



America's Advantage: A Handbook on Immigration and Economic Growth

Third Edition



GEORGE W. BUSH
INSTITUTE

Matthew Denhart

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Table of Contents

	Introduction	10
Chapter 1:	Immigrants in America — Yesterday, Today, and Tomorrow	15
Chapter 2:	Immigrants and Economic Growth	
	<i>Immigrants Are a Strong Workforce.....</i>	36
	<i>Immigrants Point to America's Economic Future</i>	50
	<i>Immigrants Drive Innovation in America's Economy...</i>	62
	<i>Immigrants Are Entrepreneurs</i>	82
Chapter 3:	The Challenges of Immigration.....	102
Chapter 4:	Achieving the American Dream.....	144
Chapter 5:	Public Policy Considerations.....	162
Chapter 6:	Higher U.S. Economic Growth through Immigration	184
Chapter 7:	Immigration and Canada	198
Chapter 8:	Immigration and Mexico	218
Chapter 9:	Conclusion.....	239
	Bibliography	241

**Immigrants drive
economic growth
and job creation.**

Foreword by Kenneth A. Hersh

The United States is what it is today because of immigrants. Immigration is our past and our present. Economic growth is a function of productivity growth multiplied by population growth and workforce participation. With productivity growth stagnating today and an aging population, a responsible immigration policy is imperative if we are to enjoy the economic growth we deserve.

The U.S. has not passed major immigration reform legislation since the Reagan administration, and we still use standards developed in the 1960s to determine which people we permit to enter the U.S. A system this outdated cannot possibly meet the needs of our vibrant, growing 21st-century economy.

At the George W. Bush Institute, we believe immigration policy should be used as a tool for economic growth and prosperity.

In this third edition of *America's Advantage: A Handbook on Immigration and Economic Growth*, we strive to refocus the debate on the facts and promote pro-growth reform. We are pleased to partner with The Latino Coalition and the U.S. Hispanic Chamber of Commerce in this effort.

Immigrants drive economic growth and job creation. More than 40 percent of Fortune 500 businesses were started by an immigrant or second-generation American. More importantly, the country needs the entrepreneurial spirit of immigrants, who start new businesses at twice the rate of native-born Americans. This has been evident since our country was founded.

Nearly half of our labor force growth over the past 10 years was due to immigration. Immigrants are overwhelmingly in the prime working-age years, unlike the native born, who are rapidly aging. Americans have fewer children than we need to replace our current population. Immigrants can fill that void, helping us avoid the shrinking economy that accompanies a shrinking population.

New to this edition are chapters on immigration in Canada and Mexico, our neighbors and close allies. From these chapters we can learn how Canada's immigrant population, chosen overwhelmingly by a merit-based system, looks compared to our system, which is based on family reunification. The Mexico chapter demonstrates the important role that immigration plays in the U.S.-Mexico relationship, particularly highlighting how Mexico's own security efforts complement U.S. border security efforts.

A workable, pro-growth immigration policy is long overdue. Immigration reform will not be easy, but we hope that this handbook will provide some clarity and focus to the debate.

— Kenneth A. Hersh
President and Chief Executive Officer
George W. Bush Presidential Center

**Immigrants have
made indispensable
contributions to our
American economy
for centuries.**

Foreword by Javier Palomarez

Today, immigration stands as one of the most emotional topics in our national conversation. However, regardless of where you stand on the political spectrum, one fact is indisputable: immigrants have made indispensable contributions to our American economy for centuries. This handbook is critical to dispelling the rhetoric and examining the data which inform our path forward on sensible, economically grounded immigration reform.

The real challenge in the immigration dialogue is ensuring that America's growth strategy accounts for the changing needs of the market and the global talent pool. The U.S. has remained the world's strongest economy in large part because it has been able to attract diverse people and reap the benefits of their talents and hard work. This inflow of human capital is key to the renewal of the American dream.

Our current immigration system, unfortunately, is poorly adapted to the modern needs of American business. While the free market requires a variety of skill sets to fill critical jobs, the inability of policy makers to address immigration reform has hindered economic growth. Innovation is stifled when scientists and engineers with a desire to create are turned away upon completing their advanced studies. Jobs and revenues are lost when entrepreneurs with good ideas cannot start or grow a business. We cannot take for granted the contributions of blue-collar workers who keep our farms, restaurants, hotels, and homes in working order.

The United States Hispanic Chamber of Commerce, the nation's largest Hispanic business organization, is proud of its long-standing partnership with the George W. Bush Institute and is delighted to collaborate on the newest edition of this extraordinary publication. In a broad examination of our economy, this study incorporates analyses of entrepreneurship, educational attainment, employment, earnings, and many other critical components into a detailed and comprehensive report. With this new edition of the immigration handbook, the Bush Institute illustrates the economic imperative of pro-growth immigration policy reform more clearly than ever. The analysis shows that reforming our immigration system in a common-sense and business-friendly way is vital for achieving strong and lasting economic prosperity.

In a globally competitive environment, the United States must continue to ensure that those with ideas, initiative, and a strong work ethic have the ability to come to our country — a country built on a foundation of the tired, the poor, and the huddled masses yearning to be free — to build a better life for themselves and for all Americans.

— Javier Palomarez
President & CEO

United States Hispanic Chamber of Commerce

**The strategic
importance of a just
and constructive
immigration system
is more critical than
ever.**

Foreword by Hector Barreto

As our great nation continues to expand and change, few issues of public policy get easier. Immigration is certainly no exception to this rule — in fact, the level of difficulty in addressing challenges within our immigration system has been disproportionately exacerbated by politics, misunderstanding, and complacency.

The strategic importance of a just and constructive immigration system is more critical than ever — from both an economic and a national security standpoint. Because this issue is so charged, it is imperative to understand the facts surrounding it. By starting here, we can eventually coalesce around policies that will benefit our country's needs first, now and in the future.

My perspective on this issue is personal. I am close to, and proud of, my immigrant roots. When my father moved to this country from Mexico in the 1950s, he came for the same reason people from around the world have always come to America: to build a better life for themselves, for their families, and for this country.

And build a better life he did — upon the unique foundation of freedom, opportunity, and personal responsibility.

My father's first jobs were agricultural and janitorial. But his American dream was business ownership. He was single-minded about becoming his own boss. With the help of my mother, and eventually that of my sisters and myself, a family restaurant business was built, then importing and construction businesses. My father became not only a successful businessman who created many jobs, but a leader in his community, spearheading the establishment of the Kansas City, Missouri Chamber of Commerce and then the U.S. Hispanic Chamber of Commerce. By the time he was in his 40s, he was a proud advisor to a U.S. president: Ronald Reagan.

My father said it then, and it is still true today: "This could only happen in one country: America."

My father's success is America's success — and this is true for millions of immigrant stories. It is something exceptional that is to be preserved and carried on for the good of our nation.

I'm proud to have served in the last presidential administration to tackle immigration reform in a serious and thoughtful way. But the sobering fact is that this issue hasn't gotten easier, and we often feel further away from solutions than ever before. This handbook should serve as a guide to the development of sound policies that ensure the opportunities of my father will be available to new American immigrants for generations to come.

— The Honorable Hector Barreto
Chairman, The Latino Coalition

41st Administrator of the U.S. Small Business Administration

Introduction

America's Advantage

For hundreds of years, people from all corners of the globe have left their homelands to come to the United States. For many, America has appealed as a land of economic opportunity, a place where anyone, from any background, can come to work for a better life. In the process of bettering their own lives, immigrants have contributed immeasurably to America.

From America's earliest days, immigrants have played a leading role in building what has become the most prosperous nation in the history of the world. Indeed, eight of the 56 signers of the Declaration of Independence were foreign-born, as were four of the first six secretaries of the U.S. Treasury, beginning with Alexander Hamilton, who was born in the Caribbean.

Some of the most well-known American innovators from history were immigrants. Alexander Graham Bell, Joseph Pulitzer, Nikola Tesla, and Albert Einstein are but a few examples. And immigrants have continued to make valuable contributions to America and its economy. Elon Musk, Sergey Brin, Arianna Huffington, Andy Grove, and Jerry Yang are few more recent entrepreneurs who immigrated to the U.S.

The American debate over immigration predates even the country itself. Among the grievances enumerated in the Declaration of Independence is the charge that King George III had "endeavoured to prevent the population of these states." Today, issues of border security and unauthorized immigration dominate headlines. These are important issues, and require careful consideration, but all too often they overshadow other critical aspects of the immigration discussion.

One especially important factor is the role immigrants play in the economy. Despite the rhetoric, on this point the evidence could not be clearer: immigrants are a powerful and positive force in the U.S. economy. This book seeks to tell that story — presenting the economic evidence about immigration that is too often overlooked.

Chapter 1 examines how immigration in the U.S. has changed throughout history, and how historic trends continue to shift today. This chapter also offers readers a glimpse of what immigration will look like in the decades to come. Chapter 2 makes the case that immigrants are strong contributors to the U.S. economy by providing data and evidence demonstrating that

immigrants play an outsized role in America's labor force and help drive future growth through innovation and entrepreneurship.

Of course, immigration does present challenges. Unauthorized immigration fuels passions like few other policy issues today. Other aspects of immigration concern Americans as well: Do immigrants compete with natives for jobs and lower their wages? Do immigrants impose fiscal burdens that our country may be unable or unwilling to handle? Are recent waves of

Immigrants are a powerful and positive force in the U.S. economy.

immigrants learning English and sufficiently assimilating into society? Many have

researched and analyzed these issues, helping to dispel myths while making clearer the areas where immigration does indeed present challenges. A fuller discussion of these issues and the associated research is found in Chapter 3.

Chapter 4 examines the data related to the U.S.-born children of immigrants. The success these "second-generation Americans" achieve is nothing short of remarkable. On many indicators, the children of immigrants perform better than not just their parents, but native-born Americans as well.

It is important to consider the barriers that current U.S. immigration laws represent. Designing an entirely new immigration system is well beyond the scope of this book. But Chapter 5 does outline some key areas where reform could strengthen immigrants' contributions to America's economy. If America's immigration laws were improved, economic growth would accelerate. This evidence is presented in Chapter 6.

New to this edition are two chapters on immigration in Canada and Mexico. These two countries are America's neighbors and closest allies. Chapters 7 and 8 explore how each country deals with this sometimes contentious policy issue. What can the U.S. learn from the experiences of its neighbors? How does America's immigration policy impact Canada and Mexico, and vice versa? Most importantly, what opportunities exist for the countries of North America

to work together constructively on immigration? Answering all these questions is a subject for further research, but these chapters provide the basic data to guide such analyses.

Communicating the positive economic contributions of immigrants is the essential first step to helping Americans recognize the hidden advantages of immigration as well as the need for policy reform. This book is dedicated to that end. It brings the story of the economic contributions of immigrants to life by supplying data and evidence. Equipped with the facts, and a deeper understanding of the many ways immigrants contribute to the economy, Americans will see that America’s greatest advantage lies in its people — both native and foreign-born.

— Matthew Denhart
September 2017

A Note on Terminology

Throughout this book the terms “immigrant” and “foreign-born” are used interchangeably to refer to those people currently living in the United States of America who were born in another country. At times these people are also referred to as “first-generation Americans.”

Throughout the book, the phrase “second-generation American” is used to refer to the immediate children of immigrants to America.

Much of the data presented in this book comes from the U.S. Census Bureau’s annual American Community Survey (ACS). The ACS classifies the following groups as “foreign-born”: naturalized U.S. citizens, lawful permanent residents, temporary migrants, humanitarian migrants, and unauthorized migrants.

The term “naturalized U.S. citizens” refers to those people born outside the U.S. who legally came to the U.S. and successfully completed the process established by the U.S. federal government to become U.S. citizens. “Lawful permanent residents” (also known as green card holders”) are those people born outside the U.S. who have obtained the legal permission of the U.S. federal government to live in the U.S. on a permanent basis. These people are eligible to pursue the naturalization process to become U.S. citizens, but are not required to do so. “Temporary migrants” are those people born outside the U.S. who are residing in the U.S. on a temporary basis. Examples include those granted temporary work visas as well as foreign students studying in the U.S. The term “humanitarian migrant” refers to international refugees living in the U.S.

The term “unauthorized migrant,” used interchangeably with the term “unauthorized immigrant,” refers to those people born outside the U.S. whose presence in the U.S. violates established U.S. laws. Examples of unauthorized migrants include those people who enter the U.S. without the permission of the U.S. federal government, those people who remain in the U.S. after their approved term of entry has expired, and those people who violate the conditions of their entry into the U.S., such as being employed without the proper authorization from the U.S. government.

Chapter 1:
**Immigrants in
America —
Yesterday, Today,
and Tomorrow**

America welcomes immigrants.

Significant Fact:

Almost one out of every four people in the U.S. is an immigrant or the child of an immigrant.

America is truly a nation of immigrants. Nearly all people living here today are immigrants themselves, or are the descendants of immigrants who came to this country earlier in its history.

The U.S. Census Bureau estimates that in 2015, the U.S. welcomed a new immigrant, on net, every 28 seconds.¹ Overall in 2015, 43.3 million immigrants lived in the U.S., accounting for 13.5 percent of all U.S. residents.² In other words, in 2015 more than one in every eight persons in the U.S. was a first-generation immigrant.

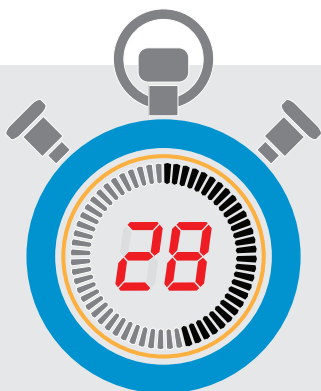
When one considers the children of immigrants, the foreign-born presence in the U.S. is even more substantial. In 2015, some 38.5 million “second-generation immigrants”³ lived in the country. Together, the first and second generations of immigrants accounted for over 83 million of America’s total population. That equals more than 25 percent of America’s total population, i.e., the equivalent of one out of every four people in the U.S.⁴

1 U.S. Census Bureau, International Data Base, 2015.

2 U.S. Census Bureau, 2015 American Community Survey.

3 A “second-generation immigrant” refers to an individual who reports having at least one foreign-born parent.

4 *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065: Views of Immigration’s Impact on U.S. Society Mixed.* Washington, D.C.: Pew Research Center, 2015.

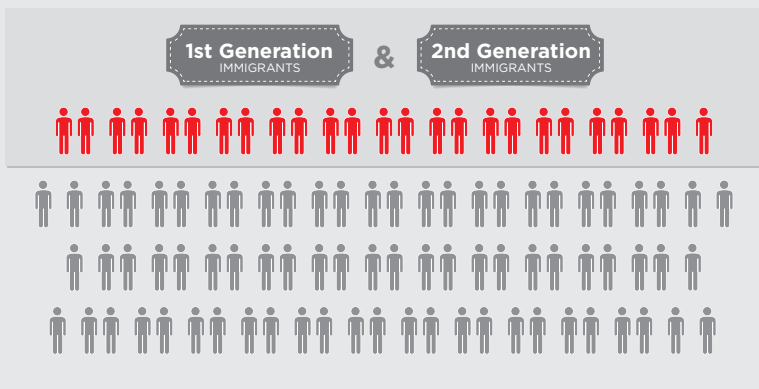


The U.S. welcomes an immigrant, on net, every **28 seconds**.

In 2015, immigrants accounted for 13.5% of the population, the equivalent of **more than 1 in 8 people**.



First- and second-generation immigrants made up 25% of the U.S. population in 2015, or **1 out of every 4 people**.



Source: U.S. Census Bureau.

Immigration to the U.S. has quadrupled during the past four decades.

Significant Fact:
Immigrants
account for 13.5%
of the total U.S.
population, up
from only 4.7%
in 1970.

Today the U.S. has more immigrants in its population than at any other time in history. Compared to 1990, immigration has doubled in the U.S., with 43.3 million immigrants accounted for in 2015. That number is quadruple the number of immigrants in the country in 1970 and 19 times larger than the 2.24 million immigrants in America in 1850.⁵

Of course the U.S. population as a whole has grown dramatically since 1850. Thus, it is important to examine the immigrant population as a share of the entire U.S. population. In 1850, immigrants represented less than 10 percent of the U.S. population. But for the next seven decades, during many of which the growth rate of the immigrant population outpaced that of natives, immigrants accounted for around 13 percent to 14 percent of the overall population. At the peak in 1910, immigrants accounted for 14.7 percent of the population. But during the 1920s, the immigrant share of the population began to fall, and it would continue to decline for much of the next 50 years — such that by 1970 immigrants represented only 4.7 percent of the U.S. population. The trend reversed in the 1970s. After a large increase in the size of the immigrant population during the 1990s, by 2000 the immigrant share of the population had returned to above 11 percent.⁶ In 2015, as indicated, 13.5 percent of all U.S. residents were immigrants.⁷

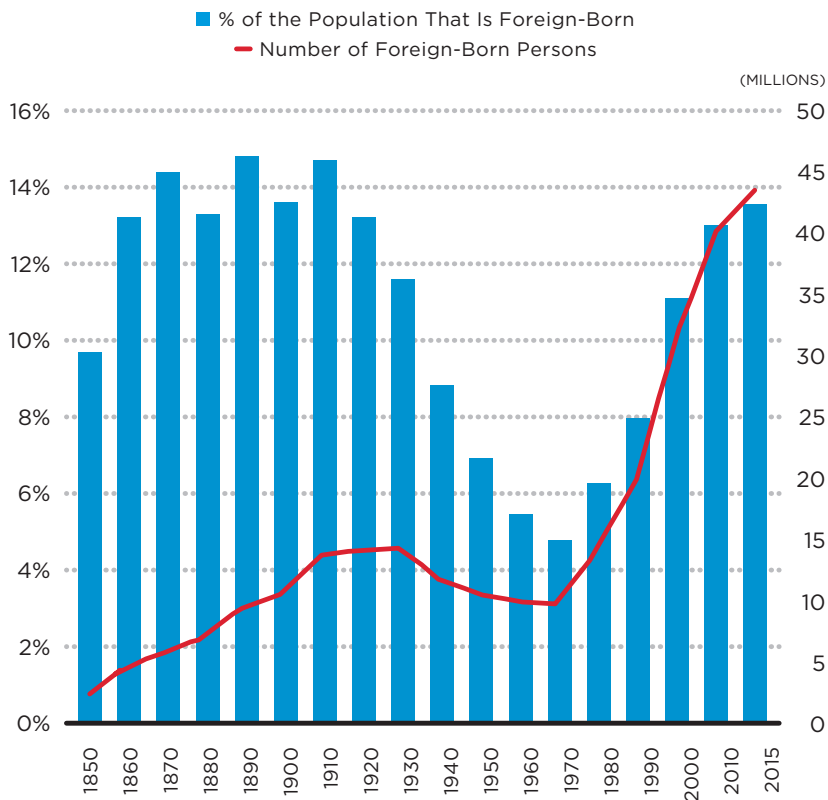
⁵ U.S. Census Bureau, *Historical Census Statistics on the Foreign-Born Population of the United States: 1850–2000*; U.S. Census Bureau, 2015 American Community Survey.

⁶ U.S. Census Bureau, Population Division, *Nativity of the Population and Place of Birth of the Native Population: 1850 to 1990*, by Campbell Gibson and Emily Lennon, October 31, 2011, <http://www.census.gov/population/www/documentation/twps0029/tab01.html>.

⁷ U.S. Census Bureau, 2015 American Community Survey.



Number of Foreign-Born Persons and Proportion of the U.S. Population That Is Foreign-Born, 1850-2015



Source: U.S. Census Bureau, *Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000*; U.S. Census Bureau, 2013 American Community Survey.

America is the first choice for immigrants worldwide.

Significant Fact:
Of all immigrants
worldwide, one
in five live in
the U.S.

Some 244 million people worldwide, or approximately 3.4 percent of the world's population, live in a country that is not where they were born.⁸ This makes them "international migrants," more commonly known as "immigrants."

The most common destination of these immigrants is, by far, the United States. In 1990, approximately 15.2 percent of all immigrants worldwide lived in the U.S. By 2015 this share had grown to 19.1 percent. That's almost four times as many immigrants here in the U.S. compared to Germany, the country with the second highest share of the world's immigrants in 2015. Russia is home to the third highest share of all immigrants worldwide with 4.8 percent, followed by Saudi Arabia with 4.2 percent and the United Kingdom with 3.5 percent.⁹

America has a large total population compared to most other countries in the world. Even so, in 2015 only around one in 23 people worldwide lived in the U.S.¹⁰ Meanwhile, the same was true of almost one in five worldwide immigrants. That is a telling ratio. Furthermore, there is no reason to believe that a large overall population size necessarily makes a country a magnet for immigrants. After all, other large-population countries like China and India attract far fewer immigrants than the U.S.

⁸ Author's calculations, data from *Trends in International Migrant Stock: The 2015 Revision*, report (United Nations, Department of Economic and Social Affairs, 2015).

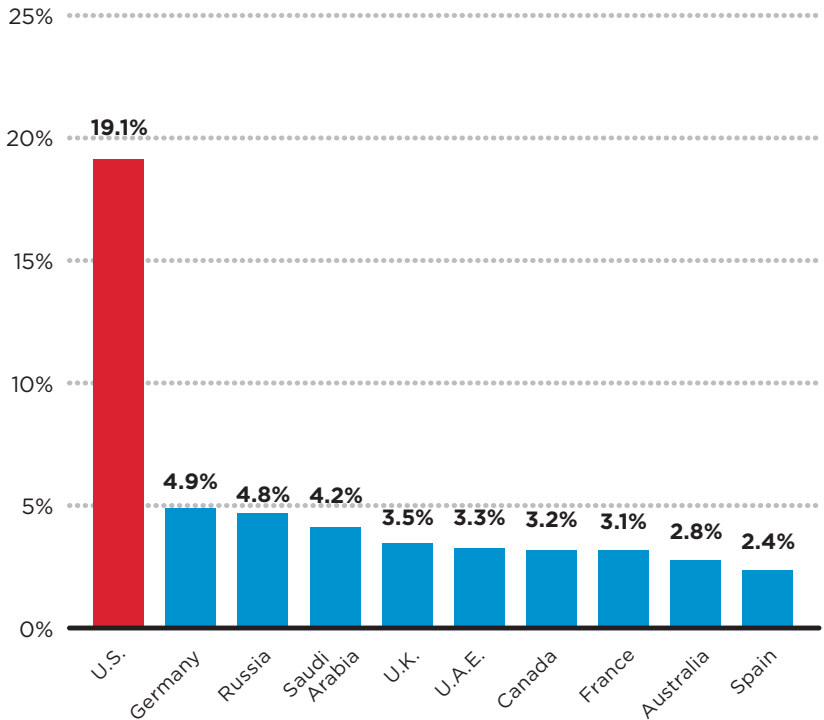
⁹ Ibid.

¹⁰ U.S. Census Bureau, *International Data Base*, 2015.



Share of All International Migrants Worldwide Who Reside in Each Country, 2015

(Top 10 Countries Shown in Graph)



Source: United Nations, *Trends in International Migrant Stock: The 2015 Revision*.

Most immigrants in the U.S. come from Latin America and Asia ...

Significant Fact:

More than half of all immigrants in the U.S. come from Latin America, and 30% come from Asia.

Immigrants come to the U.S. from all corners of the globe. But the majority — more than half of all immigrants living in the U.S. in 2015 — were born in Latin America.¹¹ It is not surprising that Latin American countries contribute such a high share of America's immigrant population, given these countries' close geographic proximity to the U.S.

Asia is the source of the second highest percentage, 30.6 percent, of immigrants in America in 2015. Europe was once the largest source of immigrants to the U.S., but by 2015 only around 11.1 percent of new arrivals were born in a European country. Still, that's more than twice as many immigrants as from the continent of Africa. "Other" regions, which include Northern America and Oceania,¹² account for the final 2.5 percent of immigrants in America.¹³

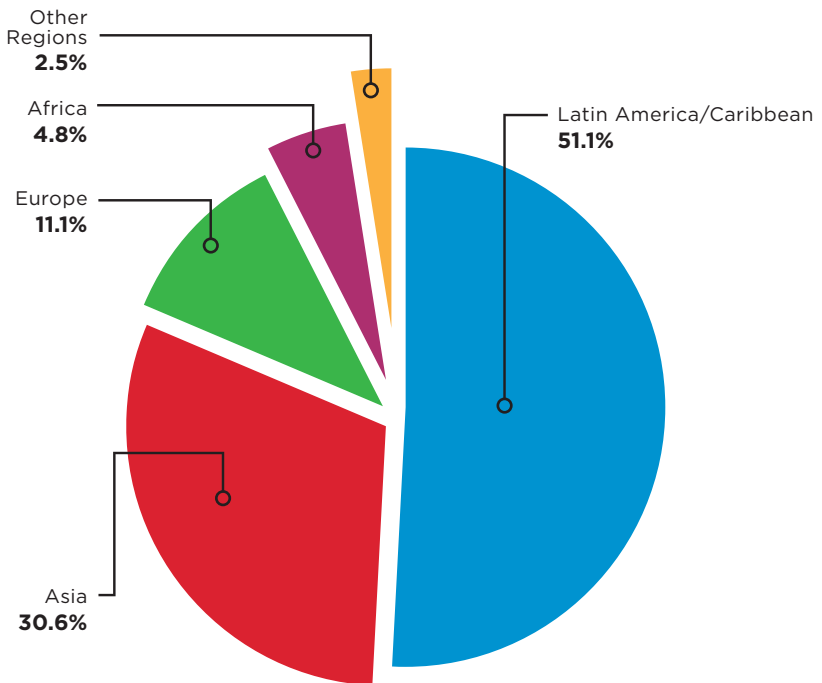
¹¹ Note: "Latin America" comprises Mexico, Central American countries, South American countries, and Caribbean countries.

¹² Note: "Northern America" comprises Canada, Bermuda, Greenland, Saint Pierre and Miquelon, and the United States. "Oceania" comprises Australia, New Zealand, Melanesia, Micronesia, and Polynesia.

¹³ U.S. Census Bureau, 2015 American Community Survey.



Share of Total U.S. Foreign-Born Population by World Region, 2015



Source: U.S. Census Bureau, 2015 American Community Survey.

Mexico is the most common country of birth among immigrants in the U.S.

Significant Fact:

**More than
one in four
immigrants in
the U.S. were
born in Mexico.**

The U.S.-Mexico border is the largest immigration corridor in the world.¹⁴ In 2015 approximately 11.6 million Mexican-born immigrants lived in the U.S., accounting for nearly 27 percent of all immigrants in the U.S. at the time.¹⁵

Mexico had more immigrants in the U.S. in 2015 than the next six countries combined (China, India, Philippines, El Salvador, Vietnam, and Cuba). After Mexico, China¹⁶ and India have the highest shares of U.S. immigrants with approximately 6.2 percent and 5.5 percent, respectively, in 2015.¹⁷

Mexico's disproportionate share of all U.S. immigrants has largely occurred over the past half century. In 1960, just over a half million Mexican-born immigrants lived in the U.S. Over the following 20 years this figure nearly quadrupled to 2.2 million in 1980. The number of America's Mexican-born doubled each of the next two decades, so that by 2000, 9.2 million immigrants in the U.S. were born in Mexico.¹⁸

¹⁴ *Migration and Remittances Factbook 2016*, Third Edition (Washington, D.C.: World Bank, 2016).

¹⁵ Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey.

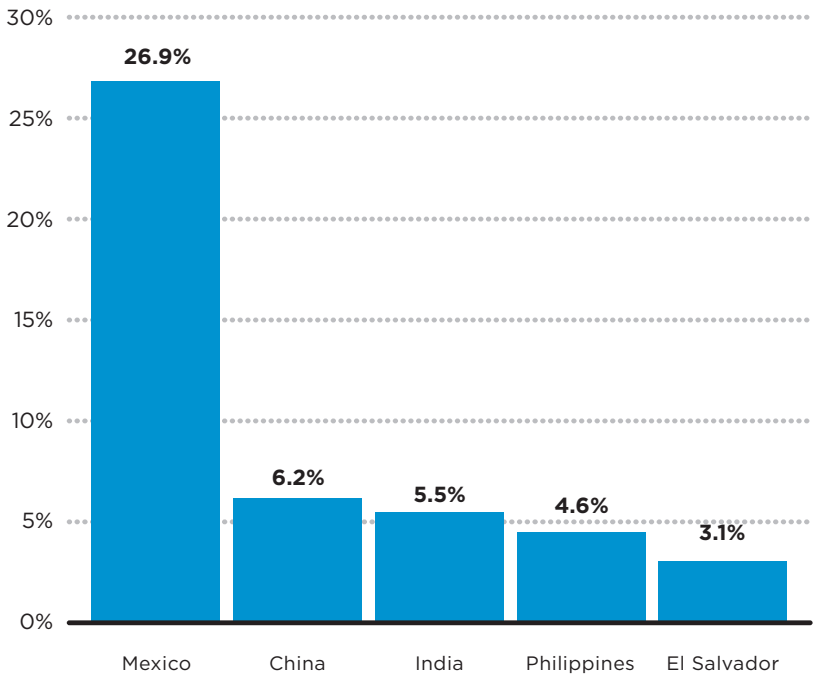
¹⁶ Note: Data for "China" include those born in mainland China, Hong Kong, and Taiwan.

¹⁷ Author's calculations. Data from "Immigration Data Hub," Migration Policy Institute Data Hub, <http://www.migrationinformation.org/datahub/>.

¹⁸ Ibid.



Share of Total U.S. Foreign-Born Population from Top Five Countries of Birth, 2015



Source: Author's calculations. Data from "Immigration Data Hub," Migration Policy Institute Data Hub.

Note: Data for "China" include those born in mainland China, Hong Kong, and Taiwan.

But immigration to the U.S. from Mexico has slowed in recent years ...

Significant Fact:
Between 2010 and 2015, the total number of Mexican-born immigrants in the U.S. shrank.

The number of Mexican-born immigrants peaked at 11.7 million in 2007.¹⁹ The chart on the previous page showed that in 2015, almost 27 percent of all U.S. immigrants were born in Mexico. Yet, as evident in the first chart on the next page, the Mexican-born share of total immigrants in the U.S. has fallen every year since 2007.

While Mexico's share of immigrants in the U.S. has declined, so too has the rate of growth in the overall size of the Mexican-born population in the U.S. As the second chart on the next page shows, the Mexican-born population in the U.S. increased almost 8 percent on average each year during the 1990s. The rate of growth slowed considerably beginning in the 2000s. For the period 2000 to 2006, Mexican-born immigrants in the U.S. increased at a steady, but much slower, pace of around 4 percent per year. The slowdown became much more accentuated during the second half of that decade, with the average annual increase between 2006 and 2010 being less than 0.5 percent. Most dramatic of all, the Mexican-born population in the U.S. actually shrank between 2010 and 2015.²⁰

Of Mexican immigrants who do currently live in the U.S., only a small portion have come in recent years. In fact, of all Mexican-born immigrants in the U.S. in 2015, only 7.7 percent had arrived in the U.S. since 2010, compared to 15.6 percent of all immigrants.²¹

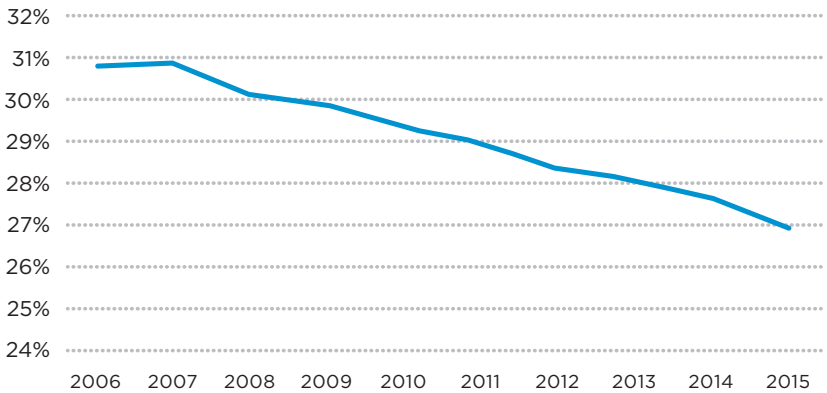
¹⁹ U.S. Census Bureau, 2007 American Community Survey.

²⁰ Author's calculations. Data from "Immigration Data Hub," Migration Policy Institute Data Hub, <http://www.migrationinformation.org/datahub/>.

²¹ Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey.

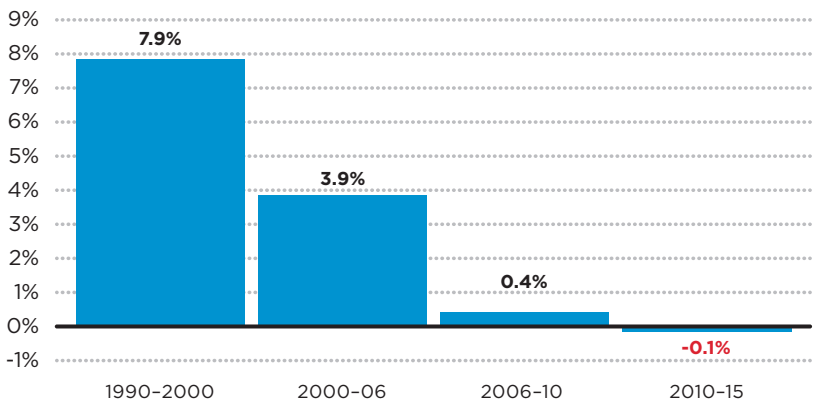


Share of the Total Foreign-Born Population That Was Born in Mexico, 2006–15



Source: Author's calculations. Data from U.S. Census Bureau, 2013 American Community Survey.

Compound Annual Average Growth Rate of the Mexican-Born Population Living in the U.S., Selected Periods, 1990–2015



Source: Author's Calculations. Data from "Immigration Data Hub," Migration Policy Institute Data Hub.

... Meanwhile, immigration to the U.S. from China and India has increased steadily.

Significant Fact:
In 2013 more
immigrants came
to the U.S. from
China than from
Mexico.

According to data from the U.S. Census Bureau, in 2013 immigration from China and India surpassed that from Mexico. In that year, some 147,000 Chinese-born and 129,000 Indian-born immigrants came to the U.S., compared to 125,000 from Mexico.²² While the difference in the numbers of immigrants from Mexico and India was not statistically significant, it is clear that a dramatic shift is underway with respect to the place-of-birth composition of U.S. immigration.

The sizes of the overall Chinese- and Indian-born populations living in the U.S. have increased steadily over the last two decades. As the chart on the next page shows, in 1990, fewer than 1 million first-generation immigrant Chinese²³ and fewer than half a million first-generation immigrant Indians lived in the U.S. By 2015, these numbers had grown to almost 2.7 million Chinese and 2.4 million Indians. For the entire period from 1990 to 2015, the Indian-born population in the U.S. grew at an average annual rate of 6.9 percent while the Chinese-born population grew around 4.4 percent per year.²⁴

It's important to note that immigration to the U.S. from China and India — and indeed many other countries — would almost certainly be even larger if U.S. laws were different. As we will see later in this handbook, many countries have lengthy queues of people waiting to enter the U.S. (see pages 174–77).

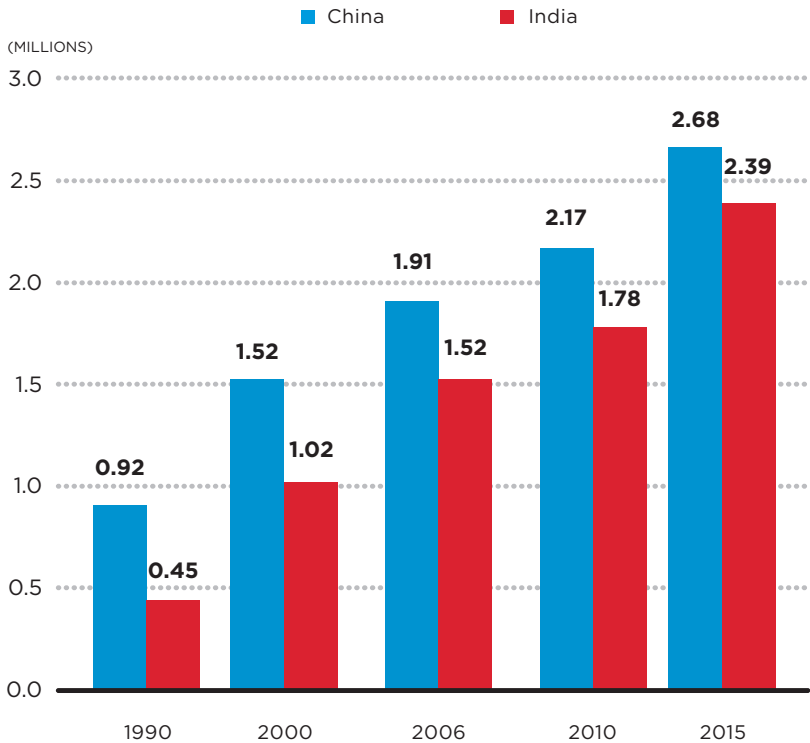
22 U.S. Census Bureau, Population Division. *The Place-of-Birth Composition of Immigrants to the United States: 2000 to 2013*. By Eric B. Jensen, et. al.

23 Data for the Chinese-born include those born in mainland China, Hong Kong, and Taiwan.

24 Author's calculations. Data from "Immigration Data Hub," Migration Policy Institute Data Hub, <http://www.migrationinformation.org/datahub/>.



Number of Chinese-Born and Indian-Born Living in the U.S., Selected Years, 1990–2015



Source: "Immigration Data Hub," Migration Policy Institute Data Hub.

Note: Data for "China" include those born in mainland China, Hong Kong, and Taiwan.

The majority of all immigrants to the U.S. live in just four states ...

Significant Fact:
California is home to one-fourth of all immigrants in the U.S.

Where do immigrants live once they arrive in the U.S.? All across the country, of course, but they are concentrated in a handful of states. Approximately one in four immigrants in the U.S. lives in California. In fact, California has more immigrant residents than the 40 states with the smallest immigrant populations combined. Texas is home to the second highest share of immigrants, with 10.8 percent of the U.S. total, followed by New York with 10.5 percent and Florida with 9.4 percent. Together, these four states are home to more than half of the country's immigrant population.²⁵

It is true that these four states have large overall populations. However, the immigrant share of each of these states' overall populations is significantly higher than the nationwide average of 13.5 percent. In 2015, 27.3 percent of all California residents were immigrants. Similarly, 22.9 percent of New York residents were born in a different country, and the same was true of 20.2 percent of Floridians and 17.0 percent of Texans.²⁶

In five other states, immigrants also represent at least 15 percent of the total state population: New Jersey (22.1 percent), Nevada (19.3 percent), Hawaii (17.7 percent), Massachusetts (16.1 percent), and Maryland (15.2 percent).²⁷

²⁵ Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey.

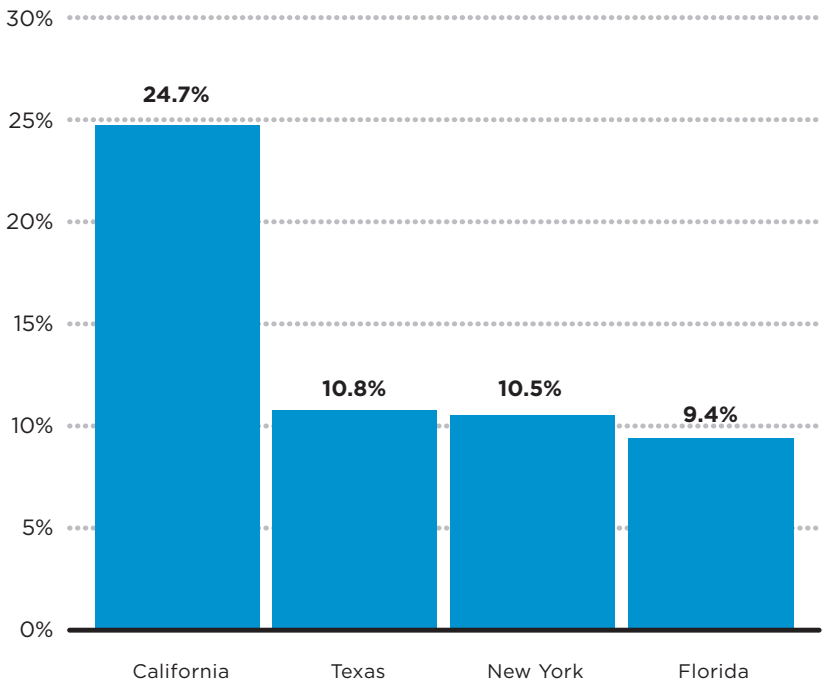
²⁶ Ibid.

²⁷ Ibid.



Percentage of Total U.S. Foreign-Born Population Residing in Each State, 2015

(Top Four States Shown in Graph)



Source: Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey.

... But immigrants' presence is growing in other states too.

Significant Fact:

In recent years, Southern states have seen the largest percentage growth in the share of state population that is foreign-born.

States that many do not consider traditional immigrant states have become more immigrant intensive in recent years. Between 2000 and 2015, the state with the greatest percentage growth in the immigrant share of overall population was North Dakota, where the immigrant share of the population doubled, increasing from 1.9 percent of the state population in 2000 to 3.8 percent in 2015. South Dakota experienced the second greatest increase, with the ratio of immigrants to total residents increasing 81.4 percent over this period. Other states that became noticeably more immigrant intensive over this period were clustered primarily in the South. Tennessee's ratio of immigrants to total residents increased by 79.8 percent, Kentucky's by 79.0 percent, Alabama's by 77.2 percent, Arkansas's by 74.0 percent, and Mississippi's by 72.2 percent.²⁸

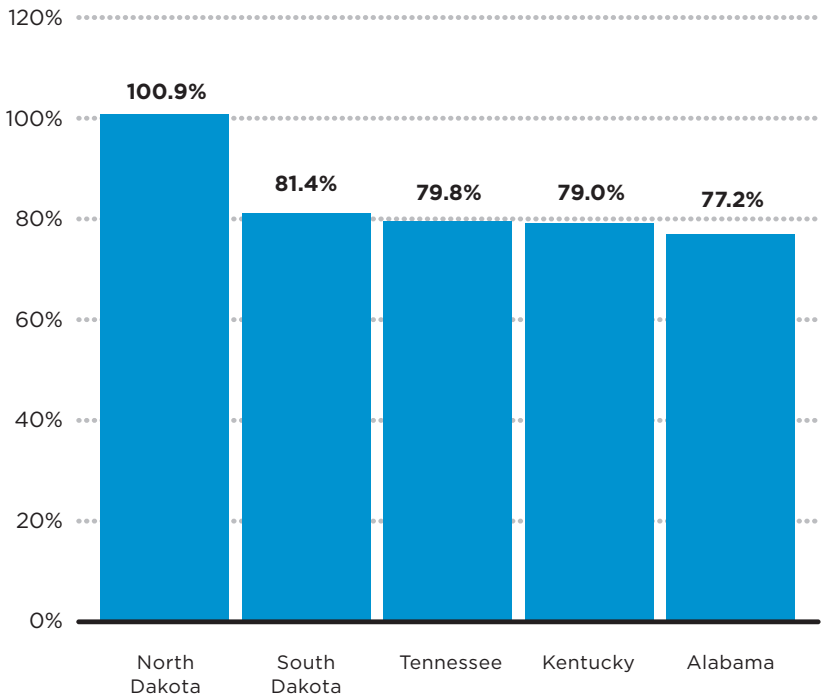
It is worth noting that states like California already have such large numbers of immigrants that adding more immigrants has a smaller effect compared to other states. Thus, the data above do not necessarily indicate that immigrants are no longer moving to the states with traditionally large immigrant populations. On the contrary, the four states with the largest absolute increase in the number of immigrants between 2000 and 2015 were, in order, California, Texas, Florida, and New York, the same four states with the largest overall immigrant populations.²⁹

²⁸ Author's calculations, data from U.S. Census Bureau, 2015 American Community Survey; "Immigration Data Hub," Migration Policy Institute Data Hub, <http://www.migrationinformation.org/datahub/>.

²⁹ Ibid.



Percentage Growth in the Share of State Population That Is Foreign-Born, Top Five States, 2000–15



Source: Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey and "Immigration Data Hub," Migration Policy Institute Data Hub.

America's immigrant population will grow dramatically in the future.

Significant Fact:

The Pew Research Center projects that future immigrants and their U.S.-born descendants will account for some 88% of total U.S. population growth between 2015 and 2065.

The size of America's immigrant population is expected to continue its strong growth over the next several decades. The Pew Research Center projects that by 2065, some 78 million immigrants will live in the U.S., the equivalent of around 18 percent of America's overall population.³⁰ This would be an all-time high for the U.S., surpassing the previous high-immigration mark seen in the late 19th century, when almost 15 percent of America's population was immigrants.

The projected growth of the immigrant population in the U.S. is expected to greatly outpace the growth of the native-born population. Between 2015 and 2065, data from the Pew Research Center suggest America's immigrant population will grow nearly 75 percent. Meanwhile, the size of America's native-born population is poised to grow only 30 percent over this same period. These projections suggest immigrants will account for around 30 percent of America's total population growth over the next 50 years despite representing less than one-seventh of the country's total population in 2015.

What's more, including the descendants of future immigrants, i.e., the so-called second- and third-generation immigrants, projections suggest future immigrants and their U.S.-born children and grandchildren will combine to account for some 88 percent of total U.S. population growth over the next 50 years.³¹

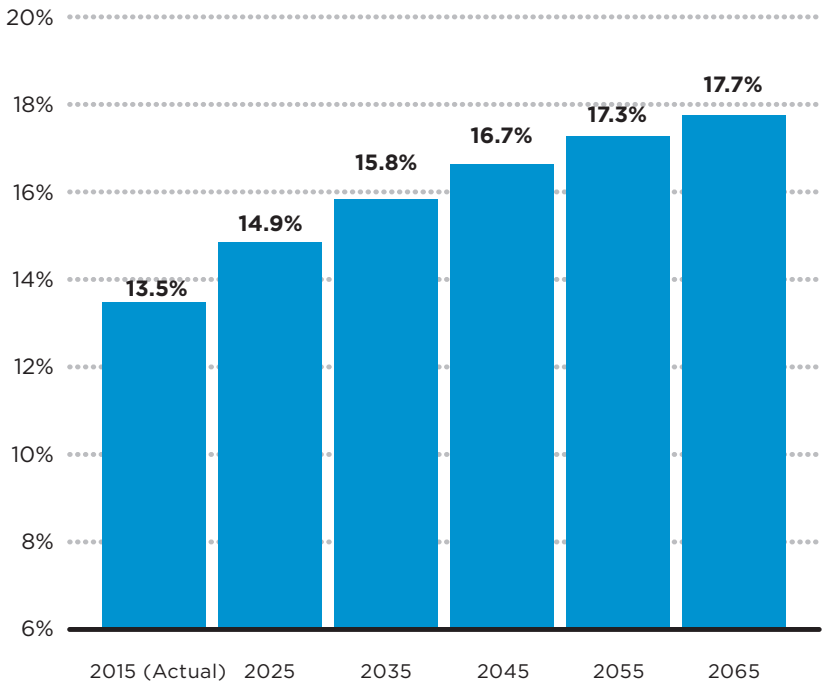
America's future prosperity is linked closely to the success of its immigrants. Attracting and assimilating dynamic and skilled immigrants will be essential to the continued growth of the U.S. economy.

³⁰ *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065: Views of Immigration's Impact on U.S. Society Mixed*. Washington, D.C.: Pew Research Center, 2015.

³¹ *Ibid.*



Projection of the Foreign-Born Population's Share of Total U.S. Population, by Decade



Source: U.S. Census Bureau, 2015 American Community Survey; *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065: Views of Immigration's Impact on U.S. Society Mixed*. Washington, D.C.: Pew Research Center, 2015.

Chapter 2:

Immigrants and Economic Growth

A woman with dark hair pulled back, wearing a dark blazer over a light-colored striped shirt, is smiling and holding a dark folder. She is standing in what appears to be a professional setting, with other people blurred in the background. The entire image has a dark blue overlay.

Immigrants Are a
Strong Workforce

Immigrants are more likely than natives to be employed.

Significant Fact:

In 2015, 62.2% of immigrants aged 16 and older were employed compared to 58.1% of native-born citizens.

In order for an economy to grow, it needs workers — and lots of them. In 2015, the U.S. had approximately 150 million people over the age of 16 who were employed. Just under 125 million of these workers were native-born citizens and nearly 26 million were immigrants.³²

Although the total number of native-born workers in the U.S. is greater, a higher percentage of immigrants are employed. In 2015, 62.2 percent of immigrants aged 16 and older were employed, compared to 58.1 percent of native-born citizens.³³ While a 4.1 percentage point difference in the employment rates may seem small, if native-born workers were employed at the same rate as immigrants, the economy would have had an additional 8.8 million workers in 2015.³⁴

Readers should note that although immigrants are employed at a higher rate, this does not necessarily mean immigrants “take” jobs from native-born Americans. A fuller discussion of the effect immigrants have on the employment of natives is presented on pages 118–19.

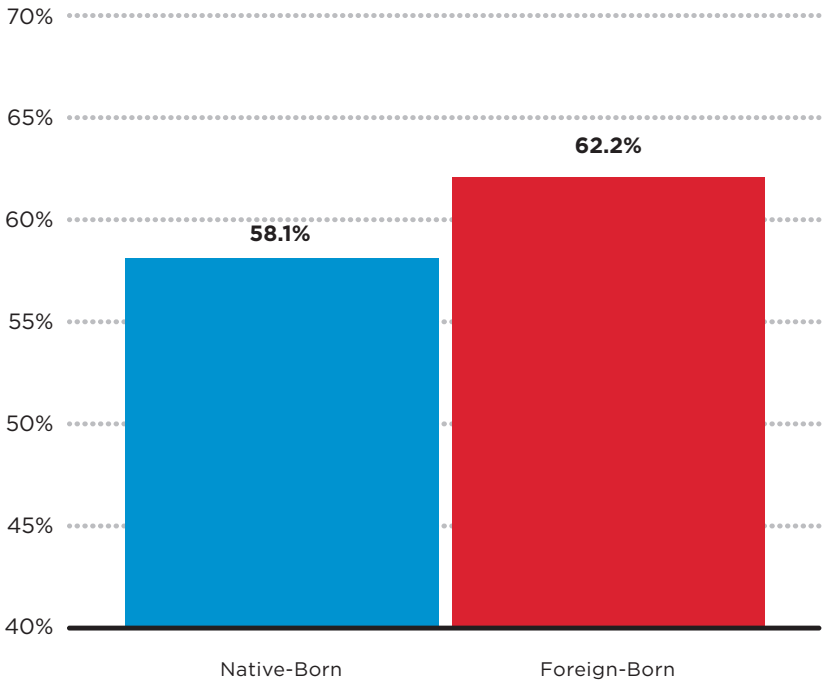
³² Author's calculations, Data from U.S. Census Bureau, 2015 American Community Survey.

³³ U.S. Census Bureau, 2015 American Community Survey.

³⁴ Author's calculations, Data from U.S. Census Bureau, 2015 American Community Survey.



Percentage of All People Age 16 and Older Who Are Employed, 2015, Foreign-Born vs. Native-Born



Source: U.S. Census Bureau, 2015 American Community Survey.

Immigrants are more likely than natives to be in the labor force.

Significant Fact:
In 2015, immigrants accounted for approximately 13.5% of America's population, but 16.6% of its civilian labor force.

The civilian labor force refers to all people in the U.S. who report that they are working or are in search of work.³⁵ As the chart shows, immigrants make up a substantial component of the U.S. labor force.

