



THE
AMERICAN
CONSERVATIVE
UNION

AMERICAN ACTION
FORUM

AMERICANS
for TAX REFORM

ImmigrationWorks
USA



Dear Member of Congress:

As the August recess approaches, the ongoing immigration reform debate is at the forefront, demand both your attention and that of your constituents. As you may know, our organizations are supportive of immigration legislation that secures our borders, increases the flow of legal immigrants, and deals sensibly with the undocumented population already in the country.

Immigration is fundamentally an economic issue. Increasing the size, flexibility, and productivity of the American workforce will dramatically spur job creation and economic growth. More highly skilled immigrants will innovate and create jobs, and low skilled immigrants will play complementary roles to our domestic labor supply.

Immigration reform is also popular, both with the general public and the Republican base. The American people understand that the *status quo* is broken, and that our immigration system must be overhauled. They also support a methodical, transparent, deliberate approach to solving our immigration problems – the approach that is currently underway in the House of Representatives.

Attached you will find a compendium of varying market-based views on the economics, messaging points, and polling that will help you discuss the immigration issue with your constituents. We hope this will help you to make the case that while the immigration system is broken, Congress is working to fix it.

Sincerely,

Al Cardenas
Chairman
American Conservative Union

R. Bruce Josten
Executive Vice President
U.S. Chamber of Commerce

Douglas Holtz-Eakin
President
American Action Forum

Tamar Jacoby
President
ImmigrationWorks USA

Grover Norquist
President
Americans for Tax Reform



The Economic Benefits of Immigration

Immigration is good for American workers and the American economy.

Legalizing undocumented immigrants who are already working here make them more productive and flexible, and puts their labor on the books. Granting legal status and removing the fear of deportation incentivizes immigrants to invest in their own human capital, education, and businesses. After the 1986 legalization, [those who were given amnesty experienced a wage gain of between 5 percent and 15 percent](#). Because they had legal status, they could invest in improving their skills and earn a higher income without fear of losing the value of that investment if they were deported.

The richest countries in the world are those most hospitable to immigration. Countries that promote free labor markets and embrace immigration are far richer than those which restrict immigration. [According to the World Bank](#), the 25 richest countries in the world have an average foreign-born population of 22.5 percent, including the United States (12.8 percent), Hong Kong (42.6 percent), Australia (19.9 percent), and Switzerland (22.9 percent). Conversely, some of the world's poorest countries are also the most hostile to immigration, like North Korea (0.2 percent foreign-born), Iran (2.9 percent), and Venezuela (3.7 percent).

Japan's experience is a cautionary tale for the United States. In the 1980s it was widely assumed that Japan would surpass the U.S. as the world's one true economic superpower. Three decades later, Japan's economy has stagnated and it has the largest debt-to-GDP ratio in the industrialized world. Japan has a demographic disaster as a result of a low birthrate – [the fifth-lowest in the world](#) – and almost no immigration to speak of, with a foreign-born population of only 1.6 percent. Japan is unable to replenish its workforce, and its society is aging rapidly. [By 2050, the number of Japanese citizens over 65 will swell from 23 percent to 39 percent, while the working-age population will decline from 64 percent to 51 percent.](#)

Historically, America's biggest economic gains coincide with waves of immigration. The largest and most sustained period of American economic growth occurred from 1840 to 1914, during which the U.S. economy became the largest in the world. [The "take-off" phase of this growth took place from 1843-1860, "almost precisely the peak years of the first great immigration surge."](#) Again after 1970, immigration to the U.S. took off again, an increase that continues to present-day. During these four decades, America has again increased its relative economic superiority to its Western European rivals.

As birth rates fall and the population ages, immigrants fill the lower end of the age distribution. [America's birth rate](#) is 1.93 births per woman, [down from over 3.5 births per woman in the 1950s](#). This is well below the replacement rate of 2.1.

Immigrants are younger than native-born American (31 years old versus 36 years old), and can mitigate the demographic problems associated with an aging population. Because they work and pay taxes for decades, immigrants help sustain the costs of older generations, giving us more time to reform our entitlement programs.

Low-skilled immigrants complement the existing labor force and create American jobs. Low-skilled immigrants do not generally compete with native-born Americans. They have complementary skills to the existing American workforce. A janitor does not compete with a waiter, for instance; he frees up the waiter to serve more customers instead of taking out the trash. There is considerable evidence that low-skilled immigrants spur significant job growth. Between 2000 and 2010, [each additional 100 low-skilled workers on an H-2B visa was associated with an additional 464 jobs for native-born Americans. And in the first two and last two decades of the 20th century, periods of high immigration, unemployment rates were relatively low](#). In the 1930s, however, when there was almost no immigration, unemployment rates were very high.

High-skilled immigrants create new businesses, invent new products and services, and create jobs. [Immigrants or their children founded more than 40 percent of Fortune 500 companies](#). These immigrant-founded Fortune 500s employ more than 10 million people and have combined global revenues of \$4.2 trillion. Between 2001 and 2010, [every 100 high-skilled workers that came to America on an H-1B visa was associated with 183 additional jobs for native-born Americans](#). And high-skilled immigrants are innovators. [Immigrants are twice as likely as native-born Americans to file patent applications](#). A [10 percent increase in the number of foreign-born graduate students would increase the number of patents by 4.7 percent](#). And research suggests that “in the absence of constraints on green card and H-1B visas over the period 2003-07, an additional 182,000 foreign graduates in science, technology, engineering, and mathematics fields would have remained in the United States. [Their earnings and contributions to GDP would have been \\$14 billion in 2008, and they would have paid \\$2.7 billion to \\$3.6 billion in taxes.](#)”

The long-run effect of immigration on native-born American wages is positive. Immigrants and Americans have different skills so [the amount of competition between immigrants and native workers is minimal](#). However, having Americans work with immigrants when both groups have different skill and language abilities makes everyone more productive, especially boosting the wages of poorer American workers. At most, Americans with less than a high school degree suffer slight wage decreases but, on average, all Americans will experience wage increases.

