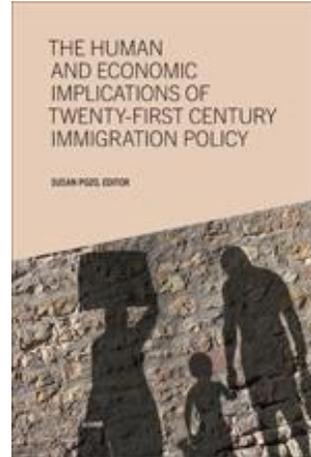


Upjohn Institute Press

Immigration Policy Today

Susan Pozo
Western Michigan University



Chapter 1 (pp. 1-6) in:

**The Human and Economic Implications of Twenty-First Century
Immigration Policy**

Susan Pozo, editor.

Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2018.

DOI: 10.17848/9780880996570.ch1

1

Immigration Policy Today

Susan Pozo
Western Michigan University

This volume collects the lectures of distinguished immigration scholars delivered at Western Michigan University (WMU) during the 2016–2017 academic year, with cosponsorship from the W.E. Upjohn Institute for Employment Research. This was not the first time that the Upjohn Institute partnered with the WMU economics department to host social scientists in Kalamazoo to reflect on immigration policy. Healthy debate concerning the proposed and eventual enactment of the Immigration Reform and Control Act (IRCA) of 1986 took place on the WMU campus 30 years earlier. That legislation was charged with accomplishing two major goals. First, IRCA aimed to provide a solution for the many unauthorized immigrants residing and working in the United States at the time. The vast majority of the long-term undocumented were made eligible for legal permanent residency status. In offering this solution to the approximately 3 million undocumented immigrants, the United States rectified what many considered an inconsistency in its treatment of this population. IRCA's second goal was to impose sanctions on firms that knowingly hired undocumented immigrants in an attempt to stop the pull of undocumented immigration originating from U.S. employer demand for this labor. In sum, the overall attitude at the time was that we had a problem, partially owing to our own policies and behavior. We would be wise to make peace with the long-term undocumented within our borders while modifying the system so that we do not face this problem moving forward.

The tone of the debate raging across the United States today is far from what it was back in the 1980s. Today's cacophony of pronouncements concerning immigration is often uncivil and indisputably divisive. Policy is advanced without foundation in fact or theory, positions are rationalized on the basis of a single anecdote, and scholarly discourse is pushed aside. The chapters in this volume serve to provide

counterbalance to the current chaotic debate by presenting the findings of prominent immigration scholars who use data and theory to help unravel facts about immigration, to assess the impact of immigration on a host of economic and social variables, and to analyze cumulative results stemming from past policies that addressed perceived immigration problems. These scholars offer blueprints for how one might best approach, evaluate, and reset the discourse on this difficult topic.

The book begins with a broad overview of the economic impacts of immigration on the U.S. economy by Pia Orrenius and Stephanie Gullo. This chapter sets the stage by providing a comprehensive overview of the demographic make-up of the United States, while outlining economic trends and fiscal impacts of immigration. Of note is the idea that because of their locational flexibility, immigrants move to where the jobs exist, raising productivity and economic growth by improving the allocation of resources in the economy. Immigrants do not hunker down in areas of decline and instead offer their labor and talents in areas of greatest need, boosting the economy's productivity.

In addition to providing up-to-date information on immigration and immigrants, the topics covered in Chapter 2 dovetail nicely with many of the subsequent chapters. They dive into generational differences, which are proving to be center stage for understanding how immigrants affect the economy. The authors note that in order to accurately assess the fiscal impacts of immigration, one needs to consider and clearly specify a host of assumptions while employing modeling to account for differential impacts by generation. Earnings (and tax revenues) tend to be low for the initial generation of immigrants, contributing toward fiscal deficits. The initial generation also tends to push up government expenditures on services, particularly schooling for children. However, the picture improves for the children of immigrants and subsequent generations. As assimilation takes place, revenues and spending patterns shift with subsequent generations, generating fiscal surpluses. Tracking and understanding these subtle generational impacts is important for inducing productive discussion of immigration and its impacts on the economy.