The bottom bar in the graph shows the immigrant share of the U.S. population from 2003 to 2015. The top bar shows the percentage of the total U.S. civilian labor force that immigrants represent. What is immediately clear is that immigrants have consistently had a more prominent role in the labor force than one would expect given their representation in the country's population. In 2003, 11.7 percent of all U.S. residents were immigrants, but immigrants represented 14.3 percent of the labor force. Throughout the 2000s, both of these proportions grew, and by 2015, immigrants accounted for approximately 13.5 percent of the country's population and 16.8 percent of the civilian labor force.³⁶

Immigrants participate in the labor force at a higher rate than natives. In 2015, approximately 65.8 percent of immigrants 16 years of age and older were in the labor force, compared to only 62.1 percent of native-born citizens.³⁷

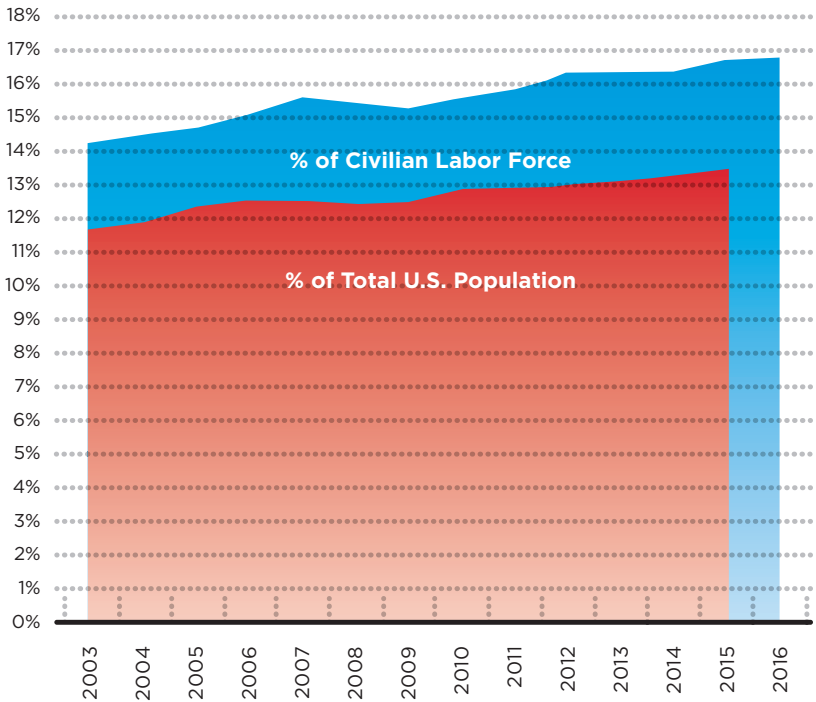
³⁵ Readers should note that the civilian labor force does not include those serving in the military or the institutionalized population.

³⁶ Author's calculations, U.S. Census Bureau, Current Population Survey: Annual Social and Economic Supplement; and U.S. Census Bureau, 2015 American Community Survey.

³⁷ U.S. Census Bureau, 2015 American Community Survey.



Foreign-Born Percentage of the U.S. Civilian Labor Force and of Total U.S. Population, 2003-16



Source: Author's calculations, data from U.S. Census Bureau, Annual Social and Economic Supplement; U.S. Census Bureau, American Community Survey.

Immigrants spur labor-force growth.

Significant Fact:
Immigrants are responsible for nearly half of the total growth of the U.S. labor force over the past decade.

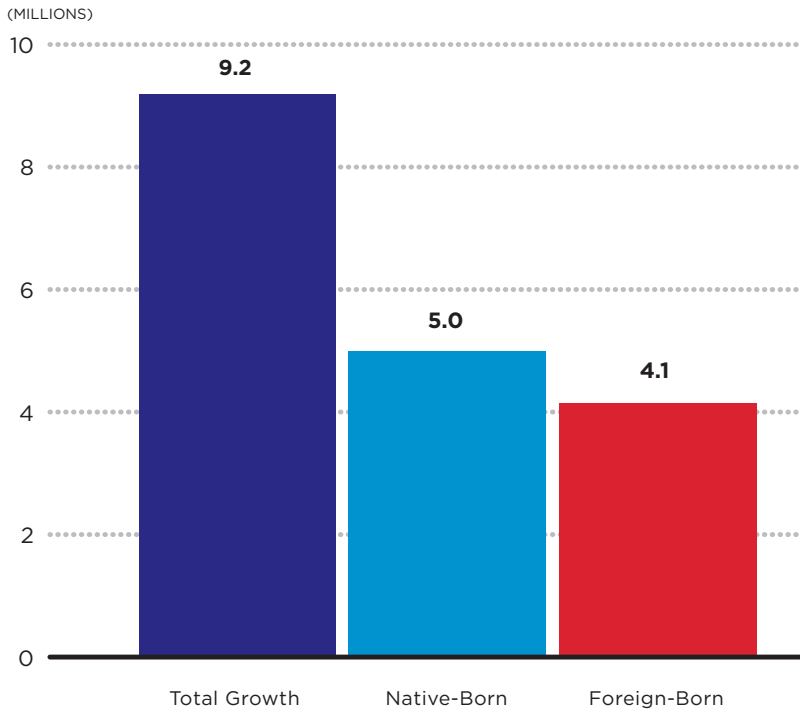
The growth in the U.S. labor force over the past decade would have been much smaller if not for immigrants. Between 2006 and 2016, the U.S. labor force added approximately 9.2 million workers. More than 4.1 million of these new workers were immigrants, while around 5 million of the new workers were native-born citizens.³⁸

This means that some 45 percent of the growth in new workers over the past decade is attributable to immigrants. This is especially noteworthy considering that immigrants averaged only around 11 percent to 13 percent of the total U.S. population during those years. Without immigrants, America’s labor force growth would have been much smaller, meaning fewer workers to help build the American economy.

³⁸ U.S. Census Bureau, Current Population Survey: Annual Social and Economic Supplement.



Growth in the Number of Foreign-Born and Native-Born Workers, 2006-16



Source: Author's calculations, data from U.S. Census Bureau, Annual Social and Economic Supplement.

Immigrants are a resilient workforce.

Significant Fact:
Immigrant workers suffered during the Great Recession, but their employment outlook overall proved fairly resilient.

The so-called “Great Recession” of 2007–09 hit the U.S. economy and its workers very hard. Between 2008 and 2010, more than 8 million lost their jobs, unemployment rose as high as 10 percent, and many more discouraged workers dropped out of the labor force entirely.

Immigrant workers suffered from the recession, but their employment outlook overall proved fairly resilient. In 2007, prior to the recession, approximately 22.5 million immigrants and 120.1 million natives over the age of 16 were employed.

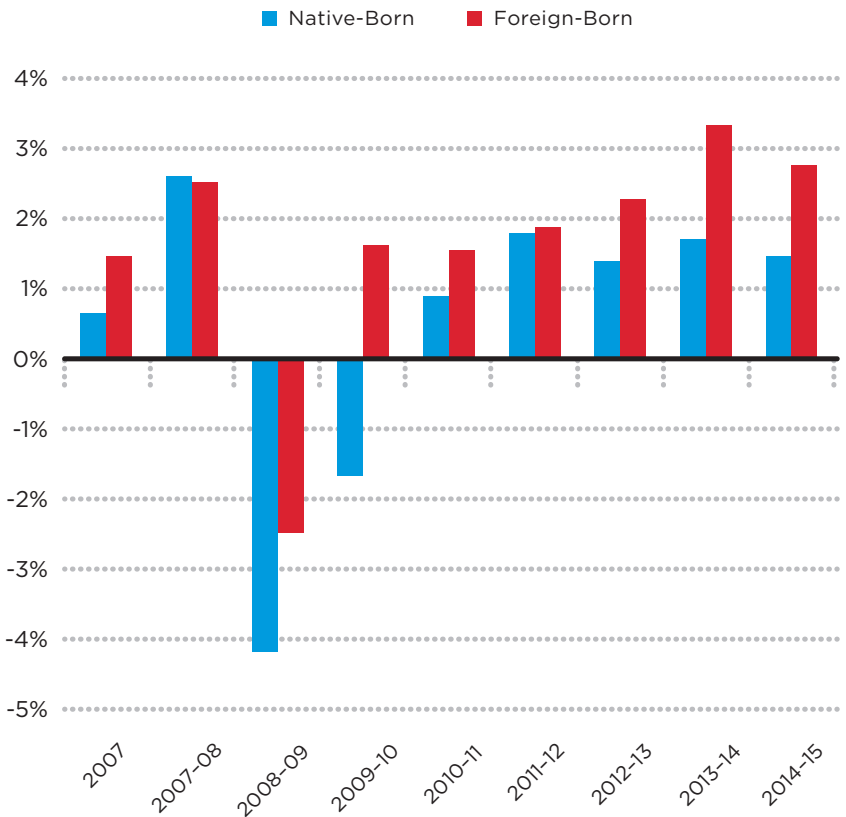
In 2008, during the depths of the recession, employment for both immigrants and natives contracted sharply. But the contraction was significantly less severe for immigrant employment. Between 2008 and 2009, immigrant employment dropped by 2.5 percent while native-born employment fell 4.1 percent. Over the next year, from 2009 to 2010, immigrant employment actually increased, while native employment suffered through another year of net job loss.

By 2011 immigrant job numbers had completely recovered and actually surpassed their pre-recession levels. Employment levels for natives unfortunately would not surpass their pre-recession peak until 2015.³⁹

³⁹ Author’s calculations; data from U.S. Census Bureau, 2006–15 American Community Survey.



Percent Change in Total Employment for Foreign-Born and Native-Born Workers Age 16 and Over, Year over Year, 2007-15



Source: Author's calculations; data from U.S. Census Bureau, 2006-15 American Community Surveys.

Immigrant-intensive cities have strong economic growth.

Significant Fact:
Cities with large increases in their immigrant populations tend to experience strong economic growth.

How do varying immigration levels relate to the growth of the local economies of America's largest cities?

A study by the Fiscal Policy Institute finds that for the period of 1990 to 2006 among America's 25 largest metropolitan areas, the cities that experienced the largest percentage point increases in the immigrant share of their respective labor forces were largely the same cities that had the fastest-growing economies. Dallas, Phoenix, Houston, and Atlanta had the largest growth in the immigrant share of the labor force and also all enjoyed among the strongest economic growth of major American cities. Meanwhile, cities like Detroit, St. Louis, Cincinnati, Cleveland, and Pittsburgh saw very little immigration between 1990 and 2006, and had some of the slowest economic growth rates among major American cities.⁴⁰

Extending this analysis for the period 2006 to 2015 shows a similar trend. The 10 cities that experienced the largest percentage increase in the immigrant share of the labor force saw their collective per capita GDP increase by just over 4 percent during these years. Meanwhile, as a group, the 10 cities with the smallest percentage increase in the immigrant share of the labor force had slightly negative per capita GDP growth.⁴¹

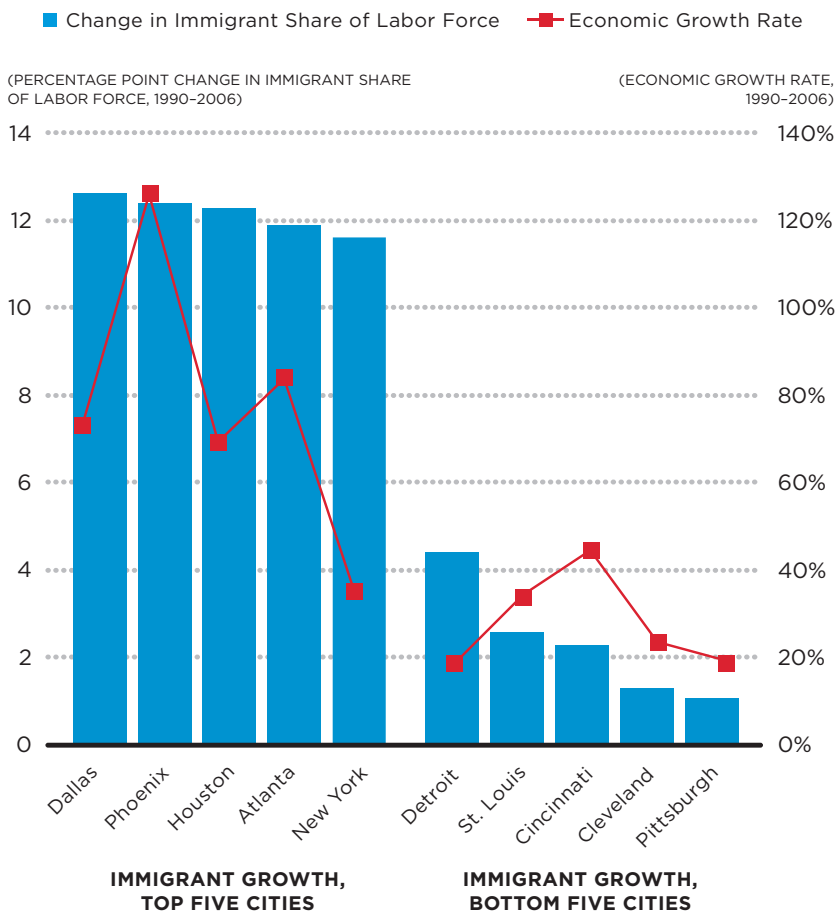
The data points do not prove that immigrants create economic growth. After all, it could be the case that economic growth attracts immigrants to these cities in the first place. Even so, the data suggest immigrants do not deter economic growth. Furthermore, it is a good thing if immigrants are moving to booming areas. Native-born Americans are not a highly mobile labor force, so immigrants help fill gaps in the labor market where they are needed.

⁴⁰ David Kallick, *Immigrants and the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas*, report (Fiscal Policy Institute, 2009), http://www.fiscalpolicy.org/ImmigrantsIn25MetroAreas_20091130.pdf.

⁴¹ Author's calculations. Data from U.S. Census Bureau, 2015 American Community Survey; U.S. Bureau of Economic Analysis, *Per capita real GDP by metropolitan area (chained 2009 dollars)*.



Growth in Immigrant Share of Labor Force and Metro Area Economic Growth, 1990-2006



Source: Kallick, 2009.

Note: Economic growth of each metropolitan area is measured as percent growth in aggregate wage and salary earnings plus proprietors' income. The period of analysis used in this study is 1990 to 2005-07. The period "2005-07" is referred to as "2006" in the text and above graph and represents data from a three-year data file for combined years 2005, 2006, and 2007.

Immigrants tell us about the state of our own economy.

Significant Fact:

In recent years, more people have moved from the U.S. to Mexico than in the opposite direction.

One way to learn about the health of the U.S. economy is to study the direction of the flow of immigrants. After all, immigrants often move to America to pursue better economic opportunities, so when the flow of immigrants slows or reverses, the economy is likely to be sluggish.

The U.S.-Mexico border is the largest two-way immigration corridor in the world, and historically most of the flow of immigrants has been in the direction of the U.S. During the period from 1995 to 2000, 2.27 million more people migrated to the U.S. from Mexico than migrated in the opposite direction.

However, in recent years, net migration to Mexico has been negative. For the period 2005 to 2010, approximately 20,000 more people moved to Mexico from the U.S. than to the U.S. from Mexico.⁴² During the years from 2009 to 2014, net migration between the two countries favored Mexico again by some 130,000 people.⁴³

The Pew Research Center reports that a majority of those returning to Mexico from the U.S. have done so voluntarily. While deportations from the U.S. have increased, some 61 percent of return migrants to Mexico cite family reunification as the reason for their return while only 14 percent cite deportation.⁴⁴

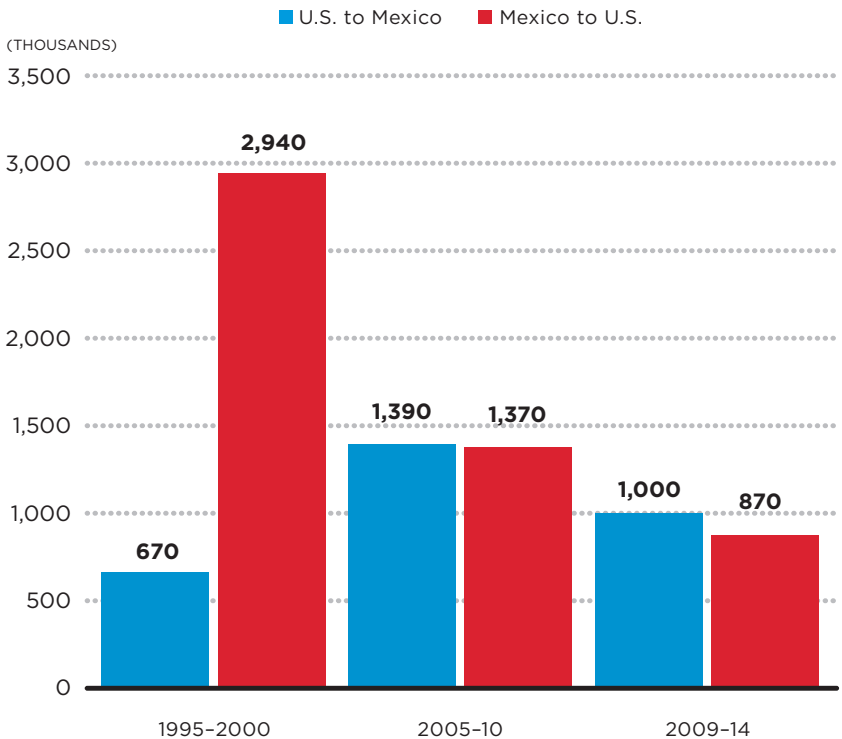
42 Jeffrey Passel, D'Vera Cohn, and Ana Gonzalez-Barrera, *Net Migration from Mexico Falls to Zero—and Perhaps Less*, report (Washington, DC: Pew Research Center, 2012), http://www.pewhispanic.org/files/2012/04/Mexican-migrants-report_final.pdf.

43 Ana Gonzalez-Barrera, *More Mexicans Leaving Than Coming to the U.S.: Net Loss of 140,000 from 2009 to 2014; Family Reunification Top Reason for Return*, (Washington, D.C.: Pew Research Center, 2015), <http://www.pewhispanic.org/2015/11/19/more-mexicans-leaving-than-coming-to-the-u-s/>

44 Ibid.



Number of People Moving Between the U.S. and Mexico, Selected Periods



Source: Figure 4 from Gonzalez-Barrera, 2015.

Immigrants Point to America's Economic Future



Immigrants are more likely to live in a married-couple household.

Significant Fact:

In 2015, 62.7% of immigrants lived in a married-couple household compared to 57.4% of native-born Americans.

Married couples, on average, are more productive and enjoy higher standards of living, higher incomes, and better health outcomes compared to single individuals.

Moreover, children who grow up in married-couple households share these benefits and also have improved educational outcomes and brighter futures as adults.⁴⁵

The academic literature suggests marriage is good for the economy, and it is notable that immigrants are more likely than natives to be married. In 2015, 58.7 percent of immigrants over the age of 15 were married, compared to 45.4 percent of natives. Furthermore, as is shown in the chart, 62.7 percent of immigrants lived in a household headed by a married couple in 2015, compared to 57.4 percent of native households.

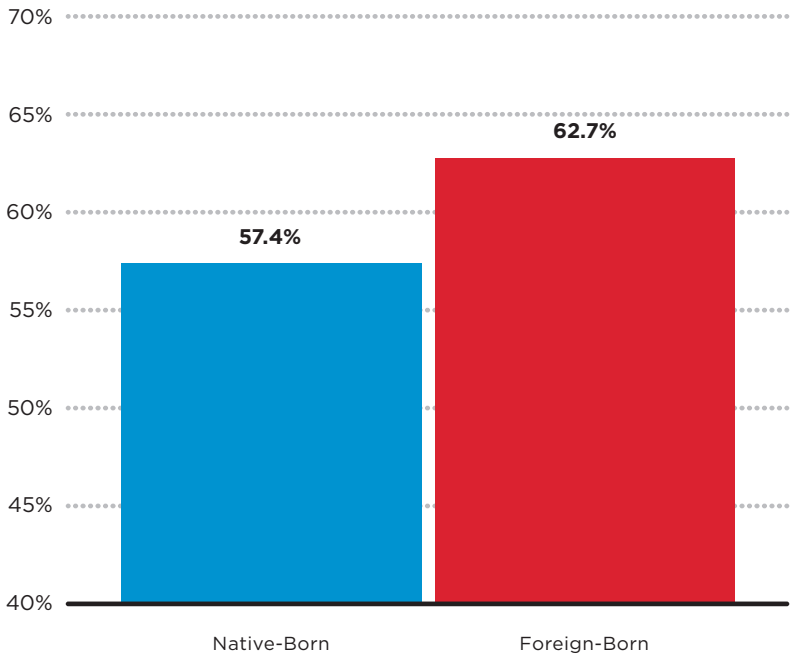
Data also show that immigrants are less likely to be divorced: 11.1 percent of immigrants over the age of 15 reported being divorced or separated in 2015 compared to 13.5 percent of natives.⁴⁶

⁴⁵ There is a vast literature on the economic gains from marriage. For a review of the literature, and a review of the statistical techniques employed in various studies, see David C. Ribar, *What Do Social Scientists Know About the Benefits of Marriage? A Review of Quantitative Methodologies*, working paper no. 998 (Bonn: IZA, 2004), <http://ftp.iza.org/dp998.pdf>.

⁴⁶ U.S. Census Bureau, 2015 American Community Survey.



Percentage of People Living in a Married-Couple Household, Native-Born vs. Foreign-Born, 2015



Source: U.S. Census Bureau, 2015 American Community Survey.

Immigrants are of working age ...

Significant Fact:

More than 70% of immigrants are between the ages of 25 and 64, compared to less than 50% of natives.

A population pyramid is the graphical display of a society's age structure, plotting the percentage of the total population that falls between various age categories.

It is generally desirable for the shape of the population pyramid to indeed reflect that of a pyramid because it suggests there are enough young people to produce goods and services for themselves as well as for the older population. When this display takes a pyramid shape, the number of people in society is inversely related to age, such that the population pyramid shows a large base of young people with each subsequent age group representing a slightly smaller percentage share of the total population.

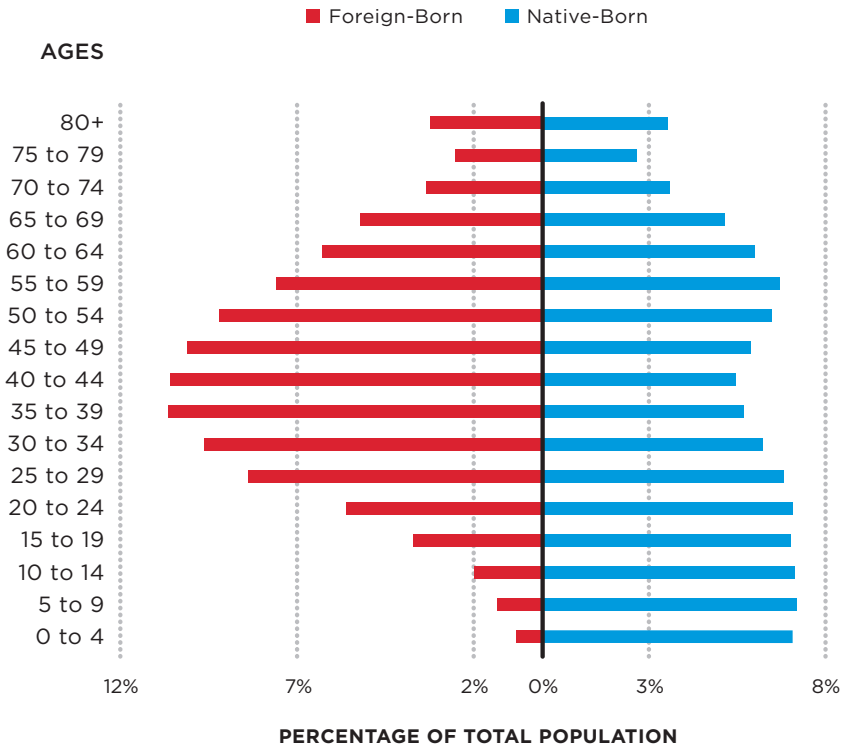
The chart shows that among native-born U.S. citizens, the shape of the population pyramid is not a pyramid at all. Rather, it is fairly straight, with a nearly equal proportion of people aged 50 to 65 as aged 30 years and younger. In the short term this does not pose any real threat because there are still far more people working than retired. However, as the large share of the population that is now over 50 years of age begins retiring, this may pose significant challenges to the economy.

By contrast, the population pyramid of immigrants in the U.S. reflects a more ideal distribution. It shows the largest portion of the population is between the ages of 25 and 55.⁴⁷ This is because immigrants typically come to the U.S. in middle age, meaning that immigrant populations have smaller proportions of the young and the old. Workers are at their most productive in middle age, and the constant inflow of middle-aged immigrants helps grow the economy and care for the country's elderly.

⁴⁷ Author's calculations. Data from U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2016.



Percentage of the Population in Each Age Distribution, 2016, Foreign-Born and Native-Born



Source: Author's calculations. Data from U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2016.

... Most immigrants are not children.

Significant Fact:

Immigrants

usually come to

the U.S. during

their prime

working years.

In 2015, less than

6% of immigrants

in the U.S. were

under the age

of 18.

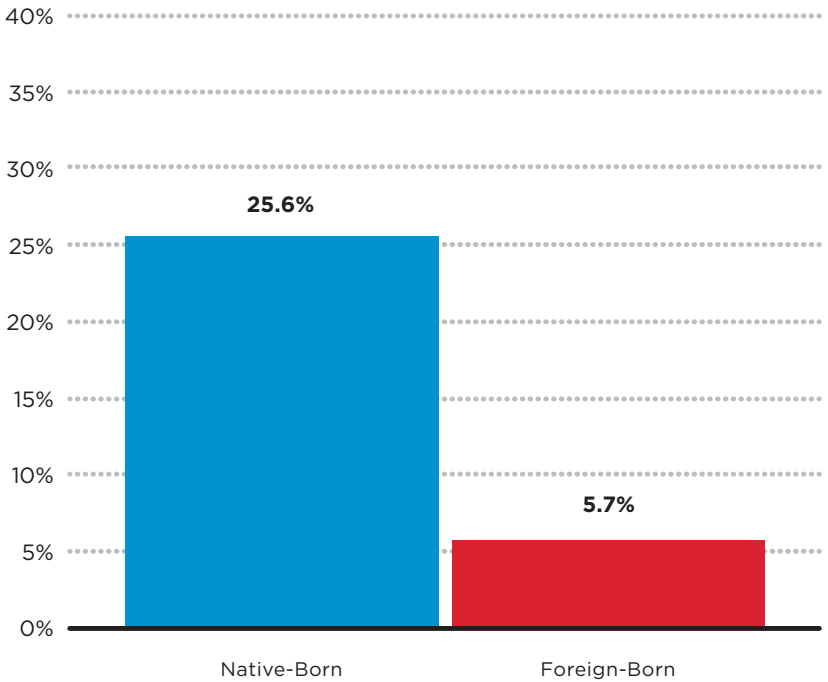
In 2015, only 5.7 percent of U.S. immigrants were under the age of 18.⁴⁸ Usually this would pose a problem for a society, since it suggests that in future years the size of the workforce would be much smaller than the size of the elderly population. However, since immigrants come to the U.S. in their prime working years, the immigrant population has a large proportion of workers even in the absence of a large population of young people.

In this way, the shape of the U.S. immigrant population pyramid — which has a bulge representing a large proportion of middle-aged people relative to young and elderly people — is even more advantageous than a traditional pyramid shape. Young people, while vibrant and future workers, are dependent upon middle-aged people to care for them. Since immigrants usually come as adults, they contribute to the economy without requiring resources to be expended on them in the U.S. when they are children.

48 Author's calculations, Data from U.S. Census Bureau, 2015 American Community Survey.



Percentage of the Foreign-Born and Native-Born Populations Under 18 Years of Age, 2015



Source: U.S. Census Bureau, 2015 American Community Survey.

Immigrants have a much more favorable worker-to-dependent ratio.

Significant Fact:

Among immigrants in the U.S., there are nearly four people of working age for every person under the age of 18 or over the age of 64. Among natives, that ratio stands at 1.5 to 1.

An important indicator of the health of an economy is the ratio of the working-age population to the dependent-age population. Typically, the working-age population is considered those people between the ages of 18 and 64 while the dependent-age population is considered those people 17 years and younger and those people 65 years of age and older. Economies with more workers per dependent person have a better outlook because there are more workers available to produce for the young and old.

The chart on the next page shows the number of people in the working-age population divided by the number of people in the dependent-age population for both the native-born and foreign-born populations in the U.S.

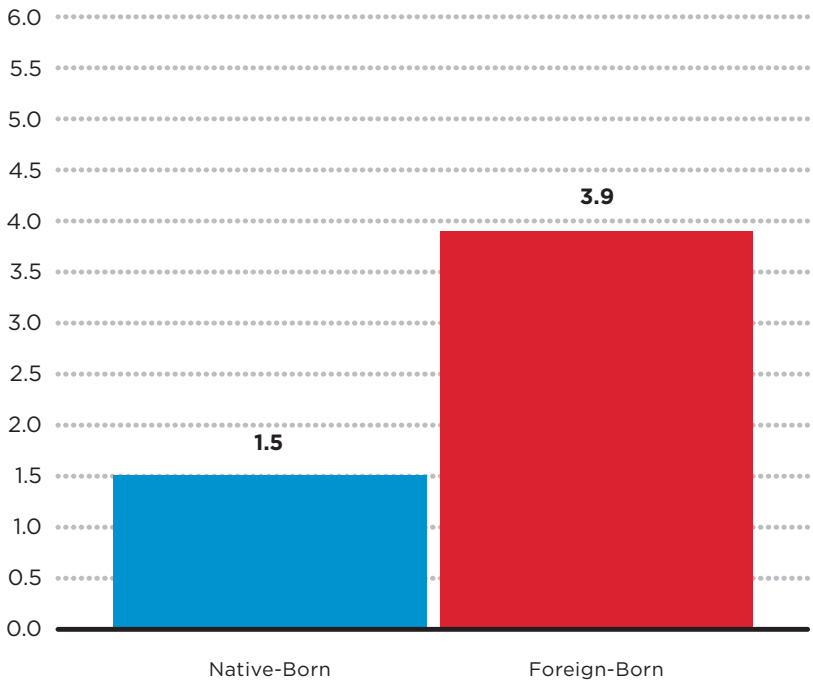
The results are stark. In 2015, immigrants in the U.S. had nearly four people of working age for every dependent. By contrast, the native-born population had only 1.5 people of working age for every dependent.⁴⁹

As America's native-born population continues to age, the influx of immigrants into the labor force will be of increasing importance to maintain a strong and growing economy.

⁴⁹ Author's calculations, data from U.S. Census Bureau, 2015 American Community Survey.



Working-Age People per Non-Working-Age People, Foreign-Born vs. Native-Born, 2015



Source: Author's calculations, data from U.S. Census Bureau, 2015 American Community Survey.

Note: The term "Working-Age" is defined as those people 18-64 years of age. The term "Non-Working-Age" is defined as those people under the age of 18 or over the age of 64.

America's future workforce growth depends on immigrants and their children.

Significant Fact:

It is projected that between 2015 and 2035, the native-born population of prime working age will decline. Meanwhile, the number of immigrants and their U.S.-born children of prime working age will increase by over 18 million.

Immigrants already represent an important component of the U.S. labor force, but their role will become even more important in coming years.

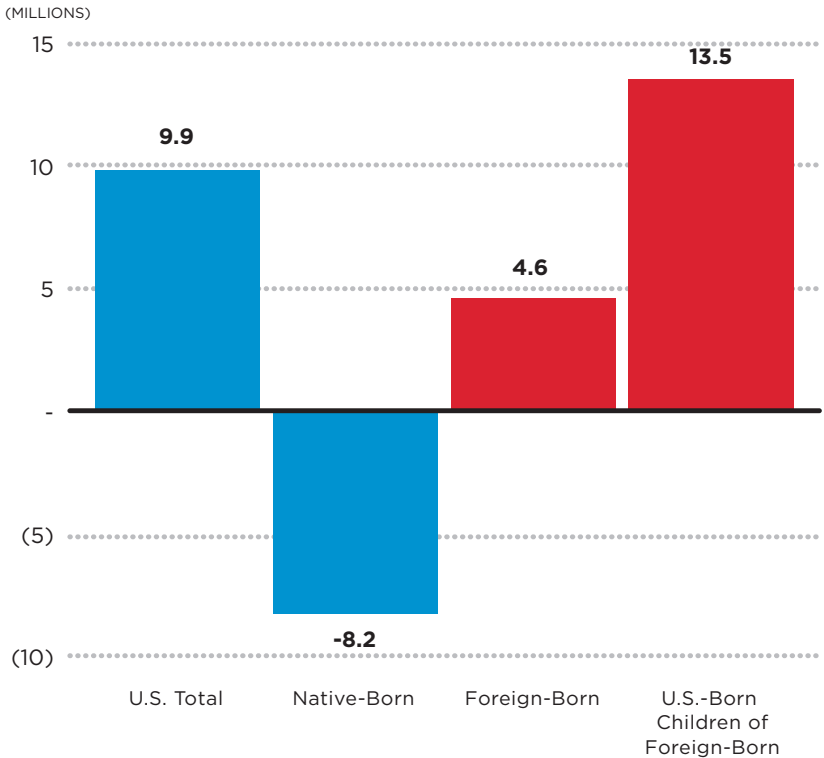
The aging of America's "baby boom" generation, coupled with falling birthrates among Americans, means the number of native-born Americans in their prime working years will decline in coming decades. The Pew Research Center estimates that the number of native-born Americans with U.S.-born parents who are in the prime working age range of 25–64 years old will decrease by some 8.2 million in the two decades from 2015 to 2035.

Meanwhile, the Pew Research Center projections indicate first- and second-generation immigrants of prime working age will increase by 18.1 million between 2015 and 2035. These will offset the decrease of native-born Americans and result in America's total prime working-age population increasing by approximately 10 million by 2035. While an increase of 10 million represents a growth rate that is considerably smaller than in past decades, the fact that it is an increase at all is thanks to immigrants and their children. In this way, immigrants help alleviate America's demographic challenge of an aging population.⁵⁰

⁵⁰ Jeffrey S. Passel and D'Vera Cohn, *Immigration Projected to Drive Growth in U.S. Working-age Population through at Least 2035* (Washington, D.C.: Pew Research Center, 2017), <http://www.pewresearch.org/fact-tank/2017/03/08/immigration-projected-to-drive-growth-in-u-s-working-age-population-through-at-least-2035/>.



Projected Growth of the U.S. Prime Working-Age Population (25–64 Years), Foreign-Born and Native-Born, 2015 to 2035



Source: Passel and Cohn, 2017.

Immigrants Drive Innovation in America's Economy



The share of immigrants with a college degree is growing ...

Significant Fact:
Immigrants who have arrived since 2010 are more likely than natives to possess a bachelor's degree.

A highly educated workforce is important for strong economic growth. Economic theory suggests that as workers gain more education, their “human capital” and productivity increase. Most economists believe productivity gains are the single most important ingredient for economic growth.

As workers become more productive, their incomes increase. In 2015, median annual earning for all full-time, year-round workers in the U.S. totaled around \$48,000. But for workers with a college degree, median earnings were substantially higher, at more than \$61,000 per year. And for the most educated workers, those with doctoral or professional degrees, earnings often exceeded \$100,000 or even \$110,000 per year.⁵¹

As of 2015, native-born citizens were still more likely to possess a bachelor's degree or higher compared to immigrants: 30.8 percent of all native-born citizens aged 25 years and older had earned a bachelor's degree or higher, compared to 29.4 percent of immigrants.⁵² Even so, immigrants account for an important and growing share of America's highly educated workers.

Recent immigrants to the U.S. are much more likely to have a college degree compared to immigrants who came in earlier periods. In fact, some 45.2 percent of immigrants arriving in the U.S. since 2010 have at least a bachelor's degree. This is a significantly higher percentage than the average for natives in 2015, and reflects the very positive trend of improving educational achievement among recent immigrants to the U.S.⁵³

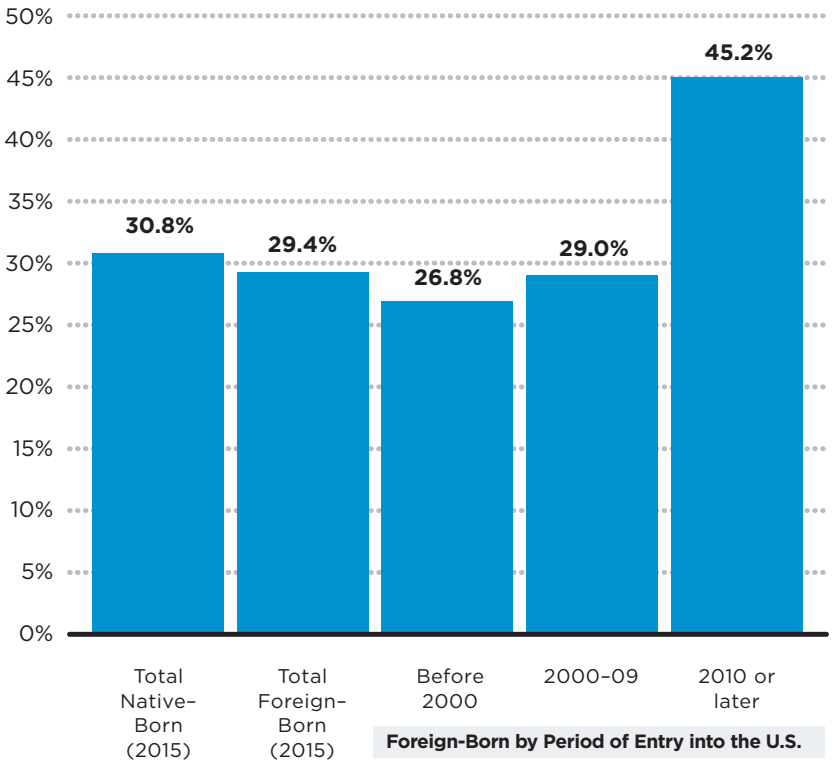
51 U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement, Table PINC-03. Educational Attainment--People 25 Years Old and Over, by Total Money Earnings in 2015, Work Experience in 2015, Age, Race, Hispanic Origin, and Sex.

52 U.S. Census Bureau, 2015 American Community Survey.

53 Ibid.



**Percentage of Foreign-Born People with a Bachelor's Degree or Higher,
by Period of Entry into the United States, 2015**



Source: U.S. Census Bureau, 2015 American Community Survey.

Note: Data are for individuals 25 years of age and older.

... And immigrants are more likely than natives to have an advanced degree.

Significant Fact:

Although many immigrants have low levels of education, many others are among the most educated workers in the U.S. economy.

Workers with graduate and professional degrees are especially productive members of America's economy. Although immigrants are slightly less likely to have a bachelor's degree compared to natives, they are more likely to have earned a graduate or professional degree. In 2015, 12.4 percent of immigrants possessed a graduate or professional degree compared to 11.4 percent of natives.⁵⁴

The growth in the share of immigrants with advanced degrees among recent waves of immigrants is especially noteworthy. In 2011, 10.4 percent of immigrants who came to the U.S. prior to 1990 reported having an advanced degree.⁵⁵ When surveyed in 2015, 12.5 percent of immigrants who came to the U.S. between 2000 and 2009 had an advanced degree. And among immigrants who came to the U.S. after 2010, 19.8 percent had advanced degrees.⁵⁶ These most highly educated immigrants are crucial to America's future economic growth.

It should be noted that although many immigrants are highly educated, overall the educational attainment achieved by immigrants in the U.S. varies greatly. Indeed, a large share of immigrants have little formal education at all. Data on the lesser-educated immigrant population are presented on pages 114–17.

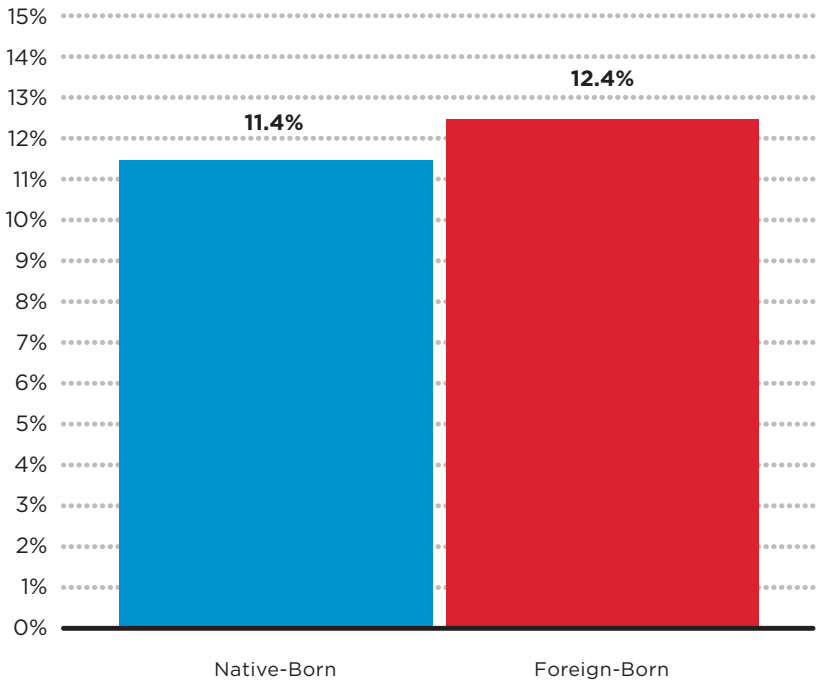
⁵⁴ U.S. Census Bureau, 2015 American Community Survey.

⁵⁵ U.S. Census Bureau, 2011 American Community Survey.

⁵⁶ U.S. Census Bureau, 2015 American Community Survey.



Percentage of the Population Possessing a Graduate or Professional Degree, Native-Born and Foreign-Born, 2015



Source: U.S. Census Bureau, 2015 American Community Survey.

Note: Data are for the percentage of the population 25 years of age and older who have earned a graduate or professional degree.

Immigrants receive a disproportionate share of STEM degrees.

Significant Fact:

More than half of all doctoral degrees in engineering granted by U.S. universities are earned by foreign-born students.

The U.S. has long benefited from its ability to attract top foreign-born scientists. German-born Albert Einstein and Scottish-born Alexander Graham Bell are obvious examples of U.S. inventors who pushed the boundaries of human understanding. But they are hardly alone.

To this day, the foreign-born are helping push science forward in America. They account for a disproportionate share of degrees in science, technology, engineering, and mathematics (STEM) fields. In fact, more than half of all doctoral degrees granted by U.S. universities in engineering are earned by foreign-born students. And in the physical sciences — which include mathematics and computer science — that number stands at over 40 percent.⁵⁷

These STEM graduates help form the backbone of America's high-tech work force. In 2013, immigrants represented more than one in four college-educated workers in nonacademic U.S. science and engineering jobs. Among such workers with doctorate degrees, 42.1 percent were immigrants, an increase from 36.4 percent in 2003 and 26.8 percent in 1993.⁵⁸ These workforce statistics are even more impressive when one remembers that immigrants accounted for only around 13 percent of the total U.S. population in 2013.

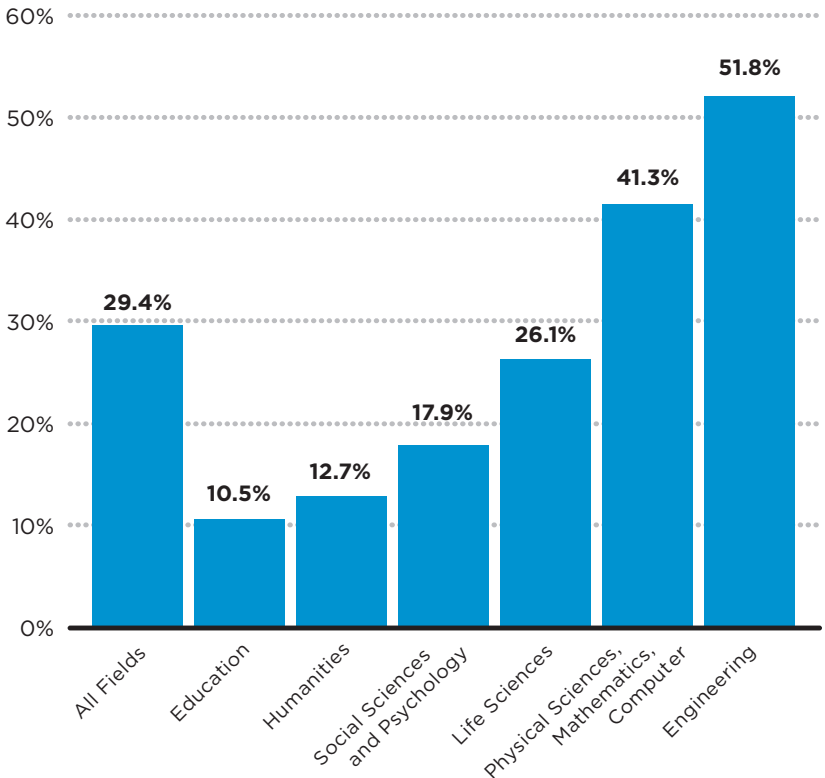
Of course, many of these STEM graduates are in the U.S. on student visas or high-skilled H-1B visas. Such visas allow foreigners to remain and work in the U.S. on a temporary basis. This has led many highly skilled foreigners to be forced to leave the U.S. More discussion of this issue is included on pages 168–71.

⁵⁷ Author's calculations. Data from National Science Foundation, National Center for Science and Engineering statistics, Survey of Earned Doctorates, *Table 17: Doctorate recipients, by broad field of study and citizenship status: Selected years, 1985–2015*.

⁵⁸ "Chapter 3. Science and Engineering Labor Force," in *Science and Engineering Indicators 2016* (National Science Foundation, 2016), Table 3-25, <https://www.nsf.gov/statistics/2016/nsb20161/#/report/chapter-3/immigration-and-the-s-e-workforce>.



Percentage of Doctoral Degrees Granted by U.S. Institutions to International Students, by Field of Study, 2015



Source: Author's calculations. Data from National Science Foundation, National Center for Science and Engineering statistics, Survey of Earned Doctorates, *Table 17: Doctorate recipients, by broad field of study and citizenship status: Selected years, 1985–2015*.

Immigrants lead in scientific research.

Significant Fact:

Since the year

2000, immigrants

in the U.S. have

received nearly

40% of all Nobel

Prizes awarded

to Americans

in the fields

of chemistry,

medicine, and

physics.

Immigrants distinguish themselves in many ways. One of the more remarkable ways is through their achievements in scientific research.

One interesting way to gauge their contributions is to analyze how often they win top awards like the Nobel Prize, which honors those who have made groundbreaking discoveries in the areas of chemistry, medicine, physics, literature, international peace, and economics.

Between 2000 and 2016, Americans received 78 Nobel Prizes in the fields of chemistry, medicine, and physics. Of those 78 awards, nearly 40 percent (or 31 in total) went to U.S. immigrants. This is a large percentage, especially considering that immigrants represent only 13.5 percent of the total U.S. population.

Over the last half-century, the number of American immigrants winning the Nobel Prize in chemistry, medicine, and physics increased dramatically. From 1901 through 1959, only 25 U.S. immigrants were recipients. But during the 56 years since (the period 1960–2016), immigrants in the U.S. have won 79 awards. In 2016 all six American recipients of Nobel Prizes in economics and scientific fields were immigrants.⁵⁹

Immigrant scientists have been recognized with other honors as well. A paper published in 1999 by Sharon Levin and Paul Stephan found that immigrant scientists were disproportionately represented among the ranks of the National Academy of Sciences and the National Academy of Engineering.⁶⁰

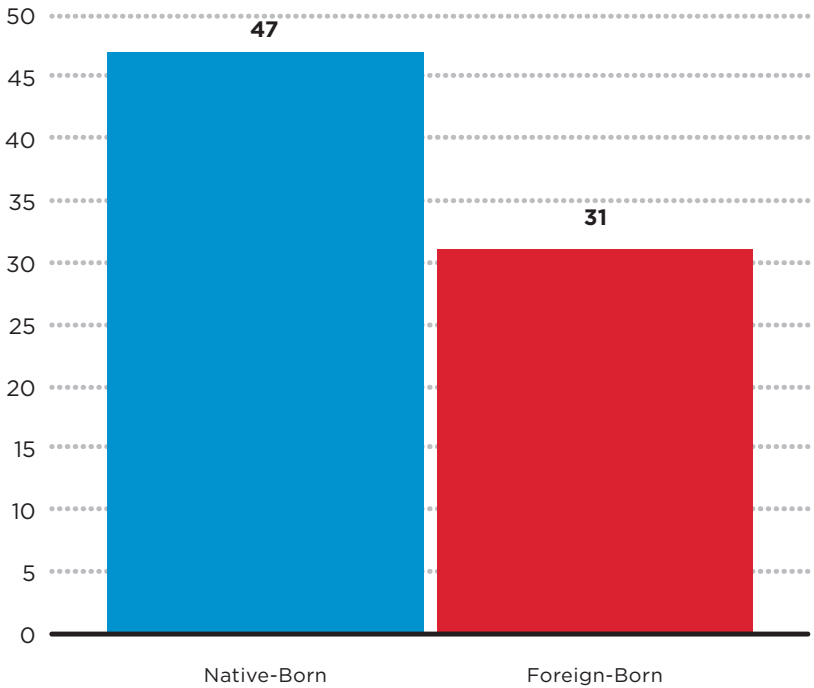
Scientific research plays a fundamental role in developing innovations. Immigrants' contributions are undeniable, and they help drive the economy forward.

⁵⁹ *Immigrants and Nobel Prizes*, report (National Foundation for American Policy, 2016), <http://nfap.com/wp-content/uploads/2016/10/Immigrants-and-Nobel-Prizes.NFAP-Policy-Brief.October-2016.pdf>.

⁶⁰ Paula E. Stephan and Sharon G. Levin, "Exceptional Contributions to US Science by the Foreign-born and Foreign-educated," *Population Research and Policy Review* 20 (2001): 59–79.



**Number of Nobel Prizes Won by Americans in Chemistry, Medicine,
and Physics, Foreign-Born and Native-Born,
2000-16**



Source: Anderson, 2016.

Immigrants are disproportionately responsible for U.S. international patent applications.

Significant Fact:

In 2006, non-citizen immigrants living in the U.S. applied for almost one-quarter of all the international patent applications filed by people residing in the U.S. that year.

The World Intellectual Property Organization (WIPO) defines a patent as the “exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem.”⁶¹ The number of applications for patents is one of the best barometers of innovation in an economy because it measures the number of new ideas being introduced.

According to research by Vivek Wadhwa and others using data from the WIPO, in 2006 non-citizen immigrants living in the U.S.⁶² were responsible for filing one-quarter of all the international patent applications filed by people residing in the U.S. that year. This is an increase from the 7.6 percent of all international patents submitted by immigrants in the U.S. in 1998.⁶³

Many companies rely on immigrants to help generate new ideas. At Qualcomm, Inc., foreign-born employees⁶⁴ were responsible for 72 percent of the company’s international patent applications. At other major companies, it’s a similar story: 65 percent of international patent applications at Merck & Co., 64 percent at General Electric, 63 percent at Siemens, and 60 percent at Cisco. Among international patent applications filed by the U.S. government, the foreign-born were responsible for an impressive 41 percent of such applications.⁶⁵

These figures significantly *understate* the actual share of U.S. international patents filed by

61 “Patents,” World Intellectual Property Organization, accessed October 28, 2012, <http://www.wipo.int/patentscope/en/>.

