>29.3</b>	<b>9.0</b>

Source: George J. Borjas and Stephen J. Trejo, "Immigrant Participation in the Welfare System," mimeograph, University of California, Santa Barbara, September 1988, table 2. Cited in George J. Borjas. 1990. *Friends or Strangers: The Impact of Immigrants on the U.S. Economy*, New York: Basic Books, p. 153. The data refer to the population of households in which the head is at least eighteen years of age. The statistics were tabulated from the Public Use Sample of the 1980 Census.

Contrary to the claims made by those who seek power through the politics of race, research suggests that differences in labor force success rates, and, by extension, welfare participation rates, have very little to do with race and a great deal to do with observable socioeconomic characteristics like low individual educational levels and the level of opportunity in the countries that immigrants have left. According to the 1990 census, immigrants from India, Japan, Taiwan, Nigeria, and Argentina had welfare participation rates under 5 percent. So did people from Western Europe and Canada. And even after controlling for observable characteristics like age and education, there remains a strong correlation between an immigrant's lifetime earnings and his or her country of origin's per capita GNP. Since per capita GNP is widely used as a rough measure of economic development, it is possible that the data also suggest that the cultural backgrounds provided by industrialized countries best equip people to succeed in U.S. labor markets. (14)

## **Estimates of Net Costs and Benefits from Immigration**

Estimates of net costs or benefits generated by immigrants are accounting exercises whose results depend on the assumptions made by their authors. Julian Simon assumed that welfare participation by recent immigrants would match that of those admitted before 1965 and concluded that being an immigrant "has little or no effect on welfare receipt when other variables are held constant" and therefore that immigrants as a whole put as much into the tax system as they take out.<sup>(15)</sup>

Jeffery Passel and Rebecca Clark of the Urban Institute, assuming that the net costs of providing certain programs to immigrants was zero, estimated that immigrants pay \$27 billion more in taxes than they receive.<sup>(16)</sup>

Donald Huddle, professor emeritus at Rice University, assumed unreasonably high rates of native displacement in calculating that immigration costs an average of \$42.5 billion in 1992 with legal immigrants accounting for about \$31 billion of those costs.<sup>(17)</sup>

Census data that rely on fewer assumptions show that immigrant participation in income transfer programs has increased. Immigrants now receive a total amount of cash benefits from public assistance programs that is "56 percent higher than would have been the case if immigrants used the welfare system to the same extent as natives."<sup>(18)</sup>

Immigrants might still be a net benefit if, as a group, they paid a disproportionately high share of taxes. Unfortunately, this is not the case. They represent about 8.3% of the population and receive about the same proportion of all non-welfare income. Table 3 shows immigrant participation in welfare by national origin.

Assuming that all taxes paid by immigrants go to offset welfare expenditures is an error commonly made in analyses of immigrant costs. In 1991, only 8.9 percent of all taxes were used to pay for means-tested entitlement programs. A more reasonable

assumption would be that 91.1 percent of the taxes paid by immigrants is needed to finance roads, courts, bridges and other goods provided by government. Using this assumption and data from the 1990 Public Use Samples of the U.S. Census, Borjas calculated that the net fiscal burden imposed on native Americans by immigrant households was \$16.2 billion if immigrants have a total tax rate of 30 percent, and \$13.7 billion if immigrants have a total tax rate of 40 percent. (19)

In 1991 approximately 112 million federal individual income tax returns were filed. If the federal government had spent \$16 billion less, each individual filing could have received a \$142 refund. This is not a huge sum. On the other hand, Borjas' calculation includes only such programs as Food Stamps, Medicaid, low-income housing assistance, and Head Start. It does not include either the costs immigrants may impose via Social Security or any additional expense incurred to educate their children. As Borjas points out, including Social Security costs could materially change the result. Even though some immigrants pay Social Security taxes and then leave the country without collecting any benefits, many others pay into the Social Security system for a much shorter time than natives and will ultimately collect roughly the same benefits. Social Security spending accounted for about one-fifth of total federal outlays in 1992. To date, no careful estimates of the net effect of immigrants on social security spending exist.