A larger legal immigration structure frees up law enforcement to focus on truly dangerous criminals. It is currently a crime to cross the border without papers, whether you are looking for work or smuggling heroin. Because border patrol is focused on job-seekers, its attention is distracted from human smugglers, drug traffickers, and violent offenders. Arizona's Maricopa County is a prominent example of this. [After Sheriff Joe Arpaio began focusing on immigration enforcement and workplace raids, violent crime skyrocketed and the arrest rate plunged in the county.](#)

AMERICAN ACTION NETWORK

SUGGESTED KEY POINTS FOR HOUSE DEBATE:

- We have a broken immigration system and President Obama isn't enforcing laws. We need a solution but it can't be anything like the Senate bill.
- The House is going to act in a conservative way to reform the broken system. We are taking a step-by-step, methodical approach to fix what's broken. It is **nothing like the massive Senate bill**.
- First and foremost, we need to secure the border. No empty promises. I'm talking about putting in place concrete, measurable metrics that can prove the border is being secured. It's time we put 100% of the border under surveillance, tracked immigrants who enter and leave the country, and had enough resources to apprehend 9 out of 10 illegal crossers.
- With every reform **we are going to take away President Obama's discretion** to pick and choose what laws he's going to enforce.
- We need to pass a tough E-Verify plan, requiring employers to make sure all employees are legal, and companies that employ undocumented immigrants pay a big fine.
- Any House reform - which is different from the massive Senate bill – will ensure undocumented immigrants have to pass a criminal background check, pay a fine, pay current and back taxes, learn English, go to the back of the line, and won't receive ANY taxpayer benefits.

SECONDARY POINTS:

- Smart immigration reform will help our economy. Conservative economists believe that reform would significantly reduce the deficit and grow the economy.
- That's why we need a better visa system, one that gives businesses a substantial new guest worker program and provides more visas to foreigners who have earned a Master's degree or higher in science, technology, engineering or math. It's time we stopped educating the world's best and brightest and then sent them back home to compete against us.
- And for the young undocumented immigrants who grew up here and know no other country but America, we need to find a fair solution. There needs to be a plan for them to achieve legal status through a tough but fair process.

These points are based on an extensive new poll of conservative GOP Primary voters' views on immigration. For more information on this, visit www.AmericanActionNetwork.org

FROM: AMERICAN ACTION NETWORK & THE TARRANCE GROUP

RE: KEY FINDINGS & STRATEGY FROM A NATIONAL SURVEY OF GOP
PRIMARY VOTERS REGARDING IMMIGRATION REFORM

DATE: JULY 22, 2013

The Tarrance Group is pleased to present American Action Network with the key findings from a survey of voter attitudes of N=1,000 likely Republican primary voters throughout most of the country regarding the issue of immigration reform. Interviews were conducted via telephone June 24-27, 2013, and the margin of error associated with a sample of this type is $\pm 3.1\%$ in 95 out of 100 cases. *[Full methodology overview is included at the end of the memo]*

KEY FINDINGS

Survey data among Republican primary voters shows the opportunity for immigration reform does exist:

- A majority (51%) of GOP primary voters favor passage of generic “comprehensive immigration reform.” Just 26% oppose and 23% are unsure.
- Six in ten GOP primary voters (59%) favor an “earned pathway to legal status, but not full citizenship”
- Eight in ten (80%) GOP primary voters favor a specific detailed proposal, including 74% of “extremely” conservative and 79% of “strong Tea Party supporter” voters:

“Would you favor or oppose allowing undocumented immigrants the opportunity to earn legal status if they pass a criminal background check, pay a fine, pay current and back taxes, learn English, go to the back of the line in the application process, and are not allowed to receive any taxpayer paid benefits?”
- Six in ten (58%) GOP primary voters believe that this specific detailed proposal is not amnesty, while just 35% believe it is. This includes a majority of “extremely” conservative (52%) and “strong Tea Party supporter” (54%) voters.

- A majority (55%) of GOP primary voters would vote for a candidate they disagree with on immigration reform, as long as they agree with them on most other issues. Just 38% would not vote for a candidate who they disagree with on immigration reform.

Given this support for reform, there are also challenges that must be overcome:

- The Senate proposal is irreparably damaged to GOP primary voters. Seventy-six percent (76%) have seen, read or heard of the proposal, and a majority of these Republicans (53%) are already opposed to it.
- Republicans do not believe that the restrictions and requirements passed in an immigration reform package would be obeyed or enforced – both the border security measures and the prohibition on access to benefits and ObamaCare. This is particularly true of ObamaCare, as Republicans believe that the Obama Administration would actively seek to provide this benefit.

House Plan should be based on four (4) basic pillars:

1. Concrete, measurable metrics to secure the Southern Border

This plan has to remove discretion from determination of border security and create a set of hard metrics – metrics that can be demonstrated.

- 91% favor allowing state and local law enforcement to investigate, identify, apprehend, arrest and detain people in violation of immigration laws, and to transfer them to federal immigration authorities
- 88% favor providing the resources necessary on the border to apprehend at least nine out of ten illegal crossers, put 100% of the border under surveillance, and have a system in place to track immigrants who enter and exit the country
- 83% favor granting states and localities full authority to create, implement, and enforce their own criminal and civil penalties for federal immigration violations so long as the penalties applied do not exceed those under federal law
- 80% favor nearly doubling the number of border agents, giving the Border Patrol the capacity to deploy an armed agent, 24 hours a day, seven days a week, to stand guard every 1,000 feet all the way from San Diego, CA to Brownsville, TX
- 75% favor passing the reform legislation knowing it would stop President Obama from being able to pick and choose what immigration laws he wants to enforce, like he does now

The Senate passed Border Surge plan is a popular viable option. The “Border Security Results Act,” creates a comprehensive national strategy to secure the borders and requires using metrics to gauge results. The “SAFE Act,” now being considered in Congress, is a mix of interior enforcement measures.

2. Implement E-verify – impose “economic security”

- 89% favor requiring employers to use E-Verify to make sure that all employees are legal, and require any company that employs illegal immigrants to pay a large fine

The “Legal Workforce Act,” passed by the Judiciary Committee in late June, would require employers check all hires through the E-Verify system.

3. Sets seven (7) requirements for undocumented persons to follow in process:

- pass criminal background check and be fingerprinted
- pay current and back taxes
- go to the back of the line in application process
- pay fine
- prove proficiency in English
- prove employment
- NO access to ObamaCare or federal benefits

- Eight in ten (80%) GOP primary voters favor the specific detailed proposal, including 74% of “extremely” conservative and 79% of “strong Tea Party supporter” voters:

“Would you favor or oppose allowing undocumented immigrants the opportunity to earn legal status if they pass a criminal background check, pay a fine, pay current and back taxes, learn English, go to the back of the line in the application process, and are not allowed to receive any taxpayer paid benefits?”

4. Provide an opportunity for a pathway to earned legal status

- Six in ten GOP primary voters (59%) favor an “earned pathway to legal status, but not full citizenship”
- Fewer (49%) GOP primary voters support an “earned pathway to citizenship”

Secondary Components:

1. High-Skilled Workers

- 63% favor allocating a greater number of visas to foreigners who have earned a Master’s degree or higher in STEM fields
- 59% favor providing green cards to foreign students graduating from American universities with advanced degrees

The “Skills Visa Act” would increase green cards for STEM Grads and increase the H-1B Visa program for high-skilled workers. It also allows more visas for foreign-born graduates of U.S. colleges.