62 Note that this data set excludes naturalized U.S. citizens.

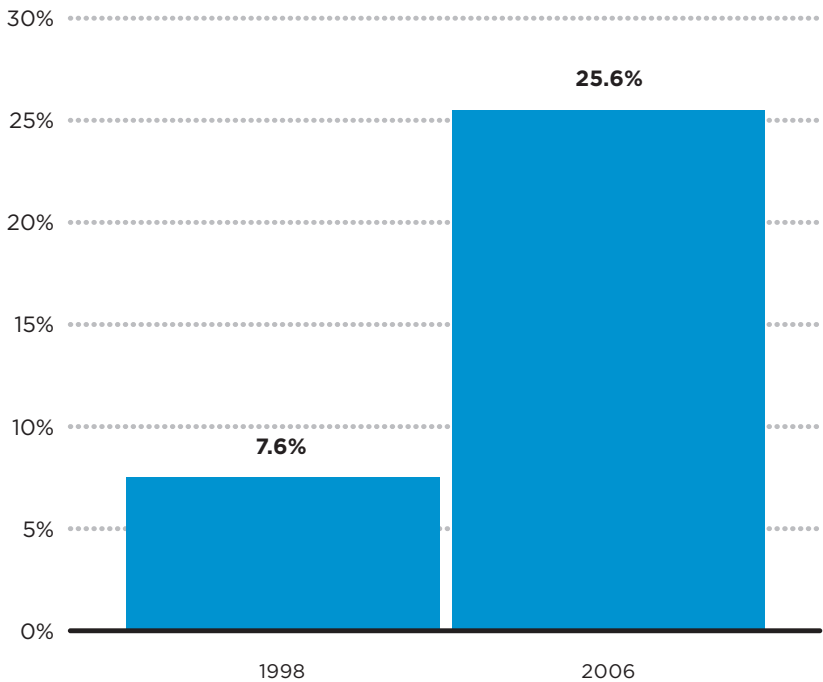
63 Vivek Wadhwa et al., Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain: America’s New Immigrant Entrepreneurs, Part III, report (2007), http://www.kauffman.org/-/media/kauffman_org/research%20reports%20and%20covers/2007/08/reverse_brain_drain_101807.pdf.

64 Categorized as non-citizen foreign-born living in the U.S. or employees of the company born and working abroad.

65 Vivek Wadhwa et al., Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain: America’s New Immigrant Entrepreneurs, Part III, report (2007), http://www.kauffman.org/-/media/kauffman_org/research%20reports%20and%20covers/2007/08/reverse_brain_drain_101807.pdf.

immigrants. Wadhwa’s data set allowed him to determine the immigrant status of only “non-citizen” immigrants. The findings therefore exclude immigrants in the U.S. who are naturalized citizens. In 2013, there were more than 19 million such immigrants. If these immigrants were identifiable in the data set, it is almost certain that immigrants’ overall share of all international patent applications would be even larger.

Percentage of Total U.S. International Patent Applications Filed by Non-Citizen Foreign-Born Population, 1998 and 2006



Source: Wadhwa, et al., “Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain.”

Note: Data refer to the “Non-Citizen Foreign-Born Population,” i.e., this data set does not include foreign-born naturalized citizens.

Immigrants are more likely to be granted a patent ...

Significant Fact:

Immigrant college graduates are granted more patents on average than similarly educated native-born Americans.

Of course applying for a patent is not the same thing as being granted a patent, which is certification from an outside authority that an idea is actually innovative.

Using data from the National Survey of College Graduates, economist Jennifer Hunt assessed the percentage of immigrants granted patents. She found that 2.0 percent of all immigrant college graduates in 2000 reported they had been granted at least one patent. This proportion is double the percentage of native-born Americans who reported having received a patent (0.9 percent).⁶⁶ Furthermore, immigrant college graduates were granted more patents per capita than natives: 0.054 patents per immigrant college graduate compared to 0.028 patents per native college graduate in 2000.⁶⁷

Other research further links immigrants to patent activity. A recent study published by Harvard Business School examines historical differences between U.S. states in terms of patent activity and immigration. The study finds that in the 10 states with the most patents per capita over the period 1880 to 1940, the foreign-born share of the population was over 20 percent. Meanwhile, only 1.7 percent of the population was foreign-born in the 10 states with the fewest patents per capita.⁶⁸

What's more, a study from the Partnership for a New American Economy finds at top U.S. universities, immigrants lead the way with respect to patents. Among the 10 universities receiving the most patents in 2011, 76 percent of all patent awards named at least one immigrant as the grantee.⁶⁹

⁶⁶ Jennifer Hunt, "Which Immigrants Are Most Innovative and Entrepreneurial? Distinctions by Entry Visa," *Journal of Labor Economics* 29, no. 3 (July 2011).

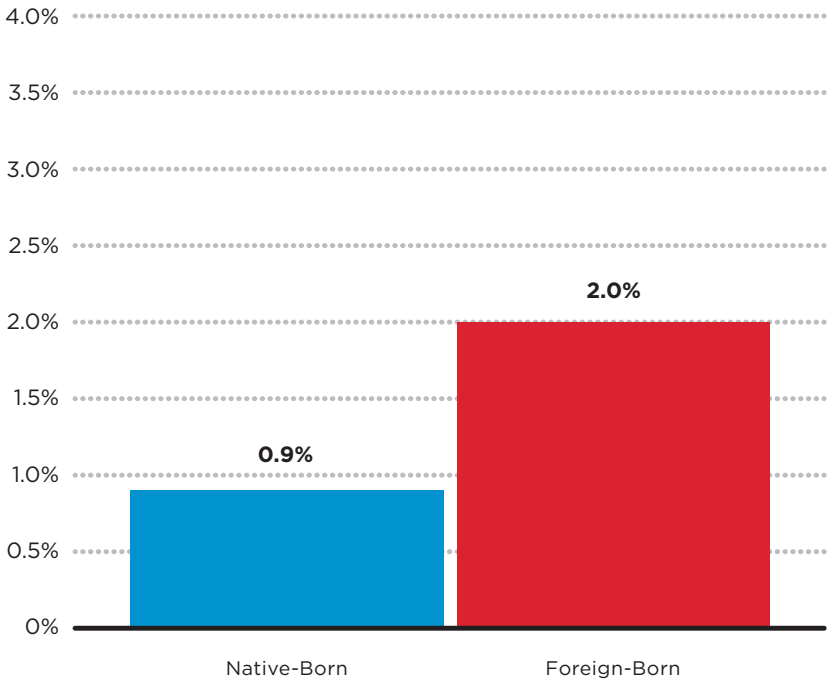
⁶⁷ Jennifer Hunt and Marjolaine Gauthier-Loiselle, "How Much Does Immigration Boost Innovation?" *American Economic Journal: Macroeconomics*, *American Economic Association* 2, no. 2 (2010).

⁶⁸ Ufuk Akcigit, John Grisby, and Tom Nicholas, *Immigration and the Rise of American Ingenuity*, Working paper no. 17-06, Harvard Business School, 2017.

⁶⁹ *Patent Pending: How Immigrants Are Reinventing the American Economy*, report (Partnership for a New American Economy, 2012), <http://www.renewoureconomy.org/wp-content/uploads/2013/07/patent-pending.pdf>.



Percentage of Native-Born and Foreign-Born College Graduates Who Have Ever Been Granted a Patent, 2000



Source: Hunt, 2011.

... And a greater percentage of immigrants commercialize their patents.

Significant Fact:
Immigrants have proven their success at bringing ideas to the marketplace.

Patents especially help grow the economy when they are commercialized or licensed. Jennifer Hunt finds that 1.3 percent of immigrant college graduates had commercialized a patent in 2000, compared to 0.6 percent of natives.

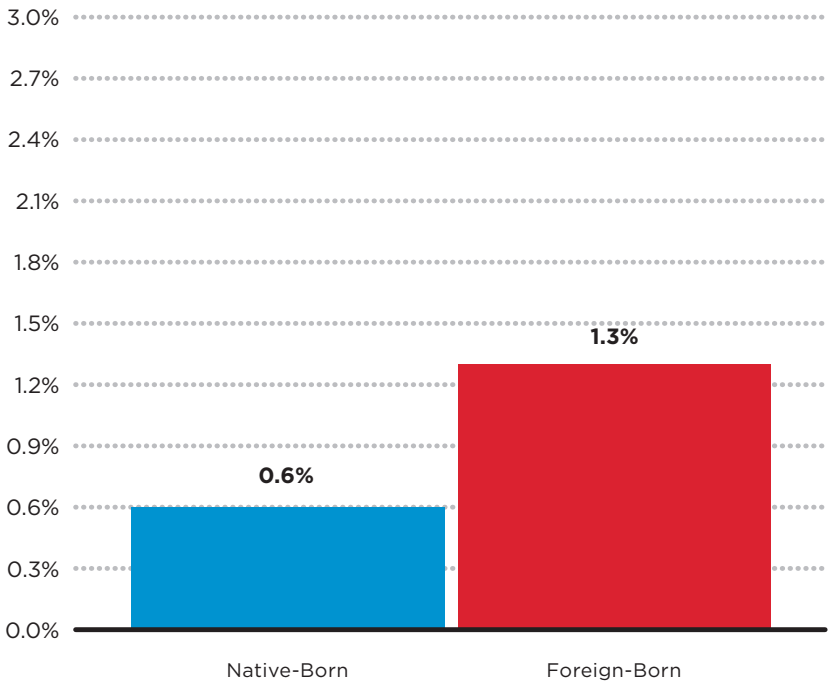
Furthermore, the number of patents commercialized by immigrant college graduates was more than 1.5 times the number of patents per capita commercialized by natives. In 2000, immigrant college graduates had commercialized approximately 27 patents for every 1,000 immigrant college graduates in the population, compared to around 17 patents commercialized by native college graduates per every 1,000 natives.⁷⁰

This innovation and entrepreneurialism are key drivers of long-term economic growth.

⁷⁰ Jennifer Hunt, "Which Immigrants Are Most Innovative and Entrepreneurial? Distinctions by Entry Visa.," *Journal of Labor Economics* 29, no. 3 (July 2011).



**Percentage of Native-Born and Foreign-Born College Graduates
Who Have Commercialized a Patent, 2000**



Source: Hunt, 2011.

Immigrants are more likely to publish a scholarly work ...

Significant Fact:

**Immigrants
share new ideas
by publishing
scholarly
research.**

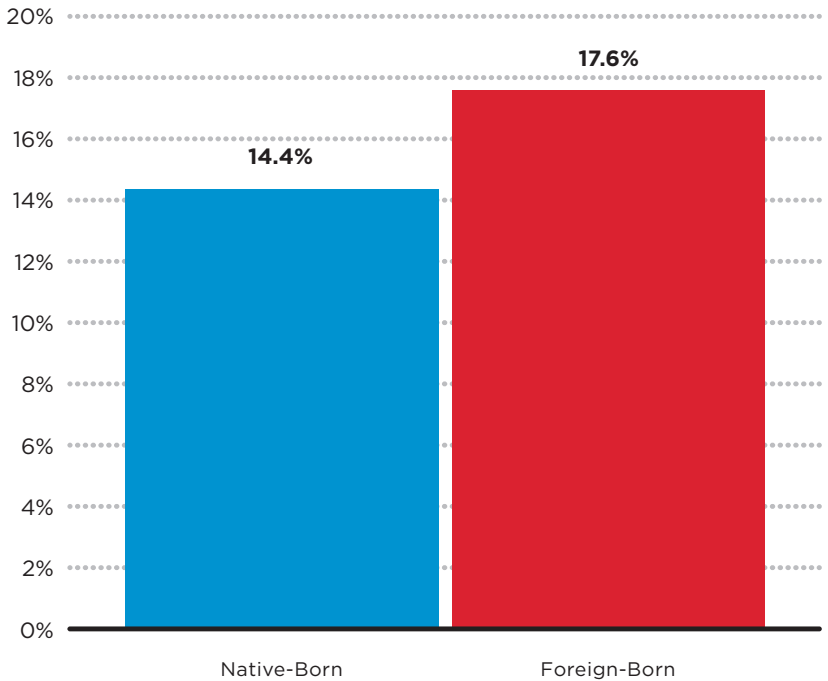
New ideas are introduced into the economy through published research. For academic research to be accepted for publication, it must be reviewed by qualified peers. In addition, research that is accepted for publication often must express a new idea, or offer a new and cogent interpretation of an existing idea.

Data suggest that immigrants are more likely than natives to have published their research. In 2000, 17.6 percent of immigrants who had graduated from college reported having published a book, journal article, or paper for presentation at a conference. Only 14.4 percent of native-born college graduates reported having done likewise.⁷¹

⁷¹ Jennifer Hunt, "Which Immigrants Are Most Innovative and Entrepreneurial? Distinctions by Entry Visa.," *Journal of Labor Economics* 29, no. 3 (July 2011).



**Percentage of Native-Born and Foreign-Born College Graduates
Who Have Ever Published a Scholarly Work, 2000**



Source: Hunt, 2011.

... And immigrants have a greater number of publications, on average.

Significant Fact:

Immigrants are more likely than natives to publish, and they publish more.

Not only are immigrants more likely to have ever published a scholarly work, they have more publications on average. In 2000, among immigrant college graduates who reported having ever published, 6.8 percent had published six or more scholarly works, compared to 3.6 percent of native-born college graduates.⁷²

Quantity of publications is one indicator, but the impact of a researcher's scholarly work is what's especially important. Levin and Stephan (2001) examine immigrant contributions to what they term "classic" scientific journal articles, i.e., those papers that have "a lasting effect on the whole of science." They find that approximately 30 percent of the authors of these highly impactful articles were foreign-born.⁷³

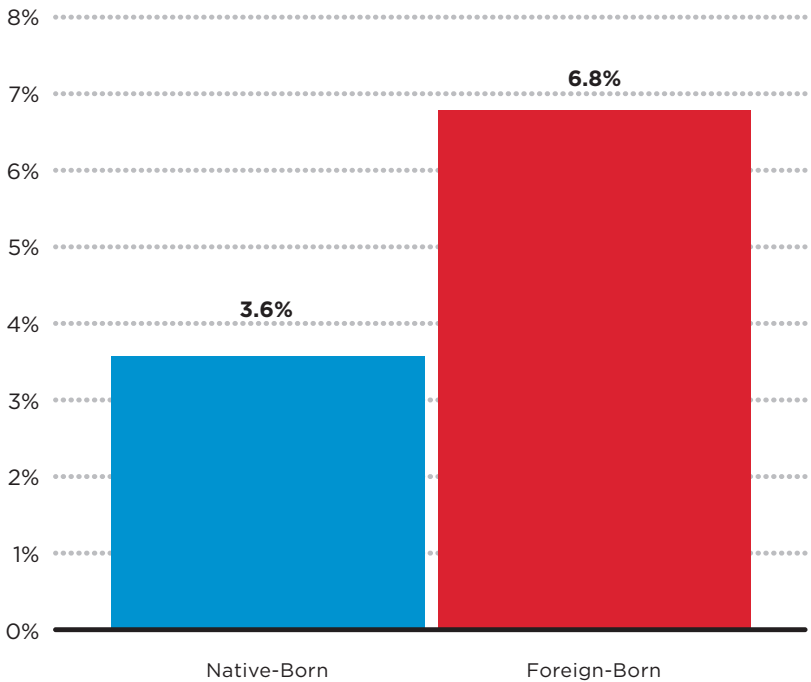
Clearly immigrants play an important role in developing the new ideas that unleash innovation and enable stronger economic growth.

⁷² Jennifer Hunt, "Which Immigrants Are Most Innovative and Entrepreneurial? Distinctions by Entry Visa," *Journal of Labor Economics* 29, no. 3 (July 2011).

⁷³ Paula E. Stephan and Sharon G. Levin, "Exceptional Contributions to US Science by the Foreign-born and Foreign-educated," *Population Research and Policy Review* 20 (2001): 59-79.



Percentage of Scholars with at Least Six Publications, 2000 Foreign-Born vs. Native-Born



Source: Hunt, 2011.

Note: Sample is for college graduates who report having ever published a book, journal article, or paper for presentation at a conference.

Immigrants Are Entrepreneurs



Immigrants are more likely to be self-employed and work in the private sector.

Significant Fact:

In 2015, 7.6% of immigrants in the U.S. were self-employed, compared to 5.6% of natives.

Not only are immigrants more likely to participate in the labor force and be employed, they also are more likely than native-born citizens to create their own jobs and to work in the private sector. In 2015, 84.0 percent of immigrants were private wage and salary workers, compared to 79.5 percent of natives.⁷⁴ Furthermore, 7.6 percent of immigrants were self-employed in an unincorporated business,⁷⁵ compared to only 5.6 percent of natives. Immigrants often create their own jobs and exhibit characteristics of entrepreneurship.

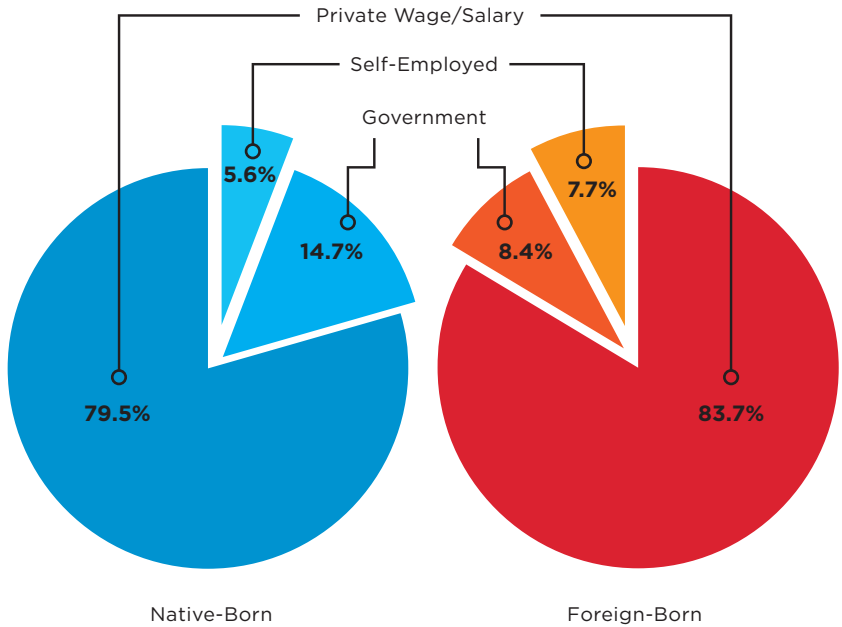
Native-born workers do constitute a larger share of workers in one specific employment sector: government jobs. While many government jobs are certainly necessary and beneficial to our country, these jobs must be funded by taxpayers. Private-sector jobs, on the other hand, are self-sustaining. Therefore, strong economic growth relies especially on private-sector workers.

⁷⁴ U.S. Census Bureau, 2015 American Community Survey.

⁷⁵ Self-employed individuals who report working for an incorporated business are classified as "Private Wage and Salary" workers.



Workers by Sector of Occupation, 2015, Foreign-Born and Native-Born



Source: U.S. Census Bureau, 2015 American Community Survey.

Note: "Self-Employed" is defined by the American Community Survey as those people who own an unincorporated business.

Immigrants form new businesses at almost twice the rate of native-born Americans.

Significant Fact:
Immigrants start new businesses at a higher rate than do native-born Americans.

The creation of new businesses is essential for economic growth. New firms bring new ideas to the marketplace and compete with existing firms. When this happens, consumers benefit through more choices, higher-quality goods and services, and often lower prices.

New businesses have another benefit: they create jobs. Robert Litan and Carl Schramm write in their recent book, *Better Capitalism*, that the formation and growth of scalable firms has driven U.S. job growth over the past several decades.⁷⁶

The Kauffman Index of Entrepreneurial Activity tracks, on a monthly basis, the creation of new businesses in America. Every year since 1996, the first year the Kauffman Index was calculated, immigrants have outpaced native-born Americans in the rate of business startups. For the year 2015, the Kauffman Index shows that immigrants started new businesses at almost twice the rate of native-born Americans: 530 out of every 100,000 immigrants became a new business owner on average each month in 2015, compared to 290 new native-born business owners each month per 100,000 population. Furthermore, the Kauffman Index finds that immigrants accounted for approximately 27.5 percent of all new entrepreneurs in 2015, up from just 13.3 percent of all new entrepreneurs in 1996.⁷⁷

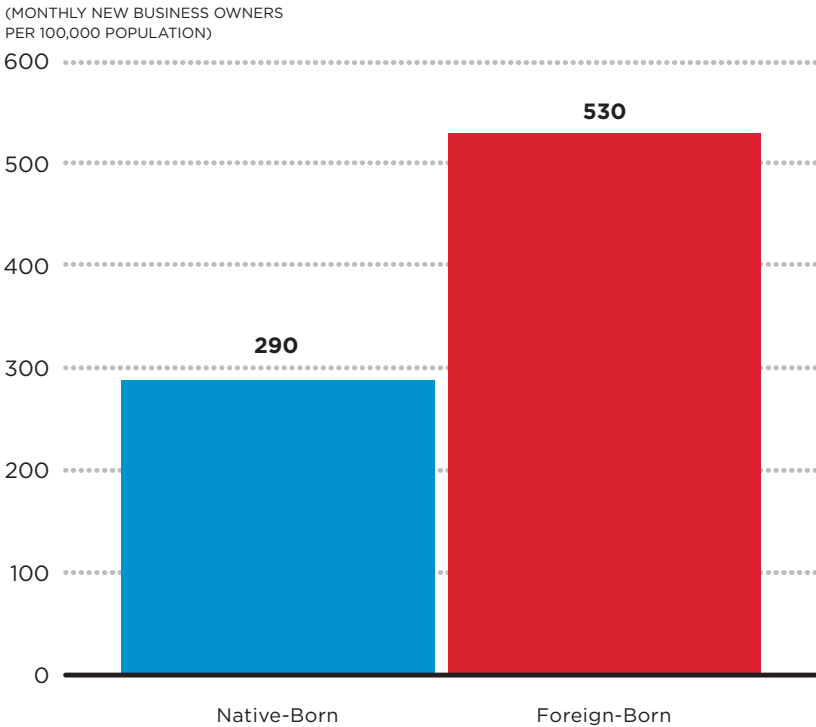
It should be noted that while immigrants start businesses at a faster rate than natives, immigrant-founded businesses also fail at a higher rate. That said, among firms that do survive, immigrant-founded firms tend to experience faster employment growth in

⁷⁶ Robert E. Litan and Carl J. Schramm, *Better Capitalism: Renewing the Entrepreneurial Strength of the American Economy* (New Haven, CT: Yale University Press, 2012).

⁷⁷ Fairlie, Robert W., E.J. Reedy, Arnobio Morelix, and Joshua Russell. *The Kauffman Index: 2016 Startup Activity*. Ewing Marion Kauffman Foundation, Aug. 2016. http://www.kauffman.org/-/media/kauffman_org/microsites/kauffman_index/startup_activity_2016/kauffman_index_startup_activity_national_trends_2016.pdf.

the years following firm establishment.⁷⁸ Since it is difficult to know which businesses will succeed, a high rate of business startup is healthy for a dynamic economy.

**Number of New Business Owners Each Month per 100,000 Population,
Foreign-Born and Native-Born, 2015**



Source: Fairlie, et. al., 2016.

78 Sari Pekkala Kerr and William R. Kerr. *Immigrant Entrepreneurship*. Working paper no. 22385. Cambridge: National Bureau of Economic Research, 2016.

Immigrants own a disproportionate share of small businesses in the U.S.

Significant Fact:

**Immigrants
account for 18%
of business
owners in the
U.S. and more
than 28% of
“Main Street”
business owners.**

Immigrants account for an important share of America’s business owners. In fact, according to the Fiscal Policy Institute, some 900,000 immigrants own businesses in the U.S., meaning roughly 18 percent of all business owners are foreign-born.⁷⁹

⁸⁰ That’s especially impressive when one considers that immigrants account for 13.5 percent of the U.S. population and around 16.8 percent of the labor force.

Even more remarkable is the outsized role immigrants play in what the Fiscal Policy Institute terms “Main Street” businesses. “Main Street” businesses are the enterprises that give communities their distinctive charm and vitality: neighborhood grocery stores, florists, restaurants, hotels, barbershops, nail salons, and the like.

Immigrants account for 28 percent of the owners of “Main Street” businesses overall. And they make up 61 percent of gas station owners, 58 percent of dry cleaners owners, 53 percent of grocery store owners, 45 percent of nail salon owners, and 38 percent of restaurant owners. Of special note: immigrants from Asian countries represent nearly half of all immigrant “Main Street” business owners.

The small-business entrepreneurship of immigrants has a positive impact on the economy. In 2013,⁸¹ immigrant business owners had earnings of \$65 billion, and the sub-group of “Main Street” business owners had earnings of \$13 billion.⁸²

⁷⁹ David Dyssegaard Kallick, *Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow*, Rep., Fiscal Policy Institute and Americas Society, Jan. 2015, <http://fiscalpolicy.org/wp-content/uploads/2015/01/Bringing-Vitality-to-Main-Street.pdf>.

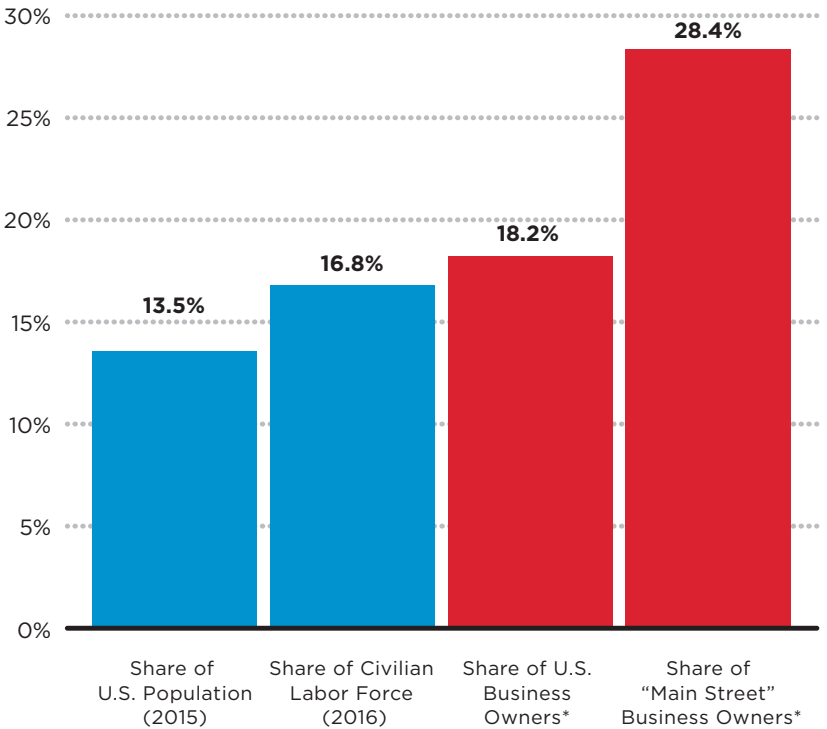
⁸⁰ Note: “Business owners” are defined by this study as “people who own an incorporated business—not publicly traded corporations—and whose full-time job is to run that business.”

⁸¹ Data are from the 2013 American Community Survey, five-year data set.

⁸² David Dyssegaard Kallick, *Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow*, Rep., Fiscal Policy Institute and Americas Society, Jan. 2015, <http://fiscalpolicy.org/wp-content/uploads/2015/01/Bringing-Vitality-to-Main-Street.pdf>.



Foreign-Born Share of Business Owners Compared to their Share of the U.S. Population and Civilian Labor Force



*Data from Kallick (2015) are from the 2013 American Community Survey, five-year data set.

Source: Kallick, 2015.

Immigrants with a college degree are almost twice as likely to be small business owners.

Significant Fact:
In 2010, 5.4% of immigrants with a college degree owned a small business, compared to 2.8% of immigrants without a college degree.

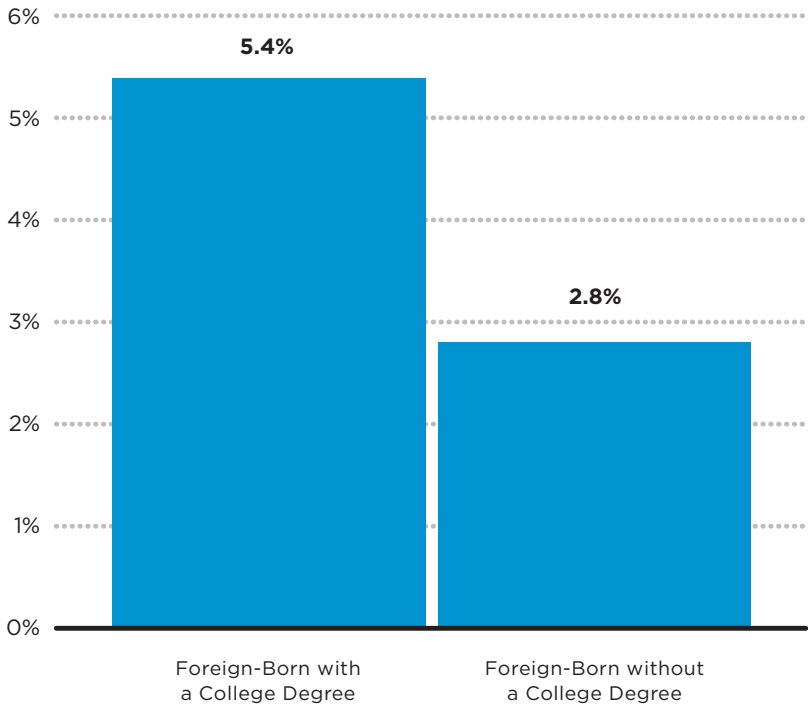
As previously shown, the educational attainment of recent immigrants to the U.S. has improved markedly compared to immigrants who came to the U.S. in earlier decades.

Improved educational attainment translates into many positive outcomes, including the increased likelihood of owning a small business. Research by David Kallick (2012) finds that 2.8 percent of immigrants without college degrees reported owning a small business in 2010. Meanwhile, 5.4 percent of immigrants with college degrees said they owned a small business. Put differently, immigrants who complete college are almost twice as likely to own a small business compared to immigrants without a college degree.⁸³ As more and more immigrants earn college degrees, the incidence of small business ownership in America is likely to increase.

⁸³ David D. Kallick, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy*, report (Fiscal Policy Institute, 2012), <http://fiscalpolicy.org/wp-content/uploads/2012/06/immigrant-small-business-owners-FPI-20120614.pdf>.



**Percentage of Foreign-Born Who Own a Small Business,
by Education Level, 2010**



Source: Kallick, 2012.

Immigrants are helping fuel the growth of U.S. businesses.

Significant Fact:

Immigrant business owners accounted for nearly half of the growth in business ownership in the U.S. between 2000 and 2013.

Over the years from 2000 to 2013, business ownership in the U.S. increased by approximately 770,000. The number of immigrant business owners increased by 370,000, accounting for almost half of the total growth.⁸⁴

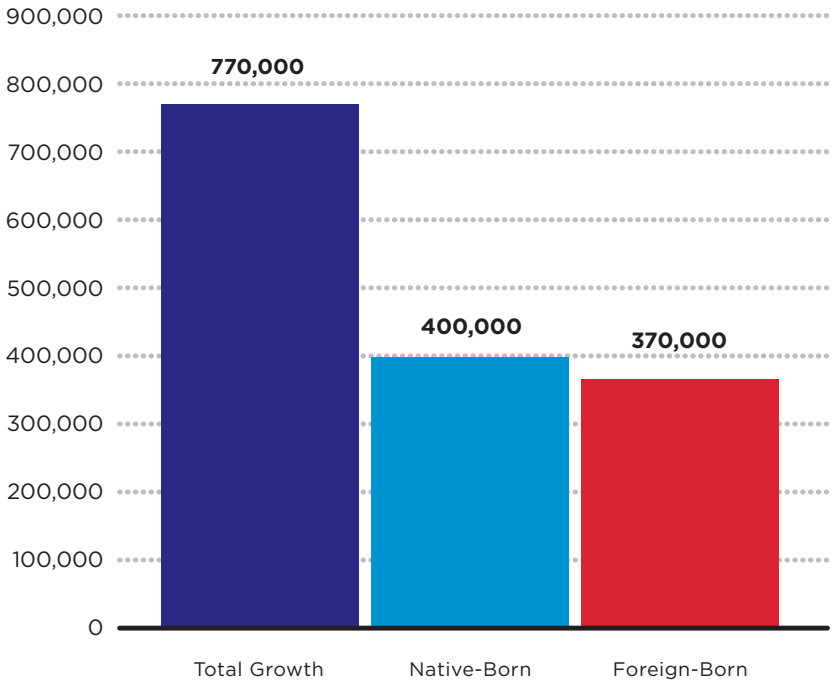
It is also worth noting that immigrants are more likely to start a small business after they have been in the country for several years. Kallick (2012) finds that immigrants who have lived in the U.S. for over 10 years “are more than twice as likely to be small business owners” compared with immigrants who have been in the U.S. for 10 or fewer years.⁸⁵ This finding is important because the number of immigrants in the U.S. increased substantially over the past two decades. Since many of these immigrants have now been in the country for more than 10 years, we might expect immigrant small-business ownership to further increase in coming years.

⁸⁴ David Dyssegaard Kallick, *Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow*, Rep., Fiscal Policy Institute and Americas Society, Jan. 2015, <http://fiscalpolicy.org/wp-content/uploads/2015/01/Bringing-Vitality-to-Main-Street.pdf>.

⁸⁵ David D. Kallick, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy*, report (Washington, D.C.: Fiscal Policy Institute, 2012), <http://fiscalpolicy.org/wp-content/uploads/2012/06/immigrant-small-business-owners-FPI-20120614.pdf>.



Growth in U.S. Business Ownership, Foreign-Born and Native-Born, 2000-2013



Source: Kallick, 2015.

Many immigrant-owned businesses provide jobs for other workers.

Significant Fact:

Many immigrant-owned small businesses employ more than just the business owner. In fact, immigrant-owned businesses with employees have an average of 11 employees.

The average number of employees working for a small business is a good indicator of the importance of immigrant small businesses to the economy. After all, there is a big difference between a firm with only one employee and a firm with several employees.

David Kallick (2012) finds that 57 percent of immigrant-owned small businesses “have at least one paid employee in addition to the owner,” the same percentage as small businesses owned by native-born citizens.⁸⁶ This suggests that the majority of immigrants’ firms, like natives’, are more than a single man or woman shop.

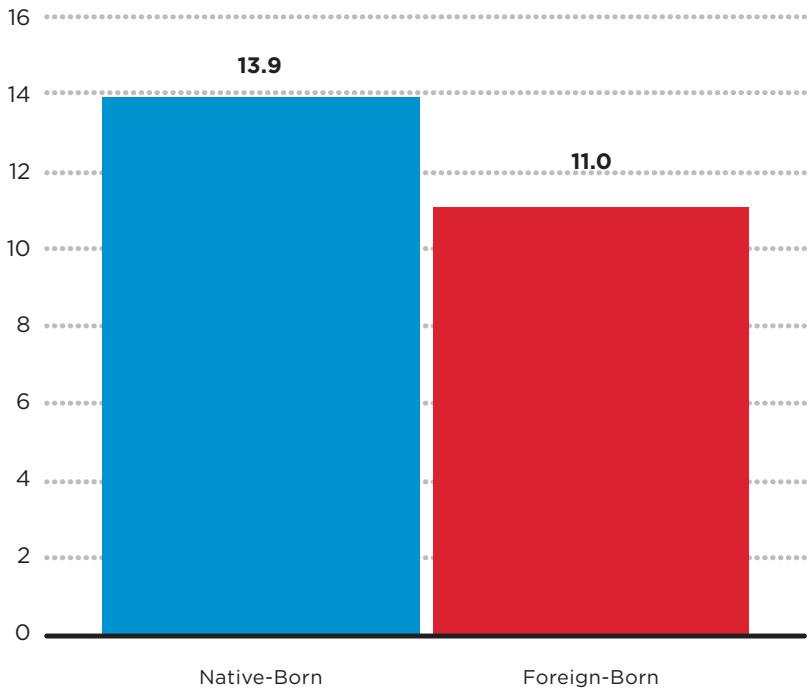
Indeed, among immigrant-owned businesses that hire employees, the average number of employees is 11.⁸⁷ While this is fewer than the average for native-owned businesses, it remains clear that immigrant-owned businesses help provide jobs for more than just the business owner himself or herself.

⁸⁶ David D. Kallick, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy*, report (Washington, DC: Fiscal Policy Institute, 2012), <http://fiscalpolicy.org/wp-content/uploads/2012/06/immigrant-small-business-owners-FPI-20120614.pdf>.

⁸⁷ Ibid.



Average Number of Employees among Foreign-Born and Native-Born Owned Businesses with Employees, 2005*



Source: Kallick, 2012.

*Note: Data on the average number of employees as found in Kallick, 2012, come from the Current Population Survey Contingent Work Supplement, 2005.

Immigrants disproportionately start successful engineering and technology firms.

Significant Fact:
Immigrants played a major role in starting some 44% of all new major Silicon Valley-based technology and engineering firms between 2006 and 2012.

Immigrants have been especially important in developing many of the most innovative engineering and technology firms that are propelling America's economy forward in the 21st century.

Vivek Wadhwa and a team of researchers found that between 2006 and 2012, approximately 107,800 major engineering and technology companies were formed in the U.S. To qualify as a "major" firm, the company had to have at least \$1 million in sales and 20 employees by 2012. The researchers estimate that more than 26,000 of these firms — the equivalent of 24.3 percent of the total — had at least one immigrant as a key founder. Even more impressive, during this same time, 43.9 percent of all major engineering and technology firms started in Silicon Valley had an immigrant as a key founder. The researchers estimate that collectively these immigrant-founded companies nationwide generated more than \$63 billion in sales in 2012 and employed some 560,000 workers.⁸⁸

Wadhwa and his colleagues caution that, compared to earlier years, immigrants are slightly less likely now to have founded top engineering and technology companies. The researchers found in a previous analysis that during the period 1995–2005, immigrants started 25.3 percent of all new major engineering and technology firms nationwide and 52.4 percent of such firms in Silicon Valley.⁸⁹

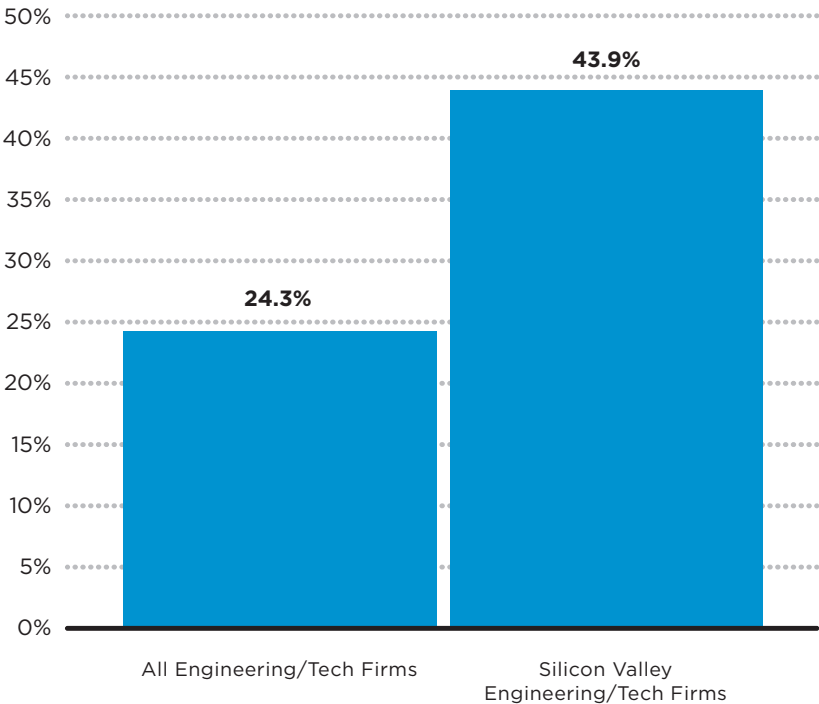
Although the national figure is only one percentage point lower for the more recent period, and indeed falls within the researchers' margin of error, the data suggest that the rapid growth trend in immigrant-founded engineering and technology firms has

⁸⁸ Vivek Wadhwa, AnnaLee Saxenian, and F. Daniel Siciliano, *Then and Now: America's New Immigrant Entrepreneurs, Part VII*, report (Ewing Marion Kauffman Foundation, 2012), http://www.kauffman.org/-/media/kauffman_org/research%20reports%20and%20covers/2012/10/then_and_now_americas_new_immigrant_entrepreneurs.pdf.

⁸⁹ Vivek Wadhwa et al., *America's New Immigrant Entrepreneurs: Part I*, report (2007), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=990152.

plateaued. For the U.S. to remain competitive in leading industries like engineering and technology, policies should encourage immigration to the U.S. for those who seek to work, innovate, and start new companies.

Percentage of All Major U.S. Engineering and Technology Companies
Founded by Immigrants in 2006-12



Source: Vivek Wadhwa et al., *Then and Now: America's New Immigrant Entrepreneurs*, Part VII.

Immigrants have founded an increasing share of all venture-backed, public firms.

Significant Fact:

By 2013, all of the immigrant-founded companies with venture backing that had ever gone public had total market capitalization of \$900 billion.

Most venture-backed firms are not publicly traded. In fact, over the period 2006–12, only around 280 firms that were venture-backed became publicly traded.

Of those, 92, the equivalent of approximately 33 percent, were founded by immigrants. This is a highly disproportionate share compared to immigrants' share of the U.S. population. Perhaps even more remarkable, though, is the strong increase in the share of such firms that immigrants have started. Prior to 1980, only 7 percent of these firms were started by immigrants. Over the next decade, from 1980 to 1989, the immigrant-founded proportion grew to 20 percent of the total.

The impact of these companies is immense. In 2012, immigrant-founded firms that had gone public after 2006 collectively employed 65,450 people and had annual sales of \$17 billion. All of the immigrant-founded companies with venture backing that have ever gone public had total market capitalization of \$900 billion in 2013. That level of capitalization would make these firms the 16th most valuable exchange in the world if they were their own country, outperforming the exchanges of countries like Russia, South Africa, and Taiwan.⁹⁰

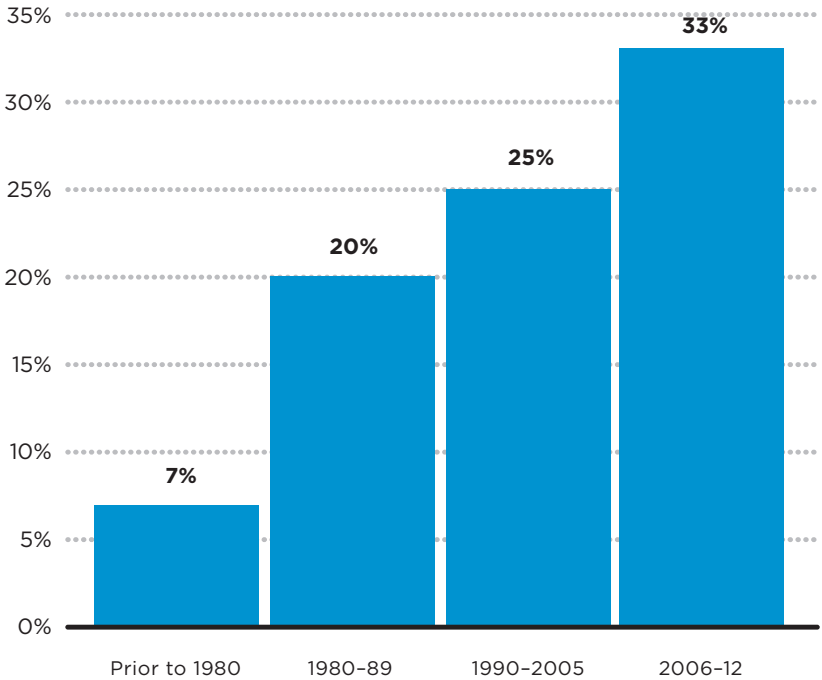
As of 2016, there were 87 privately held firms valued at least \$1 billion that had received venture funding but had not yet become publicly traded. More than half of these firms, or 44 of the 87, had at least one immigrant among the company's founders. One such firm is SpaceX, the company of Elon Musk, who was born in South Africa. These immigrant-founded firms employ an average of 760 employees, and have a collective value of \$168 billion.⁹¹

⁹⁰ Stuart Anderson, *American Made 2.0: How Immigrant Entrepreneurs Continue to Contribute to the U.S. Economy*, report (National Venture Capital Association, 2013).

⁹¹ Stuart Anderson, *Immigrants and Billion Dollar Startups*, report (National Foundation for American Policy, Mar. 2016), <http://nfap.com/wp-content/uploads/2016/03/Immigrants-and-Billion-Dollar-Startups.NFAP-Policy-Brief.March-2016.pdf>.



Percentage of Venture-Backed, Publicly Traded Firms Founded by the Foreign-Born



Source: Anderson, 2013.

Immigrants have founded many of the ‘Fortune 500’ companies.

Significant Fact:

Immigrants and the children of immigrants played a major role in founding more than 40% of the 2016 “Fortune 500” companies. These firms had total revenues of \$4.8 trillion and employed 18.9 million workers in 2015.

A study from the Partnership for a New American Economy (2011) found that 18 percent of all of the “Fortune 500” companies in 2010 had at least one founder who was an immigrant. In addition, 22.8 percent of these firms had at least one founder who was a second-generation American (i.e., the child of an immigrant to the U.S.). Combined, these companies represented 40.8 percent of all “Fortune 500” companies in 2010. Examples of such firms include AT&T, Verizon, Pfizer, Kraft, DuPont, Google, Yahoo!, and eBay.⁹²

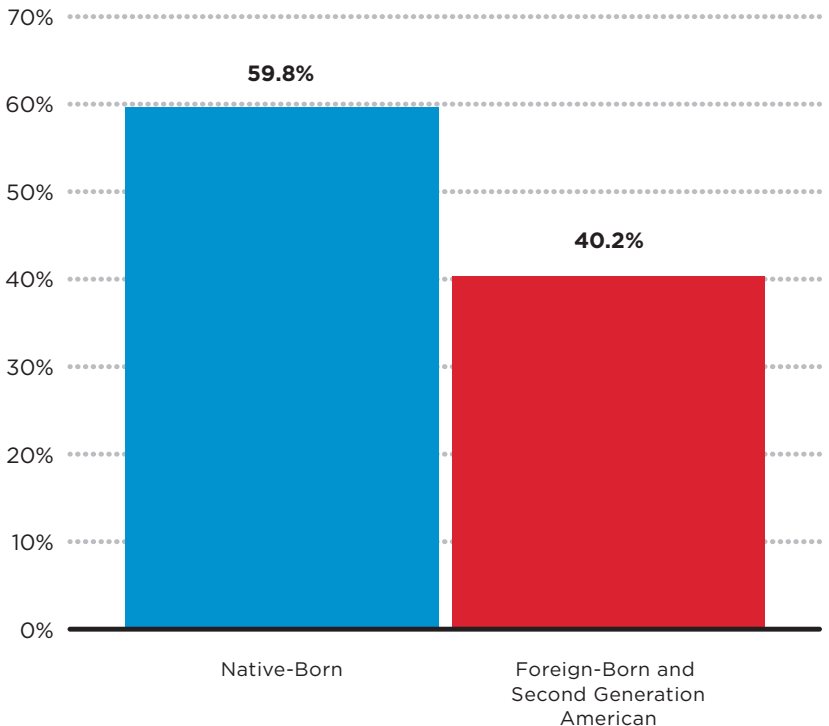
The Partnership for a New American Economy recently updated its analysis using the 2016 “Fortune 500” list. Although some of the firms on the “Fortune 500” changed between 2010 and 2016, the presence of immigrants and second-generation Americans among the ranks of company founders remained consistently strong. Indeed, immigrants and the children of immigrants played a major role in founding 201 of the 500 firms on the 2016 list, the equivalent of 40.2 percent. Collectively, these 201 companies had total revenue of \$4.8 trillion and employed 18.9 million workers globally in fiscal year 2015.⁹³

⁹² *The “New American” Fortune 500*, report (Partnership for a New American Economy, 2011), <http://www.renewoureconomy.org/sites/all/themes/pnae/img/new-american-fortune-500-june-2011.pdf>.

⁹³ *Reason for Reform: Entrepreneurship*, report (Partnership for a New American Economy, Oct. 2016), <http://www.newamericaneconomy.org/wp-content/uploads/2016/12/Entrepreneur.pdf>.



Percentage of “Fortune 500” Companies Founded by Native-Born Citizens, the Foreign-Born, and Second-Generation Americans, 2016



Source: Partnership for a New American Economy, 2016.

Note: For firms with multiple founders, the firm was classified as “immigrant-founded” or as having been founded by a second-generation American if at least one key founder of the firm was, respectively, an immigrant or a second-generation American (i.e., the child of an immigrant).

Chapter 3:

The Challenges of Immigration



Millions of unauthorized immigrants live in the U.S. ...

Significant Fact:

An estimated

11.0 million

unauthorized

immigrants lived

in the U.S. in

2015.

A main concern many Americans have about immigrants is that too many live in the country illegally.⁹⁴ This worry is not unfounded.

The Department of Homeland Security estimates that in 2012 some 11.4 million unauthorized immigrants were living in the U.S.⁹⁵ Estimates from the Pew Research Center suggest this number has remained relatively stable in recent years, with 11.2 million unauthorized immigrants living in the U.S. in 2013, 11.1 million in 2014,⁹⁶ and 11.0 million in 2015.⁹⁷

These figures are fairly consistent with data for the past half-decade, which range from a low of 10.5 million unauthorized immigrants in 2005 to a high of 11.8 million in 2007. Although the unauthorized population has remained fairly stable in recent years, it should be noted that the number of unauthorized immigrants is significantly larger today compared to the estimated 8.5 million unauthorized immigrants who lived in the U.S. in the year 2000.⁹⁸

Unauthorized immigration is problematic because it erodes respect for the rule of law and undermines America's immigration system. It is not optimal from an economic standpoint either. To maximize the growth potential of any economy, it is best to have workers performing the tasks for which they are best suited. For example, a computer programmer should work with computers, a bricklayer should lay bricks, and a teacher

94 Immigrants can be classified as "unauthorized" or "illegal" for three main reasons: entering the country without obtaining the permission of the U.S. government, overstaying the length of approved time granted by their visa or green card, or violating the conditions of entry to the U.S., such as being employed without having the appropriate visa or green card.

95 U.S. Department of Homeland Security, Office of Immigration Statistics, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2012*, by Bryan Baker and Nancy Rytina (2013), http://www.dhs.gov/sites/default/files/publications/ois_ill_pe_2012_2.pdf.