Brian Duncan and Stephen J. Trejo continue with this line of inquiry in Chapter 3. Are more recent immigrant groups slower to integrate? Is the intergenerational pace of assimilation different today relative to the past? In examining these questions, Duncan and Trejo focus on the edu-

cational attainment of different immigrant groups. And while they find that there is perhaps some truth to the idea that more recent immigrant flows are slower to assimilate, they also find that ethnic attrition, the idea that subsequent generations shed their ethnic identity, clouds the issue. If we lose track of the second generation through ethnic attrition, are we mismeasuring assimilation; in particular, are we underestimating the speed at which immigrants fully integrate into the economy?

One of the main concerns expressed by individuals skeptical of liberal immigration policies is that immigrants, particularly poor immigrants, will compete with natives for resources. The two resources that generally come up as being at risk for depletion should there be a surge in immigration are jobs and welfare. By competing with natives for jobs, the fear is that immigrant flows will worsen the income levels of native households either by undercutting wages or by directly substituting for natives in the job market—in the first case, lessening natives' job earnings, and in the second case, their job opportunities. However, economists have, by and large, shown that immigrants (at the lower end of the skills distribution) do not compete with natives for jobs. If anyone loses in the job market to immigration, it is the earlier waves of immigrants. The previous immigrant group more closely resembles the newer cohort, bearing the highest risk of being displaced.

The second area of competition for resources that is often mentioned concerns public assistance. Naturally, one would imagine that newer immigrants, with less-secure job prospects, lower seniority, less education, and a limited stock of savings and wealth, might be more prone to suffering from economic shocks and accessing public assistance. But economists have found that immigrants have relatively low welfare participation rates. This may be due in part to policy and legal statutes that prevent recent immigrants from accessing many public assistance programs, but there are other reasons for expecting that participation by immigrants in the welfare system is more sparse.

Giovanni Peri addresses the issue of resource competition in Chapter 4. With the backing of empirical evidence, Peri appeals to the idea that immigrants are very mobile. They tend to move to areas that offer jobs over staying put and using public assistance. The reluctance to use public assistance might be motivated by a fear of losing rights and the ability to stay in the United States should its usage be detected. However, there are other reasons for low welfare participation, according to

Peri. Low-skilled Mexican and Central American immigrants are a self-selected group, coming to the United States primarily to work. If there are no jobs, they move on to find work elsewhere. Peri does not see much competition between natives and immigrants in terms of using public assistance. However, he does point to another area of potential competition between immigrants and natives for resources—public schooling. Immigrants may compete with natives for educational resources, potentially crowding out natives. Peri offers solutions through policy, particularly aimed at stemming school segregation. Native-flight, resulting in segregation of immigrants in schools with declining resources, bodes poorly for the second generation and ultimately does not serve anyone well, reducing the potential of the U.S. economy in the long run.

While Peri and others in this volume offer ideas for how to implement new policies, in Chapter 5 Catalina Amuedo-Dorantes and Esther Arenas-Arroyo discuss how policies are impacting immigrant communities today. They focus on undocumented immigration and distinguishing border enforcement from interior immigration enforcement. Much of the literature has zeroed in on border enforcement, but the news that dominates the headlines today is the dramatic increase in resources that have been applied to interior enforcement. The authors analyze how interior enforcement has affected a host of variables that are not on the radar, showing, for example, how American citizen children's schooling has responded to interior enforcement, and examining the impact of enforcement on the fertility of immigrants. It is important to analyze both intended and unintended consequences of stepped-up immigration enforcement if we are to generate a complete and frank discussion of the effectiveness and implications of current immigration policy.