In general, the costs that are not measured are probably more important than those that are. A substantial fraction of those costs are for services mandated by the federal government and paid for by state and local taxes, while the lion's share of tax revenues from immigrants flows to Washington, D.C.

In some states this is a mammoth problem. According to census data, six states (California, New York, Texas, Florida, New Jersey and Illinois) are the destination of 73 percent of new immigrants. The 1990 census shows that over one-fifth of California residents, and almost 16 percent of New York residents, were foreign born. (20)

The Immigration and Naturalization Service estimates that almost 1.7 million illegals lived in California in 1994, out of a national total of about 4 million. Given the generous public assistance programs in the United States, dependent immigrants increase the cost of Medicaid, public education, corrections, and AFDC.

Los Angeles County, for example, estimated that 1991-1992 expenditures for legal, illegal and amnestied immigrants entering the United States since 1980 were \$947 million. Total revenues paid the county by these groups were \$139 million. In addition, educational costs to the Los Angeles County schools totaled an additional \$1.5 billion.

In January 1993, the California Health and Welfare Agency estimated that state and local governments spent \$2.95 billion on *illegal* aliens and their U.S. citizen children, roughly \$95 for every man, woman, and child in the state.<sup>(21)</sup>

Some counties in Colorado have similar problems. Overall, immigrants make up a small fraction of the total population. About 142,000 people, 4.3 percent of the population, were foreign-born according to the 1990 census, and only 57,000 of them entered the United States between 1980 and 1990. In 1994, the INS estimated the illegal population at about 17,600. But the statistics for the state as a whole overlook the large costs that immigration, particularly illegal immigration, imposes on the local areas that host the large concentrations of illegal aliens who have been attracted to Colorado by jobs in the resort industry.

The five-county resort region--Eagle, Garfield, Lake Pitkin and Summit counties--have been especially hard hit. The Lake County Board of County Commissioners, for example, reports that 30 percent of all child abuse and neglect cases in Lake County are directly attributed to "seasonal workers," many of whom are illegal aliens. Thirty percent of all Medicaid Kid Care cases are "undocumented foreign parents whose children are eligible because the child was born in the United States," including one infamous instance in which an undocumented worker's premature baby cost the State of Colorado more than \$150,000 in Medicaid

funds. Children's Hospital in Denver absorbed the other \$200,000. Finally, care for illegal aliens consumes 90 percent of the pre-natal assistance budget in Lake County. <sup>(22)</sup>

### **The Political Costs of Immigration**

Even complete measures of the costs of services provided to immigrants at all levels may underestimate the costs imposed by immigration if they fail to take into the account the interaction between immigration and the virus of multiculturalism. As John O'Sullivan, writing in *National Review*, put it:

Immigration and the multiculturalism it feeds are threatening to dissolve the bonds of common nationhood and the underlying sense of a common national destiny, bringing forward the danger of a Balkanized America. <sup>(23)</sup>

O'Sullivan argues that uncontrolled immigration threatens the foundations of American society in two ways. First, immigrants take a long time to adopt American mores. Large numbers of immigrants live in immigrant enclaves in which people have less incentive to learn English and less incentive to adapt to the American way of life. Continued non-conformance strengthens and reinforces separatist ethnic subcultures. This increases the strength of advocacy groups like La Raza that exist to force governments to accede to political agendas intent on advancing multicultural, rather than American, values.

Perhaps the most prominent example of this is bilingual education. Although the data suggest it does positive harm to the children in bilingual classes, wastes huge amounts of money, results in unequal treatment of immigrants who speak unusual languages, and is opposed by most immigrants, it has become the law of the land and the banner uniting a motley assortment of advocacy groups. In its latest manifestation in Colorado, this policy has even resulted in a call to import foreign teachers whose native language is Spanish to teach children in the Denver public schools. In the Roaring Fork School District, according to the *Rocky*

*Mountain News*, the number of students enrolled in bilingual education increased from 13 to 400 in six years and teachers who are bilingual can "go anywhere and name their own salary."<sup>(24)</sup>

In large measure, American national identity is the foundation for the sense of civic solidarity that has served the United States so well throughout its history. What multicultural enthusiasts fail to take into account, according to O'Sullivan, is that national identity or culture

consists of rules, conventions, habits, and practices that are taken for granted; they are, quite literally, the common sense of the community, and people would be understandably baffled if they were asked to justify them rationally from first principles. When immigrants arrive in large numbers from cultures that stress different rules and even disregard those embodied in American culture, this reduces the status of American culture. It becomes merely the "Anglo" culture, whose rules, standards, and conventions are thought to be alien to non-Anglo citizens and hence cannot be "imposed" on them. And, paradoxically, because tolerance is such a strong component of Anglo-American culture, Americans are much more vulnerable to this cultural sapping than, say, the French...