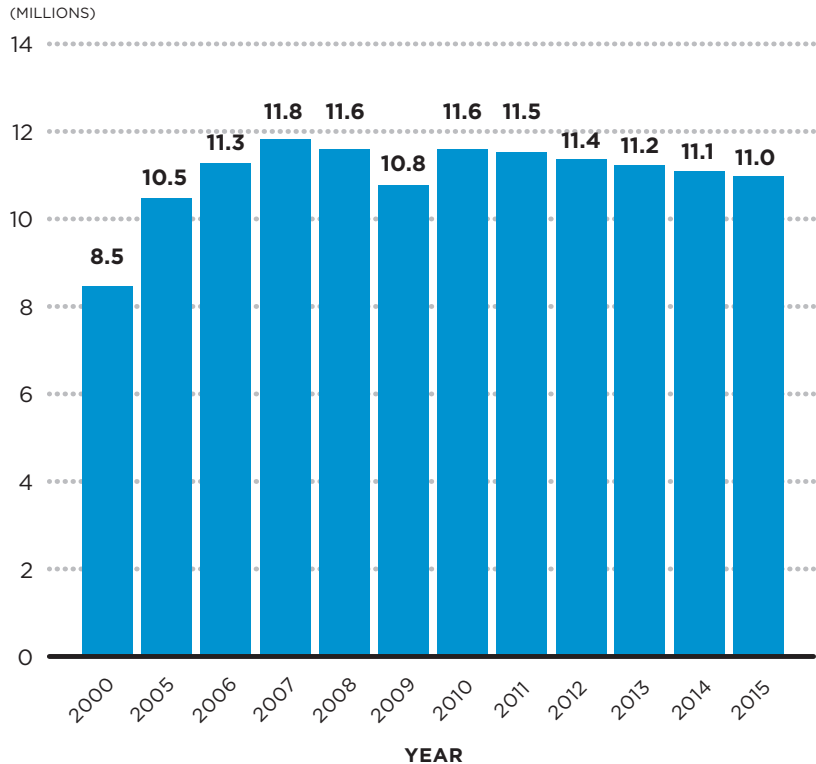
96 Jeffrey S. Passel and D'Vera Cohn, *Overall Number of U.S. Unauthorized Immigrants Holds Steady Since 2009*. Report. Washington, D.C.: Pew Research Center, 2016.

97 Gustavo Lopez and Kristen Bialik, *Key Findings about U.S. Immigrants*, Rep., Pew Research Center, 3 May 2017, <http://www.pewresearch.org/fact-tank/2017/05/03/key-findings-about-u-s-immigrants/>.

98 U.S. Department of Homeland Security, Office of Immigration Statistics, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2012*, by Bryan Baker and Nancy Rytina (2013), http://www.dhs.gov/sites/default/files/publications/ois_ill_pe_2012_2.pdf.

should work with students. However, when immigrants are unauthorized, they have fewer employment options and often must take whatever job can be found even if it does not best suit their skills. This restrained labor mobility harms the overall efficiency of the economy and keeps economic growth from being as strong as it otherwise could be.

Number of Unauthorized Immigrants Residing in the U.S.,
2000-15



Source: Data for 2000–2012: U.S. Department of Homeland Security, 2013; Data for 2013–15: Pew Research Center.

... Though, lately unauthorized immigration has slowed.

Significant Fact:

Most illegal

immigrants in the

U.S. today came

to the country in

previous decades.

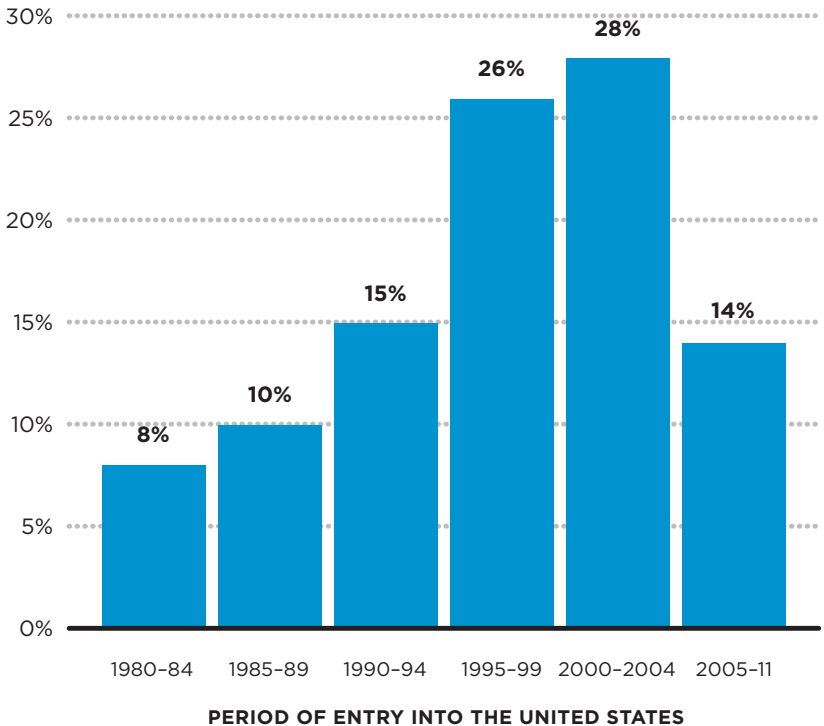
Though some 11 million immigrants live in the U.S. illegally, data show that the unauthorized immigrant population has not increased significantly in recent years. The Department of Homeland Security estimates that of the total unauthorized immigrant population in January 2012, only 14 percent entered the U.S. during the past six years (2005–11). Meanwhile, more than half of those in the U.S. illegally originally came during the decade 1995–2004. The remaining 32 percent of the unauthorized immigrant population arrived in the U.S. prior to 1994.⁹⁹

The majority of immigrants living in the U.S. are in the country legally. In 2015, the total immigrant population in the U.S. was around 43.3 million, meaning that unauthorized immigrants accounted for around 25.6 percent of the total. While this is still a large percentage, it is important to note that current U.S. immigration laws provide few options for immigrants to enter the country to work. Policy reform that increases the number of work-based visas and green cards could help the economy and curb unauthorized immigration by providing ways for immigrants to come to the U.S. to fill open jobs.

⁹⁹ U.S. Department of Homeland Security, Office of Immigration Statistics, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2012*, by Bryan Baker and Nancy Rytina (2013), http://www.dhs.gov/sites/default/files/publications/ois_ill_pe_2012_2.pdf.



**Percentage of the Total 2012 Unauthorized Foreign-Born Population
That Entered the U.S. During Each Period**



Source: U.S. Department of Homeland Security, 2013.

Border enforcement costs taxpayers billions ...

Significant Fact:

The budget of the U.S. Border Patrol has grown substantially over the past decade and now exceeds \$3.6 billion per year.

The U.S. Border Patrol is a law enforcement agency within U.S. Customs and Border Protection that is charged with monitoring and protecting the U.S. borders.

U.S. Border Patrol is also responsible for monitoring unauthorized immigrant activity within the U.S. According to Border Patrol's website, the agency monitors 6,000 miles of land terrain along the U.S.-Mexico border and the U.S.-Canada border. The agency also monitors approximately 2,000 miles of coastal border along the Florida peninsula and Puerto Rico.¹⁰⁰

While protecting America's borders is important, Americans are understandably concerned with the associated costs. In fiscal year 2016, the enacted budget of the U.S. Border Patrol was over \$3.6 billion. The agency's budget has increased substantially over the past 20 years, especially since the September 11, 2001, attacks. In 1990, the budget was \$482 million (in 2015 dollars). Ten years later, one year before the September 11 attacks, the budget was just under \$1.5 billion, but grew to over \$2.5 billion by 2006 and peaked at \$3.85 billion in 2015.¹⁰¹

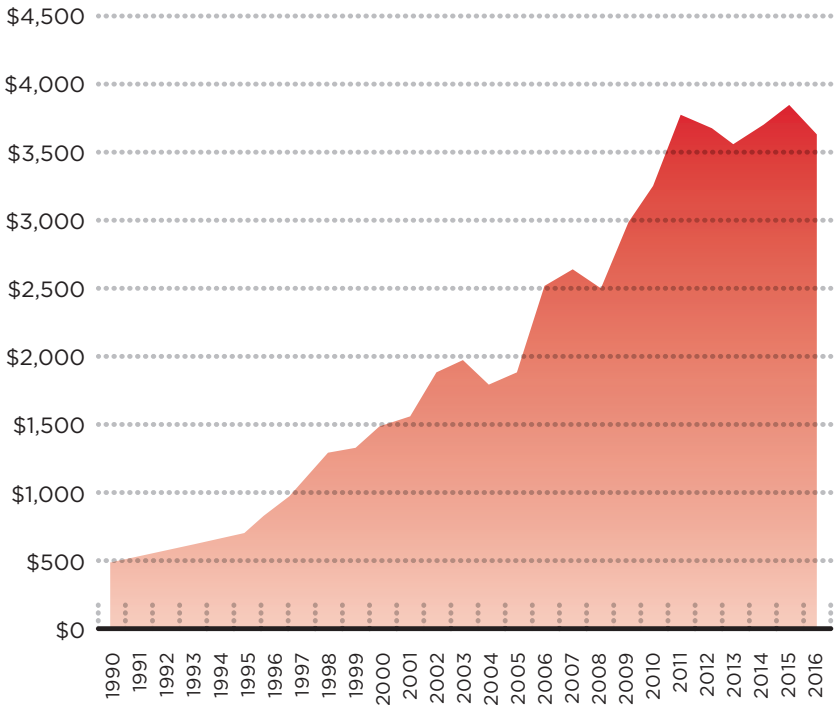
¹⁰⁰ U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Border Patrol Overview*, <http://www.cbp.gov/border-security/along-us-borders/overview>.

¹⁰¹ U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Enacted Border Patrol Program Budget by Fiscal Year*, <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Budget%20History%201990-2016.pdf>.



Enacted Budget of the U.S. Border Patrol, Fiscal Years 1990-2016

(MILLIONS IN 2015 U.S. \$)



Source: U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Enacted Border Patrol Program Budget by Fiscal Year*.

Note: Data are reported as 2015 U.S. dollars, and were adjusted by the author using the Consumer Price Index.

... And the number of border patrol agents is near an all-time high.

Significant Fact:

In 2016, the Border Patrol had nearly 20,000 agents on staff, more than twice the number of agents on staff in 2001.

The U.S. Border Patrol was founded in 1924 and employed a handful of agents who patrolled the Mexican and Canadian borders. The staffing of the Border Patrol has grown dramatically, especially in recent years.

According to official statistics, in 1992, the Border Patrol employed 4,139 agents. The number of agents reached above 10,000 for the first time in 2002. Border Patrol staffing grew especially rapidly beginning in 2005. Between 2005 and 2011, the number of agents almost doubled, peaking at 21,444 in 2011. Since 2011, the number of Border Patrol agents has fallen each year. In 2016, there were some 19,828 agents on staff, and more than 85 percent of those agents were stationed on the Southwest border.¹⁰² Although current staffing levels are the lowest they have been since 2008, it is worth noting that the number of agents currently employed is still more than twice the number of agents employed in 2001.

Interestingly, from 2005 to 2016, a period when the number of border patrol agents increased substantially, the number of unauthorized immigrant apprehensions decreased. In 2005, 1.19 million unauthorized immigrants were apprehended. That number decreased every year until 2011, when 340,252 unauthorized immigrants were apprehended. The number of apprehensions increased to 415,816 in 2016. Even so, apprehensions in 2016 were well below the number of annual apprehensions in the mid-2000s.¹⁰³

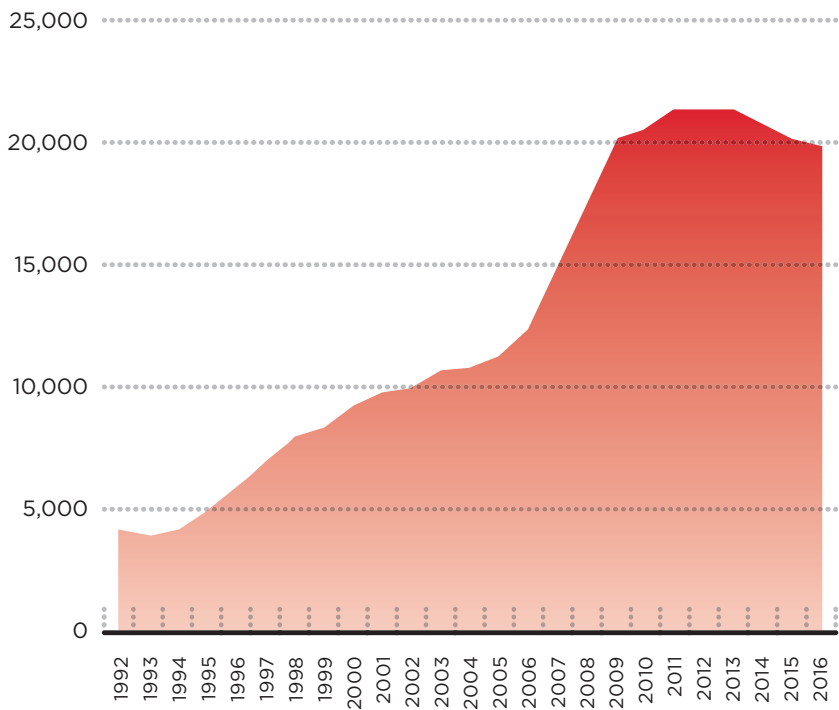
There are many reasons for this downward trend. The increased number of border patrol agents likely had some deterrent effect, discouraging would-be unauthorized immigrants from attempting to cross

¹⁰² U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Border Patrol Agent Staffing by Fiscal Year*, <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Staffing%20FY1992-FY2016.pdf>.

¹⁰³ U.S. Department of Homeland Security, U.S. Customs and Border Protection, *U.S. Border Patrol Monthly Apprehensions (FY 2000 - FY 2016)*, <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Total%20Monthly%20Apps%20by%20Sector%20and%20Area%2C%20FY2000-FY2016.pdf>.

the border in the first place. However, the overall decrease in migration from Mexico during the latter half of the 2000s is likely the strongest reason for the decline in apprehensions of unauthorized immigrants. Whether further investment in border security is prudent will no doubt remain an issue of contentious debate.

**Number of U.S. Border Patrol Agent Staff Members,
Fiscal Years 1992–2016**



Source: U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Border Patrol Agent Staffing by Fiscal Year*.

Hundreds die each year trying to cross the Southwest border.

Significant Fact:

The extreme conditions along remote areas of the Southwest border can make unauthorized border crossing very dangerous.

One major problem of unauthorized immigration is that attempting to cross the border can be very dangerous.

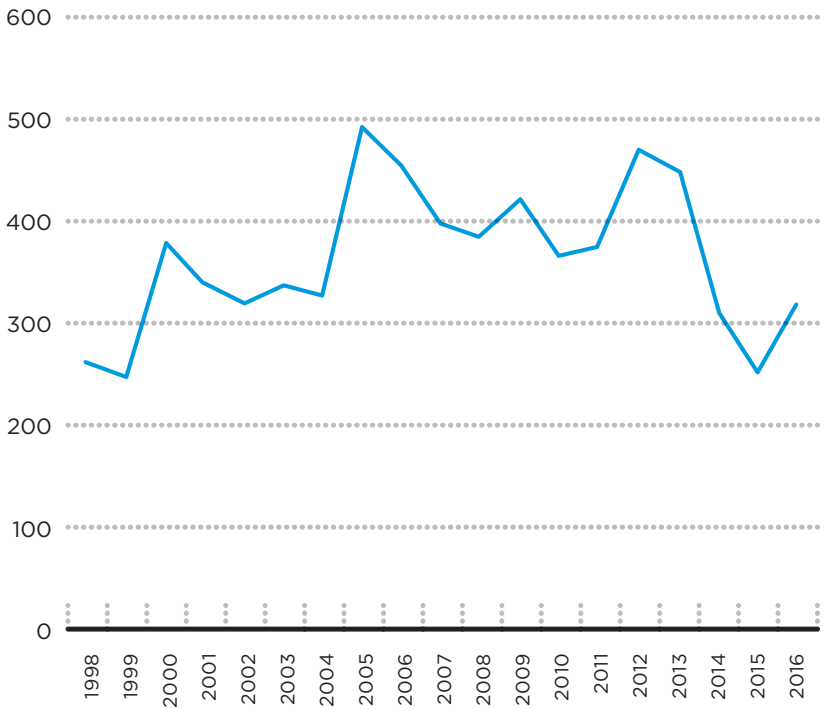
Unauthorized immigrants often attempt to cross the U.S. border in remote areas to evade detection. But the trek through America's remote Southwest deserts is dangerous and can prove fatal.

Data from the U.S. Border Patrol indicate that since 1998, some 6,915 deaths, or an average of 364 per year, were reported along the Southwest border. In 2013 there were some 471 deaths reported. Thankfully, that number has decreased somewhat in recent years. Even so, it is tragic to know 322 people died along the Southwest border in 2016.¹⁰⁴

¹⁰⁴ U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Southwest Border Deaths by Fiscal Year*, <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Southwest%20Border%20Sector%20Deaths%20FY1998%20-%20FY2016.pdf>.



Number of Deaths Recorded at the U.S. Southwest Border, Fiscal Years 1998-2016



Source: U.S. Department of Homeland Security, U.S. Customs and Border Protection, *Southwest Border Deaths by Fiscal Year*.

Many immigrants have a low level of education ...

Significant Fact:

The proportion of immigrants who lack a high school degree has shrunk.

Obtaining higher levels of education is one way people increase their skill levels and in turn contribute more to the economy. Unfortunately, a large share of the U.S. immigrant population has not earned even a high school degree. In 2015, nearly 30 percent of immigrants lacked a high school degree, compared to fewer than 10 percent of native-born Americans.¹⁰⁵

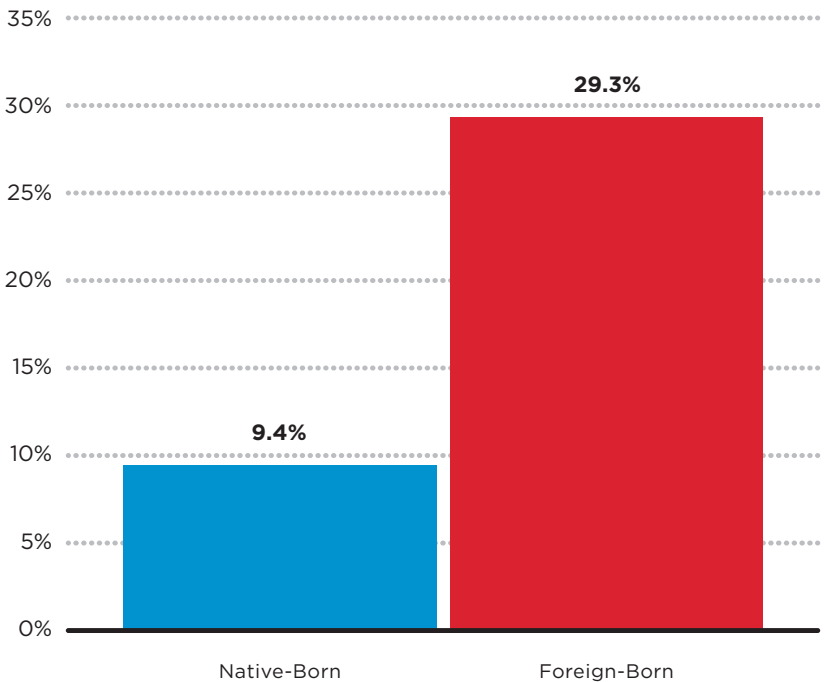
The good news is that more recent immigrants to the U.S. have higher average levels of education compared to the waves of immigrants who came in the past. Approximately 30.7 percent of immigrants who arrived in the U.S. between 2000 and 2009 lacked a high school degree in 2015. Yet, among immigrants who arrived in the U.S. since 2010, a much smaller percentage, 20.3 percent, lacked a high school degree in 2015.¹⁰⁶ While this is still a troublingly high percentage, the improving educational attainment of immigrants is substantial and a reason for optimism.

¹⁰⁵ U.S. Census Bureau, 2015 American Community Survey.

¹⁰⁶ Ibid.



**Percentage of People Who Have Not Earned a
High School Degree, 2015,
Foreign-Born vs. Native-Born**



Source: U.S. Census Bureau, 2015 American Community Survey.

Note: Data are for the population 25 years of age and older who have not earned a high school diploma (or an equivalent degree such as a GED).

... But lesser-educated immigrants are an essential workforce.

Significant Fact:

The majority of jobs in the U.S. do not require a college degree, and lesser-skilled immigrants help fill these jobs.

The American economy requires workers of all skill types.

No doubt a highly educated workforce is increasingly necessary in today's globally competitive economy. But lesser-educated workers remain essential as well. In fact, in 2014 less than 40 percent of workers age 25 and older possessed a bachelor's or advanced degree. Furthermore, as the chart on the next page shows, data suggest that positions that do not require any formal educational credential or at most a high school degree will experience similar total job growth over the next decade compared to positions that require a bachelor's degree or higher.¹⁰⁷ Occupations expected to have the greatest number of job openings over the next decade include office and administrative support and food preparation and serving.¹⁰⁸

In 1970, just over one in 10 Americans had a bachelor's degree. Fast forward to 2015: the same was true of almost one in three Americans.¹⁰⁹ As native-born Americans have gained higher levels of education, they have been less likely to fill lower-paying blue-collar jobs.

Immigrants with lower levels of education therefore play an important role in the U.S. economy. Jobs like truck driver, food service worker, or landscaper require considerable physical stamina and are more likely to be filled by an immigrant. Madeline Zavodny and Tamar Jacoby find that overall, when compared to similarly educated natives, "immigrants spend on average 13 percent more time climbing ladders, scaffolds or poles and working in high places. They spend 12 percent more time kneeling, crouching or crawling. Their jobs involve 10 percent more exposure to hazardous conditions, 7 percent more exposure to

¹⁰⁷ Author's calculations. Data from "Employment, wages, and projected change in employment by typical entry-level education," Employment Projections Program, U.S. Bureau of Labor Statistics.

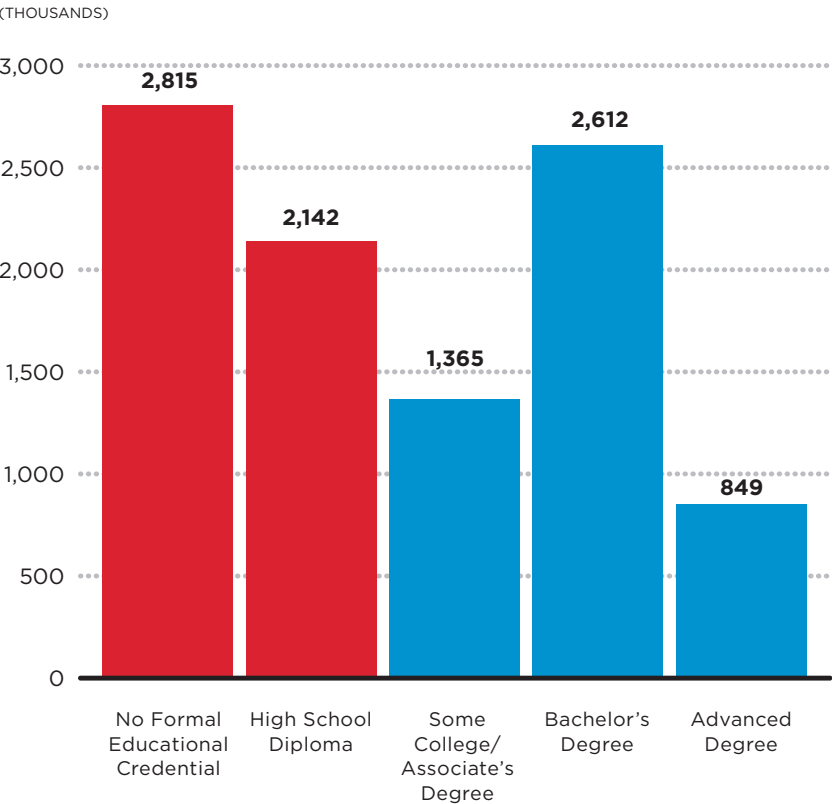
¹⁰⁸ "Employment change, replacement needs, and job openings projected 2014-24," Employment Projections Program, U.S. Bureau of Labor Statistics.

¹⁰⁹ U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics* (2015), Table 104.10, accessed April 13, 2017, https://nces.ed.gov/programs/digest/d15/tables/dt15_104.10.asp.

contaminants and 6 percent more use of hazardous equipment.”¹¹⁰

To be sure, gaining more education is important for immigrants to grow their incomes and advance in America. But it is false to believe that less-educated immigrants do not play an important role already. Indeed, immigrants prove an essential workforce, working alongside natives to help power the American economy forward.

Number of New Jobs to be Created in the U.S., by Typical Educational Requirement, Projected 2014-24



Source: Author’s calculations. Data from Employment Projections Program, U.S. Bureau of Labor Statistics.

110 Madeline Zavodny and Tamar Jacoby, *Filling the Gap: Less-Skilled Immigration in a Changing Economy*, report (Washington: American Enterprise Institute, 2013), http://www.aei.org/files/2013/06/10/-zavodny-filling-the-gap-immigration-report_140631709214.pdf.

Do immigrants take jobs from the native-born and lower their wages?

Many Americans fear that immigrants represent competition for jobs.

“They’re taking our jobs” is a common refrain in the immigration debate. But is there much truth to this claim?

By and large, the answer is “no.” Rather than compete with native workers, immigrants most often complement them. The reason is that immigrants and natives bring different skills to the labor force. Native-born U.S. citizens tend toward occupations that reward things like their educational training, fluency in English, and familiarity with U.S. culture and informal norms. Immigrants, meanwhile, find work in other areas. High-skilled immigrants often fill jobs that require specialized skills, while lesser-skilled immigrants fill jobs that prioritize physical exertion relative to communication skills. This delineation of work is economically efficient — after all, specialization within labor markets helps to boost economic growth.

The very jobs natives and immigrants hold suggest that labor-market competition between the two groups is not all that common. First of all, immigrants are more likely to be in the lesser-skilled end of the workforce than natives. But even within the same skill groups, natives and immigrants gravitate toward different jobs.

In the high-skilled sector, natives are more likely to fill managerial, sales, or professional service roles. Immigrants meanwhile contribute largely in more technical and scientific job roles.

In America’s lesser-skilled workforce, there is more competition between natives and immigrants. But even there, competition is not great because natives and immigrants focus on different job tasks. A good example is agricultural labor. Farm managers are often natives, while immigrants fill more physically taxing jobs like crop picker.

A more precise way to determine how much natives and immigrants compete in the labor market is to analyze the effect of immigrants on natives’ wages. Does an increase of immigrants working in a particular labor market reduce the wages of existing workers? Or raise them?

Economic theory suggests that either effect could be possible. If immigrants make the wider economy, and even native workers themselves, more productive, then one would expect to see rising wages for natives. Yet counteracting this is the increase in the supply of labor, which, all else being



equal, would reduce wages. Furthermore, if immigrants simply compete with natives for the same jobs, this competition would make downward pressure on wages even stronger.

Many rigorous studies using different estimation techniques and different data sets have attempted to provide clarity to the wage question. Taken as a whole, these studies find immigration has a very small negative effect on natives' wages in the short term and virtually no impact in the long run. Furthermore, the effects vary based on worker skill level. The wages of lesser-skilled workers are more affected than the wages of high-skilled workers, though the impact remains small.

Harvard economist George Borjas finds the most negative wage effects from immigration. Examining the period 1960–2001 in the U.S., Borjas finds that increasing the number of immigrant workers by 10 percent within a particular skill group reduced wages by around 3 percent to 4 percent for natives in that same skill group.¹¹¹ In another study, Borjas and co-author Lawrence Katz find that in the U.S. during the period 1980–2000, immigrant inflows from Mexico reduced wages for U.S. natives without high school degrees by 8.2 percent in the short term and 4.2 percent in the long term. For typical natives, Borjas and Katz estimate that immigrant inflows from Mexico reduced wages 3.4 percent in the short term and had no effect at all in the long term.¹¹²

But another recent and highly cited study, by economists Gianmarco Ottaviano and Giovanni Peri, updates Borjas's methodology to account for the fact that immigrant and native workers are not perfect substitutes. After all, they have different skills, particularly language skills. When accounting for this, but otherwise using much the same methodology as Borjas and Katz, Ottaviano and Peri determine that between 1990 and 2006, immigrant inflows reduced wages for lesser-skilled natives 0.7 percent in the short term but increased them 0.3 percent in the long term. For the average native-born U.S. worker, the immigration inflow decreased wages 0.4 percent in the short term and increased them 0.6 percent in the long term.¹¹³

111 George J. Borjas, "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," *The Quarterly Journal of Economics* 118, no. 4, doi:10.1162/003355303322552810.

112 George J. Borjas and Lawrence F. Katz, "The Evolution of the Mexican-Born Workforce in the United States," in *Mexican Immigration to the United States*, ed. George J. Borjas (Chicago: University of Chicago Press, 2007), 13–56.

113 Gianmarco I.P. Ottaviano and Giovanni Peri, *Immigration and National Wages: Clarifying the Theory and the Empirics*, working paper no. NBER Working Paper 14188 (Cambridge: National Bureau of Economic Research, 2008), <http://www.nber.org/papers/w14188.pdf>.

Too many immigrants speak English poorly.

Significant Fact:

Learning English

is important for

many reasons,

and one primary

reason is that

immigrants

who learn

English enjoy

substantially

higher earnings.

Perhaps the most common complaint levied against immigrants is that too many of them do not speak English, or that they speak the language poorly. While many immigrants do in fact speak some English, data suggest that proficiency in English remains a significant problem for a large portion of immigrants. In 2015, nearly half of the U.S. foreign-born population reported speaking English less than “very well.”¹¹⁴ For immigrants from Latin America, English proficiency is a problem for an even larger proportion.¹¹⁵

As one would expect, immigrants improve their English-speaking proficiency the longer they live in the U.S. Among naturalized citizens, who tend to have spent more time in the U.S., 38.2 percent speak English less than “very well,” compared to 59.5 percent of non-citizen immigrants. Furthermore, when surveyed in 2015, 46 percent of immigrants who had been in the U.S. for at least 15 years said they spoke English less than “very well.” While this is still a large proportion, it is significantly better when one considers that 55.6 percent of the immigrants who entered the U.S. since 2010 spoke English less than “very well.”¹¹⁶

Learning English is important for many reasons, but primarily because immigrants who learn English enjoy substantially higher earnings. One study finds that “English fluency boosts wages by 21 percent on average,” even after controlling for other factors.¹¹⁷ Furthermore, as much as half of the increase in wages that immigrants experience during their first two decades living in the U.S. is thanks to their improved proficiency in speaking English over that period.¹¹⁸

¹¹⁴ U.S. Census Bureau, 2015 American Community Survey.

¹¹⁵ Ibid.

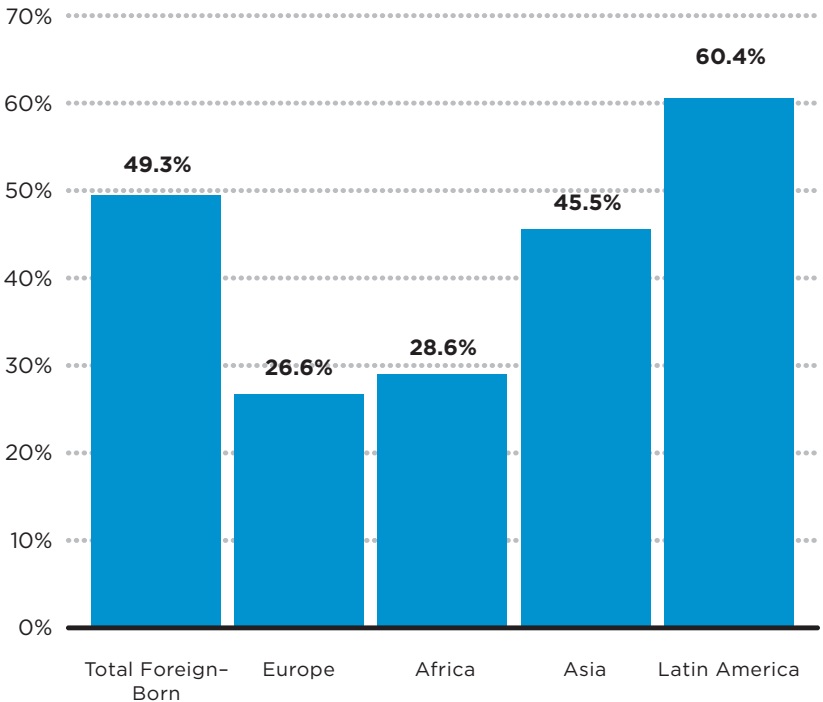
¹¹⁶ Ibid.

¹¹⁷ Alex Nowrasteh, *The Fiscal Impact of Immigration*, working paper (Washington: Cato Institute, 2014), <http://object.cato.org/sites/cato.org/files/pubs/pdf/working-paper-21-fix.pdf>.

¹¹⁸ George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy* (Princeton, NJ: Princeton University Press, 2001).



**Percentage of the Foreign-Born Who Speak English Less Than
“Very Well,” by Region of Birth, 2015**



Source: U.S. Census Bureau, 2015 American Community Survey.

Many immigrants have not taken the step to naturalize and become U.S. citizens.

Significant Fact:

Fewer than half of immigrants in the U.S. are naturalized citizens, and some 42% of immigrants who are eligible to naturalize have not done so.

To become a naturalized U.S. citizen, an immigrant must:

- Reside in the U.S. as a legal permanent resident for a minimum of five years
- Demonstrate competence in English and U.S. civics by passing the U.S. citizenship test
- Pay a fee, and participate in an official naturalization ceremony.¹¹⁹

Examining naturalization rates is one way to measure the extent to which immigrants are broadly assimilating with the rest of American society. As shown in the chart, less than half of all immigrants in the U.S. were naturalized citizens in 2015. While America's naturalization rate has climbed some in recent years, it remains lower than it was during other periods in the nation's history.¹²⁰ America's naturalization rate is also low compared to other major developed countries such as Australia and Canada.¹²¹

Of course many immigrants are not eligible to naturalize. Yet estimates suggest that some 42 percent of immigrants who are eligible to naturalize have not done so. When surveyed, immigrants overwhelmingly report that they desire to become U.S. citizens. A comprehensive study on immigrant integration by the National Academy of Sciences concludes: "moderate levels of naturalization in the United States appear to stem not from immigrants' lack of interest or even primarily from the bureaucratic process of applying

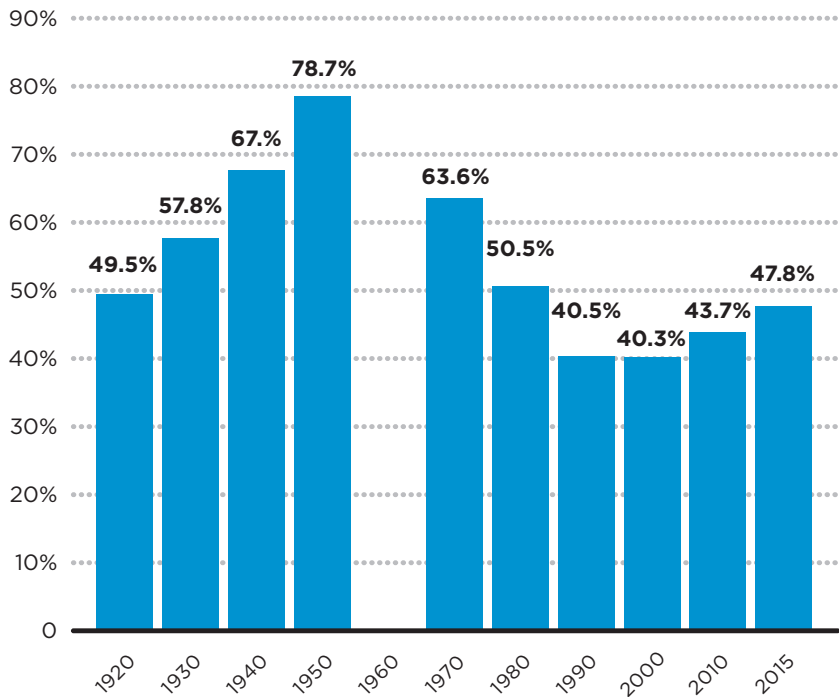
¹¹⁹ Department of Homeland Security, U.S. Citizenship and Immigration Services, *Naturalization Information*, <https://www.uscis.gov/citizenship/teachers/naturalization-information>.

¹²⁰ U.S. Census Bureau, *Historical Census Statistics on the Foreign-Born Population of the United States: 1850–2000*, Table 12, "Citizenship Status of the Foreign-Born Population: 1890 to 1950 and 1970 to 2000, 2 Feb. 2006, <https://www.census.gov/population/www/documentation/twps0081/twps0081.html>.

¹²¹ *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015, 166.

for citizenship. Instead the obstacle to naturalization lies somewhere in the process by which individuals translate their motivation to naturalize into action.”¹²²

Percentage of Foreign-Born People Who Are Naturalized Citizens



Source: Data for the years 1920 to 2000: U.S. Census Bureau, *Historical Census Statistics on the Foreign-Born Population of the United States*; Data for the years 2010 and 2015: U.S. Census Bureau, American Community Survey.

Note: Data are not available for they year 1960.

122 Ibid, p. 167.

Immigrants are more likely to be in poverty.

Significant Fact:

In 2015, more than one in six immigrants were living in poverty. However, immigrants who have been in the U.S. for a longer period of time are less likely to be in poverty.

Every year the U.S. federal government calculates the federal poverty threshold based on a formula that accounts for a household's family size and composition. In 2016, the poverty threshold for a family of four (a family with two parents and two children) was determined to be \$24,339.¹²³

In 2015, 14.3 percent of native-born citizens were below the poverty level. Meanwhile, 17.3 percent of immigrants were considered to be living in poverty.¹²⁴ What's encouraging is that immigrants who have lived in the U.S. for several years are less likely to be living in poverty. In 2015, 13.7 percent of immigrants who came to the U.S. prior to 2000 were in poverty. While still high, this compares very favorably with the 19.7 percent of immigrants living in poverty who arrived in the U.S. between 2000 and 2009, and the 26.3 percent who arrived in the U.S. after 2009.¹²⁵

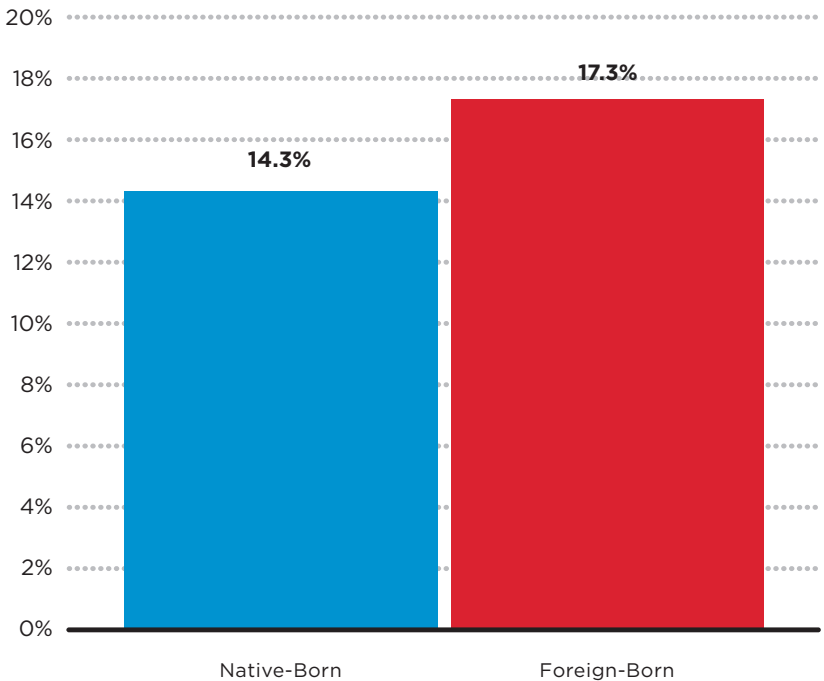
¹²³ The U.S. Census Bureau's publication of annual poverty thresholds is available at U.S. Census Bureau, *Poverty Thresholds*, 2016, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>.

¹²⁴ U.S. Census Bureau, 2015 American Community Survey.

¹²⁵ Ibid.



Percentage of People Living Below the Federal Poverty Level, 2015, Foreign-Born vs. Native-Born



Source: U.S. Census Bureau, 2015 American Community Survey.

Immigration can strain government budgets ...

Significant Fact:
Many Americans
are weary of
expanding
immigration
for fear that
doing so would
exacerbate
the country's
already
significant fiscal
problems.

According to the Congressional Budget Office (CBO), total outstanding federal debt currently stands around \$19.4 trillion, the equivalent of nearly \$60,000 per person in the U.S.¹²⁶ That's an amount at least \$2 trillion greater than the total annual output of the U.S. economy, suggesting America's debt level is increasingly burdensome relative to the resources available to pay it off.

Although immigrants contribute to the economy, many immigrants impose a net burden on government finances. Immigrants are not unique in this respect: As the chart on the next page shows, first-generation immigrants, second-generation Americans (i.e., the children of immigrants), and third-plus-generation Americans all have a negative fiscal impact. That is to say the average per capita receipts the government receives from each person, regardless of immigrant generation, are less than the government's average per capita expenditures.

Even so, first-generation immigrants have the most negative fiscal impact, with their tax payments on average equaling less than 70 percent of the amounts they received in government benefits in 2013. Meanwhile, the tax payments of second-generation Americans covered nearly 76 percent of the benefits they received, and the third-plus generations covered almost 80 percent of the benefits they received.¹²⁷

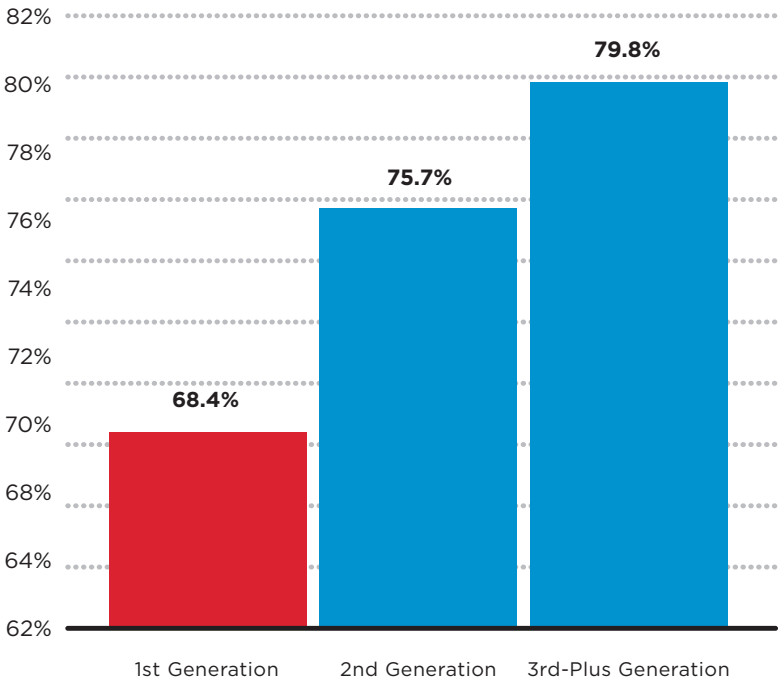
Many Americans are weary of expanding immigration for fear that doing so would exacerbate the country's already significant fiscal problems. In coming pages we will drill down a bit deeper to examine more closely the impact immigrants have on government budgets.

¹²⁶ Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2016 to 2026*, Aug. 2016, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51908-2016_Outlook_Update_OneCol.pdf.

¹²⁷ Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.



Ratio of Government Receipts to Outlays, Federal, State, and Local Levels of Government Combined, by Immigrant Generation, 2013



Source: Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

Note: The fiscal impact of dependents of each generation are included in the estimate for the parents' generation. For example, the estimate for the first generation includes the fiscal impact of first-generation immigrants plus their dependent children.

... Immigrants are costly to state and local governments ...

Significant Fact:
States and towns with high concentrations of lesser-skilled immigrants and generous public benefits tend to incur greater fiscal costs from immigration.

A recent comprehensive study by the National Academy of Sciences found “the fiscal impacts of immigrants are generally positive at the federal level and *negative* at the state and local levels” (emphasis added).¹²⁸

As is evident in the chart on the next page, in 2013 first-generation immigrants imposed a net cost on state/local governments of approximately \$1,600 per person. Meanwhile, second-generation Americans had a positive impact of \$1,700. Third-plus generations had a somewhat smaller, but still positive, impact of around \$1,300 per person.¹²⁹

A number of factors help explain why immigrants provide net benefits to federal coffers but impose costs on state and local governments. The first relates to program eligibility. Immigrants more often qualify for state-level benefit programs, and especially make use of public schooling for their children. Since public schools are funded primarily by states and local districts, a large portion of the fiscal costs accrue at these levels of government.

Another factor relates to immigrant income levels. Lower-income immigrants, like lower-income natives, tend to receive more in government benefits than they pay in taxes. Therefore states and towns with high concentrations of both low-income immigrants and generous public benefits incur higher fiscal costs from immigration. A good comparison is California, a state with rather generous public benefits, versus South Carolina, a state with fewer benefits. For the period 2011-2013, first-generation immigrants imposed a net fiscal cost of \$2,050 per person in California, but provided a fiscal surplus of \$150 per person in South Carolina.¹³⁰

One lesson may be that cities and states bear much of

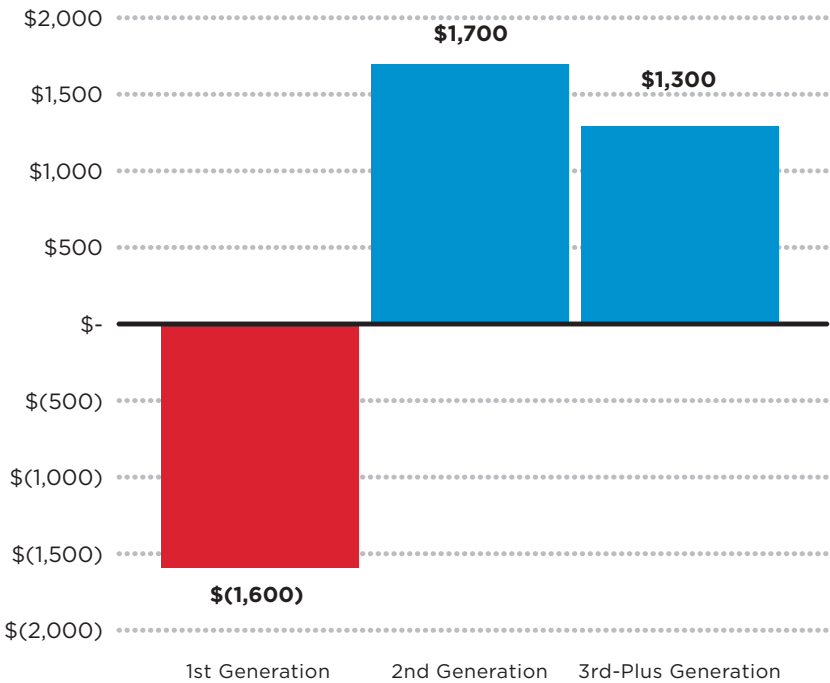
¹²⁸ Francine D. Blau, and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

¹²⁹ Ibid.

¹³⁰ Ibid.

the responsibility themselves when they face net fiscal costs from immigration. Fiscal costs are not the fault of immigrants per se, and can be remedied by reforming welfare programs.

Net Fiscal Impact per Person by Generation, State and Local Government Levels, 2011-2013



Source: Francine D. Blau, and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

... But low-income immigrants use welfare programs less than low-income natives ...

Significant Fact:

Among low-income populations, immigrants are less likely than natives to utilize public assistance programs.

A 2015 study from the Center for Immigration Studies finds that immigrant households are much more likely than native-born households to receive welfare benefits.¹³¹ This is not surprising. After all, welfare programs exist to provide assistance to the poor, and immigrants are more likely to be in poverty compared to natives.

When one compares *low-income* immigrants to similarly *low-income* natives, are immigrants still disproportionately represented among those using public assistance programs?

A study from the Cato Institute says “no.” That study’s authors, Leighton Ku and Brian Bruen of George Washington University, wrote that low-income immigrants utilize Medicaid, SNAP (formerly the Food Stamp Program), cash assistance, and Supplemental Security Income (SSI) at lower rates than do natives. Furthermore, the researchers find that since the utilization rates are lower, “the cost of public benefits to non-citizens is substantially less than the cost of equivalent benefits to the native-born.” Using the SNAP program as an example, they find the average benefit per low-income adult was \$1,091 for natives compared to \$985 for naturalized-citizens and \$825 for non-citizen immigrants.^{132 133}

The National Academy of Sciences study on the fiscal impact of immigration finds that when other factors, such as age and educational attainment, are

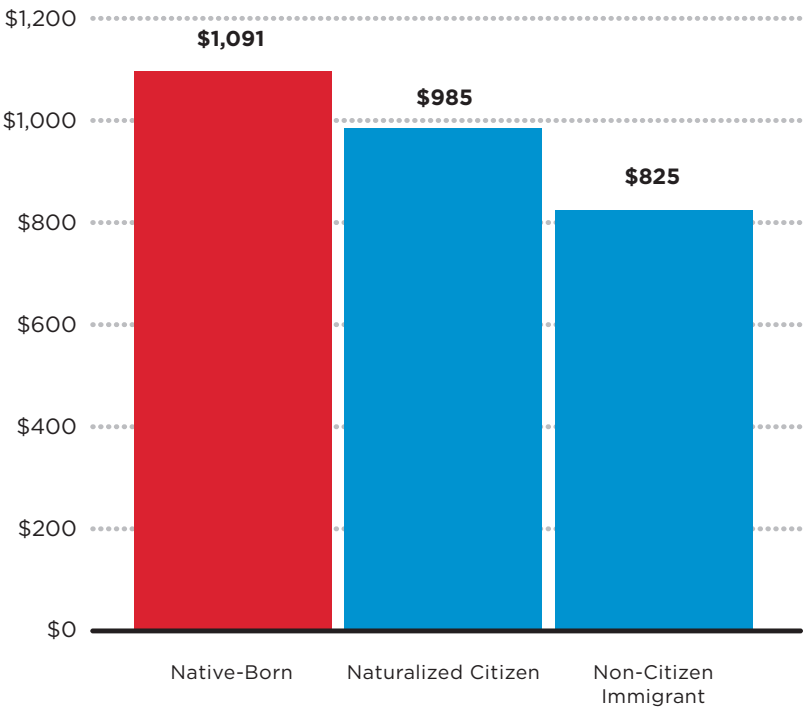
¹³¹ Steven A. Camarota, *Welfare Use by Immigrant and Native Households: An Analysis of Medicaid, Cash, Food, and Housing Programs*, Center for Immigration Studies, Sept. 2015. <http://cis.org/sites/cis.org/files/camarota-welfare-final.pdf>.

¹³² Leighton Ku, and Brian Bruen, *Poor Immigrants Use Public Benefits at a Lower Rate than Poor Native-Born Citizens*, Rep., Cato Institute, 4 Mar. 2013, <https://www.cato.org/publications/economic-development-bulletin/poor-immigrants-use-public-benefits-lower-rate-poor>.

¹³³ Note: An important difference between the Center for Immigration Studies (2015) report and the Cato Institute (2013) report is that the CIS study examines welfare usage by households while the Cato Institute study uses data for individuals. Since many households are mixed immigration status, using data for individuals gives a more precise estimate of welfare usage among natives versus immigrants.

controlled for, "...immigrants generally have a more salutary effect on budgets because they are disqualified from some benefit programs and because their children tend to have higher levels of education, earnings, and tax paying than the children of similar third-plus generation [i.e. native-born] adults."¹³⁴

Average Annual SNAP Benefit per Low-Income Adult,
by Immigration Status, 2011



Source: Leighton Ku, and Brian Bruen, *Poor Immigrants Use Public Benefits at a Lower Rate than Poor Native-Born Citizens*, Rep., Cato Institute, 4 Mar. 2013, <https://www.cato.org/publications/economic-development-bulletin/poor-immigrants-use-public-benefits-lower-rate-poor>.