2. Guest Worker

- 52% favor giving businesses a substantial new guest worker program

The “AG Act” creates a new temporary agricultural guest worker program to provide American farmers with access to a reliable workforce. While the survey did not ask specifically about agricultural guest workers, it did find support giving businesses a guest worker program. This level of support did not vary between high-agriculture states and low-agriculture states.

3. DREAM Act and Military Service

- A plurality (47%) of GOP Primary voters favor allowing young undocumented people, under the age of 15, whose parents brought them to the U.S. illegally or overstayed their visa to be eligible for permanent residence in five years
- An overwhelming 78% of GOP Primary voters favor allowing young undocumented people who serve in military to be eligible for legal status upon conclusion of their military service

METHODOLOGY

These key findings are based on telephone interviews with N=1,000 “likely” Republican primary voters.

(Interviews were not conducted among respondents in the following states: Alaska, Connecticut, Delaware, District of Columbia, Hawaii, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Oregon, Rhode Island, Vermont, or Washington)

Responses to this survey were gathered June 24-27, 2013 and the margin of error associated with a sample of this type is $\pm 3.1\%$ in 95 out of 100 cases.

“The American Action Network is a 501(c)(4) ‘action tank’ dedicated to creating, encouraging and promoting center-right policies based on the principles of freedom, limited government, American exceptionalism, and strong national security. One of the Network’s current initiatives is supporting conservative solutions to immigration reform. The American Action Network believes our current immigration system is broken and the US Congress should offer conservative legislative solutions to address this critical national challenge. The Network commissioned the accompanying poll which demonstrates public support for that position.”

AMERICAN ACTION FORUM

Immigration Reform, Economic Growth, and the Fiscal Challenge

Douglas Holtz-Eakin | April 2013

Executive Summary

Immigration reform can raise population growth, labor force growth, and thus growth in Gross Domestic Product (GDP). In addition, immigrants have displayed entrepreneurial rates above that of the native born population. New entrepreneurial vigor embodied in new capital and consumer goods can raise the standard of living.

These channels suggest that any discussion of immigration reform that omits the benefits on economic performance is incomplete. Similarly, there will be direct feedback from better economic growth to more revenues, fewer federal outlays, and “dynamic” improvement in the federal budget. Traditional “static” budget analyses of immigration reforms’ impacts will be similarly incomplete.

A rudimentary analysis of these impacts suggests that in the absence of immigration, the population and overall economy will decline as a result of low U.S. birth rates. A benchmark immigration reform would raise the pace of economic growth by nearly a percentage point over the near term, raise GDP per capita by over \$1,500 and reduce the cumulative federal deficit by over \$2.5 trillion.

Introduction

The United States faces interrelated challenges of weak economic growth and dramatic levels and projected growth in federal debt. The threats posed by this environment on economic opportunity and the social safety net have been the focus of recent federal policy debates. Recently, there has arisen bipartisan interest in reform of the laws that govern U.S. immigration policy, covering the core criteria used to grant visas, specialized programs for agriculture and hi-tech industries, border security and visa-tracking capabilities, temporary work programs, the future of undocumented adults and children already present in the U.S., systems for employer verification of work eligibility, and other dimensions.

Inspection of the breadth of the impacts of immigration reform suggests that it will have important economic impacts. This represents an economic policy opportunity at the same time; indeed the degree to which immigration policy *is* economic policy has been traditionally underappreciated in the United States. In this way, immigration reform can be thought of as another tool to address its growth and fiscal challenges.

This short paper examines the linkages between immigration reform, economic growth and budgetary performance. The mechanics of reform and the research literature suggest that immigration reform can raise the overall pace of population growth – indeed, in the absence of immigration, low birth-rates mean that the U.S. population will actually shrink. Because foreign-born individuals tend to have higher rates of labor force participation, this translates into an even more rapid pace of growth in the labor force. At historic rates of population growth, this immediately translates into more rapid overall growth in Gross Domestic Product (GDP).

There are, however, two reasons for even further impacts. Immigrants have traditionally displayed an entrepreneurial bent, with rates of small business ownership above that of the native born population. New entrepreneurial vigor offers the potential for productivity-enhancing innovations. In addition, to the extent that new innovation is “embodied” in new capital and consumer goods, more rapid economic growth *per se* means that more output will have these advances embedded within, and productivity per worker will rise.

Taken as a whole, these channels of impacts suggest that any discussion of immigration reform that omits the benefits on economic performance is incomplete. Similarly, there will be direct feedback from better economic growth to more revenues, fewer federal outlays, and improved budgetary performance. These links are fundamentally “dynamic” in the jargon of federal budgeting. They stem from the fact that policy changes reshape the growth environment, and thus in turn reshape the budget. Traditional “static” budget analyses will be similarly incomplete.

The remainder is organized as follows. I begin with a brief review of some key facts on U.S. demography and immigration policy, followed by a review of the links between demography and economic performance. In the next sections, I connect the dots and look at the impacts of immigration reform on the economy and the budget. The final section is a summary.

To anticipate the results, in the absence of immigration reform the low levels of U.S. birth rates indicate that the population and overall economy will decline. A benchmark immigration reform would raise the pace of economic growth by nearly a percentage point over the near term, raise GDP per capita by over \$1,500 and reduce the cumulative federal deficit by over \$2.5 trillion.

U.S. Demography and Immigration Policy

According to the Pew Research Center, America’s birth rate has fallen to its lowest level since 1920 when record keeping began. At current rates, there will be an average of 1.93 children born to each child bearing aged woman in the U.S. In contrast, the replacement rate in the U.S. and other developed countries is roughly 2.1. This leads to the most important and striking fact: because native born women are having fewer than an average of 2.1 children in their lifetimes, in the absence of immigration the population of the United States will decline and the size of its economy will contract.

Immigrants have a much higher birth rate than native-born women. For native-born women in 2012, the birth rate was 58.4 per 1,000 women compared to 87.8 for foreign-born women.¹ In 2007, 25 percent of all U.S. births were from foreign-born mothers, compared with 16 percent in 1990. (That share has decreased slightly in more recent years to 23 percent.)

It is often said that demography is destiny. If so, the U.S. destiny is fairly daunting. As Jonathan Last put it, “if you strip these immigrants—and their relatively high fertility rates—from our population profile, America suddenly looks an awful lot like continental Europe, which has a fertility rate of 1.5, not quite as demographically terminal as Japan.”²

Given that immigration has such profound economic implications, it is interesting to note that immigration to the United States has primarily been concerned with family reunification. In 2010, 74 percent of our permanent immigrants were for purposes of family reunification, greater by far than any other OECD country. In this way, the U.S. remains an outlier when compared to the rest of developed economies, who since the 1980’s all promote reunification to a far lesser extent than we do. Australia, Canada, and the United Kingdom undertook reforms to focus their system on economic growth and less so on reunification.