Even on so painful a question as [high rates of underage pregnancy among Hmong girls in Wausau, Wisconsin, American culture] hesitates to assert its own standards. Those standards will consequently tend to fall into disuse. And because Americans cannot enforce them upon immigrants, they will tend to enforce them less upon themselves. They will, indeed, increasingly come to see them not as self-evidently right, not as "common sense," but as merely the customs of a tribe, to be accepted or rejected by conscious, rational political choice.<sup>(25)</sup>

From this point of view, the three-decade slowdown in mass immigration following the huge flow of immigrants in the early 1900s is understandable. Any distinct culture, even the American

one, is always in danger of being overwhelmed by large immigrant flows. Even before the U.S. became a welfare state, large immigrant inflows were followed by long periods of immigration restrictions. Following the mass immigration at the turn of the century, Congress was concerned that "an inconveniently large portion of the new immigration floats around in unsightly indigestible lumps." It enacted a series of laws in the 1920s designed to limit immigration and control the mix of national origins.<sup>(26)</sup>

This concern has been revived in modern times by the eagerness of the U.S. governing elites to award government favors to distinct ethnic or cultural groups wishing to celebrate their own traditions while ignoring or suppressing traditional American ones.

The recent official emphasis on ethnic pigeonholing is of particular concern once one realizes that the effect of immigration lasts for decades. Immigration "alters the skill endowment of the labor force, the employment opportunities of native workers and the costs of social insurance programs not only in our generation, but for our children and grandchildren as well."<sup>(27)</sup>

The fact that recent policies have led to immigrants with relatively lower skills also "sets the stage" for ethnic differences in income, occupational specialty, and economic progress that are likely to characterize United States labor markets throughout the next century.

Given the deplorable rise of racial politics and the tendency to attribute any and all group income differences to racism, uncontrolled immigration also presents the real risk that the United States government, like the government of India, will expand the use of racial quotas to the point where the country "disintegrat[es] into a battlefield of minorities engaged in a zero-sum contest for special privileges."<sup>(28)</sup>

### **What Should Be Done?**

First, Americans should remind the federal government, along with selected state and local officials, that the first priority of a

government is to protect the lives and property of its citizens. Forget the ritual obeisances to compassion. The fact remains that laws taxing American families in order to provide services for the families of illegal immigrants place the welfare of those children ahead of American ones. Forcing Americans to deprive their own children at the behest of officials eager to help those from other countries is compulsion, not compassion.

Americans should also require that the federal government do its job. Many of the illegal aliens in Lake County were recruited for four months of work by ski resort hotels with the blessing of the Immigration and Naturalization Service (INS). At a time when the unemployment rate in Lake County was reportedly over 19 percent, the INS determined that the hotels were "unable to hire U.S. citizens for the needed position." When the workers, many of whom were reportedly illegal aliens, did not go back to Mexico after the ski season, the Lake County Board of Commissioners contacted the INS "on numerous occasions" and also the Governor of Colorado. No action was taken either by the INS or the Governor.

This case illustrates what seems to be a general preference on the part of the federal establishment to harm American citizens rather than impose sanctions on illegal immigrants. Examples abound. In 1986, Congress decreed that illegal aliens must be given free emergency medical services. The result has been an influx of pregnant illegals who register for prenatal care and delivery at U.S. hospitals. Because their children are born in the United States, they are eligible for all social programs. According to one estimate, almost a quarter of all those receiving Aid to Families with Dependent Children payments are "children of illegals or of former illegals now under amnesty."<sup>(29)</sup>

Wealthy foreigners also take advantage of the American taxpayer. In one notorious case two Syrian doctors flew their son to California for cancer chemotherapy. When state health officials refused to pay, the Santa Clara Superior Court ordered follow-up care at taxpayer expense.