134 Francine D. Blau, and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

... And immigrants' fiscal impact has improved along with educational attainment.

Significant Fact:

Immigrants with a bachelor's degree provide a net benefit of approximately \$307,000 to government coffers over their lifetimes.

In summarizing its findings, the much-respected National Academy of Sciences study of the fiscal impacts of immigration states: "the historical record suggests that the total net fiscal impact of immigrants across all levels of government has become more positive over time." A main reason for this improvement, according to the study, is that "[t]oday's immigrants have more education than earlier immigrants."

Indeed, better educated immigrants (and natives, for that matter) impact government budgets more favorably. As the chart on the next page shows, immigrants whose highest degree is a high school diploma have a net negative fiscal impact of \$158,000 over a 75-year window. Yet, immigrants with a bachelor's degree provide a net benefit of approximately \$307,000 to government coffers over their lifetimes, and immigrants with an advanced degree have a positive fiscal impact of some \$765,000.^{135 136}

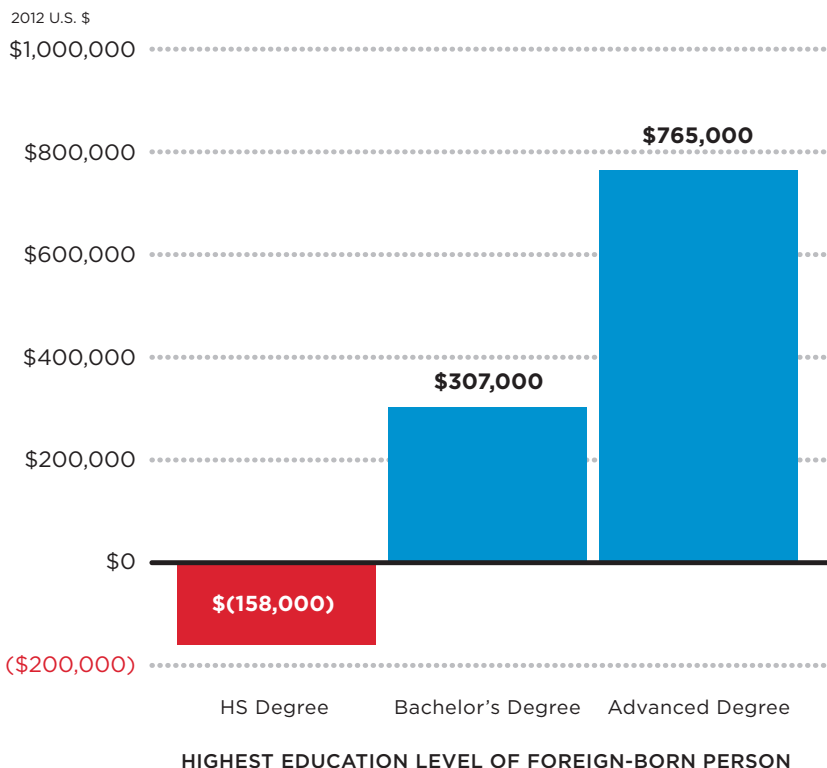
As educational levels continue to improve, welfare participation will shrink as incomes rise. This is good for households trying to escape poverty as well as for U.S. taxpayers.

¹³⁵ Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

¹³⁶ Note: the fiscal impact figures are 75-year net present value figures, calculated using a 3 percent discount rate, for an immigrant arriving in the U.S. at the age of 25. Note these are conservative estimates since they assign fixed public good costs for defense, subsidies, rest-of-world payments, and interest payments evenly across all members of the population.



75-Year Net Present Value Fiscal Impact, Immigrant Arriving at Age 25, by Educational Attainment



Source: Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

Note: the fiscal impact figures are 75-year net present value figures, calculated using a 3 percent discount rate, for an immigrant arriving in the U.S. at the age of 25. Note these are conservative estimates since they assign fixed public good costs for defense, subsidies, rest-of-world payments, and interest payments evenly across all members of the population.

How do immigrants affect government finances?

Estimating the fiscal impact of immigrants with any hope of accuracy is difficult for at least five reasons. First, the U.S. has a federal structure, which means that fiscal policies vary among and within the federal, state, and local levels of government. Second, governments offer many different types of services. Some services, like public education, become more costly when additional immigrants are added to the system. Meanwhile, spending on other services — like national defense — is less impacted by increases in population.

Third, immigrants have an undeniable positive impact on the economy. Pinpointing immigrants' economic contributions and the impact of such contributions on government budgets is difficult, but important. After all, economic growth eases fiscal burdens. Fourth, fiscal impact studies generate a *present-value* estimate, meaning they project whether today's immigrants are a net cost or a net benefit depending on assumptions about future tax payments and future government spending. Needless to say, government policies change all the time, making it unrealistic to assume that current policies will be in place in the future.

Finally, immigrants are all different. Some speak English well; others struggle. Some have high levels of education; others never complete high school. Some are in the prime of their careers; others are children or retirees. Accounting for all these differences greatly influences one's assessment of immigrants' fiscal impact.

Nonetheless, many scholars have attempted to quantify the impact immigrants have on government budgets. Surveying decades' worth of studies and considering them as a whole, immigration scholar Alex Nowrasteh reports: "the fiscal impacts of immigration are mostly positive, but they are all relatively small."¹³⁷

A nuanced look at the various studies suggests that an immigrant's fiscal impact depends largely on education level. Like natives, immigrants with high levels of education usually pay more in taxes over their lifetimes than they receive in government benefits. Meanwhile, lesser-educated immigrants tend to have a negative fiscal impact.

Immigrants' fiscal impact also varies by level of government. A recent comprehensive study by the National Academy of Sciences found "the fiscal impacts of immigrants are generally positive at the federal level and negative at the state and local levels."¹³⁸ States and towns that have a

¹³⁷ Alex Nowrasteh, *The Fiscal Impact of Immigration*, working paper (Washington: Cato Institute, 2014), <http://object.cato.org/sites/cato.org/files/pubs/pdf/working-paper-21-fix.pdf>.

¹³⁸ Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.



high concentration of low-skill immigrants and provide generous government benefits are most likely to be the places where immigrants impose fiscal burdens.

What about unauthorized immigrants? Rasmussen Reports found in a 2017 survey that 49 percent of Americans believed illegal immigrants were a significant strain on the U.S. budget.¹³⁹ Yet unauthorized immigrants generally are only eligible for Emergency Medicaid, and not the host of other welfare programs available to citizens and legal permanent residents. This means many unauthorized immigrants pay taxes, but in many cases they do not receive much in the way of benefits. To be sure, assessing the fiscal impact of unauthorized immigrants is very difficult because of the lack of data about this group of immigrants. However, the fiscal costs associated with unauthorized immigration are likely smaller than most people imagine.

Clearly, the existence of government welfare programs complicates analyses of the effects immigrants have on the well-being of their host countries. But one recent academic article builds the presence of redistributive government programs into a quantitative model estimating the overall impact of immigration on natives in various countries. Analyzing 20 countries around the world, that study finds immigration benefits the native-born, on net, even after controlling for the reality of redistributive government programs.¹⁴⁰

Good news for the U.S. is that the fiscal impact of immigrants has been improving over recent decades. This is largely thanks to the higher level of educational attainment among recent immigrants compared to those who came in earlier waves.¹⁴¹ While there is no guarantee this trend of improving education levels will continue, if it does, one would expect immigrants' fiscal impact to improve further in the future.

Overall there is not a compelling conclusion to be made in support of or opposition to immigration on the basis of fiscal costs alone. Immigrants' fiscal impact is simply not that dramatic, positive or negative. Meanwhile immigrants' economic contributions are considerable. Americans should keep this dynamic in mind.

139 "Voters Measure Illegal Immigration in Major Crime, More Tax Dollars." Rasmussen Reports, 29 Mar. 2017. http://www.rasmussenreports.com/public_content/politics/current_events/immigration/march_2017/voters_measure_illegal_immigration_in_major_crime_more_tax_dollars.

140 Michele Battisti et al., *Immigration, Search, and Redistribution: A Quantitative Assessment of Native Welfare*, working paper no. 20131 (Cambridge: National Bureau of Economic Research, 2014).

141 Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, Washington, D.C.: National Academies, 2016.

Many immigrants lack health insurance ...

Significant Fact:

In 2015, immigrants were more than twice as likely as natives to lack health insurance coverage.

A national concern generating much attention in recent years has been the proportion of Americans who lack health insurance. The U.S. Census Bureau estimates that in 2015 approximately 7.7 percent of native-born Americans, some 21.2 million people, did not have health insurance. That same year, 18.1 percent of immigrants lacked health insurance, meaning that immigrants were more than twice as likely to lack health insurance compared to natives.¹⁴²

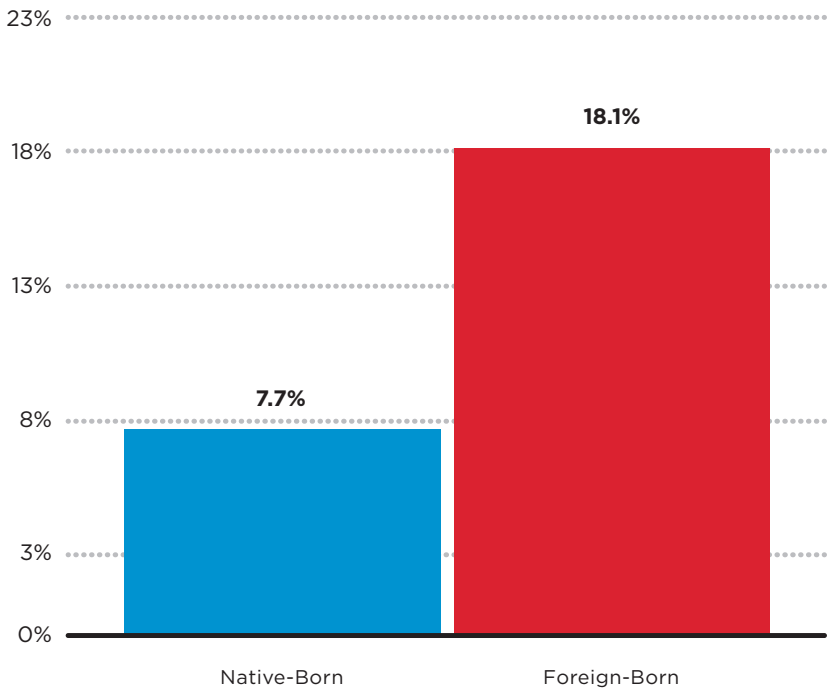
Breaking out the health-insurance data based on immigrants' citizenship status shows that in 2015 approximately 26.4 percent of non-citizen immigrants lacked health insurance compared to 8.7 percent of naturalized-citizen immigrants. While both groups of immigrants were uninsured at a higher rate than native-born Americans, these data points suggest the problem is worse for non-citizen immigrants.¹⁴³

¹⁴² U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement

¹⁴³ Ibid.



Percentage of People without Health Insurance, Foreign-Born and Native-Born, 2015



Source: U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement.

... But immigrants eventually gain health insurance.

Significant Fact:

Nearly 95% of immigrants who have been in the U.S. for at least 40 years have some form of health insurance.

Immigrants who have lived in the U.S. for several years are more likely to have health insurance compared to recent immigrants. Some 23 percent of immigrants who have lived in the U.S. for fewer than 20 years lack health insurance. Yet that percentage drops to 16.7 percent for immigrants who have lived in the U.S. between 20 and 29 years. It continues to fall in a stepwise fashion the longer an immigrant lives in the U.S., whereas the uninsured rate stands at only 5.2 percent for immigrants who have lived in the U.S. for 40 or more years.¹⁴⁴

Medicare and Medicaid — the government-operated health-insurance programs for the elderly and low-income, respectively — are certainly a partial explanation as to why immigrants who have been in the U.S. for a long time are more likely to have health insurance. Furthermore, the Affordable Care Act (ACA) has reduced the proportion of both native-born Americans and immigrants without health insurance in recent years. As recently as 2013, some 11.2 percent of natives and 27.7 percent of immigrants lacked health insurance. While unauthorized immigrants are not eligible for insurance through the ACA, the law does qualify low-income naturalized citizens and legal permanent residents for subsidized health insurance. Furthermore, under the ACA, legal immigrants who have lived in the U.S. for at least five years can qualify for Medicaid depending on their income level.

However, these government-operated programs are not the full explanation. While a large share of immigrants who have been in the U.S. for more than 40 years do participate in a government-run health insurance policy, some 57.7 percent of that same group carried health insurance from a private provider as well.^{145, 146}

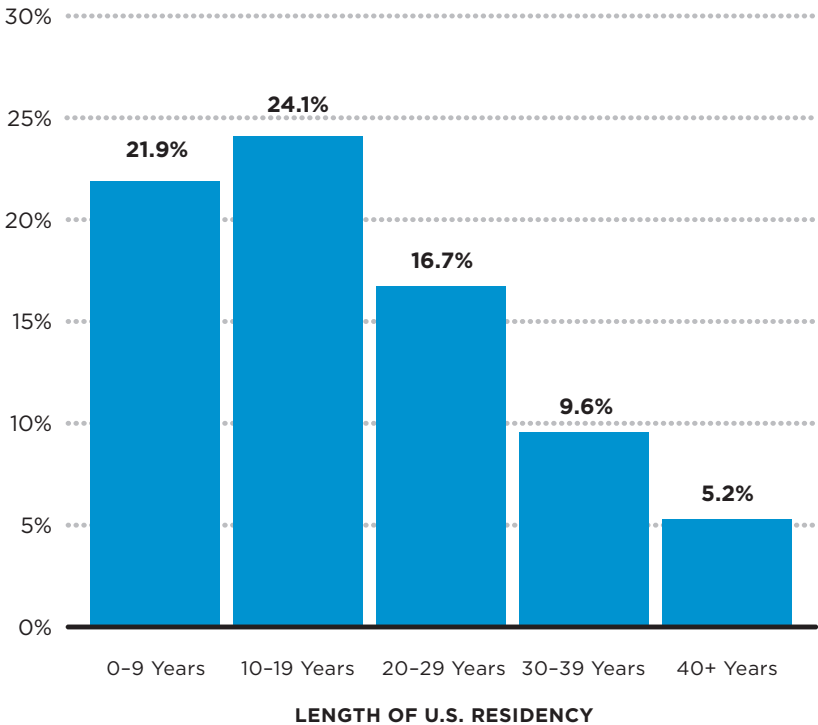
¹⁴⁴ U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement, *Table H109. Health Insurance Coverage Status by Nativity, Citizenship, and Duration of Residence for All People: 2015.*

¹⁴⁵ Author's calculations. Data from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, *Table H109. Health Insurance Coverage Status by Nativity, Citizenship, and Duration of Residence for All People: 2015.*

¹⁴⁶ Readers should note that it is possible for an individual to be covered by both government and private health insurance plans simultaneously.

Furthermore, although immigrants are more likely than natives to lack health insurance, studies show immigrants consume fewer medical services, are less likely to visit the emergency room, and are more likely to pay their medical costs out of pocket. And when it comes to Medicare, immigrants on average contribute more than they take in benefits, and average expenditures on immigrants are lower than they are for natives.¹⁴⁷

**Percentage of the Foreign-Born without Health Insurance,
by Length of U.S. Residency, 2015**



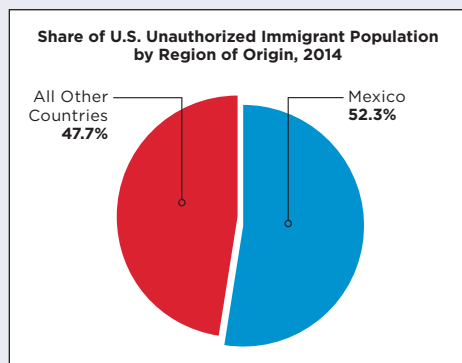
Source: U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement.

147 Alex Nowrasteh, *The Fiscal Impact of Immigration*, working paper (Washington: Cato Institute, 2014), <http://object.cato.org/sites/cato.org/files/pubs/pdf/working-paper-21-fix.pdf>.

A Special Focus on Immigration from Latin America

Immigrants from Latin American countries have a vastly different and oftentimes more difficult experience in the U.S. compared to immigrants from other regions of the world. In general, Latin American-born immigrants are more likely to be unauthorized, have significantly lower median earnings, and have less fluency in English compared to the average for all U.S. immigrants.

Approximately 52 percent of all unauthorized immigrants living in the U.S. in 2014 came from Mexico.¹⁴⁸ This situation is not ideal for the U.S. or Mexico; it is especially not good for the unauthorized Mexican-born immigrants themselves. Being unauthorized greatly limits employment prospects and chance for upward economic mobility.



Source: Pew Research Center, 2017

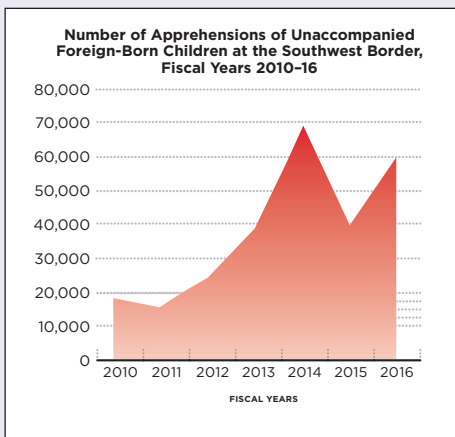
In the last several years Americans have witnessed another alarming and troubling phenomenon: thousands of unaccompanied immigrant children have come across the Southwest border and entered the U.S. illegally. The U.S. Border Patrol reports that nearly 60,000 unaccompanied immigrant minors were apprehended along the Southwest border in fiscal year 2016. The 2016 figure represents

a modest reduction from the 68,000 unaccompanied children who arrived in FY 2014. Even so, in FY 2014 many hoped this problem would be a temporary phenomenon, but data for FY 2015 and FY 2016 suggest this was not a one-time spike and indeed is likely to be an ongoing issue.¹⁴⁹

¹⁴⁸ Ana Gonzalez-Barrera, and Jens Manuel Krogstad, *What We Know about Illegal Immigration from Mexico*, (Pew Research Center, 2017), <http://www.pewresearch.org/fact-tank/2017/03/02/what-we-know-about-illegal-immigration-from-mexico/>.

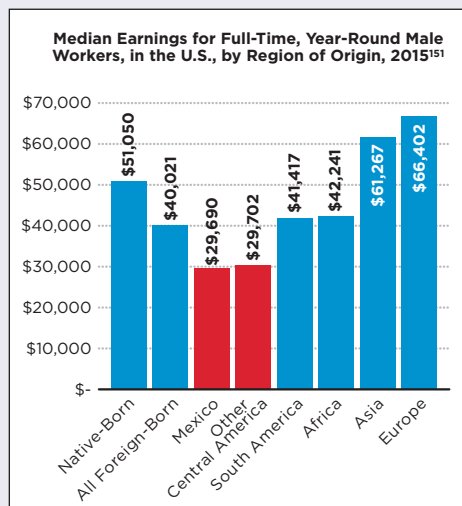
¹⁴⁹ U.S. Department of Homeland Security, U.S. Border Patrol, *Southwest Border Sectors: Family Unit and Unaccompanied Alien Children Apprehensions...* <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Southwest%20Border%20Family%20Units%20and%20UAC%20Apps%20-%20FY16.pdf>.

These children have come almost exclusively from Latin America, with the top sending countries in FY 2016 being, in order: Guatemala (18,913), El Salvador (17,512), Mexico (11,926), and Honduras (10,468).¹⁵⁰ These countries are marred by violence and lack serious economic opportunities for their young people. Furthermore, many of these children have parents or other family members in the U.S. — many of them likewise unauthorized immigrants — with whom they seek to become reunited.



Source: U.S. Department of Homeland Security, U.S. Border Patrol

Latin American-born immigrants have substantially lower earnings compared to other immigrant groups in the U.S. In 2015, full-time, year-round male workers from Latin American countries brought home less than \$30,000. Meanwhile, Asian- and European-born immigrants working in the U.S. earned more than twice that amount.¹⁵²



Source: U.S. Census Bureau, 2015 American Community Survey.

The low education level of the Latin American-born in the U.S. is one main contributor to their low earnings. While one in two immigrants from Asia has a college degree, less than one in 10 immigrants from Latin American countries do.¹⁵³

Yet lower educational achievement does not fully explain the earnings gap. Immigrants from Latin America with bachelor's degrees had median earnings of around \$45,000 in 2012. Mexican-born immigrant

150 U.S. Department of Homeland Security, U.S. Border Patrol, *Southwest Border Sectors: Family Unit and Unaccompanied Alien Children Apprehensions...* <https://www.cbp.gov/sites/default/files/assets/documents/2016-Oct/BP%20Southwest%20Border%20Family%20Units%20and%20UAC%20Apps%20-%20FY16.pdf>.

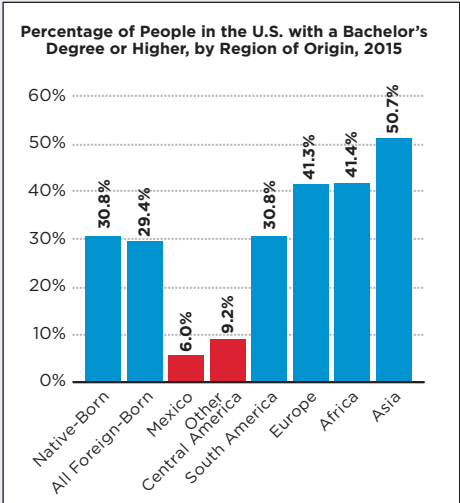
151 "Other Central America" includes the countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

152 U.S. Census Bureau, 2015 American Community Survey.

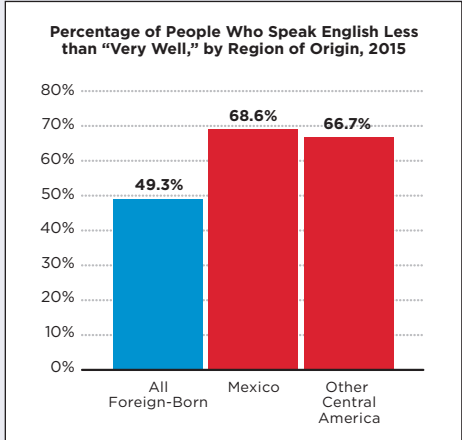
153 U.S. Census Bureau, 2015 American Community Survey.

workers with bachelor's degrees fared even worse with median earnings of less than \$41,000. By contrast, immigrants with bachelor's degree as a whole had median earnings of more than \$55,000 in 2013, and the same cohort of Asian- and European-born immigrants had median earnings over \$60,000.¹⁵⁴

Poor English proficiency stymies economic opportunities of immigrants from Latin America. English language skills are necessary for most high-paying jobs. One consequence is that the foreign-born from Latin America tend to fill lesser-skilled, and therefore lower-paying, jobs — even more so than immigrants as a whole. For example, while more than 45 percent of Asian and European-born immigrants worked in “management, professional, and related occupations” in 2013, the same was true of only 15.7 percent of immigrants from Latin America and 10 percent



Source: U.S. Census Bureau, 2015 American Community Survey



Source: U.S. Census Bureau, 2013 American Community Survey

from Mexico. Latin-American workers, in turn, were much more likely to work in sectors like agriculture, construction, transportation, or material moving and services.¹⁵⁵ In fact, in fiscal years 2013–14, Mexican-born immigrants accounted for 67 percent of hired farmworkers in the U.S.¹⁵⁶ The U.S. economy relies on these lesser-skilled workers too, but the path to greater earnings is through more professional-oriented jobs.

What is the result of lower

154 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Table 3.12: Total Earning of Full-Time, Year Round, Foreign-Born Workers 25 Years and Over with Earnings by Educational Attainment and World Region of Birth: 2012*.

155 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Table 3.7: Occupation of Employed Foreign-Born Civilian Workers 16 Years and Over by Sex and World Region of Birth: 2013*.

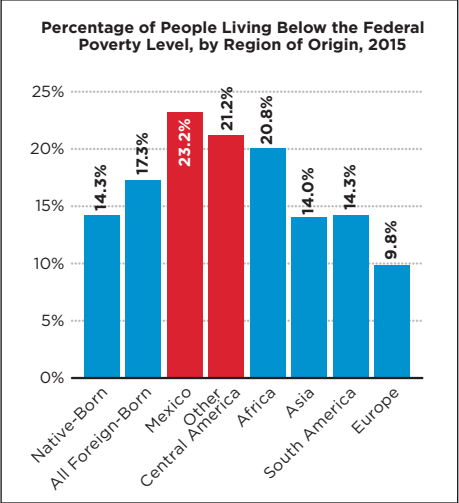
156 U.S. Department of Labor, The National Agricultural Workers Survey, *Table 1: National Demographic Characteristics*. 13 Jan. 2017. <https://www.doleta.gov/agworker/naws.cfm#d-tables>.

earnings and less remunerative job opportunities? More poverty. A substantially higher share of Mexican-born immigrants and immigrants from what the U.S. Census Bureau terms “other Central American” countries¹⁵⁷ were below the federal poverty threshold in 2015 compared to immigrants as a whole and the overall U.S. population.

Segmenting the data reveals important differences in the experiences of the various immigrant groups in the U.S. For instance, Asian- and European-born immigrants outperform immigrants as a whole on many indicators. And when it comes to earnings, educational attainment, and the incidence of poverty, these two immigrant groups outperform even the average for America’s native-born population.

Meanwhile, other immigrant groups face special challenges, especially the Latin American– and Mexican-born. More than half of the unauthorized population in the U.S. was born in Mexico. The Mexican-born score far below other immigrant groups when it comes to educational attainment, earnings, English proficiency, and poverty. Immigrants from other Central American countries do better than those from Mexico, but still lag far behind the average for the foreign-born as a whole.

To be sure, these data do not describe the experience of every Latin American-born immigrant in the U.S. Some of the greatest success stories in America are the stories of Latin American immigrants. However, the degree to which the data diverge is striking.



Source: U.S. Census Bureau, 2015 American Community Survey

157 “Other Central America” includes the countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

Chapter 4:

Achieving the American Dream



Immigrants believe in the American dream.

Significant Fact:

When polled, some 70.1% of immigrants believe their children will enjoy a higher standard of living than they did, and 72.8% say “hard work” is what’s needed to get ahead in America.

The American dream tells us that anyone, of any background, can achieve success in the United States. America is a land of freedom, allowing individuals to control their own destinies. In America, one does not have to be born wealthy to live a prosperous life. Rather, anyone can achieve success through hard work and their own merit.

Immigrants believe in the American dream. Indeed, this conviction that in America anyone can build a better life has drawn millions of immigrants to her shores throughout history. This remains true today. When polled, some 70.1 percent of immigrants believe their children will enjoy a higher standard of living than they did. Furthermore, 72.8 percent of immigrants say they believe “hard work” is what’s needed to get ahead in America. In these respects, immigrants may be more American than the native-born population itself. Only 47.0 percent of natives believe their children will surpass their own standard of living, and 69.3 percent of natives believe hard work is the key to success in America.¹⁵⁸

Immigrants’ optimism about the American dream does not fade. In fact, among the children of immigrants, the sentiment is even stronger: 78 percent and 72 percent of second-generation Hispanic- and Asian-Americans, respectively, agree that through hard work people will get ahead in America. Furthermore, second-generation Americans are more likely to feel that their own standard of living exceeds that of their parents when their parents were at a similar stage in life.¹⁵⁹

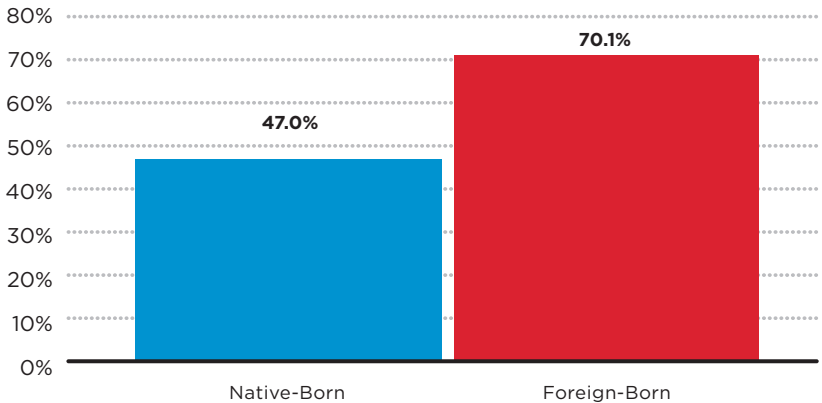
It is telling that the children of immigrants have an even stronger belief in the American dream than their parents. After all, these children grow up witnessing firsthand the experiences of their immigrant parents.

¹⁵⁸ *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015, 307–09.

¹⁵⁹ Pew Research Center, “Second Generation Americans: A Portrait of the Adult Children of Immigrants,” report (Washington, 2013), http://www.pewsocialtrends.org/files/2013/02/FINAL_immigrant_generations_report_2-7-13.pdf.

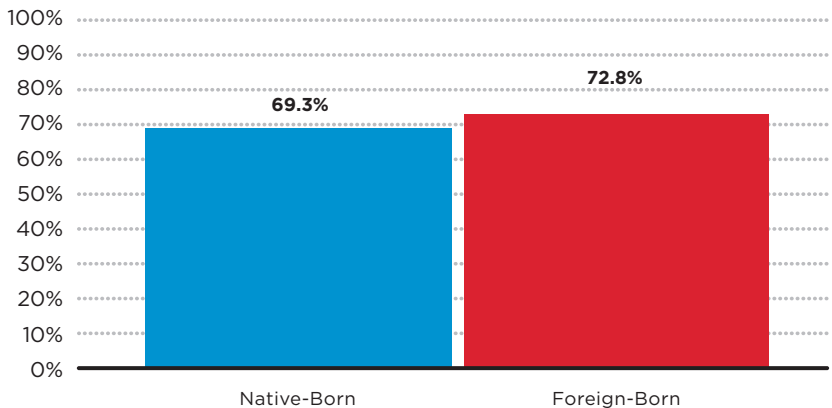


Percentage Who Believe Their Children's Standard of Living Will Surpass Their Own, Native-Born and Foreign-Born, 2012



Source: *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, citing data from the General Social Survey.

Percentage Who Believe “Hard Work” is Key to Getting Ahead in the U.S., Native-Born and Foreign-Born, 2012



Source: *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, citing data from the General Social Survey.

Immigrants benefit mightily by coming to the U.S.

Significant Fact:

Immigrants move to the U.S. for numerous reasons, but economic reasons are especially compelling. After all, many immigrants experience large wage increases by working in the U.S.

Immigrants themselves are without a doubt the greatest beneficiaries of immigration to the U.S. And although immigrants move to the U.S. for numerous reasons, economic reasons are especially compelling.

To understand why, one must simply look to relative wages between those working in the U.S. and those working in other countries.

For example, a 35-year-old working in Yemen with nine years of education would expect to earn approximately \$126 per month. Yet that same worker would earn \$1,940 per month in the U.S., an amount more than 15 times greater. Over the course of a year, the worker can take home around \$21,700 more just by working in the U.S.

Yemen is the most extreme example. But of a sample of forty-two developing countries examined, workers from a country at the median of the sample could expect to quadruple their wages by working in the U.S. Of all countries in the sample, workers in the Dominican Republic have the smallest wage ratio¹⁶⁰ compared to wages possible in the U.S. But even Dominican workers could expect to double their wages, and enjoy nearly \$9,000 of extra income each year, by working in the U.S. instead of the Dominican Republic.¹⁶¹

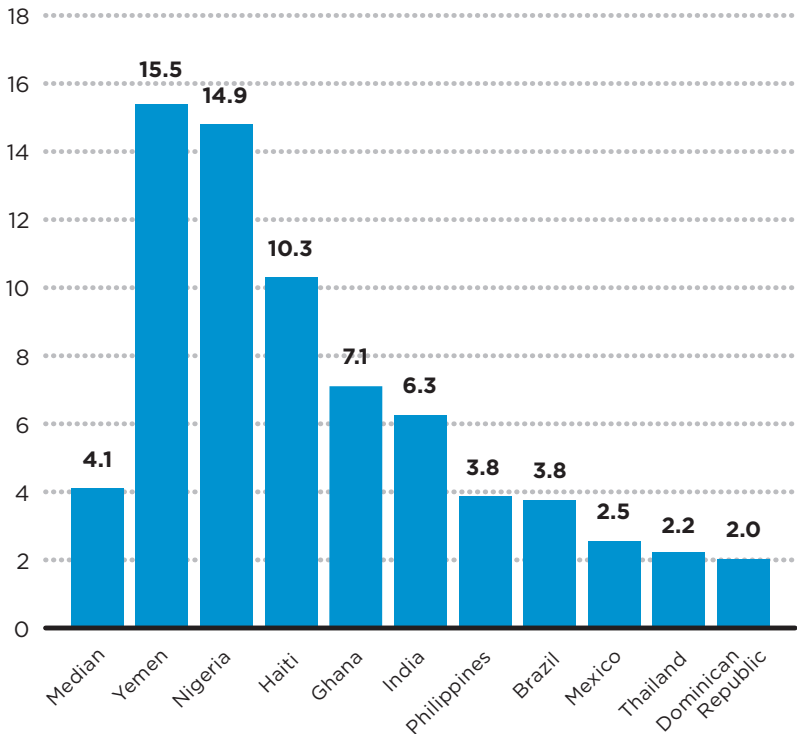
How is it possible that a worker with the exact same skills could earn so much more doing the same work in the U.S. compared to other countries? The answer lies in the overall productivity of the U.S. economy. The U.S. has a highly specialized economy and therefore can better put individuals' skills to productive use, resulting in higher wages.

¹⁶⁰ The ratios reported here are the predicted ratio between the average wage of a U.S.-resident, 35-year-old employed male urban worker born in each country with between nine and twelve years of education acquired in each country, and the average wage of an observably identical worker residing in each origin country.

¹⁶¹ Michael A. Clemens, Claudio E. Montenegro, and Lant Pritchett, *The Place Premium: Wage Differences for Identical Workers Across the U.S. Border*, working paper no. RWP09-004 (John F. Kennedy School of Government, Harvard University, 2009).



Estimated Ratio of Wages Earned in the U.S. Compared to Wages Earned by an Identical Worker in Country of Birth, Selected Countries



Source: Clemens et al., 2009.

Note: The ratios reported in this graph represent the predicted ratio between the average wage of a US-resident 35-year-old urban male worker born in each country with nine years of education acquired in each country, to the average wage of an observably identical worker residing in each origin country.

The children of immigrants learn English ...

Significant Fact:

Although English

proficiency is

a problem for

many immigrants,

the children

of immigrants

develop strong

command of the

English language.

One of the most important determinants of immigrants' success in the U.S. is their ability to speak English. English fluency allows immigrants to assimilate more quickly into American culture. It also allows immigrants to fill jobs that require greater levels of communication. Such jobs often are higher paying.

Unfortunately, as shown previously, proficiency in the English language is a tremendous challenge for immigrants in the U.S. today. Almost 85 percent speak a language other than English in their homes, and almost half say they speak English less than "very well."¹⁶² English proficiency is even more of a challenge for Hispanic immigrants.

Yet, by and large, English proficiency is not a problem for second-generation Americans. Even if their parents struggle to learn English, immigrants' children grow up interacting with native speakers and operating in a predominantly English-language society. Data show that only 15 percent and 18 percent of second-generation Hispanic- and Asian-Americans, respectively, say they do not have very good command of the English language.¹⁶³ These percentages are still higher than for the U.S. population at large, but the magnitude of the improvement in English proficiency over a single generation is remarkable.

Whether the children of immigrants retain fluency in their parents' native language varies among immigrant groups. A large percentage of second-generation Hispanics, around 80 percent, report speaking Spanish. Meanwhile only around 40 percent of second-generation Asian Americans speak the native language of their parents.¹⁶⁴ By the third and certainly fourth generations, nearly all are monolithic English speakers.¹⁶⁵

¹⁶² U.S. Census Bureau, 2015 American Community Survey.

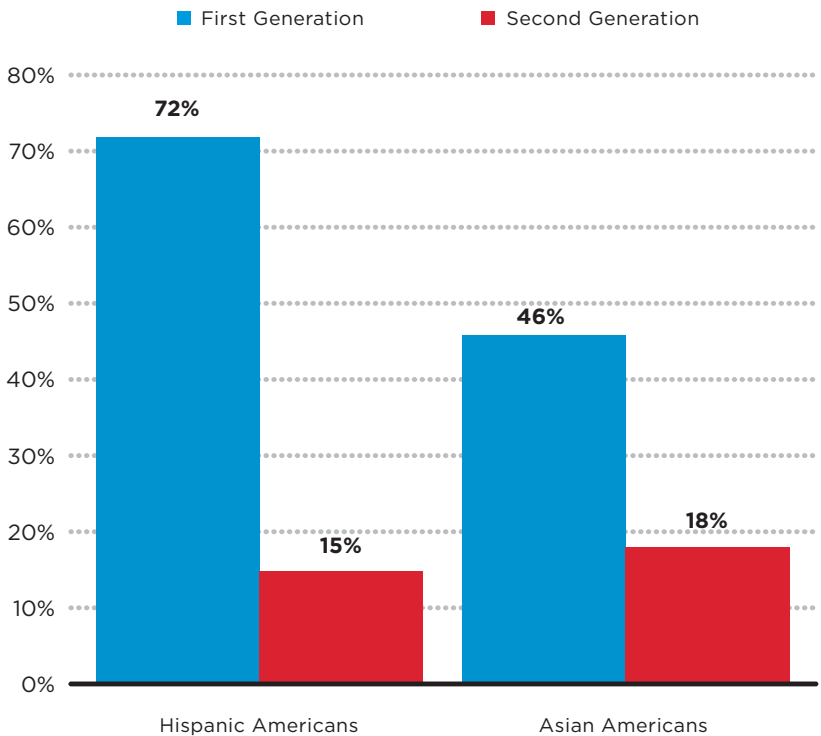
¹⁶³ Pew Research Center, "Second Generation Americans: A Portrait of the Adult Children of Immigrants," report, (Washington, 2013), http://www.pewsocialtrends.org/files/2013/02/FINAL_immigrant_generations_report_2-7-13.pdf.

¹⁶⁴ Ibid.

¹⁶⁵ *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015, 314.



Percentage of Hispanics and Asian Americans Who Speak English Less than “Very Well,” by Generation, 2011–12



Source: Pew Research Center, 2013.

Note: “First Generation” refers to the foreign-born population in the U.S. “Second Generation” refers to people who were born in the United States to at least one foreign-born parent.

... And they boost America's educational attainment.

Significant Fact:
Second-generation Americans are much more likely to have earned at least a high school degree compared to their parents. In 2013, approximately 27.9% of immigrants lacked a high school degree compared to only 9.4% of second-generation Americans.

The level of education attained by immigrants in America is disproportionately represented at both the low and high ends. Many immigrants do not have a high school degree while at the same time many immigrants have bachelor and advanced degrees.

Meanwhile, the children of immigrants make dramatic strides in achieving higher levels of education. Second-generation Americans are much more likely to have earned at least a high school degree compared to their parents. In 2013, approximately 27.9 percent of immigrants lacked a high school degree compared to only 9.4 percent of second-generation Americans. And it is a similar story on the high end of the educational distribution. Approximately 37.4 percent of second-generation Americans had earned a bachelor's degree or higher in 2013 compared to 30.1 percent of immigrants. Data also show that second-generation Americans outperform the U.S. population as a whole when it comes to educational attainment.¹⁶⁶

Variations within the second generation of course do exist. For example, in 2012, 55 percent of second-generation Asian-Americans possessed at least a bachelor's degree while the same was true for only 21 percent of second-generation Hispanics.¹⁶⁷ So while the children of Asian immigrants greatly outperform the U.S. population as a whole, the children of Hispanic immigrants tend to attain less education than the population at large.

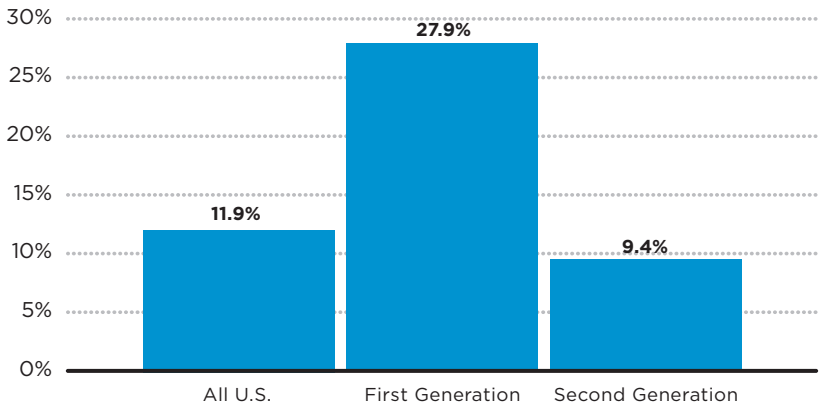
What's important to note is that within individual immigrant groups, educational attainment improves significantly between the first and second generations. This indicates progress and benefits the broader economy as a whole.

¹⁶⁶ U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2012.

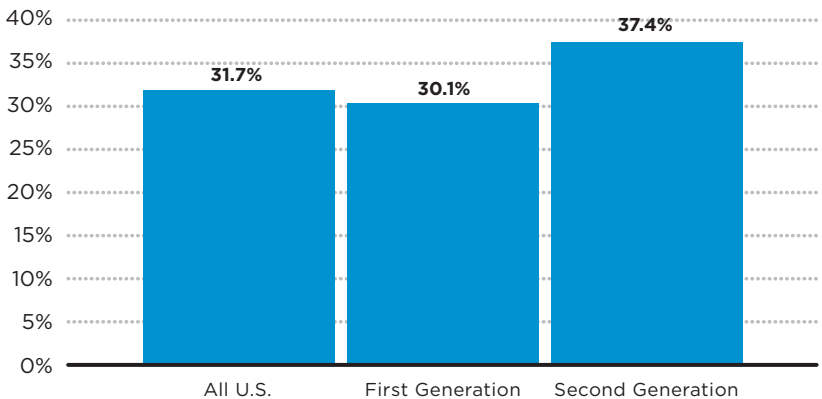
¹⁶⁷ Pew Research Center, "Second Generation Americans: A Portrait of the Adult Children of Immigrants," report (Washington, 2013), http://www.pewsocialtrends.org/files/2013/02/FINAL_immigrant_generations_report_2-7-13.pdf.



Percentage of All People Age 25 Years and Older Who Have Not Completed High School, by Generation, 2013



Percentage of All People Age 25 and Older with a Bachelor's Degree or Higher, by Generation, 2013



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Table 4.5: Educational Attainment of the Population 25 Years and Over by Sex and Generation: 2013*.

Note: "First Generation" refers to the foreign-born population in the U.S. "Second Generation" refers to people who were born in the United States to at least one foreign-born parent.

The children of immigrants secure good jobs ...

Significant Fact:

In 2013, approximately two-thirds of second-generation Americans worked in what one might consider “white collar” jobs.

First-generation immigrants, especially those with low education levels, tend to fill jobs that require more physical stamina and fewer communication skills. For example, in 2013, more than one-quarter of all immigrants worked in the service sector of the economy. Another 15.0 percent worked in production, transportation, and material moving, and 11.0 percent worked in construction, extraction, and maintenance. Meanwhile, less than half filled jobs in the sectors of the economy that are typically higher paying: management and professional jobs and sales and office jobs.

But with higher levels of education, stronger command of the English language, and more immersion in American culture, the children of immigrants are better positioned than their parents to secure higher-paying jobs.

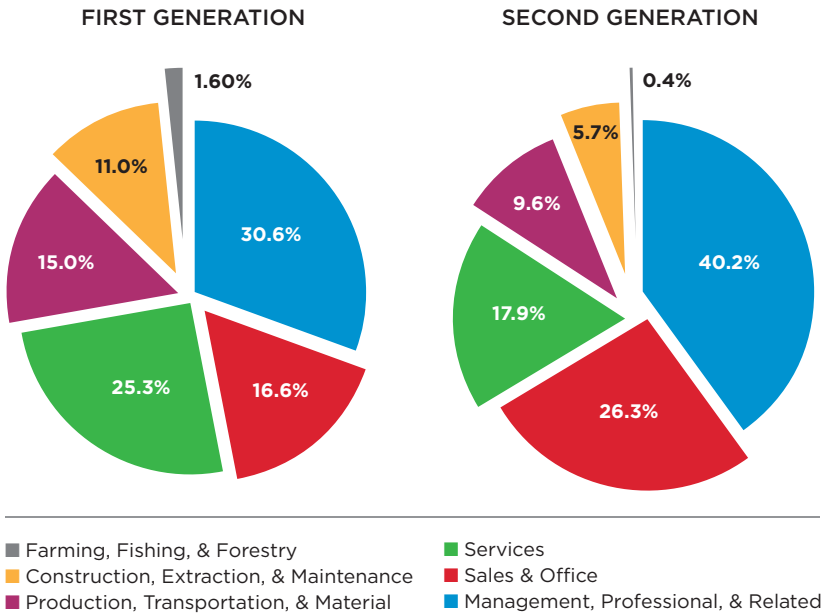
In contrast to first-generation immigrants, in 2013 a full two-thirds of second-generation Americans worked in what one might consider “white-collar” jobs (“management and professional” and “sales and office”). Similarly, second-generation Americans were roughly one-third less likely than immigrants to work in the service, production, transportation, shipping, construction, extraction, and maintenance sectors of the economy.¹⁶⁸ The children of Mexican and other Central American immigrants, along with second-generation American women generally, see especially substantial advancement into white-collar sectors of the economy compared to their parents.¹⁶⁹

¹⁶⁸ U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Table 4.7: Occupation of Employed Civilian Workers 16 Years and Over by Sex, Generation: 2013*.

¹⁶⁹ *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015, 282.



Percentage of Foreign-Born People and Second-Generation Americans Working in Each Occupation, 2013



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2013.

Note: "First Generation" refers to the foreign-born population in the U.S. "Second Generation" refers to people who were born in the United States to at least one foreign-born parent. Data refer to employed civilian workers 16 years of age and older.

Second-generation Americans enjoy high earnings and are less likely to be in poverty ...

Significant Fact:

Second-generation Americans outearn their immigrant parents.

Education level, proficiency in English, and job type are all major factors in determining a worker's earnings. As we've seen, second-generation Americans typically excel in these areas compared to first-generation immigrants, and their earnings greatly exceed those of the earlier generation.

In 2012, median total earnings for second-generation Americans over the age of 25 were \$49,055, an amount 7.2 percent greater than the median earnings for all U.S. workers and 33.0 percent greater than the median earnings of first-generation immigrants.¹⁷⁰

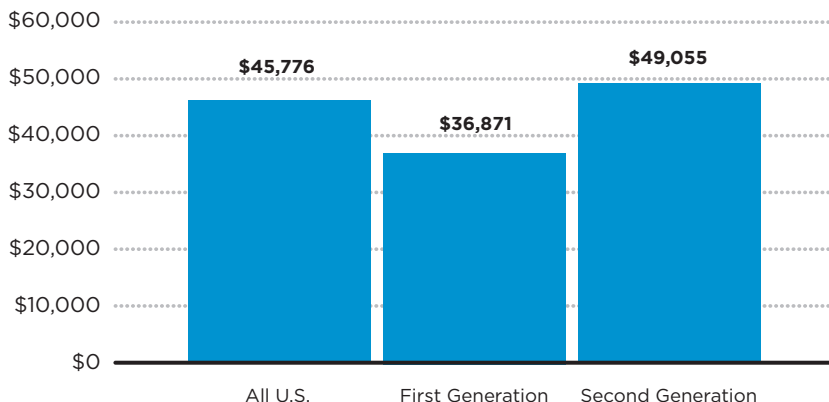
With higher earnings, second-generation Americans are predictably less likely to be in poverty. In 2013, 12.8 percent of all adults in the U.S. had incomes qualifying them as below the federal poverty level. Poverty was much more prevalent for first-generation Americans, with some 18.8 percent of adults falling below the poverty level. Yet, a smaller percentage, 13.6 percent, of second-generation Americans were in poverty.¹⁷¹ To be sure, poverty remains an issue deserving great attention, even for second-generation Americans, but the progress these data points represent is encouraging.

¹⁷⁰ U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, *Table 4.12: Total Earnings of Full-Time, Year-Round Workers Aged 25 Years and Over with Earnings, by Educational Attainment and Generation: 2012*.

¹⁷¹ *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015, 287.

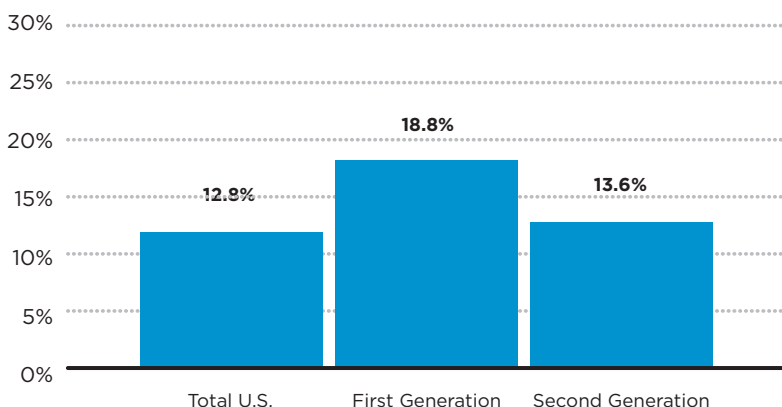


Median Total Earnings of Year-Round Workers Age 25+ Years, by Immigrant Generation, 2012



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.

Percentage of Adults Living Below the Federal Poverty Level, by Immigrant Generation, 2013



Source: U.S. Census Bureau, Current Population Survey, as appears in Table 6-9 of *Integration of Immigrants into American Society: Panel on the Integration of Immigrants into American Society*, Ed. Mary C. Waters and Marisa Gerstein Pineau, Washington, D.C.: National Academies, 2015.

Note: "First Generation" refers to the foreign-born population in the U.S. "Second Generation" refers to people who were born in the United States to at least one foreign-born parent.

The children of immigrants are often homeowners.

Significant Fact:
In 2012, 64% of
second-generation
American house-
holds and 65%
of all adult
households in the
U.S. owned their
own homes.

Homeownership is significant in American culture, a key marker of realizing the American dream. After all, when people own a home, they own a small piece of the United States itself. For immigrants and their children, purchasing a home gives a sense of permanency to their lives in the U.S.

Approximately half of first-generation immigrant households own the home in which they live, a considerably smaller percentage than the U.S. population as a whole. No doubt accumulating the financial resources to qualify for a mortgage takes time. But it also takes time to decide to put down roots in one's new homeland.