As evidenced in chart 1, the United States remains behind the bulk of other countries whose immigration policies attract immigrants for purposes of work. In 2010, the United States issued a mere 6.4 percent of visas for economic reasons, compared to the United Kingdom’s 33 percent.

This paucity of economic focus is not due to a lack of applications. The United States has always been a place that immigrants want to come to work and start businesses. According to the US Citizenship and Immigration Service, the denial rate for L-1B visas, those set aside for employees with “specialized knowledge,” reached an all-time high of 27 percent in 2011.³ These trends suggest that any immigration reform will have deep economic implications, that such a reform should be thought as a one additional tool in economic policy, and that reform should be – at least in part – evaluated from an economic

¹ <http://www.pewsocialtrends.org/2012/11/29/u-s-birth-rate-falls-to-a-record-low-decline-is-greatest-among-immigrants/>

² <http://online.wsj.com/article/SB10001424127887323375204578270053387770718.html>

³ http://www.nfap.com/pdf/NFAP_Policy_Brief.USCIS_and_Denial_Rates_of_L1_and_H%201B_Petitions.February2012.pdf

perspective.

Chart 1: Permanent Inflows by Category, 2010

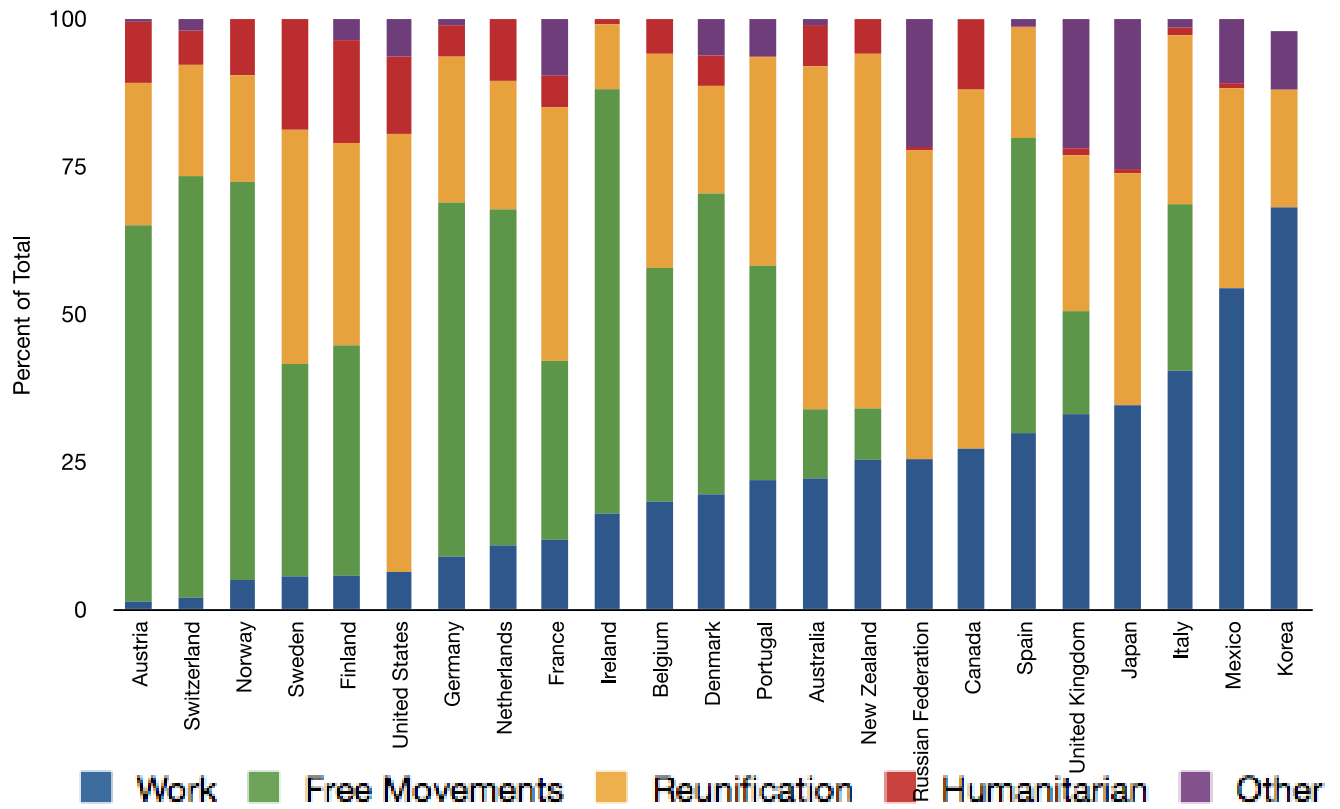
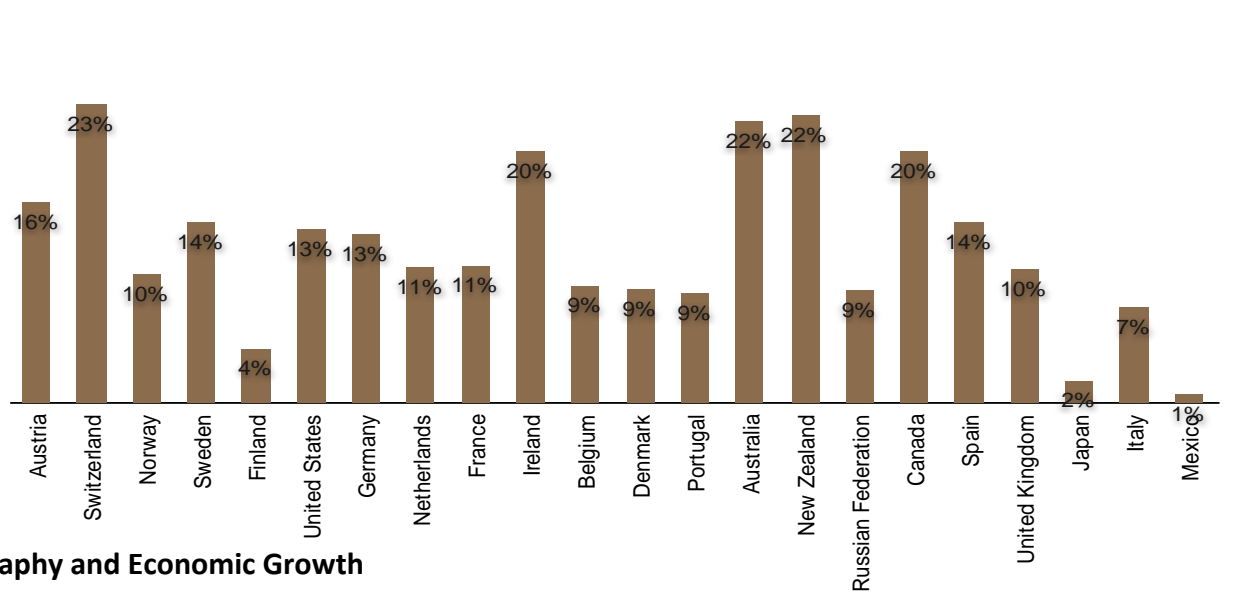