To understand why immigration policy is such a contentious topic, it is useful to have access to a framework to theoretically measure how different policies affect the various stakeholders in an economy. This is what Alfonso Cebrenos, Daniel Chiquiar, Monica Roa, and Martín Tobal accomplish in Chapter 6. Their insight is to recognize the many parallels that can be found with respect to immigration and international trade policy impacts. In age-old standard trade models, we observe that specialization in production with subsequent trade across national borders results in winners and losers. However, generally the gains from the winners exceed the losses of the losers. Those standard models show that, with redistribution of the gain (many find that difficult to stomach),

everyone would be better off in comparison to a no-trade situation. The trade models that have been developed also help us explain the political economy of tariffs and other restrictions on trade. In the same way, Cebrenos and coauthors show that parallel arguments can be made by adopting trade models to explore immigration, understand resistance to immigration, and trace the impacts of policies regarding immigration.

Motivated by the European refugee crisis and in an attempt to overcome resistance to refugee inflows, the authors of Chapter 7, Jesús Fernández-Huertas Moraga and Hillel Rapoport, propose combining physical and financial solidarity in asylum policy to allocate and spread refugees across countries. A tradable refugee-admission quota system—paired with a matching system that considers preferences and skills of asylees and of countries assigned the task of taking them in—might make settlement more palatable for countries. Despite differences in context and in the operationalization of the mechanisms to settle refugees and satisfy the needs of employers for immigrants at various skill levels, employment-based visas and the refugee tradable quotas scheme could potentially result in less haggling about who is gaining and who is losing, perhaps lessening the opposition to immigration and refugee settlement.

In this age of increasingly restrictive immigration policies, it is important to continue to challenge preconceived, often biased assumptions about immigrants using sound, empirical, and theoretical research methods. The contributors to this volume assist with this task by providing data and new perspectives, and by offering policy tools crafted to solve perceived shortcomings of the system.

Recently, I attended a lecture and reading by Ha Jin, a distinguished novelist and poet. Jin was born in China, is a U.S. immigrant, and is currently professor and director of the creative writing program at Boston University. He spoke of the displacement and loneliness that comes with being an emigrant. “Once you leave, you can never come back. The space you left becomes filled in.” What Ha Jin did not speak of was the companion idea that once immigrants settle, they occupy a space that becomes changed forever too. Much of the immigration rhetoric we hear today seems to idealize the world before the latest wave of immigration took place. Whether the world was better then or better now is certainly an area we can debate, appeal to data, consult models, and compare information. But the bottom line is that, given the dra-

matic reductions in transportation and information costs, immigrants and immigration are likely to stay, and it makes much more sense to debate the best ways to harness the benefits of immigration rather than to incite divisiveness and invoke nostalgia for a yesterday that we will never see again.

The Human and Economic Implications of Twenty-First Century Immigration Policy

Susan Pozo
Editor

2018

W.E. Upjohn Institute for Employment Research
Kalamazoo, Michigan

Library of Congress Cataloging-in-Publication Data

Names: Pozo, Susan, editor.

Title: The human and economic implications of twenty-first century immigration policy / Susan Pozo, editor.

Description: Kalamazoo, Michigan : W.E. Upjohn Institute for Employment Research, 2018. | Includes bibliographical references and index. |

Identifiers: LCCN 2018027404 (print) | LCCN 2018036484 (ebook) | ISBN 9780880996570 (ebook) | ISBN 0880996579 (ebook) | ISBN 9780880996556 (pbk. : alk. paper) | ISBN 0880996552 (pbk. : alk. paper) | ISBN 9780880996563 (hardcover : alk. paper) | ISBN 0880996560 (hardcover : alk. paper)

Subjects: LCSH: United States—Emigration and immigration—Economic aspects. | United States—Emigration and immigration—Government policy. | Immigrants—United States—Economic conditions.

Classification: LCC JV6471 (ebook) | LCC JV6471 .H86 2018 (print) | DDC 325.73—dc23

LC record available at <https://lcn.loc.gov/2018027404>

© 2018

W.E. Upjohn Institute for Employment Research
300 S. Westnedge Avenue
Kalamazoo, Michigan 49007-4686

The facts presented in this study and the observations and viewpoints expressed are the sole responsibility of the authors. They do not necessarily represent positions of the W.E. Upjohn Institute for Employment Research.

Cover design by Carol A.S. Derks.
Index prepared by Diane Worden.
Printed in the United States of America.
Printed on recycled paper.