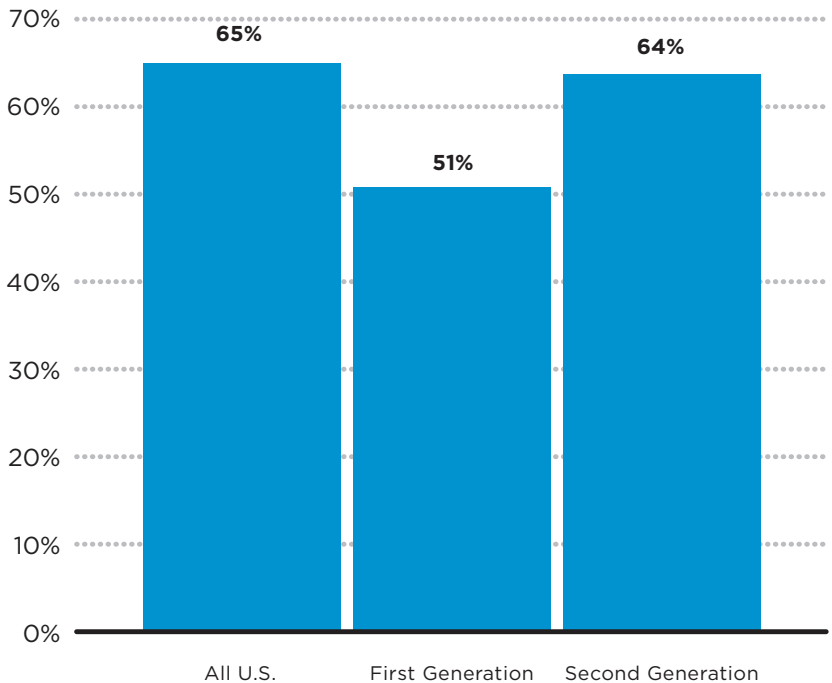
But as immigrants remain in the U.S. longer, they become more likely to take that step and become homeowners. The homeownership rate for second-generation American households very closely tracks the rate for all adult households in the U.S. In 2012, 64 percent of second-generation American households and 65 percent of all adult households in the U.S. owned their own homes.¹⁷²

Pessimists point to the housing bubble that was largely responsible for the 2008–09 U.S. recession as evidence that homeownership is perhaps not the utopia so often idealized in American culture. Even so, homeownership remains a goal of millions of Americans, and the data show that the children of immigrants make large strides toward reaching this milestone.

¹⁷² Pew Research Center, "Second Generation Americans: A Portrait of the Adult Children of Immigrants," report (Washington, 2013), http://www.pewsocialtrends.org/files/2013/02/FINAL_immigrant_generations_report_2-7-13.pdf.



Homeownership Rate by Immigrant Generation, Households, 2012



Source: Pew Research Center, 2013.

Note: "First Generation" refers to the foreign-born population in the U.S. "Second Generation" refers to people who were born in the United States to at least one foreign-born parent.

A majority of immigrants' children consider themselves 'typical Americans.'

Significant Fact:

More than 60% of both second-generation Hispanic- and Asian-Americans consider themselves "typical Americans."

America takes pride in its long history of welcoming immigrants and successfully integrating them into the wider culture. But the process of integration takes time.

When surveyed in 2011 and 2012, only about one-third of first-generation Hispanic- and Asian-American immigrants said they considered themselves "typical Americans." Of course, new immigrants are not typical Americans. They come to America speaking their native languages, uncertain of the norms of American society, and understandably more comfortable with the customs and traditions of their home countries.

But over time immigrants and their children feel more and more at home in their adopted homeland. The data bear this out: 61 percent of both second-generation Hispanic- and Asian-Americans consider themselves "typical Americans." Second-generation Americans are also much more likely than their preceding generation to report they get along well with all of America's major ethnic and racial groups and have friends among them.¹⁷³

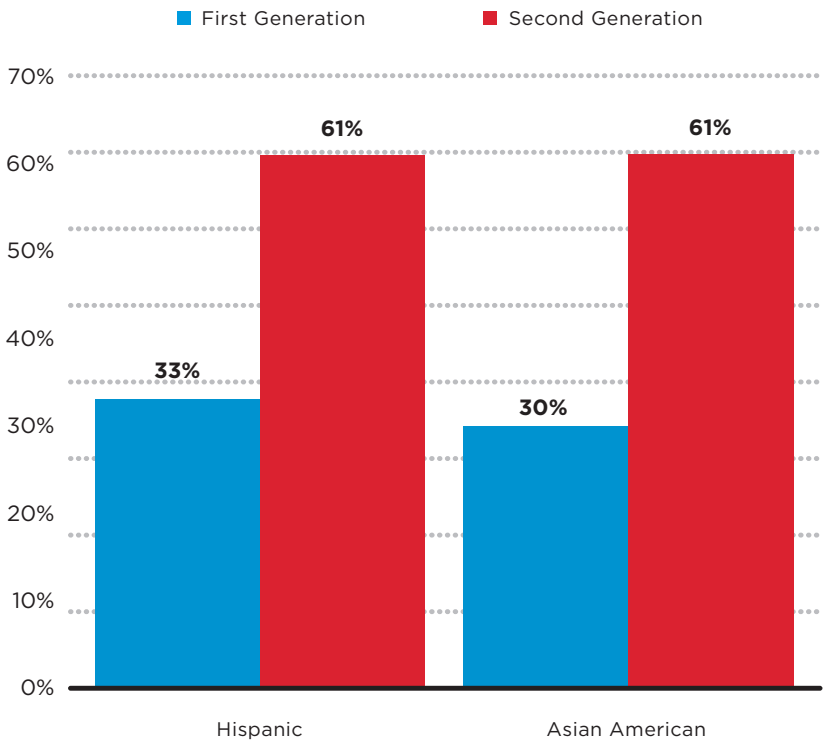
The beauty of America is that immigrants are not forced to abandon their ancestral heritage. Rather, they are encouraged to bring the best traditions of their cultures to America to contribute in new ways. Writing about 19th-century immigrants to the U.S., the Pulitzer Prize-winning historian Oscar Handlin remarked that immigrants "could not impose their own ways upon society," but neither "were they constrained to conform to those already established." America's fluid social system and strong institutions — which treated newcomers as equal to natives — provided immigrants "a wide realm of choice," and helped them play "a prominent role in the development of the United States."¹⁷⁴

¹⁷³ Pew Research Center, "Second Generation Americans: A Portrait of the Adult Children of Immigrants," report (Washington, 2013), http://www.pewsocialtrends.org/files/2013/02/FINAL_immigrant_generations_report_2-7-13.pdf.

¹⁷⁴ Oscar Handlin, *The Uprooted: The Epic Story of the Great Migrations That Made the American People*, 2nd ed. (Boston: Little, Brown, 1990), 4–5.



**Percentage Who Consider Themselves a ‘Typical American,’
First-Generation Immigrants vs. Second-Generation Americans,
2011-12**



Source: Pew Research Center, 2013, page 10.

Note: “First Generation” refers to the foreign-born population in the U.S. “Second Generation” refers to people who were born in the United States to at least one foreign-born parent.

Chapter 5:

Public Policy Considerations

Public Policy Considerations

Existing U.S. immigration law fails to maximize the potential benefits that immigrants could bring to America and its economy.

Overall, U.S. immigration policy gives the largest preference to immigrants coming to the U.S. for family reunification purposes. Work-based immigration gets much less priority, negatively impacting both high-skilled and lesser-skilled immigrants.

On the high-skilled side, immigrants often have difficulty obtaining a visa or green card to work in the U.S. Even when they are successful, such immigrants struggle to remain in the U.S. for the long term due to time limits of visa programs and difficulty securing a green card, which grants legal permanent status.

Meanwhile, sufficient temporary guest-worker programs do not exist to allow lesser-skilled immigrants to fill open jobs in the U.S. The demand for these workers without a program to legally admit them to the U.S. has contributed to widespread unauthorized immigration.

This chapter illustrates these and other elements of existing U.S. immigration policy where reform could significantly increase immigrants' economic contributions to America's economy.

U.S. immigration policy does not favor workers.

Significant Fact:

The U.S.

immigration

system gives

overwhelming

preference to

those applying

through family

reunification

categories.

Immigration to the U.S. is regulated by the national government. To legally enter the U.S., an immigrant must first obtain a green card or a visa. Federal law determines the number of slots available to immigrants in any given year and allocates them based on three main preference categories: family reunification, humanitarian, and employment-based.

Overwhelming preference is given to those applying to come for family reasons. In 2014, some 64 percent of immigrants coming legally to live in the U.S. permanently were approved through one of the family reunification preferences. Another 13 percent were approved for humanitarian reasons. Meanwhile only 7 percent were admitted through the employment-based preference categories, with an additional 8 percent being the family members of work-based migrants.¹⁷⁵

The implications of America's preference system are important because work-based immigrants often are high-skilled and provide substantial benefits to the economy. At the same time, immigrants arriving for family reunification reasons are less likely to be high-skilled and offer fewer benefits to the economy.

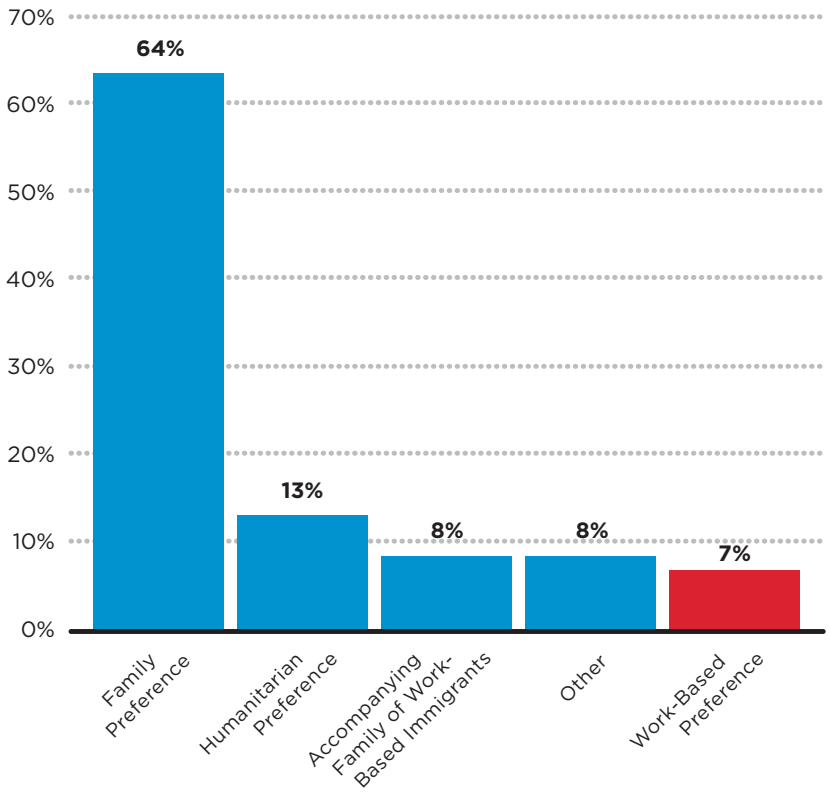
Economists Pia Orrenius and Madeline Zavodny point out that by prioritizing high-skilled work-based immigration over low-skilled family reunification immigration, the U.S. could increase the economic benefits associated with immigration while minimizing the adverse labor-market consequences and fiscal costs associated with low-skilled immigration.¹⁷⁶

¹⁷⁵ *International Migration Outlook 2016*, OECD, 2016, OECD iLibrary, http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2016_migration-outlook-2016-en#.WQzak9LyuUk#page54.

¹⁷⁶ Pia M. Orrenius and Madeline Zavodny, *Beside the Golden Door: U.S. Immigration Reform in a New Era of Globalization* (Washington, D.C.: AEI Press, 2010).



Distribution of Permanent Immigrant Flows to the U.S., by Preference Category, 2014



Source: Author's calculations. Data from *International Migration Outlook 2016*, OECD, 2016.

Other developed countries place more emphasis on work-based immigration.

Significant Fact:

Among OECD countries, the U.S. places the least amount of emphasis on work-based immigration.

While U.S. immigration policies do not favor work-based migration, many other developed countries understand they face global competition for skilled immigrant workers.

In order to remain attractive to these workers, other developed countries give preference for permanent residence status to immigrants whose primary objective is to work. In Germany, for example, some 81 percent of permanent immigrants were workers in 2014.¹⁷⁷ Immigrant workers accounted for at least 50 percent of all permanent immigrant flows in these other countries as well: Switzerland, Spain, the Netherlands, the United Kingdom, and Italy. Among major industrialized countries, the U.S. places the least emphasis on work-based migration.¹⁷⁸

While a humane immigration system should allow for family reunification, the U.S. system's bias favoring family reunification negatively impacts economic competitiveness. Immigrants coming to the U.S. on family-based preferences are disproportionately low-skilled, with little educational training. Meanwhile, employment-based immigrants tend to be more highly educated, and are therefore more productive workers.

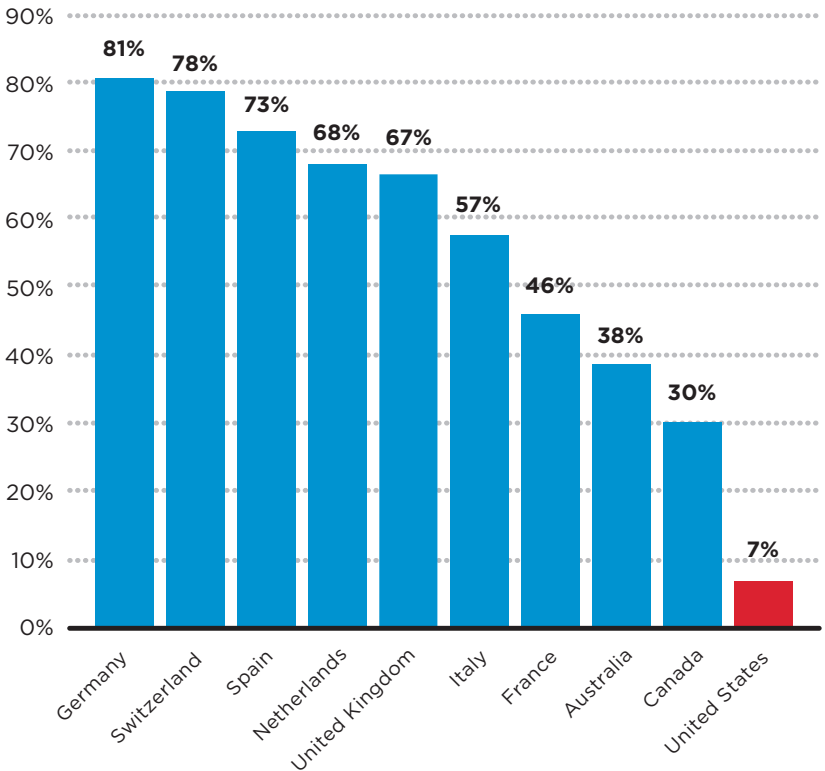
To be competitive in the world economy, U.S. companies need to be able to attract the best talent the world has to offer. By greatly restricting entry of the very immigrants who help drive the economy, the U.S. is unnecessarily holding itself back.

¹⁷⁷ "Free movement migrants" are included in the work-based category.

¹⁷⁸ Author's calculations; data from *International Migration Outlook 2016*, OECD, 2016, OECD iLibrary, http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2016_migr_outlook-2016-en#.WQzaK9LyuUk#page54.



Work-Based Share of Permanent Immigration Flows, by Country, 2014



Source: Author's calculations. Data from *International Migration Outlook 2016*, OECD, 2016.

Note: "Free movement migrants" are included in the work-based category.

Visa programs for immigrant workers are insufficient ...

Significant Fact:

In recent years, the statutory cap on H-1B applications has been met in the first week of the filing period.

The U.S. offers many different visa programs that admit foreign-born workers on a temporary basis. These programs are useful because many of them allow the foreign-born to augment the labor force in industries with labor shortages. However, they are insufficient to meet demand. The H-1B visa program highlights this insufficiency.

The H-1B visa program is the primary vehicle by which high-skilled foreign-born workers can work legally in the U.S. The program applies to employers in occupations that require specialized knowledge and at least a bachelor's degree.

While this program is a good one in theory, two crucial limitations impact its usefulness: its low annual cap and six-year limitation.

The current annual cap of 65,000 H-1B visas (plus another 20,000 for persons with advanced degrees from U.S. universities) is dramatically inadequate. In many years, the statutory cap on H-1B applications is met within days of the opening of the filing period.¹⁷⁹ Any cap on H-1B visas is questionable. Setting the cap as low as 65,000 is particularly misguided. After all, the H-1B visa program had no cap before 1990, and even since 1990 the cap has been higher than the current 65,000 level.¹⁸⁰ If there is to be a cap on H-1B visas, it should be tied more closely to demand for these high-skilled foreign-born workers.

The temporary nature of the H-1B program is likewise problematic. H-1B workers wanting to work in the U.S. beyond the program's maximum six-year limit must apply for permanent resident status. Yet the application

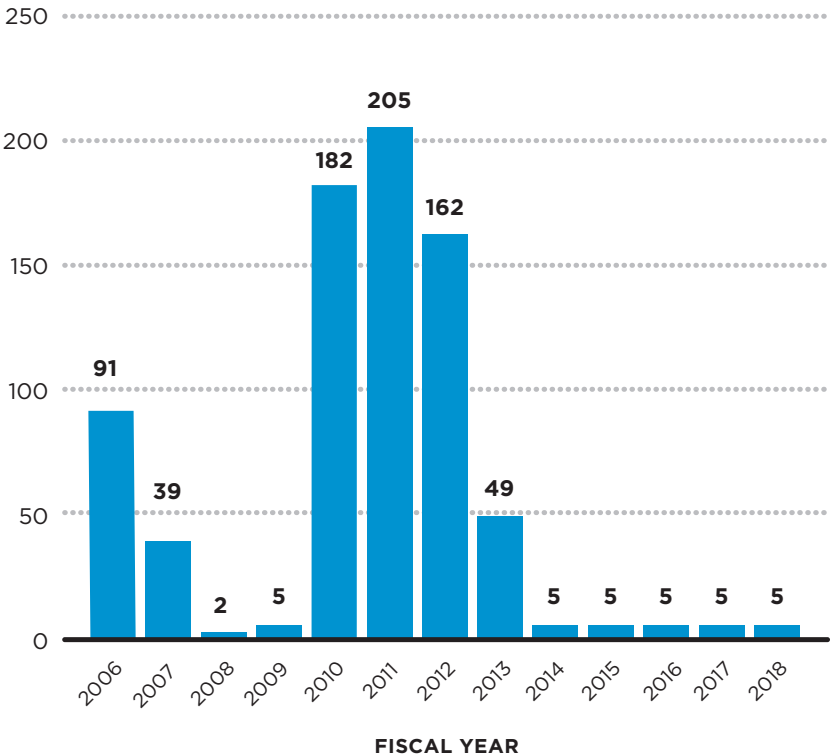
¹⁷⁹ U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, *USCIS Reaches FY 2018 H-1B Cap*, April 7, 2017, <https://www.uscis.gov/news/news-releases/uscis-reaches-fy-2018-h-1b-cap>; *The H-1B Visa Program: A Primer on the Program and Its Impact on Jobs, Wages, and the Economy*, Rep. American Immigration Council, https://www.americanimmigrationcouncil.org/sites/default/files/research/the_h-1b_visa_program_a_primer_on_the_program_and_its_impact_on_jobs_wages_and_the_economy.pdf.

¹⁸⁰ Suzette Brooks Masters and Ted Ruthizer, *The H-1B Straitjacket: Why Congress Should Repeal the Cap on Foreign-Born Highly Skilled Workers*, issue brief no. 7 (Washington: Cato Institute, 2000), <http://object.cato.org/sites/cato.org/files/pubs/pdf/tbp-007.pdf>.

process for a green card is difficult and does not guarantee success. Thus, under current policy U.S. companies recruit and train H-1B workers, but they know that they will likely lose a seasoned employee after six years. This is not ideal for employers, H-1B workers, or the economy at large.

Reform should make it easier for skilled workers to come and remain in the U.S.

**Business Days Required to Fill the Annual Cap on H-1B Visas,
FY 2006-18**



Source: U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services.

What impact does the H-1B visa program have on the economy?

The impact of the H-1B visa program is an issue of considerable debate. Many argue that by allowing highly trained foreigners to work in the U.S., the H-1B visa program enhances innovation and economic growth. This first group tends to believe that high-skilled foreign workers complement native-born workers.

Meanwhile, others believe the economic contributions of H-1B workers are minimal and that indeed the H-1B program may do more harm than good. Detractors argue that since many H-1B workers are often willing to work for less than high-skilled native-born workers, they mostly compete with native-born workers. The main impacts of the H-1B program, according to this line of thinking, are lower wages and fewer jobs for high-skilled Americans.

Which side is right? It of course is difficult to isolate the specific impact of the H-1B program, but several academic studies have looked into this question, and come to somewhat conflicting findings.

Examining variations in data by state for the period 2000–2007, the economist Madeline Zavodny finds a large positive impact from the H-1B program. According to Zavodny, during this time period, an increase of 100 H-1B workers in a state was associated with an additional 183 jobs among U.S. natives.¹⁸¹

Economists Giovanni Peri, Kevin Shih, and Chad Sparber (2015, *Journal of Labor Economics*) examine city-level data for the period 1990–2000 and find that H-1B workers — a large portion of whom work in science, technology, engineering, and math (known as STEM) fields — have a substantially positive effect on the wages of natives. These researchers conclude that “a 1 percentage point increase in the foreign STEM share of a city’s total employment increased the wage growth of native college-educated labor by about 7–8 percentage points and the wage growth of non-college-educated natives by 3–4 percentage points.”¹⁸² The paper finds no statistically significant effect on the employment of natives. In a separate paper, the same authors (2015, NBER) examine the impact on natives in computer-related jobs when H-1B visa requests go unfilled due to the annual H-1B visa cap. The researchers find that H-1B rationing in 2007–08 constrained tech-sector job-growth for both high- and low-skilled natives in the two years that followed. Had rationing not occurred, meaning firms could have hired the number of H-1B workers they desired,

181 Madeline Zavodny, *Immigration and American Jobs*, American Enterprise Institute and The Partnership for a New American Economy, 15 Dec. 2011, https://www.aei.org/wp-content/uploads/2011/12/-immigration-and-american-jobs_144002688962.pdf.

182 Giovanni Peri, Kevin Shih, and Chad Sparber, “STEM Workers, H-1B Visas, and Productivity in US Cities,” *Journal of Labor Economics* 33.S1 (2015): 225–55. JSTOR. Web. 13 Mar. 2017.



both wage and employment growth for natives would have been stronger in the years that followed.¹⁸³

Yet other researchers reach a different conclusion.

Economists Kirk Doran, Alexander Gelber, and Adam Isen analyzed firms that were and were not able to secure H-1B visas in 2006 and 2007 — years when the visas were subject to a lottery due to high demand. They find that securing H-1B visas had insignificant effects on a firm’s patenting activity, suggesting that H-1B workers may not contribute as much to innovation as many believe. Furthermore, the researchers conclude that additional H-1B visas “substantially crowd out firms’ employment of other workers,” and may lead to lower average employee earnings. They do find that securing H-1B visas was associated with higher firm profits.¹⁸⁴

Research by economists John Bound, Gaurav Khanna, and Nicolas Morales largely support these findings. Examining the eight-year period from 1994 to 2001, these researchers find that had high-skilled immigration levels remained at their 1994 level throughout the period, by 2001 the wages of native-born computer scientists would have been up to 5.1 percent higher and employment levels of natives in computer science would have been up to 10.8 percent higher. Even so, the researchers do find that American consumers benefited from the presence of H-1B workers through lower prices and increased output in IT goods.¹⁸⁵

It is difficult to account for the rather substantial differences in the academic literature. But it is important to keep in mind that the various studies discussed here examine different time periods and utilize different data sets and methodologies. Despite the differences, it is clear that the supply of available H-1B visas is significantly below the level desired by high-skilled immigrants and U.S. firms that would like to hire them. Firms tend to make hiring decisions that maximize their productivity, which ultimately benefits the economy and consumers at large, even if some workers in the industry are adversely impacted. Policymakers would be wise to keep this in mind as they consider changes to the H-1B visa program.

183 Giovanni Peri, Kevin Shih, and Chad Sparber, *Foreign and Native Skilled Workers: What Can We Learn from H-1B Lotteries?* Working paper no. 21175, Cambridge: National Bureau of Economic Research, 2015.

184 Kirk Doran, Alexander Gelber, and Adam Isen, *The Effects of High-Skilled Immigration Policy on Firms: Evidence from H-1B Visa Lotteries*, Working paper no. 20668, Cambridge: National Bureau of Economic Research, 2014.

185 John Bound, Gaurav Khanna, and Nicolas Morales, *Understanding the Economic Impact of the H-1B Program on the U.S.*, Working paper no. 23153, Cambridge: National Bureau of Economic Research, 2017.

... And the 7 percent per-country quota makes matters worse.

Significant Fact:
U.S. immigration
policy dictates
that citizens of
any single coun-
try can receive
no more than
7% of total U.S.
visas awarded in
a given year.

The U.S. federal government places a per-country limit of 7 percent on the total number of family-sponsored and employment-based preference visas available in any given year.¹⁸⁶ This per-country limit was established with the intention of encouraging fairness, so that no single country would dominate immigration to the U.S.

However, in reality, the quota is anything but fair. Countries like China and India, with populations over 1 billion each, have access to the same maximum number of U.S. visas — approximately 25,600 — as Lithuania, a small country with a total population of around 2.8 million.¹⁸⁷

The 7 percent quota policy makes no economic sense either. When it comes to allocating scarce visas, the efficient thing to do would be to allocate the visas to individuals with the greatest demand, or the most potential to benefit America, regardless of where they were born. The current system, with its 7 percent limit, however, makes this impossible.

A situation thus exists where countries like Mexico, China, and India — whose citizens tend to have high demand for U.S. visas -- face severe visa shortages. Yet at the same time, as U.S. Citizenship and Immigration Services acknowledges, “most countries do not reach [the 7 percent] level of visa issuance.”¹⁸⁸

This is not to say that visa allocation should necessarily be proportional to a country’s population size. Rather, visas should be allowed to be allocated to those individuals with the greatest demand and most potential to benefit the U.S. Why should nationality block them from coming to the U.S. if they are otherwise qualified? Reform that aligns visa supply more closely to demand

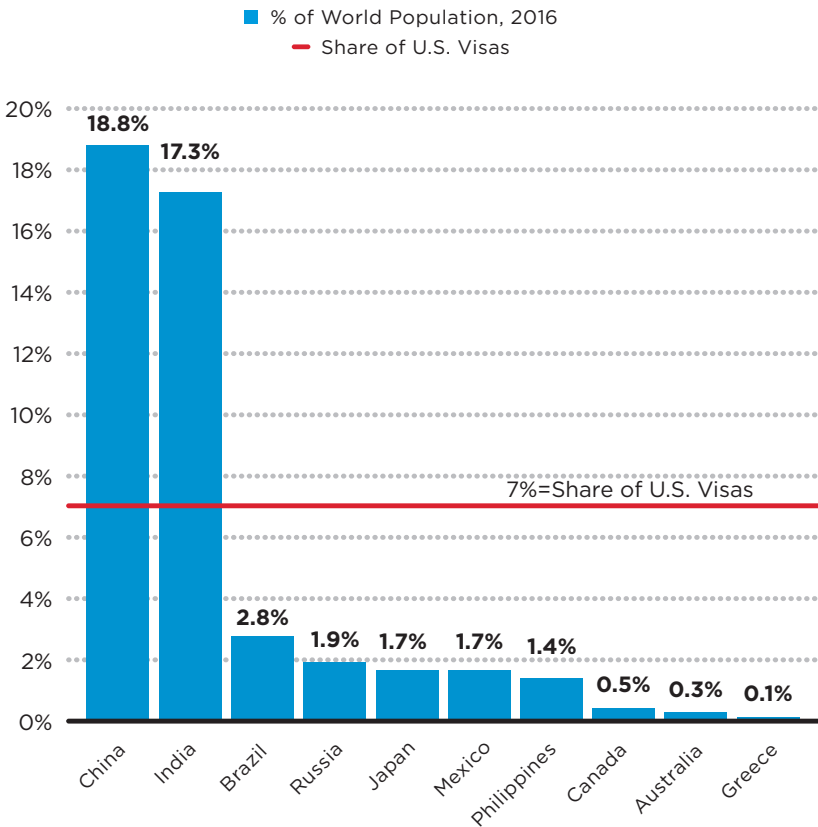
¹⁸⁶ The maximum 7 percent per-country quota does not mean every country in the world is guaranteed 7 percent of the total employment-based and family-based visas made available by the U.S. federal government in a given year. Rather, it is a maximum, meaning no country can receive more than 7 percent of the total.

¹⁸⁷ Central Intelligence Agency, *The World Factbook*, Country Comparison: Population, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>.

¹⁸⁸ U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, *Per Country Limit*, <http://www.uscis.gov/tools/glossary/country-limit>.

and immigrant skill level would do much to rationalize America’s immigration system and produce better outcomes.

**All Countries Face the Same 7% Maximum Cap on U.S. Visas,
Regardless of the Size of Their Populations**



Source: Author’s calculations, population data from Central Intelligence Agency, *The World Factbook*.

Millions of would-be immigrants are stuck in lengthy queues ...

Significant Fact:

As of November

2016, an

estimated 4.37

million would-be

immigrants with

approved visas

were waiting for

a visa to become

available to

them.

America's immigration system has created a situation where millions of immigrants find themselves stuck in legal limbo.

As of November 2016, an estimated 4.37 million would-be immigrants worldwide were waiting for a visa to become available.¹⁸⁹ The reason for the backlog, of course, is that each year thousands more foreigners apply for visas than there are available slots according to statutory limits and visa preference categories. The cumbersome 7 percent per-country quota causes further delays for those applying from countries where U.S. visas are in high demand. For example, in November 2016, Mexico had 1.3 million would-be immigrants on waiting lists for visa processing — by far the most of any country in the world.

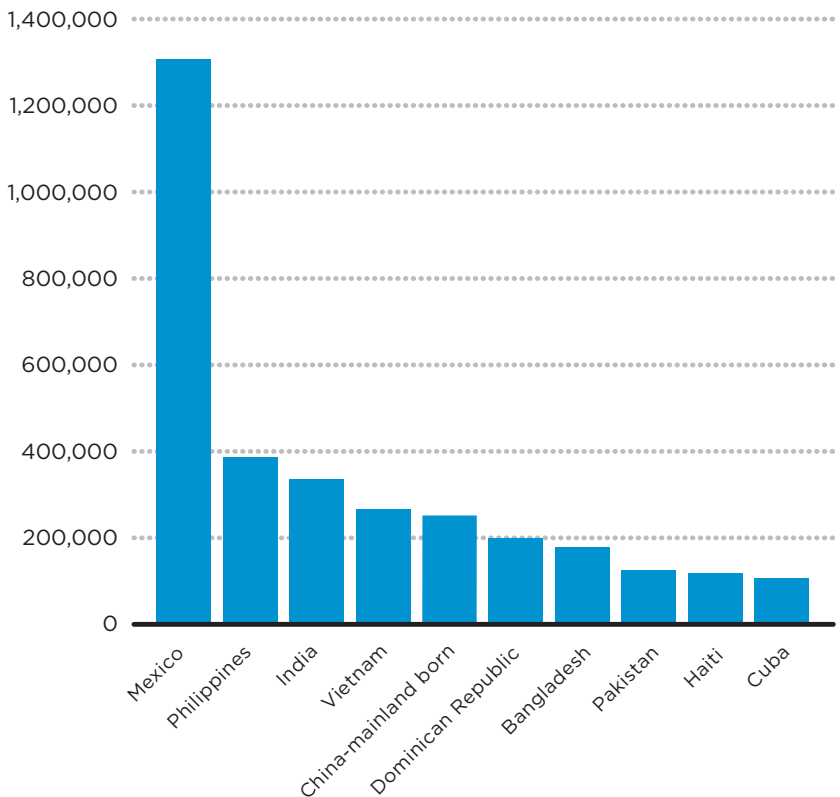
But other countries also have thousands stuck in the U.S. immigration backlog. More than 387,000 Filipinos, more than 331,000 Indians, more than 266,000 Vietnamese, and more than 252,000 from mainland China were waiting in 2016. The Dominican Republic, Bangladesh, Pakistan, Haiti, and Cuba each also had more than 100,000 waiting in line.¹⁹⁰

¹⁸⁹ Note, this does not mean 4.37 million were waiting for processing and a decision on their visa application. Rather, the 4.37 million had already had their visa application approved, but due to visa caps were waiting for a visa to become available to them.

¹⁹⁰ U.S. Department of State, *Annual Report of Immigrant Visa Applicants in the Family-sponsored and Employment-based Preferences Registered at the National Visa Center as of November 1, 2016*, 2016, <https://travel.state.gov/content/dam/visas/Statistics/Immigrant-Statistics/WaitingListItem.pdf>.



Number of People on U.S. Visa Waiting List, by Country, November 2016



Source: U.S. Department of State, *Annual Report of Immigrant Visa Applicants in the Family-sponsored and Employment-based Preferences...*

Note: The 10 countries with the most people on the U.S. visa waiting list are included in the chart.

... And some immigrants must wait decades to clear the queues ...

Significant Fact:

In the most extreme cases, some immigrants must wait more than 20 years for their visas and green cards to process.

The average wait time before immigrants clear the queues can stretch decades. This is particularly true for immigrants applying from countries with high demand for U.S. visas and green cards.

For example, Mexicans who applied in certain family-preference categories in 1995 were finally being processed in 2017. The average wait for siblings of adult U.S. citizens from the Philippines was even longer: a mind-boggling 23 years.¹⁹¹ To give some perspective, the 22-year wait is more than one-fourth the average life expectancy for Mexicans and the 23-year wait for Filipinos represents one-third of their average life expectancy.¹⁹²

Wait times for those wishing to enter on employment-based preferences can stretch for years as well. As the chart on the next page shows, Chinese workers and Indian workers with advanced degrees wait approximately four and nine years, respectively, for their current priority dates to arrive.¹⁹³

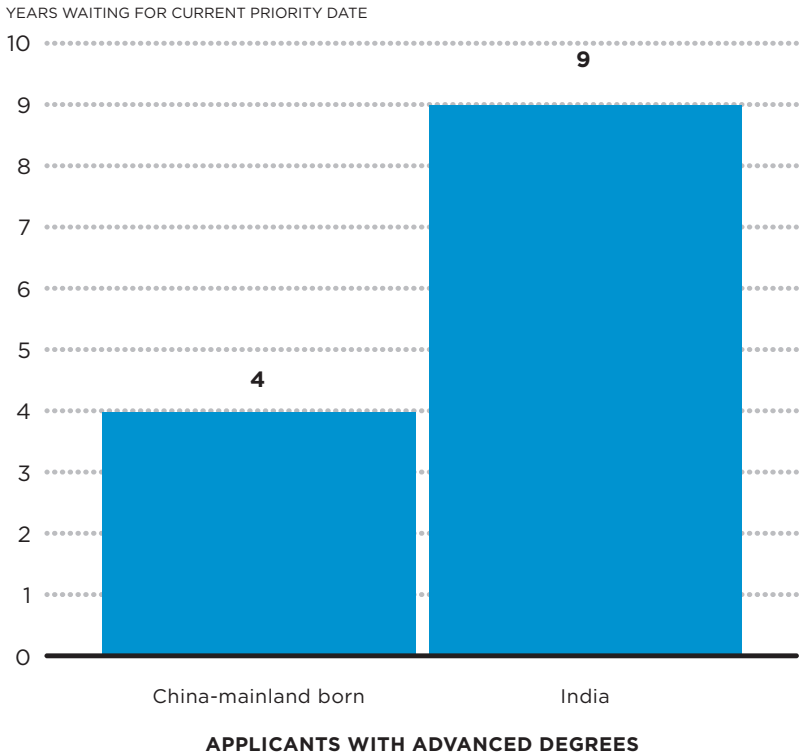
¹⁹¹ U.S. Department of State, Bureau of Consular Affairs, *Visa Bulletin for May 2017*, vol. X, no. 69 (Washington: U.S. Department of State, 2017), <https://travel.state.gov/content/visas/en/law-and-policy/bulletin/2017/visa-bulletin-for-may-2017.html>.

¹⁹² Life expectancy data from Central Intelligence Agency, *The World Factbook: Life Expectancy at Birth*, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2102rank.html>.

¹⁹³ U.S. Department of State, Bureau of Consular Affairs, *Visa Bulletin for May 2017*, vol. X, no. 69 (Washington: U.S. Department of State, 2017), <https://travel.state.gov/content/visas/en/law-and-policy/bulletin/2017/visa-bulletin-for-may-2017.html>.



**Years Spent Waiting for a Current Priority Date,
Applicants from China and India Using Employment-Based Second
Preference Category, May 2017**



Source: U.S. Department of State, Bureau of Consular Affairs, *Visa Bulletin for May 2017*.

Note: The employment-based second preference category is for: "Members of the Professions Holding Advanced Degrees or Persons of Exceptional Ability."

... This drives many high-skilled immigrants to leave the U.S.

Significant Fact:

Among

immigrants

who had earned

doctorates in

science and

engineering

disciplines in

2006, only

66% of them

remained in the

U.S. five years

later.

It is already well documented that a large share of immigrants who earn doctoral degrees in critical fields like science and engineering end up leaving the U.S. upon graduation. Among immigrants who had earned doctorates in science and engineering disciplines in 2006, only 66 percent of them remained in the U.S. in 2011.¹⁹⁴

Evidence suggests many would prefer to stay in the U.S., but unworkable U.S. immigration laws make it nearly impossible.

Research by Vivek Wadhwa, distinguished fellow at Carnegie Mellon University, estimates that “up to 1.5 million skilled immigrants and their families [...] are trapped in the limbo between H1-B and the green card that earns them permanent residence and the chance for citizenship” (emphasis in original). Wadhwa believes this bureaucratic limbo has discouraged many high-skilled immigrants and led them to emigrate from the U.S. The number of new high-tech companies started by immigrants in Silicon Valley has stagnated in recent years, and Wadhwa believes an exodus of highly trained immigrants frustrated with U.S. immigration laws is a main culprit.¹⁹⁵

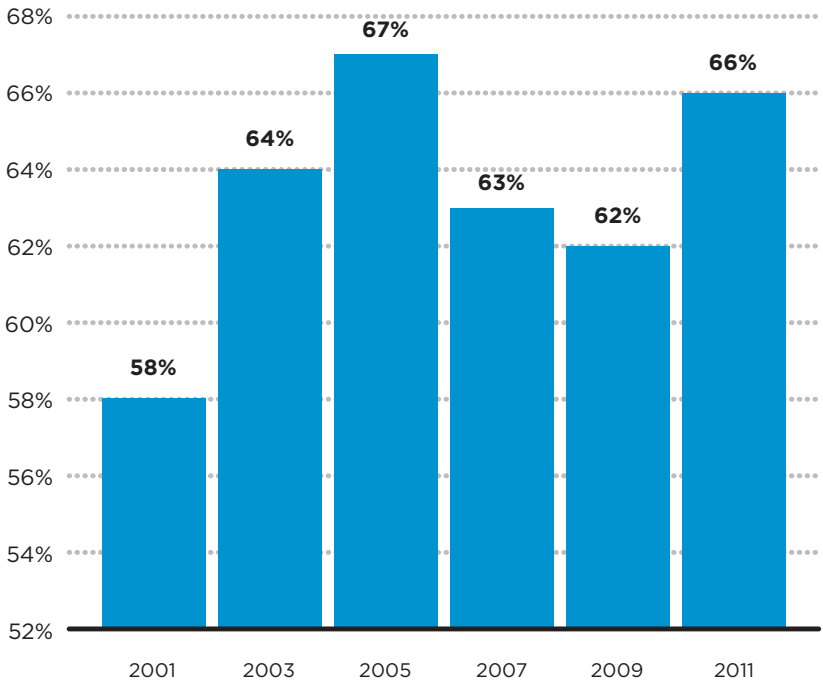
Highly trained foreign workers have increasingly more options for employment around the world. U.S. policies that make it difficult for these foreign-born workers to come to the U.S. and work harm America’s competitiveness.

¹⁹⁴ Michael G. Finn, *Stay Rates of Foreign Doctorate Recipients from U.S. Universities, 2011*, report (National Science Foundation, 2014), <http://orise.ora.gov/files/sep/stay-rates-foreign-doctorate-recipients-2011.pdf>.

¹⁹⁵ Michael S. Malone, “The Self-Inflicted U.S. Brain Drain,” editorial, *The Wall Street Journal* (New York), October 16, 2014, Opinion sec., <http://online.wsj.com/articles/michael-s-malone-the-self-inflicted-u-s-brain-drain-1413414239>.



Five-Year Stay Rates for Foreign-Born Recipients of U.S. Science and Engineering Doctoral Degrees with Temporary Visas at Graduation, Selected Years 2001-11



Source: Michael G. Finn, *Stay Rates of Foreign Doctorate Recipients from U.S. Universities*.

Reducing constraints on green cards and H-1B visas could add billions to the economy.

Significant Fact:

Policy changes

to retain highly

skilled workers

could boost U.S.

GDP and lead

to increased tax

revenues.

The loss of highly educated workers has serious economic consequences.

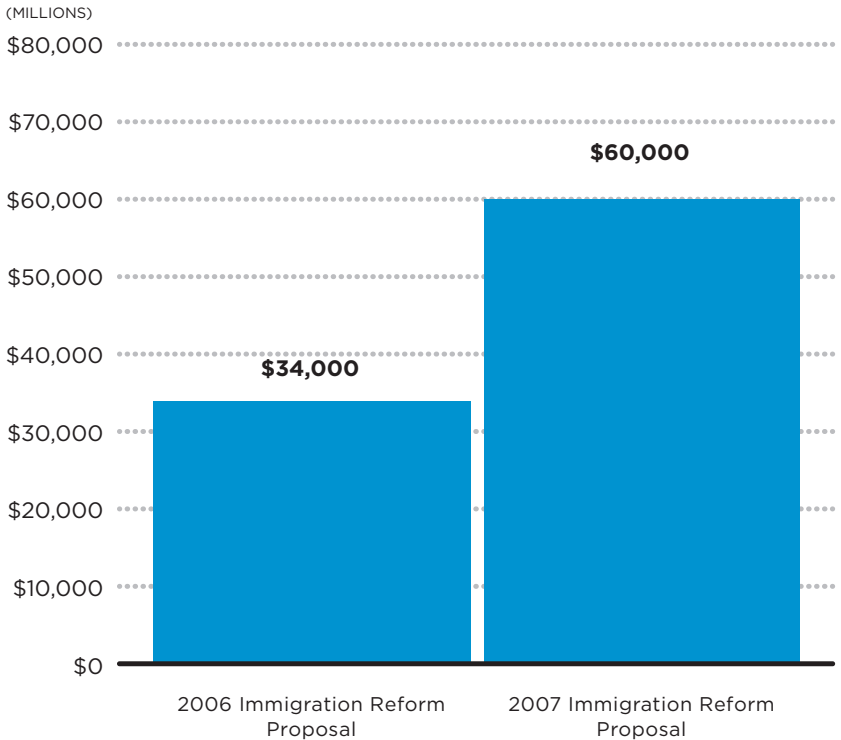
A 2009 study by Arlene Holen, a former Congressional Budget Office official, estimates that 182,000 foreign-born graduates of U.S. universities with STEM degrees and another 300,000 workers on H-1B visas would have remained in the U.S. over the period 2003–07 had constraints on H-1B visas and green cards been relaxed. Taken together, these lost workers would have earned approximately \$37 billion in 2008 and contributed approximately \$7 billion to \$10 billion in additional federal tax revenue.

Furthermore, Holen analyzed the probable effects of the comprehensive immigration reform bills proposed, but not passed, in 2006 and 2007. As the chart shows, she finds in the tenth year following enactment, the 2006 bill could have increased GDP by \$34 billion and the 2007 bill could have increased GDP by as much as \$60 billion.¹⁹⁶ While these amounts may seem small in relation to total U.S. GDP of around \$18.5 trillion in 2016, in an era of sluggish economic performance, immigration reform represents one avenue for accelerated growth.

¹⁹⁶ Arlene Holen, *The Budgetary Effects of High-Skilled Immigration Reform*, report (Washington: Technology Policy Institute, 2009), <http://www.techpolicyinstitute.org/files/the%20budgetary%20effects%20of%20high-skilled%20immigration%20reform.pdf>.



**Estimated Gains to GDP in the Tenth Year
Following Enactment of the 2006 and 2007 Comprehensive
Immigration Reform Bills**



Source: Holen, 2009.

Note: The 2006 and 2007 comprehensive immigration reform bills never became law. These figures of \$34 billion and \$60 billion reflect estimates of the increase in GDP 10 years following the hypothetical passage of each respective bill.

Lesser-skilled visa programs also need revamping.

Significant Fact:

Existing temporary visa programs for lesser-skilled foreign-born workers are rarely used because they are overly complicated and costly.

Visa programs also exist to give lesser-skilled workers temporary access to work in the U.S. The two main programs for lesser-skilled immigrants are the H-2A visa program, for agricultural workers, and the H-2B visa program, for non-agricultural workers.

U.S. agriculture is highly dependent on the foreign-born. In any given year, U.S. farmers employ approximately 1.1 million hired crop farmworkers,¹⁹⁷ and the foreign-born account for approximately 70 percent of the total.¹⁹⁸ In theory, the H-2A program could be of great use to farmers, providing them a system to legally hire lesser-skilled foreign-born workers. However, in reality, the H-2A program is so bureaucratic and costly that it is rarely used.

The result: extraordinarily high levels of unauthorized immigration. As the graph on the next page shows, in FY 2015 there were just fewer than 140,000 H-2A certifications made by the Labor Department.¹⁹⁹ Meanwhile, approximately 500,000 hired farmworker jobs were filled by unauthorized immigrants.²⁰⁰

Immigrants coming to fill these types of temporary, lesser-skilled jobs make up a large portion of America's unauthorized immigrant population. A robust guest worker program that is responsive to labor-market demand would help employers, immigrants, and the economy while also doing much to reduce unauthorized immigration to America.

¹⁹⁷ U.S. Department of Agriculture, Economic Research Service, *Immigration and the Rural Workforce*, 3 Feb. 2017, <https://www.ers.usda.gov/topics/in-the-news/immigration-and-the-rural-workforce/>.

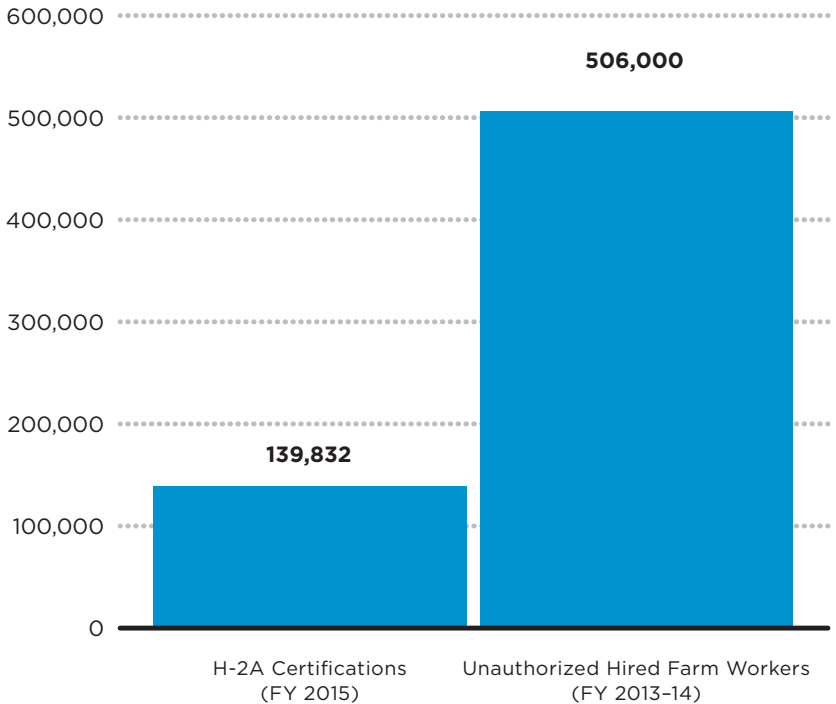
¹⁹⁸ U.S. Department of Labor, The National Agricultural Workers Survey, *Table 1: National Demographic Characteristics*. 13 Jan. 2017. <https://www.doleta.gov/agworker/naws.cfm#d-tables>.

¹⁹⁹ U.S. Department of Labor, Office of Foreign Labor Certification, *Annual Report 2015*, 1 Nov. 2016, https://www.foreignlaborcert.doleta.gov/pdf/OFLC_Annual_Report_FY2015.pdf.

²⁰⁰ U.S. Department of Agriculture, Economic Research Service, *Immigration and the Rural Workforce*, 3 Feb. 2017, <https://www.ers.usda.gov/topics/in-the-news/immigration-and-the-rural-workforce/>; and U.S. Department of Labor, The National Agricultural Workers Survey, *Table 1: National Demographic Characteristics*. 13 Jan. 2017. <https://www.doleta.gov/agworker/naws.cfm#d-tables>.



Number of H-2A Visa Certifications vs. Number of Unauthorized Farm Workers, 2009



Sources: U.S. Department of Labor, Office of Foreign Labor Certification, *Annual Report 2015*; U.S. Department of Agriculture, Economic Research Service, *Immigration and the Rural Workforce*, 3 Feb. 2017, <https://www.ers.usda.gov/topics/in-the-news/immigration-and-the-rural-workforce/>; U.S. Department of Labor, The National Agricultural Workers Survey, *Table 1: National Demographic Characteristics*, 13 Jan. 2017. <https://www.doleta.gov/agworker/naws.cfm#d-tables>.

Note: The number of unauthorized farmworkers is estimated by the author relying on data that suggest 46 percent of hired farmworkers in the U.S. were unauthorized in FY 2012-13, and that the total population of hired farmworkers in FY 2012 was 1,100,000.

Chapter 6:

Higher Economic Growth through Immigration



With more immigrants in the U.S., Americans would be more likely to finish high school.

Significant Fact:

An increase in immigration creates a positive incentive for natives to gain more education.

One widely unknown benefit of immigration is the positive effect immigrants have on the educational attainment of natives.

Research by the economist Jennifer Hunt (2012) finds that when more immigrants are present in the population, natives are more likely to complete high school. Specifically, Hunt's research finds that "an increase of one percentage point in the share of immigrants in the population aged 11–64 increases the probability that natives aged 11–17 eventually complete 12 years of schooling by 0.3 percentage points."²⁰¹

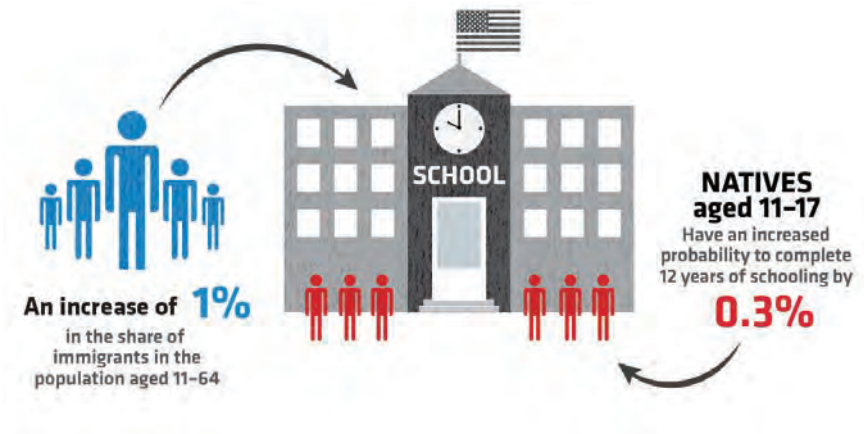
To be sure, an influx of immigrants can adversely affect the education of natives when they compete with each other for limited educational resources. Hunt does find evidence of this effect.