Chart 2: Immigrants as a Percentage of Population, 2010



Demography and Economic Growth

The building blocks of economic growth are not complex. Total GDP stems from the total number of workers and the average output per worker, or productivity. The pace of overall population growth will raise the number of workers, and thus raise GDP. In

addition, the structure of the population – by age, gender, and education – can influence the fraction of the population at work. Growth in the labor force participation rate can, in turn, raise the rate of GDP above the rate of population growth.

Similarly, the structure of the population affects productivity; thus changes in education and other aspects of the population can influence the growth of productivity. However, there is a further impact between demography and productivity that works through the overall pace of economic growth.

Research suggests that innovation is at least in part embodied into the quality of consumer and, especially, capital goods.⁴ To the extent this is true, productivity will be higher as the opportunities for this embodiment to take place are greater. In particular, at higher rates of *overall* GDP growth, there will be greater replacement of existing capital goods and investment in new capital goods.⁵

To close the circle, more rapid overall population growth would generate more rapid GDP growth, which would in turn raise productivity growth. The latter raises GDP per capita, or the standard of living.

Immigration Reform and Growth

As federal policymakers contemplate immigration reform, it is useful to include in the discussion the demographic channels on economic growth. For example, the difference between the low-immigration and high-immigration projections by the U.S. Census amounts to more rapid population growth of nearly 0.2 percent annually (from 0.81 percent to 0.99 percent).⁶ If we think of the difference between these projections as a hypothetical immigration reform, such a population-enhancing reform would raise GDP growth as well.

As noted above, there would be effects above and beyond that of greater population as well. Labor force participation rates are higher among the foreign-born, especially among males and later in work careers.⁷ Similarly, the rates of entrepreneurship among immigrants are higher than among the native born population, raising the possibility of greater innovation and productivity growth in the aftermath of immigration reform.⁸ Finally, the combined effect of these impacts on economic growth would allow greater productivity growth through the embodiment effect on quality of capital goods.

How large might these effects be? Returning to the Census projections permits one to piece together the kinds of impacts immigration reform might produce. In the interest

⁴ For a nice discussion, see <http://www.frbsf.org/publications/economics/letter/2002/el2002-05.html>

⁵ Estimates suggest that this channel could be responsible for up to 20 percent of productivity growth. See <http://www.nber.org/papers/w3971.pdf> or <http://www.carnegie-rochester.rochester.edu/april03-pdfs/a03laitnerstolyarov.pdf>

⁶ See <http://www.census.gov/population/projections/data/national/>

⁷ See http://www.census.gov/compendia/statab/cats/labor_force_employment_earnings/labor_force_status.html

⁸ For a great summary, see <http://www.sba.gov/sites/default/files/rs396tot.pdf>

of being conservative, consider the difference between the “constant net migration” and “high net migration” scenarios.⁹ The more rapid population growth translates directly into more rapid GDP growth rates by 0.25 percent annually over the first 10 years. As noted above, there would be an additional growth impact as the economy benefited from adjusting to a labor force growth rate that would be higher by 3.2 percentage points (after fully phasing in the immigration population). In addition, the more rapid economic growth might raise productivity by another 20 percent through the embodiment effect. Summing the impacts, the overall growth rate in real GDP would rise from 3.0 percent to 3.9 percent, on average annually, over the first 10 years.¹⁰ The upshot is that GDP after 10 years would be higher – a difference of \$64,700 per capita versus \$62,900 per capita. This higher per capita income of \$1,700 after ten years is a core benefit of immigration reform.

The Economy and the Budget

Immigration reform will also influence the budget outlook through its impacts on economic growth. These impacts are “dynamic” effects in the parlance of federal budgeting. That is, any budgetary analysis that is conducted strictly using the baseline economic growth impacts will necessarily be incomplete by excluding the impacts that produce more rapid economic growth.

How large are these impacts? One metric is the CBO “rules of thumb” for the linkages between the pace of real GDP growth and the federal budget.¹¹ These indicate that over 10 years an additional 0.1 percentage in average economic growth will reduce the federal deficit by a bit over \$300 billion. In this context, the rules imply that over the first 10 years of the benchmark immigration reform, the federal deficit would be reduced by a cumulative amount of \$2.7 trillion.

It is important to emphasize that ballpark estimates of this type are exactly that: ballpark. At even half the estimated size, they should be an important component of the debate. Even more important, it would be even more incorrect to exclude these effects and thus *de facto* assert that they are zero.

⁹ The computations here use actual 2012 GDP and economic growth rates in the most recent CBO *Budget and Economic Outlook* as the baseline for comparison.

¹⁰ Some of this rise would be “transitory” in that once labor force participation rates stabilized, the difference would decline to 0.6 percentage points over the longer term.

¹¹ See http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12039/01-26_fy2011outlook.pdf

