

The Messy Melting Pot of Illegal Immigration

Economics is the study of choices that are made both on a small household scale and on a larger national and global scale. The study of economics analyzes the burden and benefit that the illegal immigration population within the United States – estimated at about 8,000,000 strong (“Uncle Sam’s Wink at Illegal Immigrants”) – presents to the government, the economy, and local communities. The causes of illegal immigration into the U.S. are ambiguous. Whether motivated politically, socially, or economically, 300,000 undocumented persons enter the U.S. annually, and these individuals carry costs (“Uncle Sam’s Wink at Illegal Immigrants.”).

The Latino labor force, which represents 14% of the total U.S. labor market, is growing. Between the second quarters of 2005 and 2006, Hispanics were responsible for about 40% of growth in the total U.S. labor force. The force behind this growth is the increasing number of what Latino Labor Report, 2006 calls “foreign-born workers,” mostly illegal immigrants. As of July 2006, 1.1 million foreign-born workers found employment within the U.S; 47% in the once-booming construction sector and 27% in the business and professional services sector.

Most illegal immigrants do not report their income to the government. Their contribution of the United State’s gross national product (GNP) is small: in 1994, legal and illegal immigrants contributed \$6 billion to the \$6 trillion GNP. This fraction is not enough to reimburse the federal and state government for the costs of public services, education, and incarceration. Illegal immigrants saved the private sector \$1.5 billion in 1994, but cost the government \$20.8 billion (Huddle, “Illegal Immigrants are an Economic Burden”).

Undocumented workers routinely send about 10%-15% of their earnings back to their native countries (Jordan, Steve and Reilly, Mike, “Workers are Burden, Benefit to Consumers”). The remaining income is redistributed or saved within the local community and economy. This

effect was documented in the academic report "Measuring Immigration's Effect on Labor Demand: A Re-examination of the Mariel Boatlift." The authors of the report re-examined the controlled natural experiment of the 1980 Mariel Boatlift from Cuba into Miami and compared the economy's response to that of four similar control cities. His research led author Professor Hendrik Van Den Berg from the University of Nebraska at Lincoln to conclude that "immigrants have both labor supply and labor demand effects, thus confirming that there is a 'Say's Law of Immigration': Immigrants spend a substantial portion of their incomes in their new home communities and thus demand at least some of the labor that they supply" (Van den Berg).

The principal, though latent, advantage of present immigration is the children of illegal immigrants. The Fourteenth Amendment states that an infant born on U.S. soil is a citizen of the United States, and is therefore eligible for citizen privileges and protections. Furthermore, it is federal law that hospitals provide emergency care – including infant delivery – free of charge if need be, and that low-income U.S. citizens be provided for through welfare safety nets such as Women, Infants, and Children (W.I.C.) and Medicaid.

This information provides attractive incentive to pregnant women who illegally enter the United States. An estimated 31% of illegal immigrants have U.S. born children (Khan, "Study Details Lives of Illegal Immigrants in the U.S."), a large complaint of anti-immigration groups such as the Federation for American Immigration Reform (F.A.I.R) and the Heritage Foundation. They claim, rather correctly, that use of medical and social welfare benefits is taking advantage of a generous and well-meaning system. The cost for these services, along with others, is estimated to be \$19.6 billion to \$26.5 billion a year, if not higher (Huddle).

The U.S. Supreme Court verdict in the 1982 case *Plyler v. Doe*, declared that an illegal alien's dependants have a constitutional right to free public education at the primary and

secondary levels. This verdict has carried a huge price tag for taxpayers: education for the children of illegal immigrants alone costs somewhere between \$5.6 billion and \$7.6 billion, and bilingual education costs about \$1.3 billion (Huddle).

What anti-immigration groups do not realize is that today's swell of illegal immigrants' children will serve as tomorrow's labor market and tax-payers. A tax-payer with only a high-school diploma will pay \$15,000 in taxes to the federal government over a lifetime; a tax-payer with an education higher than a high school diploma will pay \$198,000 over the same period. It is also important to note that half of illegal immigrants have a high school diploma, and that a large percentage of their children will probably attend some form of college. (Jordan, Steve and Reilly, Mike.)

The late British Prime Minister Winston Churchill once said "There is no finer investment than putting milk into babies." He realized that the future truly does rest in today's children: all technological, medical, and social advances lay in the ideas and imaginations of children from every nation. The children of illegal immigrants within the U.S. must be given opportunities to advance socially and financially and become productive citizens who contribute to and enrich the society that they have drawn so much from.

For many, the solution to the immigration problem is more emotional than economic: two such solutions are the construction of a partition between the U.S. and Mexican boarder and the deportation of all illegal immigrants from the U.S. The former is impractical; the latter leaves broken families and vacant jobs. Both are costly and neither is concerned about the causes of illegal immigration or seeks to reform the present immigration system.

Most illegal immigration stems from two sources: pervading poverty and the lack of available work visas. A comprehensive immigration reform must include these two factors in any

solution to properly control illegal immigration without significantly disturbing the U.S. economy. Many illegal immigrants migrate because they feel that opportunity is not available as readily in their native countries as it is in the United States. The U.S. should play a greater role in the micro-economies of these Mexican migrant towns by investing in entrepreneurial capital as a way to reduce immigration at its source. Ideally, the economy of the U.S requires 500,000 Mexican laborers under work visas to continue at its present state. The government, however, offers only 1% of the number needed (Downes, Lawrence, “The Terrible, Horrible, Urgent Disaster that Immigration Isn’t”). It is vital that the both Congress and the President’s administration re-examine this number and increase it to a more realistic figure.

Citizenship cannot be left out of an economic solution. Through the Internal Revenue Service’s Individual Taxpayer Identification Number (ITIN), six million illegal immigrants are able to confidentially report their income, open bank accounts, and even obtain drivers’ licenses (Forbes, Darrell. “Navigating Life Illegally”). These immigrants lack only formal citizenship. Last year, President Bush proposed what was billed as “amnesty,” that these non-citizens be offered accelerated citizenship after proving prolonged residence and paying a fine for their illegal tenure. This is not amnesty: it is a symbolic and wise idea with little economic impact.

The nation cannot hope for comprehensive immigration reform without considering the breadth of the debate: cause, costs, and benefits, both present and future, of illegal immigration. These facets make the discussion more dynamic and more important than ever. Two things remain certain: the U.S. needs the labor of illegal immigrants and the present immigration system must be reformed. Without a reformation, the system will be just as broken and America just as lost.

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