However, paradoxically, the very competition created from an influx of immigrants provides a strong incentive for natives to gain more education. That is to say, natives without much education realize that by gaining more schooling they will become better job candidates and therefore rise above the competition they face from new immigrants. Hunt finds that this strong incentive to gain more education is the dominant effect at work. The net effect is that immigrants help boost the educational attainment of natives.

²⁰¹ Jennifer Hunt, *The Impact of Immigration on the Educational Attainment of Natives*, working paper no. 18047 (Cambridge: National Bureau of Economic Research, 2012).



“An increase of one percentage point in the share of immigrants in the population aged 11–64 increases the probability that natives aged 11–17 eventually complete 12 years of schooling by 0.3 percentage points.”



Source: Hunt, 2012.

More immigrants would help support entitlement programs.

Significant Fact:

Immigrants alone cannot solve the problems confronting Social Security, but, on average, immigrants do help the solvency of that program.

Social Security relies on the earnings of current workers to fund the pensions of retirees. As America's large "baby boom" generation reaches retirement age, the ratio of workers to retirees will shrink. In fact, the number of retirees is expected to almost double over the next 30 years.

According to the Social Security Administration (SSA), in 1965, there were 4.0 workers for every Social Security beneficiary.²⁰² But by 2014 the ratio had fallen to 2.8 : 1, and the imbalance is expected to worsen in coming years. By 2034, the Social Security Trust Fund reserves are expected to be depleted.²⁰³

Immigration alone cannot solve the problems confronting Social Security. On average, however, immigrants do help the solvency of the program. There are two main reasons for this. First, as is shown in the chart, immigrants have a significantly higher fertility rate than natives. In 2014, foreign-born women had a fertility rate of 84.2 births per thousand women aged 15–44 years, compared to only 58.3 births per thousand native women.²⁰⁴ Increasing the fertility rate helps future generations of retirees, since when it is their turn to retire, there will be more workers to support them.

Second, immigrants are good for Social Security because they are much more likely than natives to be of working age. Data show that in 2015, 72.4 percent of immigrants were between the ages of 25 and 64 (working age), compared to only 49.3 percent of native-born citizens.²⁰⁵ Since immigrants also join the labor force and are employed at high rates, they help stabilize the worker-to-beneficiary ratio. Overall, according to a

202 U.S. Social Security Administration, *Ratio of Covered Workers to Beneficiaries*, <http://www.ssa.gov/history/ratios.html>.

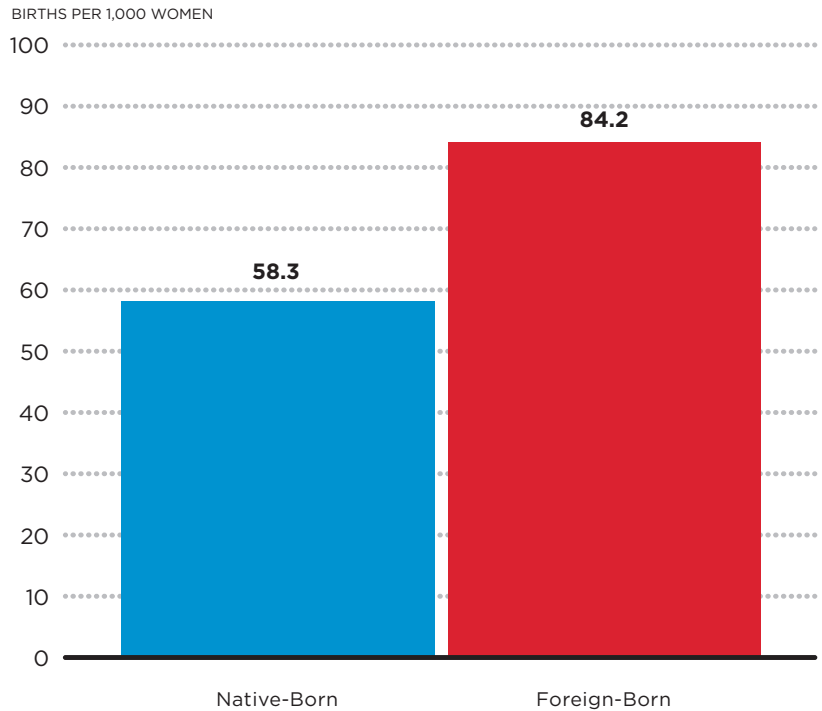
203 Social Security Administration, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, Washington: U.S. Government Publishing Office, 2015, <https://www.ssa.gov/oact/tr/2015/tr2015.pdf>.

204 Gretchen Livingston, *Births Outside of Marriage Decline for Immigrant Women*, Washington, D.C.: Pew Research Center, 2016, <http://www.pewsocialtrends.org/2016/10/26/growth-in-annual-u-s-births-since-1970-driven-entirely-by-immigrant-moms/>.

205 U.S. Census Bureau, 2015 American Community Survey.

2008 study by Paul Van der Water, “an increase in net-immigration of 300,000 persons would eliminate about one-tenth of Social Security’s 75-year deficit.”²⁰⁶

**Number of Births per 1,000 Women (Ages 15–44)
During the Previous 12 Months, 2014**



Source: Gretchen Livingston, *Births Outside of Marriage Decline for Immigrant Women*, Washington, D.C.: Pew Research Center, 2016.

206 Paul N. Van De Water, *Immigration and Social Security*, report (Washington, D.C.: Center on Budget and Policy Priorities, 2008), <http://www.cbpp.org/files/11-20-08socsec.pdf>.

More immigrants would boost property values in America's cities.

Significant Fact:

Immigrants are an important component of urban revitalization because they help raise property values.

Property values are one indicator of the economic health of a city. High property values signal a desirable place to live and work, while low property values suggest an area is less attractive.

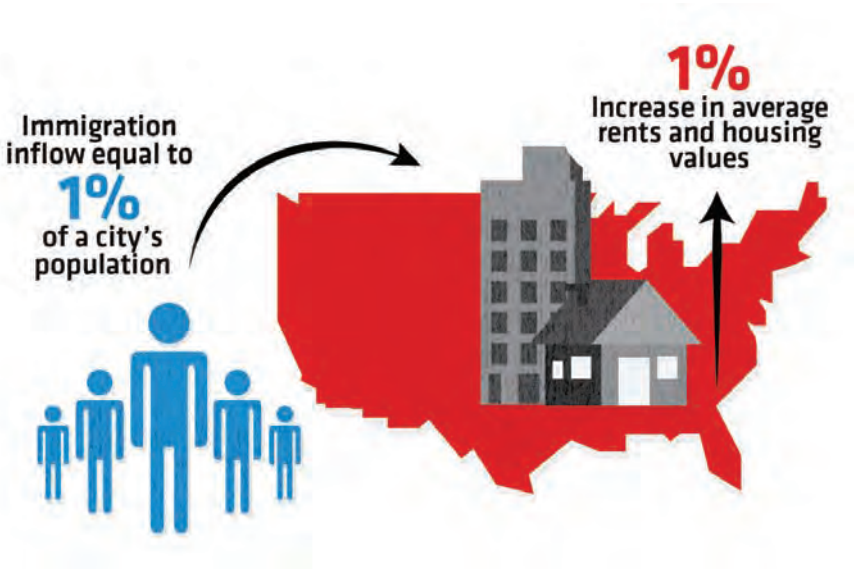
Research by the economist Albert Saiz finds that an inflow of immigrants increases the demand for housing and thus raises property values. While an increase in demand almost always leads to higher prices, it is not a foregone conclusion. If new immigrants displace native-born citizens from a city, one would expect to find falling house prices.

However, Saiz finds convincing evidence that immigrants do not displace natives on a one-to-one basis, and that in fact "an immigration inflow equal to 1 percent of a city's population is associated with increases in average rents and housing values of about 1 percent." Saiz concludes that this positive impact from immigration is of a larger magnitude than the impact of immigrants on other areas of the economy.²⁰⁷

²⁰⁷ Albert Saiz, "Immigration and Housing Rents in American Cities," *Journal of Urban Economics* 61, no. 2 (2007).



“An immigration inflow equal to 1% of a city’s population is associated with increases in average rents and housing values of about 1%.”



Source: Saiz, 2007.

More immigrants would mean a rise in patents.

Significant Fact:

With more foreign-born graduate students studying in America, the U.S. would benefit from a substantial increase in patents.

Research by Gnanaraj Chellaraj et al. (2008) suggests that augmenting the share of foreign-born graduate students studying at U.S. universities would further increase U.S. patenting. In fact, a 10 percent increase in the number of foreign-born graduate students is associated with a 4.5 percent increase in U.S. patent applications. Additionally, patent grants (patents actually awarded) would increase by 5 percent in non-university institutions, while university-based patent grants would rise 6.8 percent. The researchers rightly warn that “reductions in foreign graduate students from visa restrictions could significantly reduce US innovative activity.”²⁰⁸

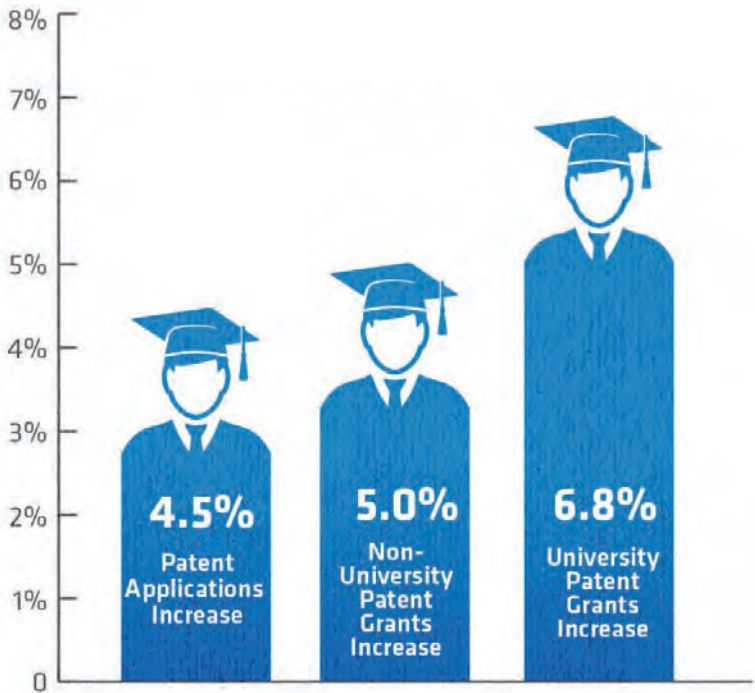
More skilled immigrants among the general population would also increase U.S. patenting. Jennifer Hunt and Marjolaine Gauthier-Loiselle find that “a one percentage point rise in the share of immigrant college graduates in the population increases patents per capita by 6 [percent].” Hunt and Gauthier-Loiselle also find that immigrants do not crowd out native inventors. Rather, immigrant inventors have a positive effect on native inventors: Patents per capita increase “about 15 [percent] in response to a one percentage point increase in immigrant college graduates.”²⁰⁹

²⁰⁸ Gnanaraj Chellaraj, Keith E. Maskus, and Aaditya Mattoo, “The Contribution of International Graduate Students to US Innovation,” *Review of International Economics* 16, no. 3 (2008).

²⁰⁹ Jennifer Hunt and Marjolaine Gauthier-Loiselle, “How Much Does Immigration Boost Innovation?” *American Economic Journal: Macroeconomics*, *American Economic Association* 2, no. 2 (2010).



Effects of a 10% Increase in the Number of Foreign-Born Graduate Students



Source: Chellaraj et al., 2008.

More immigrants would mean more U.S. exports.

Significant Fact:

Immigrant-owned businesses are much more likely to be exporters compared to firms owned by native-born Americans.

Strong international trade is essential for a country's economy to remain competitive in today's globally linked world. Historically the U.S. has been a leader in trade, and the benefits of this international engagement have been enormous.

Matthew J. Slaughter estimates that international trade has boosted annual U.S. income by at least ten percentage points relative to what it would have otherwise been in the absence of trade. In 2013, this ten-point boost to GDP translated into an average gain of \$13,600 per household per year.²¹⁰

Immigrant-owned U.S. businesses play an important role in expanding America's trade. The 2007 Survey of Businesses found that immigrant-owned businesses were much more likely to be exporters compared to firms owned by native-born Americans. And comparing just businesses that do export, immigrant-owned businesses tend to export to a greater extent. In fact, exports totaled at least 50 percent of total annual sales at 2.2 percent of immigrant-owned U.S. businesses, but the same was true at only 0.8 percent of businesses owned by native-born Americans.²¹¹

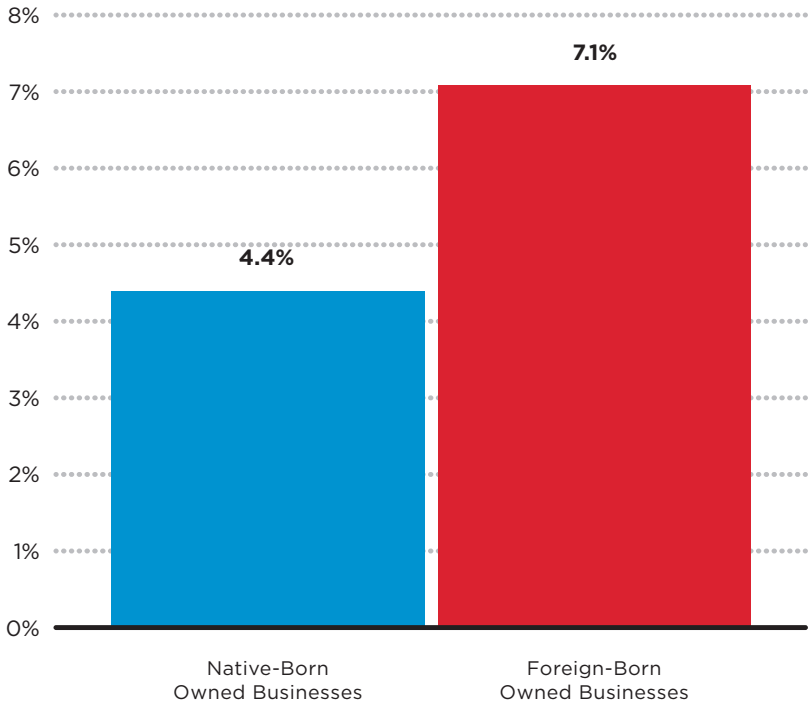
Immigrants may have an innate advantage when it comes to exporting. After all, to break into an overseas market, a business must offer products that people in those markets want to buy. A successful exporter must also understand the language, culture, and business practices of a foreign market. Immigrants bring with them unique knowledge of all these things, helping their own businesses succeed and helping the U.S. economy build stronger international ties.

²¹⁰ Matthew J. Slaughter, *How America Is Made for Trade*, report (Washington: HSBC Bank, 2014), http://images.cmbinsight.hsbc.com/Web/HsbcUsalnc/%7B8e7c7a72-1fec-484c-9785-268ab6234358%7D_MFT_DC_Report_Digital_Final.pdf.

²¹¹ Robert W. Fairlie, *Immigrant Entrepreneurs and Small Business Owners, and Their Access to Financial Capital*, report (Washington: United States Small Business Administration, 2012), <https://www.sba.gov/sites/default/files/rs396tot.pdf>.



U.S. Businesses That Export, Owned by Foreign-Born and by Native-Born, 2007



Source: Fairlie, 2012.

Pro-growth immigration reform would have boosted GDP growth in past decades.

Significant Fact:

If the U.S.

had adopted

a pro-growth

immigration

policy

framework in the

1960s, real GDP

growth would

have been

substantially

higher in

subsequent

years.

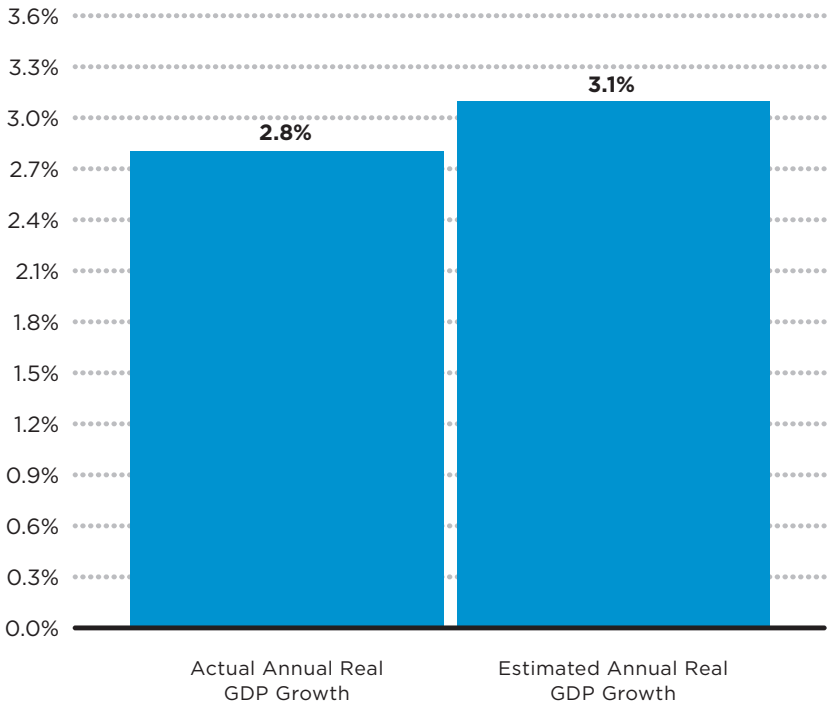
The last major overhaul of the U.S. immigration system was the Immigration and Nationality Act of 1965. This act, signed into law by President Lyndon B. Johnson, removed the national origins formula that had been in use since the 1920s and adopted in its place a preference system for admitting immigrants. This preference system is the one largely still intact today, favoring immigrants with existing family relationships in the U.S. over immigrant skill levels.

The economist Richard Vedder has estimated what inflation-adjusted GDP growth might have been in the decades following the 1965 Act, had that law expanded immigration to a greater extent and given more weight to the skill-based preferences. Inflation-adjusted growth in GDP averaged 2.8 percent per year between 1970 and 2011. However, with a pro-growth immigration system in place, Vedder estimates economic growth would have been significantly higher, with average growth rates of 3.1 percent in those years. The difference between a 2.8 percent and a 3.1 percent growth rate is substantial when considered over the course of three decades. At the higher 3.1 percent rate, U.S. GDP would have been approximately \$2 trillion greater by 2011.²¹²

²¹² Richard Vedder, *Invisible Hands: Immigration and American Economic Growth*, report (Dallas: George W. Bush Institute, 2013), <http://www.bushcenter.org/sites/default/files/Invisible%20Hands%20--%20Immigration%20and%20American%20Economic%20Growth.pdf>.

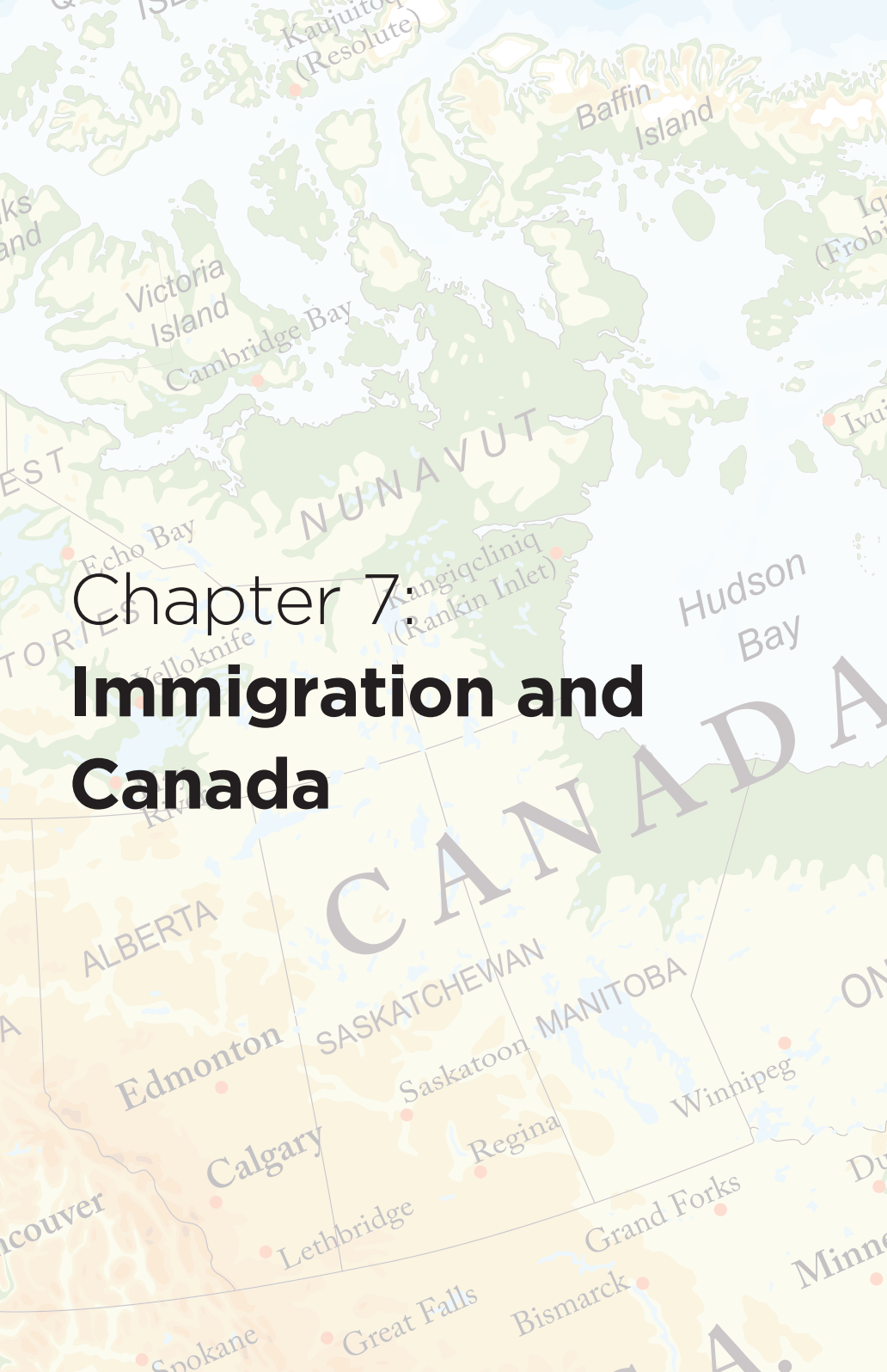


Actual and Estimated Annual U.S. GDP Growth Rates, 1970–2011



Source: Richard Vedder, *Invisible Hands: Immigration and American Economic Growth*.

Note: “Actual Annual GDP Growth” is the average annual real U.S. GDP growth rate for the period 1970–2011. “Estimated Annual GDP Growth” is the estimated average annual real U.S. GDP growth rate for the period 1970–2011 that the U.S. could have achieved if the immigration reform legislation passed in 1965 had increased immigration levels substantially.



Chapter 7: **Immigration and Canada**



Immigration and Canada

Canada has considerable experience with immigration. Nearly 8 million immigrants call Canada home, accounting for approximately 22 percent of Canada's population. This is a significantly higher share than in the U.S. and other G-8 member countries, even if the sheer number of immigrants is less.

This chapter offers a broad examination of immigration in Canada. The data in this chapter relate to immigrants in Canada, not Canadian-born immigrants in the U.S. Studying immigration in Canada highlights features of the Canadian system worthy of consideration by U.S. policymakers.

First, Canada's work-based focus is a good guide. Whereas America's system gives greatest preference to family reunification, Canada uses a merit-based point system that considers prospective immigrants' ability to contribute to the Canadian economy when determining which applicants will be approved. Canada's system also contains features that allow for temporary migrants to come and fill jobs where labor shortages exist.

Another interesting feature of Canada's system is that it allows provincial-level governments to nominate prospective immigrants to work and live in their regions as permanent residents. The U.S. does not give any similar authority to the states. Yet, since regional governments are more likely to understand their own regions' labor needs, delegating some authority in this way may help leverage immigration to better respond to labor market demand.

This chapter is not intended to be an exhaustive comparative study of the two countries' immigration systems. Rather, it provides the basic data to help understand the Canadian model. An examination of this data suggests there is certainly much to be learned from America's northern neighbor when it comes to immigration.

Immigrants represent a significant portion of Canada's population.

Significant Fact:
Canada is the most immigrant-intensive of all G-8 countries.

According to the United Nations, approximately 7.8 million international migrants lived in Canada in 2015, representing 3.2 percent of all immigrants worldwide. This ranks Canada as the seventh most popular destination of all worldwide immigrants.²¹³

As is shown in the chart on the next page, the foreign-born presence in Canada has grown considerably over the past two and a half decades. In 1990, immigrants accounted for some 15.7 percent of Canada's population. A decade later, in 2000, immigrants represented 18.0 percent of the population; their share of the population grew to 20.5 percent by 2010. In 2015, approximately 21.8 percent of Canada's population was foreign-born, meaning that more than one out of every five people in Canada was an immigrant. This level of immigrant representation is greater than that of any other G-8 country.²¹⁴ Indeed, if the U.S. had the same percentage of foreign-born as Canada, the U.S. would have had some 70.1 million immigrants in 2015 instead of the 43.3 million it had in reality.

Immigrants have played an important role in the growth of Canada's overall population. Canada's total population grew by around 8.3 million people between 1990 and 2015. Immigrants accounted for more than 3.5 million of that increase, or the equivalent of some 42 percent of total population growth.²¹⁵

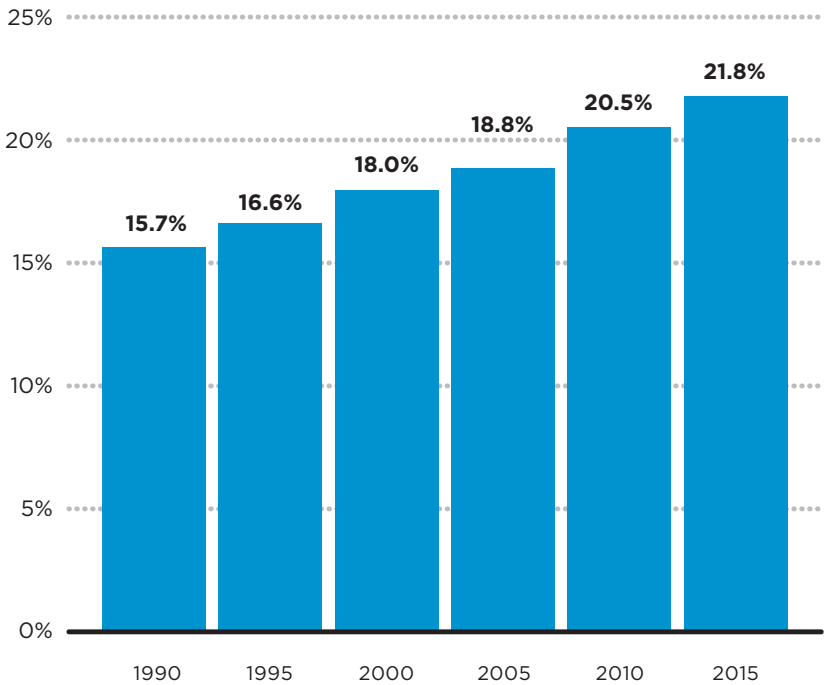
²¹³ Author's calculations, data from *Trends in International Migrant Stock: The 2015 Revision*, report (United Nations, Department of Economic and Social Affairs, 2015).

²¹⁴ Ibid.

²¹⁵ Ibid.



Canada: Foreign-Born Share of Total Population, 1990–2015



Source: United Nations, *Trends in International Migrant Stock: The 2015 Revision*.

Immigrants to Canada are increasingly likely to have been born in Asia.

Significant Fact:
Nearly 60 percent of immigrants who arrived in Canada during the two decades from 1991 to 2011 came from Asia.

Historically, immigrants have primarily come to Canada from European countries. Indeed, data collected in 2011 show that nearly 80 percent of immigrants who arrived in Canada prior to 1971 were previously citizens of a European country. Yet the European share of Canada’s immigrant population has shrunk in more recent decades, with only 13.7 percent of immigrants arriving to Canada between 2006 and 2011 coming from Europe.

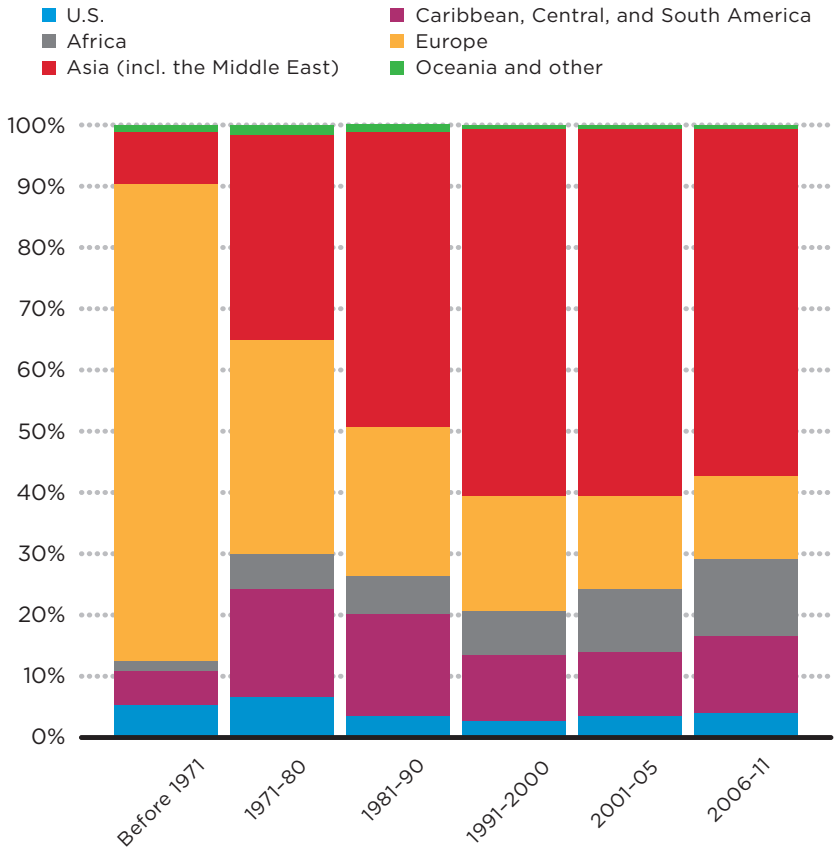
As European migration to Canada has waned, migration from Asia has grown considerably. Less than 10 percent of immigrants who arrived in Canada prior to 1971 were from Asian countries. Yet nearly 60 percent of immigrants who arrived during the two decades from 1991 to 2011 came from Asia. The Philippines, China, and India have been the major source countries within Asia.

The increase in immigration from Africa to Canada has also been notable but is not nearly as substantial as immigration from Asia. Meanwhile, over the past five decades, immigration to Canada from the U.S. has accounted for 5 percent or less of total immigration to Canada.²¹⁶

²¹⁶ Canada, Statistics Canada, Immigration and *Ethnocultural Diversity in Canada*, 15 Sept. 2016. <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-010-x/99-010-x2011001-eng.cfm>.



Canada: Immigrants by Region of Origin and Period of Entry, 2011



Source: Canada, Statistics Canada, *Immigration and Ethnocultural Diversity in Canada*, 15 Sept. 2016.

Nearly 300,000 permanent residents are admitted each year...

Significant Fact:

Canada

admitted more

than 270,000

permanent

residents in

2015.

The number of permanent residents admitted to Canada fluctuates each year. In 2015, some 271,847 immigrants were admitted as permanent residents. The first chart on the next page shows the total number of permanent resident admissions by year going back to 1980. It is evident from the chart that permanent resident admissions increased substantially in the late 1980s. With the exception of a few years in the late 1990s, annual permanent resident admissions have been over 200,000 every year since 1990.²¹⁷

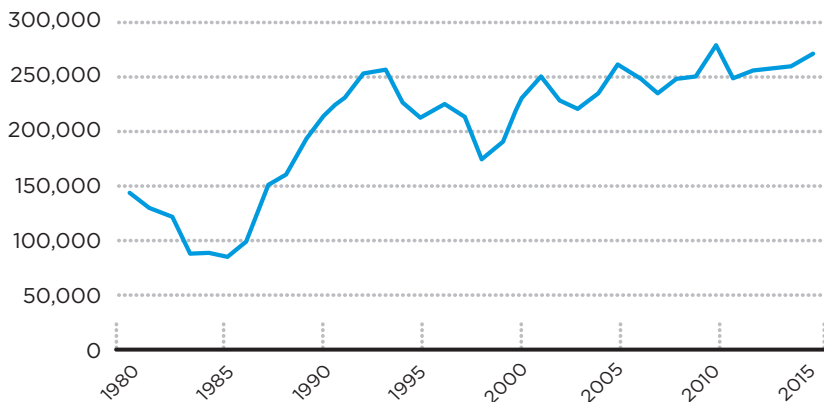
Permanent residents come to Canada from around the world. In 2015, the largest share, 18.7 percent, came from the Philippines, followed by 14.5 percent from India and 7.2 percent from China. The three Middle Eastern countries of Iran, Pakistan, and Syria collectively accounted for just over 10 percent of permanent residents admitted to Canada in 2015. Meanwhile, some 2.8 percent of newly admitted permanent residents came from the U.S.²¹⁸

²¹⁷ Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*, <http://open.canada.ca/data/en/dataset/2fbb56bd-ee7-4582-af7d-a197d185fc93>.

²¹⁸ Ibid.

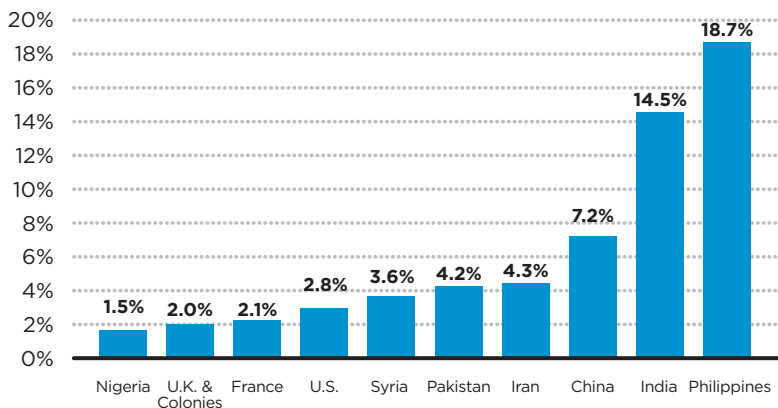


Canada: Permanent Residents Admitted Annually, 1980–2015



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

Canada: Permanent Residents Admitted, by Country of Origin, 2015



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

... Permanent residents are admitted through three main preference categories...

Significant Fact:

In Canada, the greatest share of permanent resident slots go to economic class migrants.

Canada's immigration system facilitates permanent resident admissions through three main preference categories: family reunification, economic, and refugee resettlement.

In Canada, unlike in the U.S., economic class immigrants represent the largest share of permanent resident admissions. In 2015, principal applicants in the economic class comprised just over 28 percent of total permanent resident admissions. The spouses and dependent children of those principal applicants accounted for an additional 34.5 percent of newly admitted permanent residents.²¹⁹

In 2015 about one-quarter of new permanent residents were admitted to Canada through the family class preference. To be admitted through this preference class, an individual must be sponsored by a family member or close relative in Canada.²²⁰ Compared to the U.S. immigration system, Canada's gives considerably less weight to family reunification. Recall that approximately 65 percent of permanent resident admissions to the U.S. are through one of the family preference categories.²²¹ While both systems reserve admission slots for the noble purpose of reuniting families, Canada's system more evenly balances this objective with other goals.

Finally, approximately 11.8 percent of new permanent residents were admitted to Canada as refugees in 2015.²²² Refugee numbers have increased in recent years, primarily driven by Canada's resettlement of Syrian refugees. Indeed, from late 2015

²¹⁹ Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*, <http://open.canada.ca/data/en/dataset/2fbb56bd-eae7-4582-af7d-a197d185fc93>.

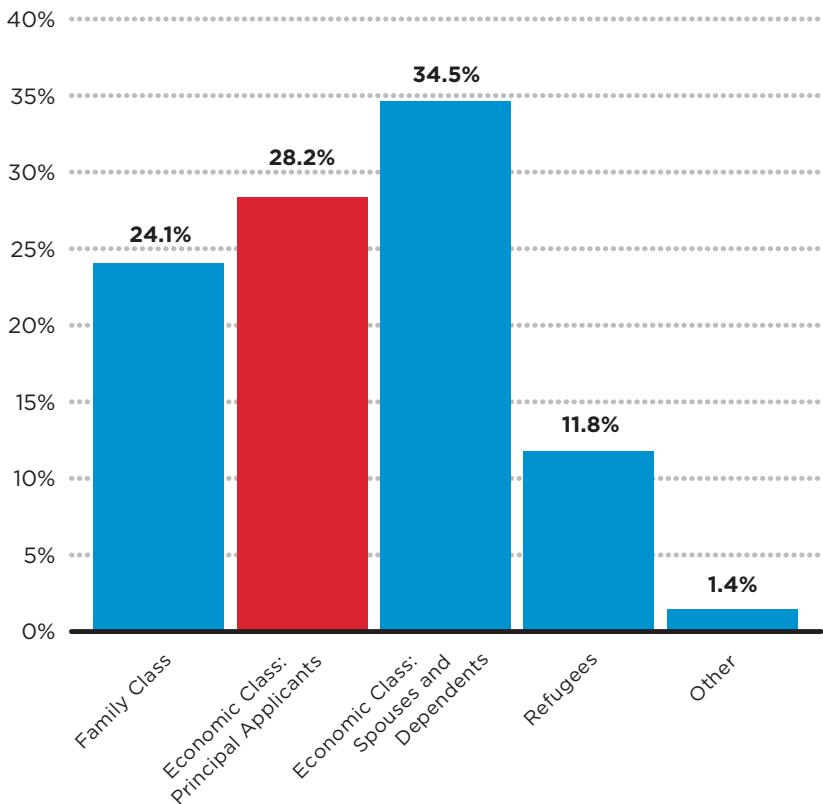
²²⁰ Ibid.

²²¹ International Migration Outlook 2016, OECD, 2016, OECD iLibrary, http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2016_migr_outlook-2016-en#.WGZaK9LyuUk#page54.

²²² Ibid.

through January 2017, more than 40,000 Syrian refugees were resettled in Canada.²²³

Canada: Permanent Residents by Admission Class, 2015



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

223 Government of Canada, Immigration, Refugees and Citizenship Canada, Communications Branch, “#WelcomeRefugees: Key Figures,” 09 Feb. 2017. <http://www.cic.gc.ca/english/refugees/welcome/milestones.asp>.

... And special emphasis is placed on economic needs.

Significant Fact:

Canada utilizes a merit point-based system to prioritize skilled workers through its economic preference category.

Several sub-categories exist within the economic class priority category for permanent residents. They are broken out in the chart on the next page.

Skilled workers represented the largest share (39.6 percent) of principal applicant admissions in 2015.²²⁴ These slots are allocated using a merit-based point system. Prospective immigrants are assessed on their ability to contribute to Canada's economy by considering a number of factors, including an applicant's age, language proficiency, educational attainment, and work experience. Points are awarded based on the extent to which a prospective immigrant displays favorable characteristics, and these points help decide to whom permanent resident slots are awarded.

The Provincial Nominee Program admits the second highest share (27.3 percent) of principal applicant economic class migrants.²²⁵ This program allows Canadian provinces to nominate prospective immigrants to come and settle there as permanent residents. The flexibility this program provides to Canada's immigration system is noteworthy. Whereas it is difficult for the federal government to know the specific needs of various regions, this program allows provinces to target certain groups or skill groups that they believe will benefit their regions. While the admitted immigrants are not required to remain in the province to which they are admitted, data show that more than 78 percent of those admitted in 2006 were still in the same province three years later.²²⁶

A version of Canada's Provincial Nominee Program has been proposed in the U.S. in the form of so-called "state-based visas." It remains to be seen whether such proposals gain any traction. But in any case, certainly there are many lessons that can be learned from Canada's merit-based immigration system.

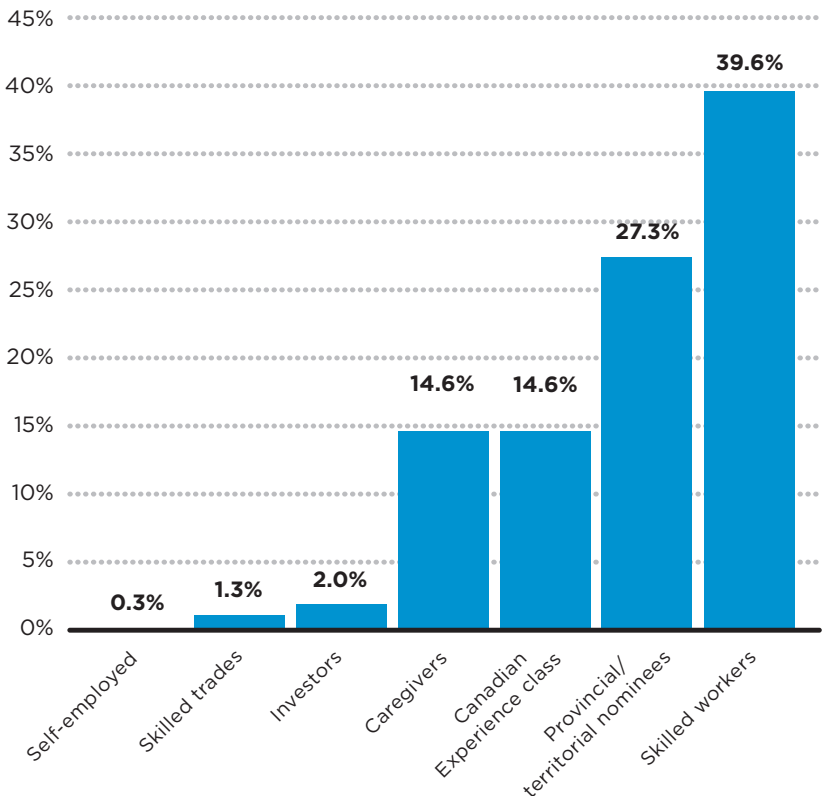
²²⁴ Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*, <http://open.canada.ca/data/en/dataset/2fbb56bd-eae7-4582-af7d-a197d185fc93>.

²²⁵ Ibid.

²²⁶ Brandon Fuller and Sean Rust, *State-Based Visas: A Federalist Approach to Reforming U.S. Immigration Policy* (Washington: Cato Institute, 2014).



Canada: Permanent Residents Admitted as Principal Applicants, by Economic Class Sub-Category, 2015



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

Two temporary resident programs facilitate short-term worker access.

Significant Fact:

Canada's two temporary resident programs provide access to low- and high-skilled temporary workers.

Canada has two programs that facilitate temporary migration: the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP).

Workers coming through the TFWP can enter Canada at the request of employers to fulfill temporary labor shortages. However, these migrants must pass a "Labor Market Impact Assessment," which certifies they are not displacing native Canadians from the labor market. As is evident in the first chart on the next page, the TFWP places a larger emphasis on lower-skilled temporary workers. Indeed, in 2016 nearly three-quarters of TFWP permit holders were employed in positions classified as lower-skilled.²²⁷

The IMP allows entry of foreigners with work permits "whose primary objective is to advance Canada's broad economic and cultural national interests." Temporary workers admitted through the IMP are not required to complete a labor market impact assessment. The IMP program is rather strategic and aims "to provide competitive advantages to Canada and reciprocal benefits to Canadians or permanent residents."²²⁸

The second chart on the next page displays the breakdown of IMP permit holders who entered Canada in 2016 by skill level. Unlike the TFWP workers, IMP permit holders are much more likely to be high-skilled, with more than 90 percent working in such occupations.²²⁹

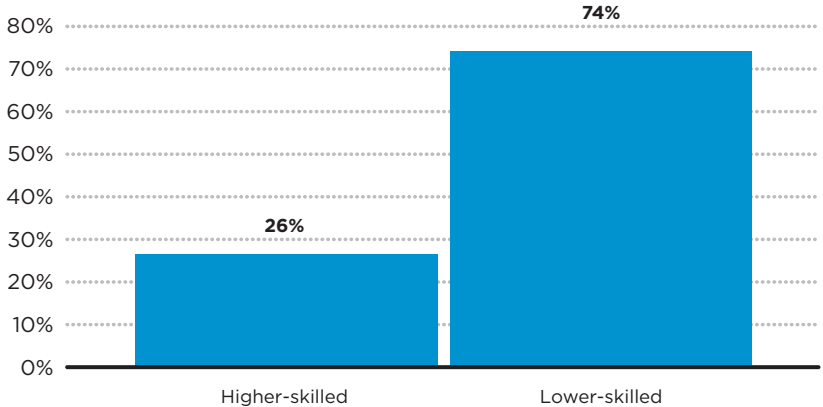
²²⁷ Author's calculations. Data from Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Temporary Residents - Annual IRCC Updates*, <http://open.canada.ca/data/en/dataset/052642bb-3fd9-4828-b608-c81dff7e539c>.

²²⁸ Government of Canada, Immigration, Refugees and Citizenship Canada, Communications Branch, "Changes to the International Mobility Program with Respect to Foreign Governments and International Organizations," 31 Mar. 2017, <http://www.cic.gc.ca/english/department/acts-regulations/forward-regulatory-plan/imp.asp>.

²²⁹ Author's calculations. Data from Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Temporary Residents - Annual IRCC Updates*, <http://open.canada.ca/data/en/dataset/052642bb-3fd9-4828-b608-c81dff7e539c>.

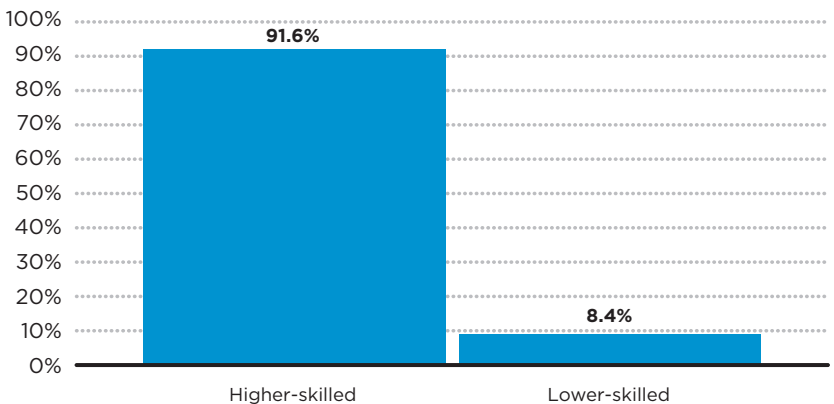


Canada: Temporary Foreign Worker Program Work Permit Holders, by Skill Level, 2016



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

Canada: International Mobility Program Work Permit Holders, by Skill Level, 2016



Source: Canada, IRCC, *Facts & Figures 2015: Immigration Overview - Permanent Residents - Annual IRCC Updates*.

*Note: Percentages represent International Mobility Program Work Permit Holders for whom skill level is identified.

Immigrants to Canada are highly educated ...

Significant Fact:

Nearly 40

percent of

immigrants to

Canada possess

a bachelor's

degree or

greater.

Immigrants in Canada greatly outperform with respect to educational achievement. Nearly 40 percent of both male and female immigrants 25–54 years old possessed a bachelor's degree in 2011. For males, that is nearly twice the rate of native-born Canadians, and female immigrants significantly outperform their native-born peers as well.²³⁰

Furthermore, and similar to the situation in the U.S., immigrants in Canada tend to specialize to a disproportionate extent in science, technology, engineering, and math (STEM) disciplines. In 2011, immigrants held approximately 50.9 percent of all STEM degrees in Canada. The percentage was even higher for engineering, where nearly 60 percent of degrees were held by the foreign-born, and mathematics / computer science, where nearly 56 percent of degrees were held by immigrants.²³¹

Unlike many immigrants to the U.S., immigrants to Canada have strong language skills. The reason, of course, is that Canadian immigration screens for language skills as part of its point-based system. The bottom graph on the next page shows the effectiveness with which Canada has been able to attract immigrants with language proficiency. Virtually all principal applicants to the economic preference category were proficient in English, French, or both in 2015.²³²

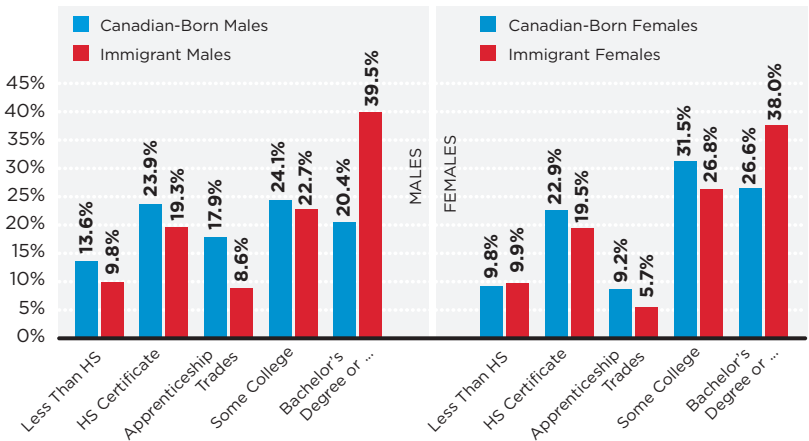
²³⁰ Canada, Statistics Canada, *Women in Canada: A Gender-based Statistical Report*, by Tamara Hudon. 21 Oct. 2015. <http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14217-eng.pdf>.

²³¹ Canada, Statistics Canada, *Education in Canada: Attainment, Field of Study and Location of Study*, 15 Sept. 2016, <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011001-eng.cfm>.

²³² Canada, Immigration, Refugees and Citizenship, *2016 Annual Report to Parliament on Immigration*, 31 Oct. 2016, <http://www.cic.gc.ca/english/resources/publications/annual-report-2016/index.asp>.

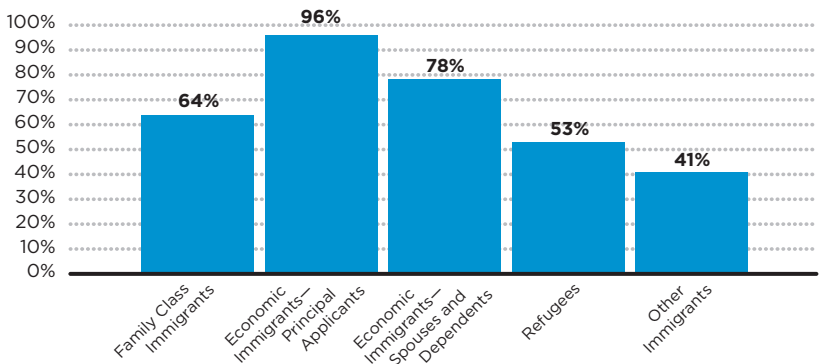


Educational Attainment, Canadian-Born and Immigrants, Males and Females 25-54 Years Old, 2011



Source: Canada, Statistics Canada, *Women in Canada: A Gender-based Statistical Report*, By Tamara Hudon. 21 Oct. 2015.

Percentage of Immigrants Who Are Proficient in English, French, or Both, Permanent Resident Immigrants by Admission Category, 2015



Source: Canada, Immigration, Refugees and Citizenship, *2016 Annual Report to Parliament on Immigration*, 31 Oct. 2016.

... Yet their labor force participation and employment rates lag ...