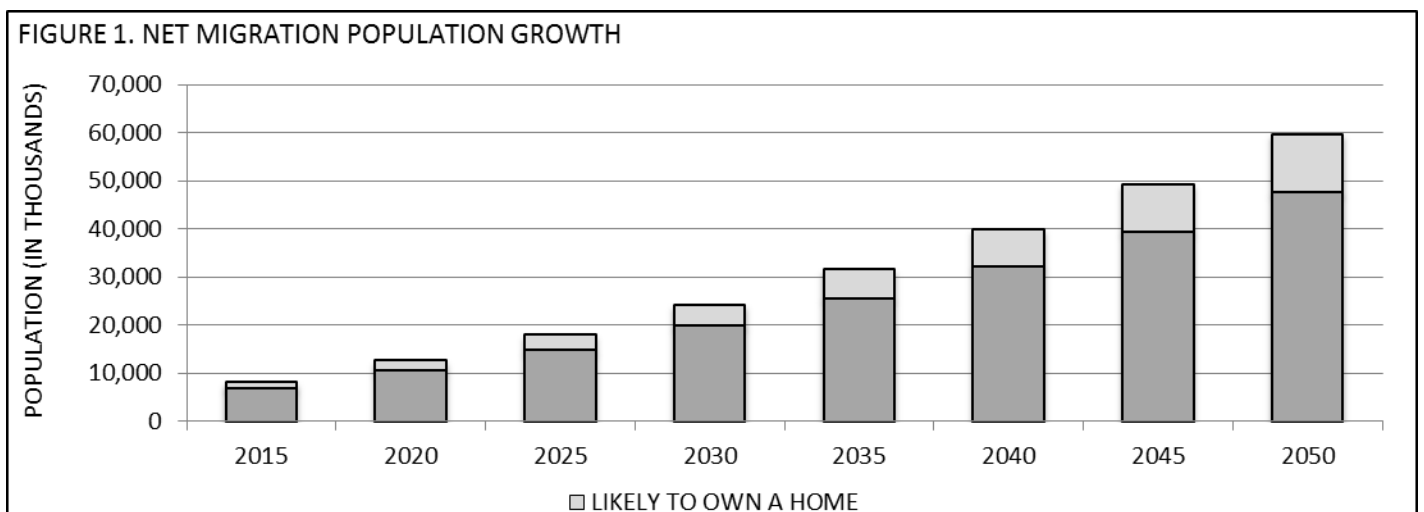
AMERICAN ACTION FORUM

Economic Benefits of Immigration on Housing Markets

Andrew Winkler | May 2013

Immigration reform resulting in net population growth and an increase in employment-based immigration would likely have wide-reaching economic benefits,¹² and would provide a boost to the housing sector. Understanding how increased immigration benefits housing is quite straightforward; increased population growth leads to a greater demand for housing that would aid a still recovering residential construction industry. Many of the states that have consistently attracted the largest foreign-born populations were also some of the hardest hit by the housing crisis that began in 2006 and could benefit directly from increased demand in the years ahead.

Assuming comprehensive reform will lead to higher net migration, I use Census Bureau population projections to estimate the increased number of immigrants likely to own a home. I find that 2.1 million more people would become homeowners by 2020 in light of policies that increase net migration (See Figure 1). This increased homeownership would encourage greater residential construction along with the virtuous economic effects of household purchasing that comes with a new home, particularly in metro areas that attract foreign-born residents.



Source: U.S. Census Bureau; Based on Author's Calculations

¹² Holtz-Eakin, Douglas, "Immigration Reform, Economic Growth, and the Fiscal Challenge," (April 2003), American Action Forum; <http://americanactionforum.org/topic/study-immigration-reform-economic-growth-and-fiscal-challenge>

Calculation and Methodology

Using Census Bureau data on the number of owner-occupied units by age group, I calculated a rate of those likely to own a home. I then applied that rate to the difference between the Census Bureau's high net and constant migration population projection to 2050, which is a proxy for the increased immigrant population. Those calculations led to an estimate of 2.1 million more immigrant homeowners in 2020.

My analysis depends on two fundamental assumptions. First, that comprehensive immigration reform or policies that reduce barriers to immigration will increase net population growth, equivalent to the high migration scenario population projection produced by the Census Bureau. Secondly, this calculation is dependent on stable rates of homeownership within age cohorts. Since this calculation uses rates derived from the past two years, years in which homeownership has been generally depressed, this analysis safely underestimates the number of potential immigrant home purchasers.

Similar studies have also underlined the connection between immigration and housing demand. A study by the National Association of Homebuilders used Census Bureau population projections to estimate that after 10 years, new immigrants would occupy more than 2 million multifamily units and 1.2 million single-family homes.¹³ A more recent report by researchers at the Mortgage Bankers Association finds that the number of homeowners will increase by 2.8 million in the decade ending 2020 without assuming increased migration through reform or legislative proposals for undocumented workers already residing within the United States to earn legal status.¹⁴

Local Impact of Increased Immigration

In the United States, foreign-born populations are generally concentrated in a select number of metro areas. These spatial concentrations make immigration particularly important on the local level, a lens through which housing markets should be viewed. Housing indicators vary widely across the United States depending on locality; there is in fact no single market, but many. In regard to the effect of increased net migration to the United States, an emphasis should in fact be placed on local housing markets.

A Philadelphia Federal Reserve Bank working paper calculated that immigration inflow equal to 1 percent of a city's population is associated with increases in rents and house values of about 1 percent.¹⁵ Only 37 cities in the U.S. with populations over 100,000 had

¹³ Siniavskaia, Natalia, "Immigrants and Housing Demand," (April 2012); <http://bit.ly/17n26gZ>

¹⁴ Dowell Myers & John Pitkin, "Immigrant Contributions to Housing Demand in the United States: A Comparison of Recent Decades & Projections to 2020 for the States and Nation," (March 2013), Mortgage Bankers Association; http://www.housingamerica.org/RIHA/RIHA/Publications/83654_12214_RIHA_Immigrant_Report.pdf

¹⁵ Saiz, Albert, "Working Paper No. 03-12: Immigration and Housing Rents in American Cities," (June 2003), Federal Reserve Bank of Philadelphia; <http://www.philadelphiafed.org/research-and-data/publications/working-papers/2003/wp03-12.pdf>

foreign-born populations that averaged 1 percent or more of the city's total population each year between 2000 and 2010. Of those 37 cities, 15 were in California, 5 in Texas, and 3 in Florida and New Jersey respectively. The rest were in Connecticut, Washington, Massachusetts, Virginia, Rhode Island, New York, and Nevada. In fact, five states account for more than 60 percent of the foreign-born population of the United States: California, New York, Texas, Florida, and New Jersey.¹⁶

Coincidentally, many of those states were among the hardest hit by the housing bubble, especially Florida and California. In the cities previously mentioned, house prices have fallen 36.9 percent on average from their individual market peaks to their associated troughs. Price declines range from over 60 percent in parts of California and Nevada to only 12 percent in Texas and Massachusetts. Since hitting bottom, they have increased on average by 13.5 percent. In comparison, national average prices fell 23 percent when the housing bubble burst and have since risen 6.5 percent. Increased demand stemming from positive net migration would aid price improvement in localities like these and across the country.

Conclusion

The benefits of immigration reform have been widely reported. Most recently, an AAF study concluded that immigration would raise the pace of economic growth by nearly a percentage point over the near term, raise GDP per capita by over \$1,500 and reduce the cumulative federal deficit by \$2.5 trillion.¹⁷ This calculation does not directly rely on immigration and housing demand. Yet for similar reasons immigration can have direct benefits to housing markets and economic growth. Immigrants tend to be younger, have higher birth rates, which contribute both to population growth and housing demand, and profess a strong aspiration for homeownership. A survey by Fannie Mae concluded that immigrant homeownership rates catch up with overall rates within 30 years and second generation immigrants have higher ownership rates than non-immigrants.¹⁸ Though population projections are difficult in the long term, the appendix includes an estimate through 2050. Younger age cohorts, mostly between 30 and 50 years of age, drive immigrant homeownership in the long term.