In a triumph of contorted reasoning, the U.S. Supreme Court found that equal protection under the 14th amendment also

applied to people in the country illegally. It ruled 5-4 that public education cannot be denied to illegal children. Even though school districts can still deny aid by enforcing residence requirements, many have no incentive to do so, as school funding depends directly upon the number of students enrolled. Under California law, schools cannot even ask if students are legal residents of the United States. The result has been predictable. In one case, an aide to a California assemblyman videotaped children from Tecate, Mexico crossing the border each day to be picked up by buses from the local school district. When asked, school administrators said they had no reason not to educate these children. Taxpayers might think differently. The estimated cost to them was \$3,000 a student.

Welfare fraud may be an even bigger problem. In the name of confidentiality, welfare agencies refuse to share information with fraud investigators. They also do little to check whether a "client" is in the United States legally with the result that thousands of Mexican citizens enroll in U.S. welfare programs and regularly drive across the border to collect their checks. Numerous municipal governments, including New York, Chicago, and San Francisco, prohibit employees from turning known illegals into the INS. And in cities which don't, a lack of cooperation may still be the norm.

David Sossaman, a San Diego County welfare-fraud investigator, visited a drop house where illegal aliens congregate while collecting public assistance. After being told by a pregnant 19-year-old illegal that her child would automatically be eligible for all U.S. welfare benefits and that there "was nothing he could do about it," he asked for permission to inform the Border Patrol. The response was that it would be a breach of confidentiality, and that keeping funding levels up was necessary to pay the salaries of welfare caseworkers. In Yakima County, Washington, and presumably elsewhere in the U.S. now that voter registration has been expanded, illegals have even registered to vote.

Given that governments cannot police the produce of the document factories that have sprung up to aid and abet welfare cheats, it is futile to call for stricter penalties for employers who hire illegals. When passed in 1986, the Immigration Reform and

Control Act (IRCA) was to fix the immigration problem by granting amnesty for certain illegal aliens in return for imposing penalties on employers who knowingly hired illegals. As so often happens, Congress preferred style to substance and produced an unworkable law.

Under IRCA employers can be sued for discriminating against those with legal rights to work or against lawful resident aliens. At the same time, they are required to verify whether an applicant has a legal right to work. As a result "employers are caught between the hammer of costly employment discrimination suits and the anvil of costly verification procedures. They may find that their cost-minimizing solution is to accept at face value whatever documents they are shown."<sup>(30)</sup>

Since it is obviously impossible to expect every business in American to be expert in document verification, the law did little more than add another layer of paperwork to the hiring process and create a thriving market in false documents. Ignoring this and claiming that stricter enforcement of employer sanctions or national ID cards will solve the problem merely diverts attention from the real problem--the aliens themselves.

Other countries, including Mexico, impose penalties on people who violate their borders. The U.S. does not. According to Chiswick

Other than leaving the country (often only temporarily), there are generally no penalties for illegal aliens who are apprehended, especially for the vast majority who accept voluntary departure. Those who insist on a formal deportation hearing can even delay their departures for extended periods of time, perhaps indefinitely.

Illegal aliens are generally fully aware of their illegal status. Their entry into an illegal status is generally a willful act rather than an inadvertent one. The net earnings from employment in the United States, and hence the attractiveness of U.S. jobs, could be reduced by imposing penalties against apprehended illegal aliens, even those at the border who accept a voluntary departure. The penalties can be in terms of money (fines), time (detention), and administrative sanctions (like denying for a period of time any

rights to an immigrant, visitor, student, or temporary worker visa.) For many illegal aliens, particularly those who come to the United States for seasonal urban or rural jobs, a detention of two to four months might have a substantial effect on their expected net earnings...Perhaps the absence of a serious policy discussion of illegal alien sanctions reflects a general reluctance to enforce immigration law meaningfully.<sup>(31)</sup>

This eagerness to shirk responsibility has been characteristic of U.S. governments at all levels. Officials who ignore local pleas for help in deporting illegals or who willingly spend taxpayer dollars on people who have no right to it deserve the contempt they have earned from the citizenry. They also deserve to lose their programs and their jobs.