Significant Fact:

Immigrants lag behind native-born Canadians in terms of employment. However, immigrants who have been in Canada longer are more likely than recent immigrants to be employed.

Despite Canada's emphasis on skill- and work-based immigration, the proportion of immigrants in the labor force and employed lags that of native-born Canadians.

Indeed, as the charts on the next page show, in 2016 some 88.1 percent of native Canadians of core working age — defined as between the ages of 25 and 54 — were in the labor force and 83.2 percent were employed. Yet the same was true of only 83.4 percent and 77.6 percent of immigrants, respectively. Immigrants were also more likely than native-born Canadians to be unemployed.²³³

These data points are a departure from the experience in the U.S., where immigrants are more likely than native-born Americans to be in the labor force and employed and less likely to be unemployed.²³⁴

One thing to note about the experience of immigrants in Canada's labor market is that the data described above improve the longer an immigrant has lived in Canada. For instance, only 68.2 percent of recent immigrants — those who have lived in Canada for fewer than five years — were employed in 2016. Yet among immigrants who had been in Canada between five and 10 years in 2016, 76.1 percent were employed, as were 80.7 percent of immigrants who had been in Canada for more than 10 years.²³⁵ This suggests that although immigrants may experience some difficulty breaking into the Canadian labor market, given time they find employment and contribute to Canada's economy.

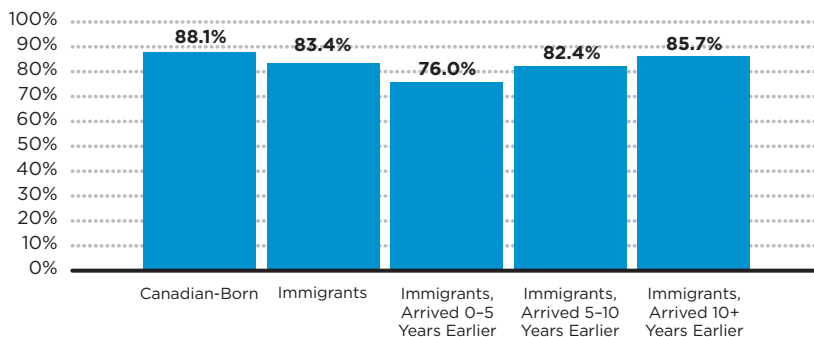
²³³ Canada, Statistics Canada, *Table 282-0104 - Labour force survey estimates (LFS), by immigrant status, sex and detailed age group, Canada, annual*, CANSIM, 06 Jan. 2017.

²³⁴ U.S. Census Bureau, 2015 American Community Survey.

²³⁵ Canada, Statistics Canada, *Table 282-0104 - Labour force survey estimates (LFS), by immigrant status, sex and detailed age group, Canada, annual*, CANSIM, 06 Jan. 2017.

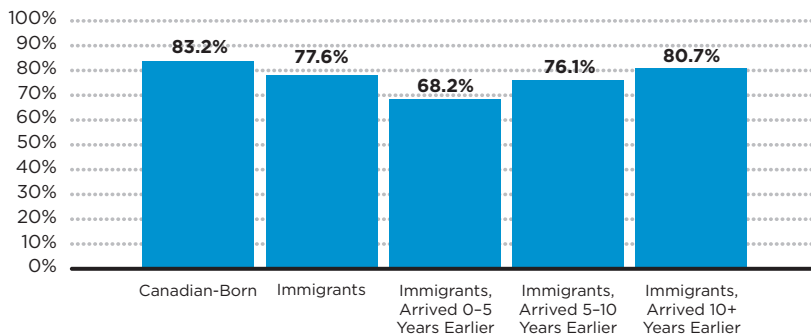


Labor Force Participation Rate, Canadian-Born and Immigrants, 25-54 Years Old, 2016



Source: Canada, Statistics Canada, Table 282-0104 - Labour force survey estimates (LFS), by immigrant status, sex and detailed age group, Canada, annual, CANSIM, 06 Jan. 2017.

Employment Rate, Canadian-Born and Immigrants, 25-54 Years Old, 2016



Source: Canada, Statistics Canada, Table 282-0104 - Labour force survey estimates (LFS), by immigrant status, sex and detailed age group, Canada, annual, CANSIM, 06 Jan. 2017.

... As do their incomes, especially in the early years after arrival in Canada.

Significant Fact:

Median incomes

for recent

immigrants

lag behind

other Canadian

workers, but

tend to increase

as immigrants

gain more

experience.

As the first chart on the next page shows, the median employment income for recent immigrants in 2014 was \$24,000.²³⁶ This is significantly below the median total income for all Canadian workers.²³⁷

However, it is evident from the chart that some classes of immigrants have quite high earnings. Median incomes among immigrants were highest, at \$50,000 in 2014, for those who were principal applicants to the Canadian Experience preference category. That category gives preference to foreigners who have previous experience in Canada, whether that be as a student, foreign worker, refugee, or temporary resident. It seems likely that having previous familiarity with Canada, its labor force, and cultural norms is advantageous to a new immigrant trying to break into the job market.

Median incomes are also well above the average for immigrants who came as principal applicants to the provincial/territorial preference class or to the skilled worker class. Of course, these preference classes screen using a merit point-based system. So these immigrants are likely higher skilled than others and thus command higher earnings in the labor market.

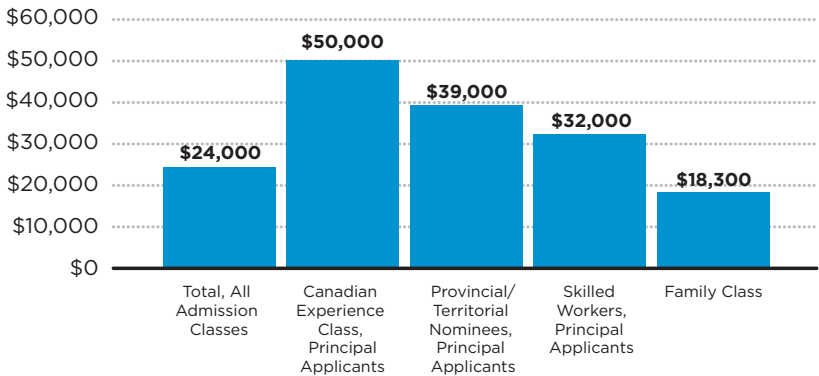
The second chart on the next page displays median earnings of recent immigrations to Canada. What is evident is that incomes tend to increase significantly after a few years. Although immigrant incomes often start at a low base, it is encouraging to know that they rise as immigrants gain more experience working in Canada.

²³⁶ Canada, Statistics Canada, *The Daily*, "Income and Mobility of Immigrants, 2014," 12 Dec. 2016, <http://www.statcan.gc.ca/daily-quotidien/161212/dq161212b-eng.pdf>.

²³⁷ Canada, Statistics Canada, *Table 111-0008 - Neighbourhood income and demographics, taxfilers and dependents with income by total income, sex and age group, annual (number unless otherwise noted)*, CANSIM, 12 Dec. 2016.



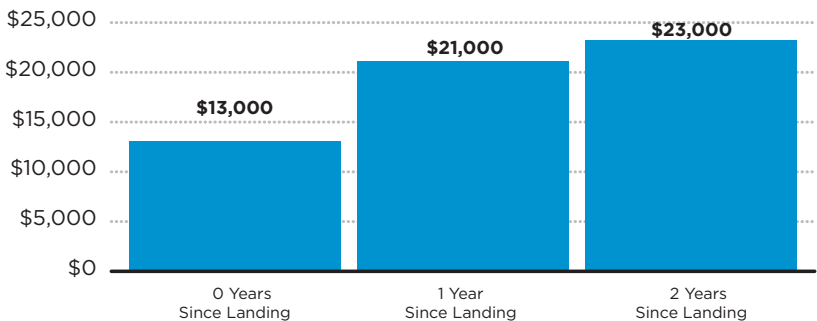
Median Employment Income, Selected Admission Classes, Tax Year 2014



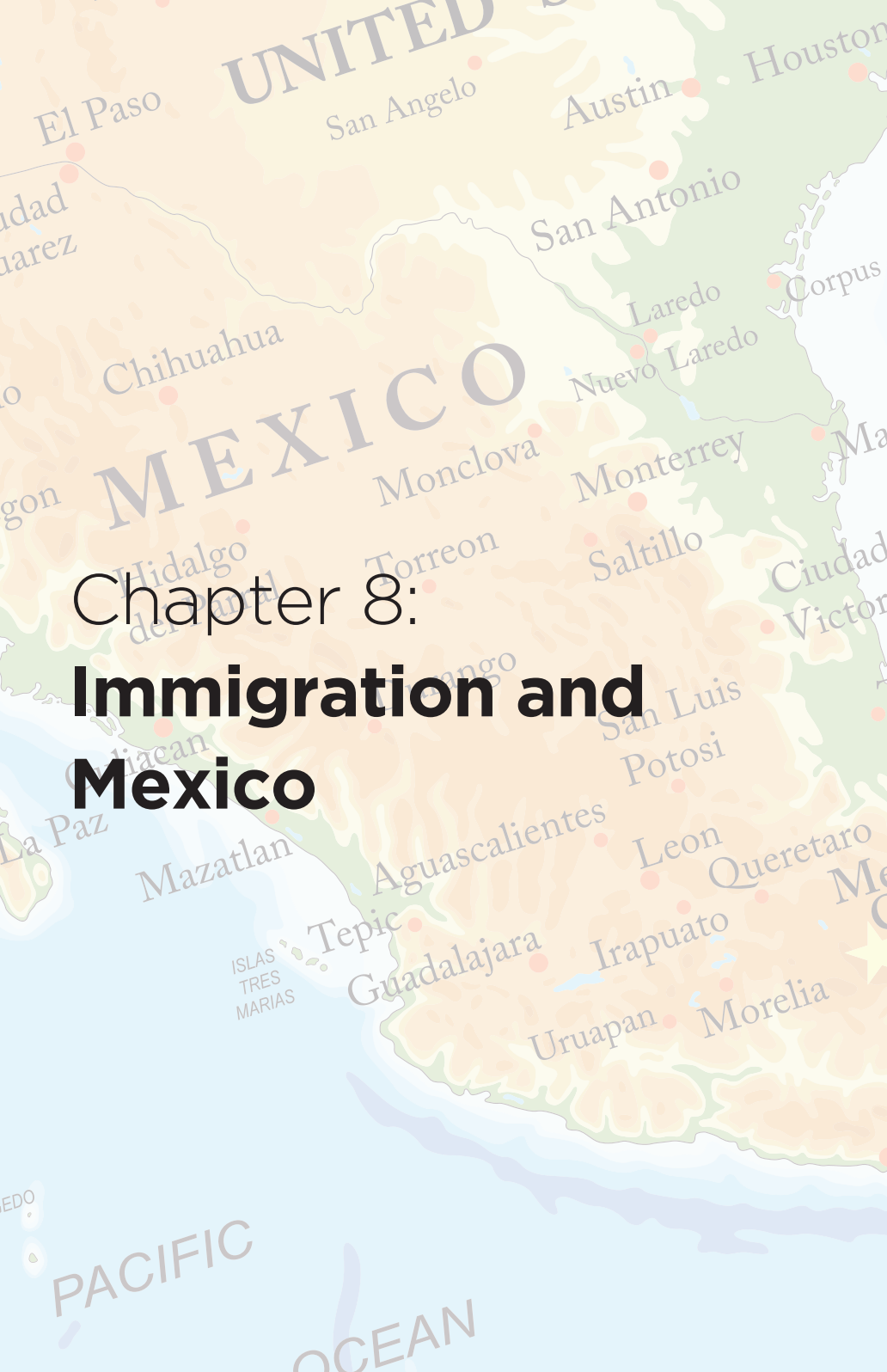
Source: Canada, Statistics Canada, *The Daily*, "Income and Mobility of Immigrants, 2014," 12 Dec. 2016.

Note: Data are for immigrants who landed in Canada during the period 2009–14.

Median Immigrant Employment Income, by Years Elapsed since Landing in Canada, 2012



Source: Canada, Statistics Canada. *Table 054-0001 - Income of immigrants, by sex, landing age group, immigrant admission category, years since landing and landing year, 2014 constant dollars, annual*, CANSIM, 12 Dec. 2016.



Chapter 8: **Immigration and Mexico**



Immigration and Mexico

Mexico's experience with immigration is markedly different than that of the U.S. and Canada. While the U.S. and Canada are immigrant-intensive countries, Mexico is an emigrant, immigrant, and transit country. Traditional immigrants account for less than 1 percent of Mexico's population. Yet, the immigration issue intertwines the U.S. and Mexico and is a defining aspect of the U.S.-Mexico relationship.

This chapter addresses three main migrant groups in Mexico: foreign-born individuals residing in Mexico, temporary “border crossers,” and transit migrants.

The first group totals about 1 million people, and a large share of them were born in the U.S. Many in this group have Mexican ancestry, meaning one or both of their parents are Mexican.

Temporary “border crossers” are the second migrant group discussed in this chapter. Nearly half a million such migrants enter Mexico each year across its southern border with Guatemala and Belize. Nearly all of these migrants are authorized; the vast majority fill temporary jobs and then return to their home countries.

The third group is transit migrants. These migrants are unauthorized, entering Mexico en route to the U.S. In 2015, there were an estimated 390,000 unauthorized transit migrants, nearly all of them from Central America.

This chapter will elaborate on each of these three groups of migrants, providing data to illuminate the role the foreign-born play in Mexico. Special attention is given to how migration issues in Mexico affect the U.S., and vice versa. Greater cooperation between the U.S. and Mexico on immigration issues is warranted, and if structured correctly, could benefit both countries.

*The author acknowledges and thanks Cedrian Lopez-Bosch for his guidance in the research and writing of this chapter.

Mexico is home to approximately one million immigrants.

Significant Fact:

Immigrants represent less than 1 percent of Mexico's total population, yet immigration remains an important policy issue in Mexico.

In 2015, Mexico's population totaled just over 127 million. Of those, just over 1 million (1,007,063) were foreign-born.²³⁸ Of these 1 million foreign-born, some 63.6 percent were born abroad to one or more parents of Mexican ancestry. Thus, many of these "foreign-born" hold Mexican citizenship in addition to citizenship in the country where they were born, and nearly half possess a Mexican birth certificate or are registered in Mexico's civil registry.

Mexico's foreign-born population is larger today, in total numbers and as a share of the population, than it was in earlier years. As recently as 2000, just over a half a million immigrants lived in Mexico, representing a mere 0.5 percent of the population as a whole. The immigrant population nearly doubled between 2000 and 2015, growing at a significantly faster rate than the rest of the population. Thus by 2015 the share of the population that was foreign-born had increased to 0.8 percent.²³⁹

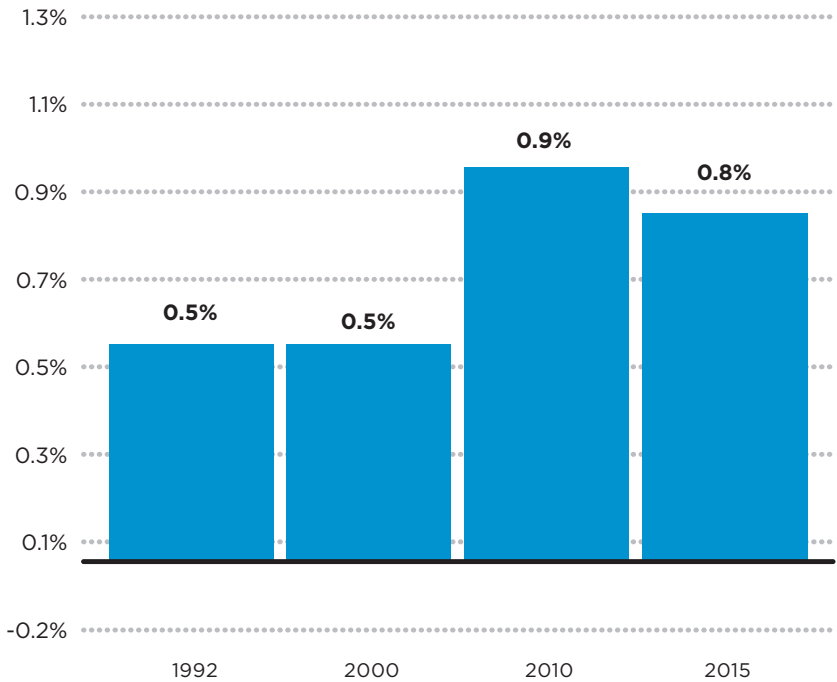
This increase has, of course, come from a low level. And immigrants still represent less than 1 percent of Mexico's population. Even so, immigration is an important policy issue for Mexico, and has significant ramifications for the United States.

²³⁸ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

²³⁹ Ibid.



Mexico: Foreign-Born Share of Total Population, 1990–2015



Source: *The Compendium on International Mobility and Migration*.

Nearly three-quarters of immigrants in Mexico were born in the U.S.

Significant Fact:

Nearly three of every four immigrants in Mexico were born in the U.S., and many of these immigrants have Mexican ancestry.

The vast majority, 73.4 percent, of immigrants in Mexico in 2015 were born in the U.S. The other top countries of origin include Guatemala (4.3 percent of total immigrants), Spain (2.2 percent), Colombia (1.9 percent), Venezuela (1.6 percent), and Argentina (1.5 percent).²⁴⁰ Among immigrants in Mexico who were born in the U.S., nearly half reside in Mexico's northern border states.

Of particular note: More than eight in 10 U.S.-born immigrants living in Mexico have at least one parent with Mexican nationality. Furthermore, the majority of U.S.-born immigrants to Mexico, some 67.8 percent, are children. The median age of U.S.-born immigrants in Mexico is 11, and more than three-quarters of such immigrants are under 20 years old.²⁴¹ This means that Mexico's largest immigrant group is composed primarily of the children of Mexican nationals who were born in the U.S. and later migrated to Mexico.

Family reunification drives much of the migration to Mexico by U.S.-born migrants. In 2014, nearly 80 percent of U.S.-born migrants who had moved to Mexico during the past five years reported reuniting with family as the cause for their migration. Deportations likely account for some of these migration figures. It is not difficult to imagine that if unauthorized immigrant parents in the U.S. are sent back to Mexico, their U.S.-born children would join them in moving to Mexico. However, data from the Pew Research Center suggest much of the migration to Mexico is voluntary, with only around 14 percent of return migrants to Mexico reporting deportation as the reason for their move.²⁴²

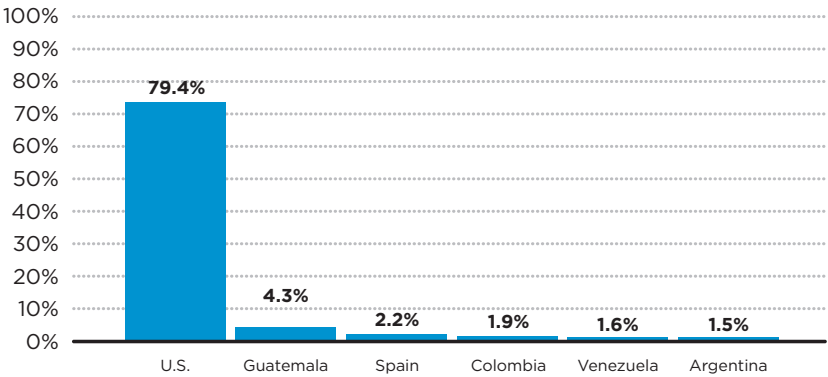
²⁴⁰ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

²⁴¹ Ibid.

²⁴² Ana Gonzalez-Barrera, *More Mexicans Leaving Than Coming to the U.S.: Net Loss of 140,000 from 2009 to 2014; Family Reunification Top Reason for Return*, (Washington, D.C.: Pew Research Center, 2015), <http://www.pewhispanic.org/2015/11/19/more-mexicans-leaving-than-coming-to-the-u-s/>

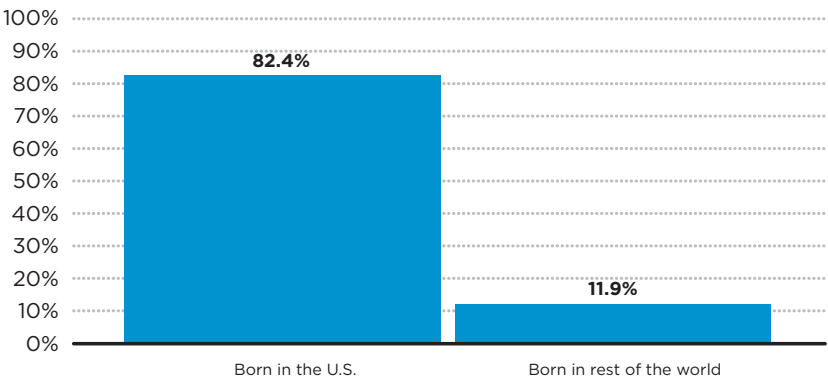
Immigrants to Mexico from countries other than the U.S. are far less likely to have Mexican ancestry, and they are more likely to be adults. Their median age is 38 years and 36 years for men and women, respectively, and more than 70 percent are either the head-of-household or the spouse of a head of household. Only 14.2 percent of these immigrants are under 20 years old.²⁴³

Share of Immigrants to Mexico by Country of Origin, 2015



Source: *The Compendium on International Mobility and Migration*.

Share of U.S.-Born and Non-U.S.-Born Immigrants to Mexico with Mexican Ancestry, 2015



Source: *The Compendium on International Mobility and Migration*.

243 Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

Immigrants to Mexico have a relatively high level of education.

Significant Fact:

**Approximately
42 percent of
immigrants
to Mexico
are college
educated.**

In 2015, approximately 485,000 immigrants in Mexico were of working age — 15 years of age or older. Of this group, the majority had attained either a college education (42 percent) or a high school education (27 percent). Junior high school was the highest level of educational achievement for 18 percent of Mexico's immigrant population, while 13 percent had achieved less than a junior high school education.²⁴⁴

As the second chart on the next page makes clear, educational attainment diverges when comparing immigrants born in the U.S. with immigrants who were born in other countries. Immigrants born in other countries were more likely in 2015 to have attained a higher education: 54 percent compared to 30 percent of immigrants born in the U.S. Yet at the same time, these immigrants were also more likely to have a very low level of education, with 19 percent of immigrants from countries other than the U.S. possessing less than a junior high school level of education compared to only 6 percent of immigrants born in the U.S.²⁴⁵

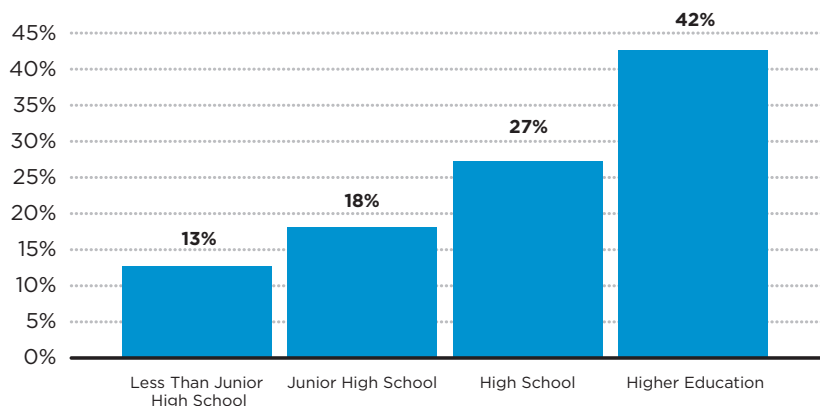
Keep in mind that the majority of U.S.-born immigrants to Mexico are under the age of 15 and thus fall outside the data explained above. It is therefore useful to examine school attendance data for these younger immigrants. Some 97–98 percent of U.S.-born immigrants in Mexico between the ages of 6 and 12 attend school, and the same is true for approximately 90 percent of immigrants born in other countries. Yet, school attendance rates drop for immigrant students as they age beyond 12 years old.²⁴⁶

²⁴⁴ Author's calculations. Data from Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

²⁴⁵ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

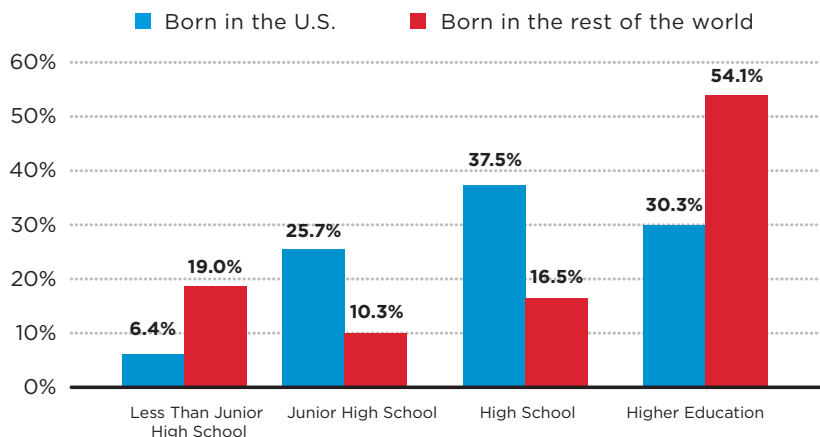
²⁴⁶ Ibid.

Mexico: Education Level of Foreign-Born People Age 15 and Older, 2015



Source: *The Compendium on International Mobility and Migration*.

Mexico: Education Level of Foreign-Born People Age 15 and Older, by Region of Birth, 2015



Source: *The Compendium on International Mobility and Migration*.

The employment rate of immigrants lags that of the general population.

Significant Fact:

Immigrants in Mexico are employed at a lower rate than Mexico's population as a whole, largely as a result of the significant share of young U.S.-born immigrants who are students.

Immigrants in Mexico are employed at a lower rate than the country's population as a whole. In 2015, approximately 60.7 percent of Mexico's population, aged 15 years and older, were employed.²⁴⁷ Meanwhile, the same was true of only 48.7 percent of immigrants.²⁴⁸

As the first chart on the next page shows, immigrants in Mexico who were born in countries other than the U.S. have a very similar employment rate (59.1 percent) to that of Mexico's population as a whole. It is the U.S.-born immigrants in Mexico, with an employment rate of only 38.2 percent, who pull down the overall foreign-born employment rate.

This lower employment rate for U.S.-born immigrants is explained by two main factors. First, U.S.-born immigrants are less likely to report work-related reasons for migrating to Mexico, instead tending to migrate for the primary purpose of reuniting with family. The other major reason relates to the young age of U.S.-born immigrants. A significant share, some 27.6 percent, are students and therefore not yet employed in the labor force.²⁴⁹

Unemployment among immigrants in Mexico is fairly low. In 2015, the unemployment rate for all foreign-born men and women was 5.8 percent and 4.5 percent, respectively.²⁵⁰

The second chart on the next page shows the main sectors in which employed immigrants work. A majority of immigrants, 56.2 percent, work in service sector jobs. Beyond the service sector, another 18.0

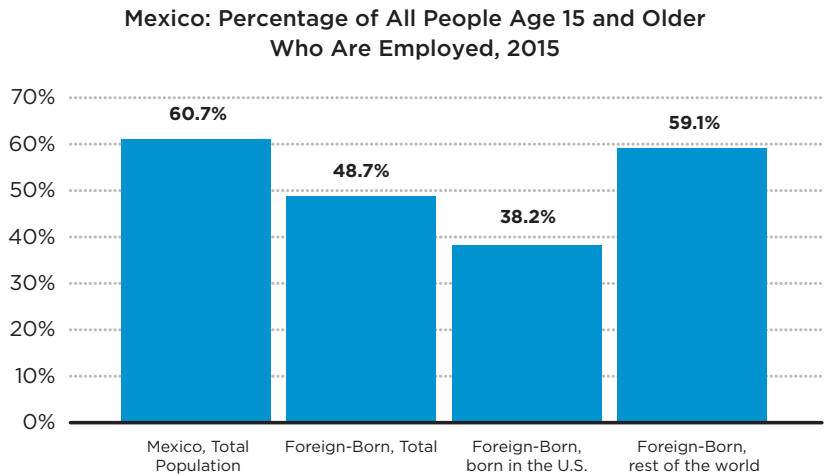
²⁴⁷ "Employment Rate (indicator)," *OECD Data*, Organisation for Economic Co-operation and Development, 2017, http://www.oecd-ilibrary.org/employment/employment-rate/indicator/english_1de68a9b-en.

²⁴⁸ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

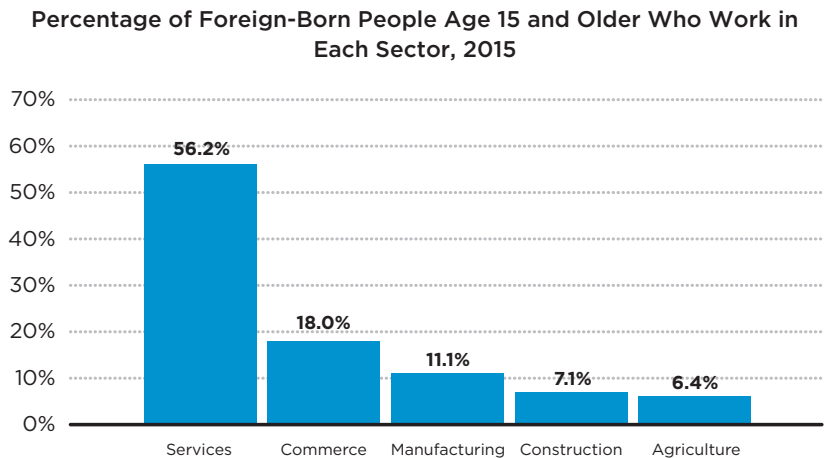
²⁴⁹ Ibid.

²⁵⁰ "Mexico," Organisation for Economic Co-operation and Development, 2017, *International Migration Outlook 2017*, 29 June 2017, http://dx.doi.org/10.1787/migr_outlook-2017-29-en.

percent work in commerce, 11.1 percent work in manufacturing, 7.1 percent work in construction, and 6.4 percent are employed in agriculture.²⁵¹



Source: *The Compendium on International Mobility and Migration*. OECD, 2017.



Source: Author's calculations. Data from *The Compendium on International Mobility and Migration*.

251 Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

Thousands of permanent and temporary resident permits are granted each year.

Significant Fact:

In 2016 Mexico issued 35,906 new permanent resident visas and 52,244 temporary resident visas.

Mexico's immigration system provides the possibility for foreign-born people to immigrate permanently or to reside in Mexico on a temporary basis. In 2016, some 88,150 permanent and temporary resident permits were granted by the Mexican government. Of these, 35,906 were permanent resident visas and 52,244 were temporary resident visas.

Annual immigration to Mexico is considerably higher in recent years than in the past. In 2001, only 20,600 combined permanent and temporary resident visas were granted. This number grew to 50,500 in 2005 and to nearly 65,000 by 2010.²⁵² However, as is evident from the charts on the next page, immigration has increased especially since 2012. That year legislative changes made it easier for temporary residents to obtain a permanent resident visa.²⁵³

Permanent and temporary immigrants to Mexico hail from countries around the world. The U.S. continues to be the top source country for immigrants each year, accounting for 18.8 percent and 12.7 percent of permanent and temporary resident visas, respectively, in 2016. Besides the U.S., other countries whose citizens receive a large share of total permanent resident visas include Honduras (7.1 percent), Venezuela (7.1 percent), Cuba (6.7 percent), Colombia (6.1 percent), and China (5.9 percent). And other top countries for temporary resident visas include Venezuela (9.4 percent), Colombia (8.4 percent), Cuba (8.0 percent), Spain (6.1 percent), and China (4.5 percent).²⁵⁴

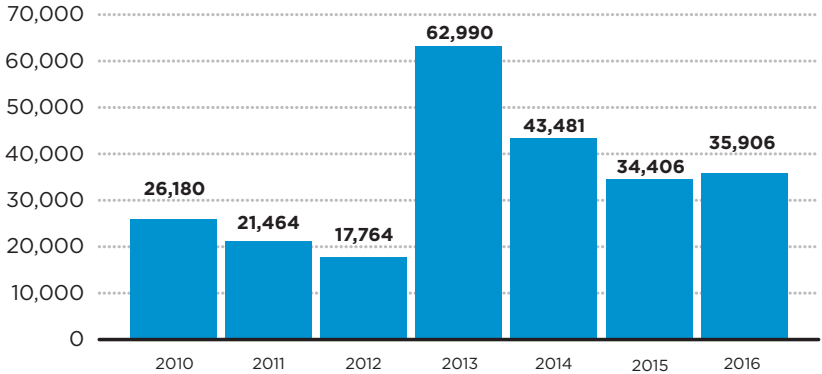
²⁵² Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

²⁵³ "Mexico," Organisation for Economic Co-operation and Development, 2017, *International Migration Outlook 2017*, 29 June 2017, http://dx.doi.org/10.1787/migr_outlook-2017-29-en.

²⁵⁴ Migration Policy Bureau, Historical series Document expedition for Nonimmigrants (FM3) and Immigrants (FM2), 2001-12 and Bulletin of Migratory Statistics 2013-16.

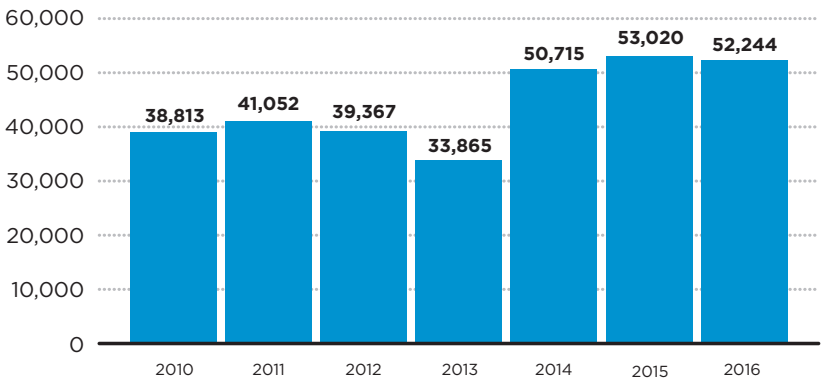


Mexico: Total Number of New Permanent Residents by Year, 2010–16



Source: Migration Policy Bureau, Historical series Document expedition for Nonimmigrants (FM3) and Immigrants (FM2), 2001–12 and Bulletin of Migratory Statistics 2013–16

Mexico: Total Number of New Temporary Residents by Year, 2010–16



Source: Migration Policy Bureau, Historical series Document expedition for Nonimmigrants (FM3) and Immigrants (FM2), 2001–12 and Bulletin of Migratory Statistics 2013–16.

Temporary residents come to work; permanent residents come for family reasons.

Significant Fact:

Some 45 percent of temporary residents come via work-based visas compared to only 25 percent of permanent residents.

The charts on the next page provide a detailed breakdown of the admission categories of immigrants granted permanent and temporary resident visas in 2015. Nearly half of permanent residents were admitted via a family-based visa, while workers represented around one-quarter of new permanent residents.²⁵⁵

While family reunification plays a larger role than work among permanent residents, the balance is tilted in favor of workers for temporary visas. Indeed, in 2015 some 45.3 percent of temporary visas went to workers while 28.7 percent were issued to those applying through family categories.²⁵⁶

The age breakdown of permanent and temporary residents is reflective of their differing propensities to be workers. That is to say, permanent residents are older compared to temporary residents. The median age of permanent residents who arrived in 2015 was 41 years old for men and 38 years old for women, compared to 33 years old and 29 years old for male and female temporary residents.²⁵⁷

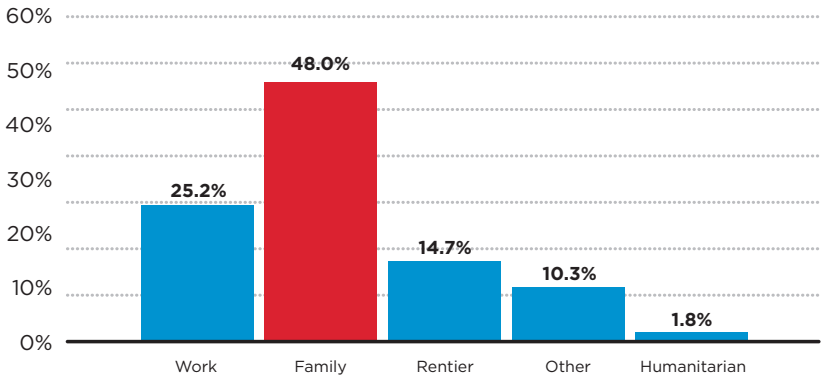
²⁵⁵ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

²⁵⁶ Ibid.

²⁵⁷ Ibid.

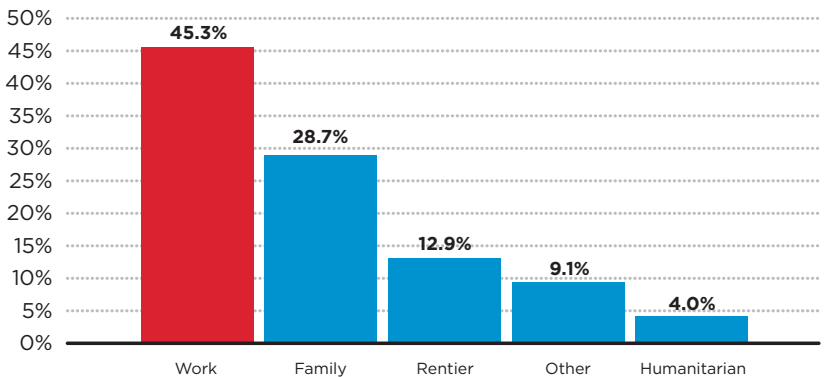


Mexico: Admission Categories of Foreign-Born Granted Permanent Resident Status, 2015



Source: *The Compendium on International Mobility and Migration*.

Mexico: Admission Categories of Foreign-Born Granted Temporary Resident Status, 2015



Source: *The Compendium on International Mobility and Migration*.

Around half a million southern border crossers work in Mexico each year.

Significant Fact:

Each year

approximately

half a million

border crossers

enter Mexico

legally to work

on a temporary

basis.

Mexico's immigration system provides legal pathways for residents of its two southern-border neighbors — Guatemala and Belize — to come to Mexico on a temporary basis. Two main visitor card programs facilitate this migration. The first is the Tarjeta de Visitante Regional (TVR), which allows individuals who are residents in these two neighboring countries to enter and exit Mexico as many times as they wish to visit the Mexican states of Chiapas, Campeche, Quintana Roo, and Tabasco. These migrants can stay in Mexico up to three days at a time, but they are not permitted to engage in any remunerated activity during their visits. The second program is the Tarjeta de Visitante Trabajador Fronterizo (TVTF), which allows nationals from the two neighboring countries to work up to one year (renewable) in the states mentioned.

Crossings of Mexico's southern border are very common. As the chart on the next page shows, half a million or more crossings take place each year. This level of migration dwarfs annual immigration counts of those coming on traditional permanent and temporary resident cards.

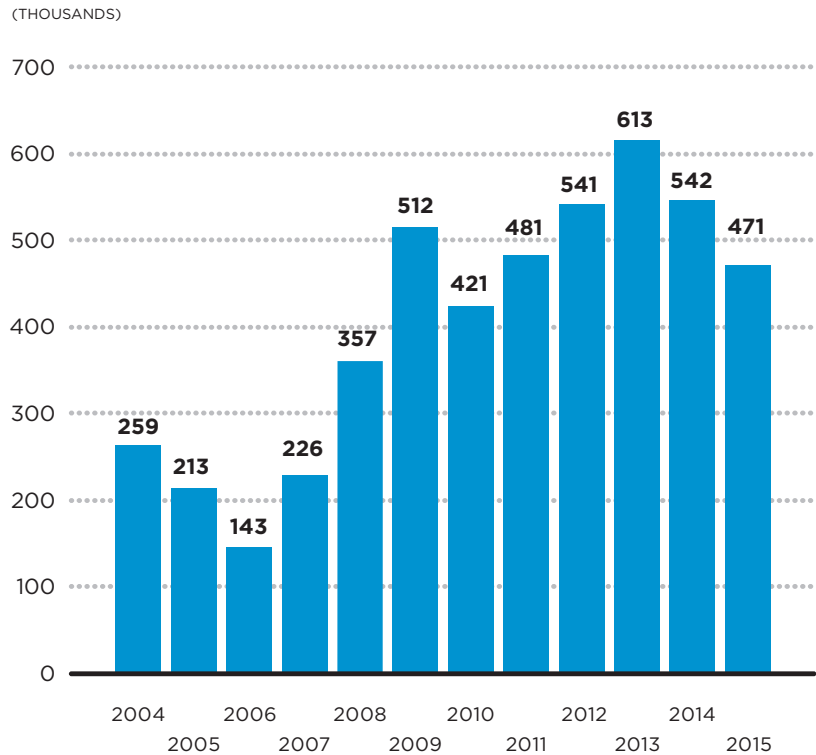
In 2015, there were 470,900 southern border crossings by workers. Some 92 percent of these migrants are men and nearly three-quarters of them are of prime working age — 20 to 45 years old. Most are low skilled; only 6.5 percent of this group have attained more than a junior high school education. Agriculture is by far the top industry, accounting for 76 percent of these migrants. Another 6.5 percent of these border crossers work in construction.²⁵⁸

Like Mexico, large numbers of migrants enter the U.S. by crossing its southern border. Many of these migrants come to the U.S. to fill jobs where labor

²⁵⁸ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

shortages exist. However, the U.S. lacks a workable low-skilled temporary guest worker program. The result has been widespread unauthorized immigration. Perhaps Mexico’s system of granting temporary access to residents of neighboring countries is one model that warrants the attention of U.S. policymakers.

Flow of Cross-Border Migrants from Guatemala to Mexico, 2004–15



Source: *The Compendium on International Mobility and Migration*.

Hundreds of thousands of transit migrants attempt to cross Mexico en route to the U.S. each year ...

Significant Fact:

Nearly 400,000

irregular transit

migrants passed

through Mexico

in 2014.

Due largely to its geographic position connecting the developing countries of Central America to the U.S., Mexico is the country through which hundreds of thousands of unauthorized migrants pass. Authorities estimate that in 2014 some 389,600 undocumented transit migrants passed through Mexico en route to the U.S. Around 90 percent were Central Americans, made up primarily of Hondurans, Guatemalans, and Salvadorans.²⁵⁹

The chart on the next page shows a marked increase in the number of unauthorized transit migrants beginning around 2012. This increase coincides with a period of intense violence in Central America, which is mostly related to drug trafficking and gang activity. Homicide rates are among the highest in the world in countries such as Honduras, El Salvador, Belize, and Guatemala, leading many residents of these Central American countries to flee north.²⁶⁰

The use of human smugglers, or what are referred to as “polleros” or “coyotes,” complicates the problem. More than 60 percent of transit migrants who reached the U.S. and were subsequently detained and deported in 2015 used a smuggler. Yet the same is true of only 4.7 percent of those detained and deported in Mexico.²⁶¹ The data suggest that the smugglers are rather effective in helping transit migrants avoid detection in Mexico and reach the U.S.

²⁵⁹ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.

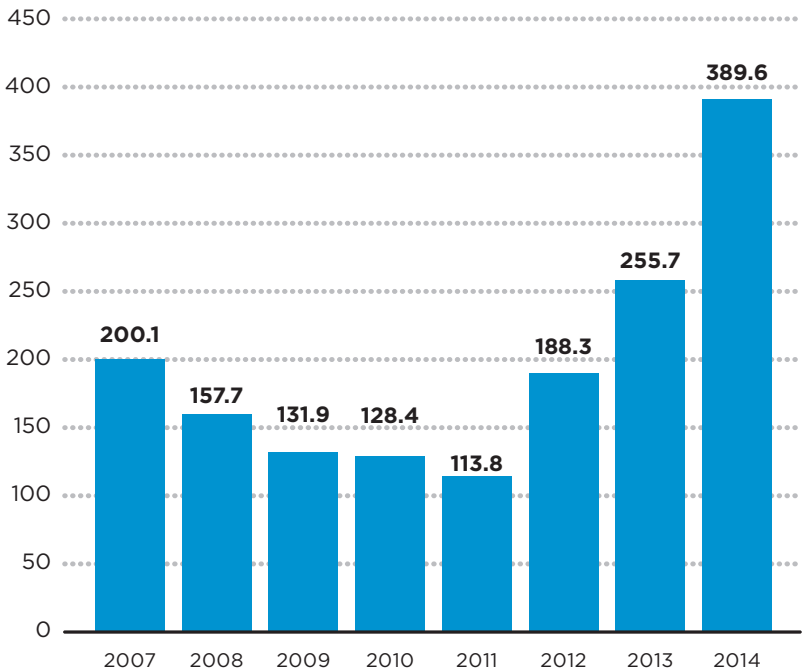
²⁶⁰ *Global Study on Homicide, 2013*, United Nations Office on Drugs and Crime, 2014, https://www.unodc.org/documents/gsh/pdfs/2014_GLOBAL_HOMICIDE_BOOK_web.pdf.

²⁶¹ Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.



Total Annual Number of Irregular Transit Migrants through Mexico, 2007-14

(THOUSANDS)



Source: *The Compendium on International Mobility and Migration*.

... Many transit migrants are deported, but the majority are successful in reaching the U.S.

Significant Fact:

**In 2015 nearly
130,000
unauthorized
transit migrants
were deported
by Mexican and
U.S. authorities.**

Many transit migrants are detained and deported back to their home countries by either Mexican or U.S. officials. In 2015, Mexico deported over 85,000 unauthorized transit migrants and the U.S. deported around 42,200 such cases. Even so, deportations by Mexican and U.S. authorities combined are typically less than half, and sometimes closer to only around one-third, of total transit migrants in any given year.²⁶²

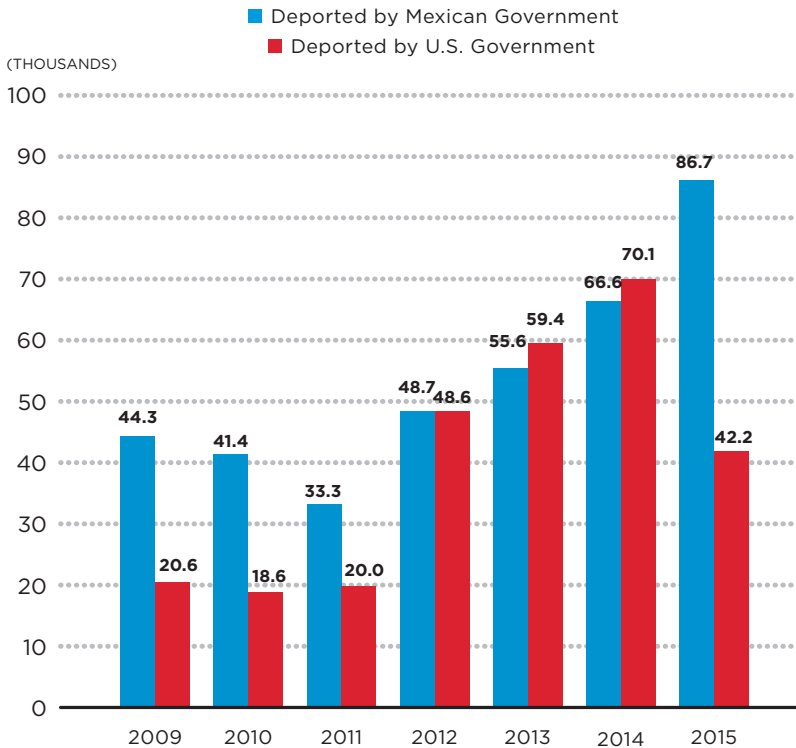
The governments of Mexico and the U.S. devote significant resources attempting to curb unauthorized immigration. The Mérida Initiative was launched in 2008 as a partnership between the two countries to combat organized crime and violence. In response, the number of deportations of unauthorized transit migrants by Mexican authorities increased in recent years.

Policymakers should explore ways to further strengthen such partnerships. After all, hundreds of thousands continue to flow through Mexico en route to the U.S., imposing costs on both countries. Helping Mexico to further improve its own border security and immigration enforcement would benefit America by reducing the number of unauthorized transit immigrants that end up crossing into the U.S.

²⁶² Mexico, Secretariat of Government, Migration Policy Bureau, National Population Council, *The Compendium on International Mobility and Migration: Dimensions of the Phenomenon in Mexico*, 1st ed., 2016.



Number of Irregular Transit Migrants Deported, 2009–15



Source: *The Compendium on International Mobility and Migration*.

Note: The number deported by the Mexican government includes only those irregular transit migrants who had the U.S. as their final destination. The number deported by the U.S. government includes only those irregular transit migrants who have been in the U.S. for at most one month.

Conclusion

Conclusion

This book has shown the important role immigrants have in America. Immigrants are a core part of our nation's history and will play a critical role in its future. Nowhere is this more evident than in the realm of economics.

Immigrants work hard and contribute to the growth of our labor force. They are leaders in innovation and entrepreneurship, developing new ideas, securing patents, and pushing boundaries in research. Immigrants start small businesses, and they have been responsible for some of the world's largest corporations, too. Without immigrants, the U.S. economy would suffer greatly.

Perhaps more than anything, immigrants show us and the world that the American dream is still attainable. Immigrants come to America optimistic about the future, but often without many material resources. Through hard work and sacrifice they move up the economic ladder and achieve success in America. This success provides the immigrants a better life, but it also helps to make America a stronger country.

But challenges do exist. Current immigration law limits the potential of what immigrants could contribute to America and its economy. Designing a detailed framework for immigration reform is well beyond the scope of this book. However, the research behind this book makes clear several necessary broader areas of reform.

First, the U.S. immigration system should be restructured to give greater preference to work-based immigration. Current law gives overwhelming preference to those with existing family connections in the U.S. While family reunification is important and should remain, there needs to be a rebalancing of priorities to be more welcoming to work-based immigrants.

Second, reform must simplify the immigration system. Laws that largely reflect the world and attitudes in 1965 — the last time the U.S. had a major immigration overhaul — have created a situation where individuals must wait sometimes more than 20 years for their immigration papers to process. These long queues put peoples' lives in legal limbo unnecessarily while harming U.S. competitiveness.

Third, new legal pathways are needed for immigrant workers — and particularly lesser-skilled immigrant workers — to enter and work in the U.S. on a temporary basis. Despite much demand from the U.S. economy for foreign-born labor, there is currently no good program to allow for such immigration. A primary consequence has been massive unauthorized immigration.



Overall, immigration laws must allow for the freer flow of people, especially workers. A new system that is more responsive to market demand is needed to ensure the vibrancy of American society and economic competitiveness globally. Caps on immigration should be flexible, allowing a greater number of visas and green cards during times of strong economic growth and fewer when there is less demand for foreign workers. Ultimately the flow of immigrant workers ought to be determined within a framework that recognizes and responds to labor market needs.

In today's increasingly complex and globally competitive world, America needs the brightest, most talented, and hardest-working people the world has to offer. The objective of immigration policy, therefore, should be to affirm America as the land of opportunity — where people of any background can work hard, develop ideas, and benefit from the fruits of their labor. America's great advantage has always been its ability to attract diverse people from all corners of the globe and bring them together as one people to collectively build the American dream.

As Americans debate immigration, it is important that they understand the many ways immigrants have always contributed to our country and our economy. As our examination of Canada's immigration system has shown, an increased emphasis on immigrant skills is warranted. Canada's experience also suggests that more provincial-level control is an innovation worth considering in the U.S. We cannot debate immigration enforcement without considering the vital role that Mexico plays in helping America secure its border and the need to share in the burden caused by the thousands of transit migrants from Central America who cross Mexico attempting to reach the U.S.

With better immigration policies in place, immigrant contributions will continue to grow and drive America toward another century, or more, of prosperity.

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