Housing, mostly through construction and related purchases, directly contributes to U.S. GDP growth after years of suppressed demand, high foreclosure rates, and overly restricted availability of credit. While the outlook for housing markets across the country remains uncertain without greater job and wage growth, immigration reform

¹⁶ Trevelyan, Edward N., Yesenia D. Acosta, & Patricia De La Cruz, "Homeownership Among the Foreign-Born Population: 2011;" (January 2013), U.S. Census Bureau; <http://www.census.gov/prod/2013pubs/acsbr11-15.pdf>

¹⁷ See Footnote #1.

¹⁸ Fannie Mae, "Own-Rent Analysis," <http://www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Behaviors.pdf>

can increase population growth, labor force growth, demand for housing, and thus growth in GDP. The rise in population will increase demand for both single and multifamily housing at a time when many markets have historically low levels of inventory, though the benefits of reform continue over the long term.

Appendix:

Table 1. Number of Immigrants Likely to Own a Home by Age (In Thousands)										
	2010	2015	2020	2025	2030	2035	2040	2045	2050	Total
Under 25	33	56	83	113	147	185	228	275	325	1,445
25 to 29	68	97	145	213	285	368	459	558	668	2,861
30 to 34	94	165	220	309	431	562	710	873	1,048	4,412
35 to 39	96	181	284	366	489	651	825	1,019	1,231	5,142
40 to 44	76	160	271	400	505	655	849	1,056	1,286	5,258
45 to 49	54	124	228	359	510	633	806	1,026	1,261	5,001
50 to 54	43	95	181	299	445	611	748	937	1,177	4,536
55 to 59	51	93	161	261	396	558	740	893	1,100	4,253
60 to 64	56	101	158	240	356	504	681	879	1,048	4,023
65 to 69	45	91	147	214	305	428	585	771	978	3,564
70 to 74	27	60	111	170	240	332	456	613	800	2,809
75+ Years	13	39	93	181	301	456	654	915	1,256	3,908
Total	653	1,262	2,082	3,126	4,409	5,943	7,741	9,815	12,178	



The Economic Impact of Immigration

Overview of Findings from Cato Institute Publications

Economic Growth

- The economic benefits of immigration reform will increase the size of U.S. GDP by about \$1.5 trillion over the next ten years.ⁱ
- Removing all current unauthorized immigrants and failing to reform legal immigration will cost the economy \$2.6 trillion in growth over the same time period.ⁱⁱ
- The economic benefit to U.S. households of immigration reform would be roughly \$180 billion.ⁱⁱⁱ
- Immigrants are attracted to the United States primarily for economic prosperity.^{iv} Immigrants literally increase the size of the economy by adding workers, consumers, and entrepreneurs. They do not further divide a fixed pie of wealth or jobs, but instead create wealth and jobs after they arrive.
- Immigrants demand goods, services, and real estate like all other people. When they are forced out of an area due to vigorous enforcement, higher vacancy rates decrease property values by doubling rental vacancy rates in the aftermath of Arizona's strict immigration laws.^v

Wages and Jobs

- On the whole, immigrants drive native-born American wages up for those with greater than a high school diploma by an average of almost 1.5%. While immigrants can drive wages down for Americans with less than a high school degree, the data is mixed.^{vi}
- Immigrants largely compete with other immigrants – not native-born Americans – for jobs. The largest wage declines due to increased immigration are not for Americans, but other immigrants with less than a high school degree.^{vii}
- Immigrants and native-born Americans are mostly complements, not substitutes, meaning they specialize in different occupations.^{viii}
- Immigrants are very mobile, so they move to areas of the economy that are growing quickly^{ix} or that suddenly demand large quantities of labor, such as an area damaged by a natural disaster.^x

Fiscal and Budgetary Effects

- Immigrants do not move to the United States for welfare, as changes in welfare benefits do not affect the number of people who come.^{xi} For example, TANF benefit levels fell continuously throughout the past decade, while unauthorized immigration rose and fell without correlation. Unauthorized immigration levels are instead tied more directly to housing construction, where many immigrants find employment.
- Poor immigrants consume less welfare than poor U.S.-born Americans.^{xii} Non-citizen adults use 42% less Medicaid than native-born adults while non-citizen children use 66% less than native-born children.
- Increased legal immigration will supply more workers, entrepreneurs, and consumers who grow our economy and tax revenues without consuming very much in government benefits.^{xiii}
- Estimates that show immigration reform or legalization will increase budget deficits are fatally flawed.^{xiv} Most notably, they fail to dynamically score how changes in law will alter immigration and fail to account for positive economic growth.

Economic Freedom

- Fears of immigrants decreasing economic freedom are unfounded. There is no evidence that increased immigration causes a decline in economic freedom.^{xv}
- Guest worker visas provide a relatively effective way of increasing economic growth while limiting the *potential* political externalities.^{xvi}

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ⁱ <http://www.cato.org/sites/cato.org/files/serials/files/cato-journal/2012/1/cj32n1-12.pdf>.

ⁱⁱ <http://www.cato.org/sites/cato.org/files/serials/files/cato-journal/2012/1/cj32n1-12.pdf>.

ⁱⁱⁱ <http://www.cato.org/publications/trade-policy-analysis/restriction-or-legalization-measuring-economic-benefits-immigration-reform>.

^{iv} <http://www.cato.org/blog/immigrants-are-attracted-jobs-not-welfare>.

^v <http://object.cato.org/sites/cato.org/files/pubs/pdf/PA709.pdf#page=13>.

^{vi} <http://www.cato.org/blog/how-does-immigration-impact-wages>.

^{vii} <http://www.cato.org/blog/how-does-immigration-impact-wages>.

^{viii} <http://www.cato.org/blog/how-does-immigration-impact-wages>.

^{ix} <http://www.cato.org/blog/immigrants-did-not-take-job>.

^x <http://www.cato.org/blog/immigrants-are-important-disaster-reconstruction>.

^{xi} <http://www.cato.org/sites/cato.org/files/serials/files/cato-journal/2012/1/cj32n1-11.pdf> and

<http://www.cato.org/blog/immigrants-are-attracted-jobs-not-welfare>.

^{xii} <http://www.cato.org/sites/cato.org/files/pubs/pdf/edb17.pdf>

^{xiii} http://object.cato.org/sites/cato.org/files/pubs/pdf/pa732_web_1.pdf.

^{xiv} <http://www.cato.org/blog/heritage-immigration-study-fatally-flawed>.

^{xv} <http://www.cato.org/blog/immigration-does-not-decrease-economic-freedom>.

^{xvi} http://object.cato.org/sites/cato.org/files/pubs/pdf/pa719_1.pdf.