It is also time that the federal government lived up to its responsibility to enforce policies ensuring that immigrants to the United States, whether legal or illegal, do not add to the political, financial, and social burdens already borne by native Americans. It is time to admit that as long as more people apply for American permanent residency than will be admitted, immigration policy is inherently discriminatory. Someone must choose who gets a visa, and at a minimum, that decider has a moral obligation to award visas to people likely to produce the biggest benefits and lowest costs for American citizens.

As a start, Congress should modify or scrap the 1965 amendments that downgraded individual skill in favor of family connections as a criterion for eligibility for immigration. As people knew at the time, the amendments created an irresponsible system of immigration law under which the "the number of persons who qualify for entry into the United States will increase exponentially over time." As one congressman exclaimed during the hearings reviewing the legislation: "don't we see now with the operation of this law that immigration per se begets immigration?"<sup>(32)</sup>

Without a concurrent expansion of federal income transfer programs, this might not have posed much difficulty. With them, immigration exacerbated a number of serious social and political

problems.

Finally, those in the governing elites prone to regarding the American taxpayer as an inexhaustible source of financial aid to any group they judge "in need" must be brought to heel. If they wish to spend their private resources, fine. If they wish to persuade others to give, fine. Otherwise, it is not their money. If immigration is to continue at current rates and governments intransigently refuse to deny benefits to people who are not American citizens, the lion's share of income transfer programs may have to be dismantled. It certainly means shutting down any programs that preach diversity while treating people as members of groups defined on the basis of skin color, putative race, ethnic group, or sex rather than as individuals.

Whatever one thinks about immigration now, it is essential to recognize that enormous and enduring group differences are a result of the massive immigration that has taken place over the last 15 years. This makes the "contemporary passion to classify and divide the American people" by brutally suppressing individual differences in order to categorize people into a few convenient racial, ethnic, and sexual classifications exceedingly dangerous. In the words of Mark Helprin, it is a "portent of fascism." He goes on to say that "The great, euphoric gift of America--its essential condition, its clarity, its purity, and its decency--was that it took [people] for what they were, just as God would, looking past the accidents of birth and the complications of history." Americans "have fought many times for the sake of being apprehended not as classes of people but as individual souls."<sup>(33)</sup>

American citizens, both native and foreign born, deserve no less.

## **Immigration Costs to Coloradans**

*by Roger Drake*

Those who argue for unlimited immigration as a compassionate policy assume that we live in such a successful and wealthy nation that we can and should bear any cost to help others. Though America is strong, we first have an obligation to ourselves and to

our descendants to deal with our own problems of unemployment, poverty, crime, and history's largest national debt before we try to solve other problems for the rest of the world. Perhaps our greatest contribution to world affairs can be to develop a nation which provides freedom, opportunity, economic independence, and even "the pursuit of happiness" to its citizens, and serves as an example toward which other peoples and nations can strive.

Paradoxically, America is both the wealthiest and poorest nation in world history. We have achieved a high standard of living and of freedom for the individual, while at the same time limiting that freedom with high taxes and a rapidly rising national debt of over \$18,000 per person. Linda Gorman's essay has described the substantial financial, cultural, and political burdens which are imposed on American citizens, whether native-born or immigrants themselves, by our present immigration policies. This paper will further document the costs of different methods of immigration, with an emphasis on Colorado. It will conclude with an action agenda for change.

### **Diverse Pathways to Immigration**

We shall begin with a discussion of the different routes to entrance to America. Illegal immigrants include those who illegally enter the country and those who legally enter but overstay their visa. Legal immigrants include those who have been admitted on the basis of refugee status, legalization, occupation, or relationship. Within each of these groups are those who have been naturalized into citizenship and those who have not. Each of these methods of entry will be discussed, along with how each group differs from the other.

#### ***Illegal immigration***

Historically, Americans have welcomed, and indeed benefitted from legal immigrants. These people have followed the laws of their adopted nation, and have come here in accord with our needs and policies. But illegal immigrants are by definition scofflaws, who knowingly reject the rules of the so