U.S. CHAMBER OF COMMERCE

Fixing our Broken Immigration System

House Legislation Addresses Business's Immigration Priorities

U.S. CHAMBER GOAL

Enacting legislation that transforms our broken immigration system into one that drives job creation and economic growth. The current system is indefensible and unacceptable.

SOLUTION

Immigration reform should include: 1) reforming our legal immigration system, including both green card reform and implementing workable temporary worker programs for high-skilled and lesser-skilled workers as well as the agriculture industry; 2) a federal employment verification system that is workable for employers; 3) a legal status for the estimated eleven million undocumented people here, allowing them to emerge from the shadows, creating a stable workforce; and 4) improving enforcement to protect our borders while facilitating the flow of trade and travel. **The U.S. Chamber supports legislation that takes meaningful steps towards addressing all four critical immigration priorities.**

LEGAL IMMIGRATION

Issue: Green Card Reform. Our current immigration system hinders the ability of U.S. companies to compete for the talented workers they need to thrive. Of the approximately one million new lawful permanent residents each year, only about 59,000 are issued green cards based on their skills.

Solution: Reform the legal immigration system so the workforce needs of employers are better met when sufficient numbers of qualified American workers are not located. **Making our green card system open and attractive to talented foreign workers will boost American competitiveness as well as economic and job growth.** Approved by the House Judiciary Committee on June 27, H.R. 2131, the SKILLS Visa Act, establishes a new annual pool of 55,000 green cards for foreign nationals earning U.S. PhDs and Masters in STEM fields, phases out certain family-based green card categories, and eliminates the per country caps that have resulted in lengthy wait times for many employment-based immigrants. Further steps should be taken to expand green card access by those with skills needed by our nation's economy, such as having Congress set numerical limits for sponsored workers but not the spouses and minor children of those workers.

Issue: Temporary Work Visa Reform. Existing temporary worker programs are very limited, especially the H-1B for high-skilled workers and the H-2B for seasonal or temporary need workers, and difficult to use, such as the H-2A for agriculture. Further, currently no temporary worker program exists for non-seasonal lesser-skilled jobs, even where an employer cannot find American workers.

Solution: Create workable temporary worker programs that allow employers to hire immigrants for jobs in the U.S. in accordance with the demands of the economy. **Workable temporary worker programs will promote job and economic growth – along with reducing the pressure of illegal migration.** Workable lesser-skilled and agriculture work visa programs are perhaps the only real-world alternative to unauthorized migration and, therefore, are key to border control and protecting our national security. *High-skilled:* H.R. 2131, the SKILLS Visa Act, increases the number of H-1B visas from 65,000, with an additional 20,000 set aside for U.S. graduate degree holders, to 155,000 plus 40,000 for Masters and PhD graduates of U.S. universities in STEM fields. The House approach tightens the required wage rules for hiring foreign workers to ensure Americans get the first crack at jobs, but ensures employers have access to private surveys to identify the required wages. *Lesser-skilled:* There must be a means to lawfully hire foreign lesser-skilled workers when Americans are not available in sufficient numbers, because the highest number and percentage of job growth in the U.S. through 2020 is expected in low and moderate skill jobs that cannot be mechanized or outsourced. *Agriculture:* Approved by the House Judiciary Committee on June 19, H.R. 1773, the Agricultural Guestworker Act, proposes a new temporary foreign worker program in agriculture, redefining agriculture to include dairy as well as meat and chicken processing; however, further related issues must be tackled to address mutual concerns of growers and workers.

ENHANCED EMPLOYMENT VERIFICATION SYSTEM (E-VERIFY)

Issue: There is no national mandate to use the E-Verify system, which many think is the best way to verify that employers are hiring lawful workers. However, some states and locales have begun to establish their own employment verification schemes, creating a patchwork of inconsistent and unclear mandates for employers. This is burdensome for employers doing business in more than one state or locality and for small businesses that do not have the resources to monitor varying requirements.

Solution: **Create clarity and consistency for employers in a workable employment verification system. Doing so would both turn off the “job magnet” by discouraging immigrants from coming and/or staying here illegally, and promote respect for the rule of law.** Approved by the House Judiciary Committee on June 26, H.R. 1772, the Legal Workforce Act, creates a uniform, national, and modernized policy regarding employment verification, including a mandate for all of the nation’s employers to use E-Verify for new hires, on a phased-in basis. Critically, the bill includes strong preemption language of state and local laws that currently mandate the use of E-Verify or establish state or local investigation or enforcement schemes. It also creates a clear safe harbor for good faith efforts by employers and requires private employers to only verify new hires (not reverify their entire workforce). The House bill ensures that employers will no longer be investigated or fined when they act in good faith. In addition to redefining the good faith defense, H.R. 1772 also establishes a good faith compliance standard, ensures there are no obligations beyond the direct employer-employee relationship, establishes that the government must provide an integrated single employment verification obligation (integrating the I-9 process into E-Verify) available fully electronically as well as telephonically, recognizes that further

work must be done regarding identity authentication, and avoids any new obligations for federal contractors.

EARNED LAWFUL STATUS

Issue: More than 11 million undocumented immigrants are estimated to be residing in the U.S. Neither deportation nor self-deportation of these folks is realistic, and ignoring this issue will not make it go away.

Solution: There must be a workable means for people who are currently undocumented to come out of the shadows, without creating a permanent underclass of people prohibited from earning citizenship. Providing an opportunity for the undocumented to earn legal status, after paying a fine, learning English, and complying with other strict criteria, is important for employers to ensure a stable workforce, in light of estimates that in excess of seven million undocumented workers are interwoven into the nation's workforce. Moreover, an earned legalization program – including a requirement that all undocumented persons successfully complete criminal background checks – will “shrink the haystack” and allow law enforcement to be more strategic, and effective, in looking for dangerous foreign nationals who should be removed, thus enhancing national security.

BORDER CONTROL

Issue: Consensus on how to control our nation's borders and how to measure the achievement of sufficient border security has been elusive. Clearly, our national security requires we take further steps toward border security but we can neither adopt an “enforcement only” approach nor can we support a tactic of using “enforcement first” before considering any other immigration reforms.

Solution: H.R. 1417, the Border Security Results Act, bipartisan legislation reported out of the House Homeland Security Committee on May 15 by voice vote, builds upon past improvements at the border by addressing metrics for measuring control and issues related to surveillance, technology, and personnel.

ImmigrationWorks USA



The business voice on immigration

TALKING POINTS ON TO THE HOUSE

The most effective thing you can do in a conversation with a member of Congress is tell your story. Lawmakers can read what the experts think, they can look up the facts. What no one else can do as well as you: make it real. Why does immigration reform matter to you, your workers and the economy where you do business?

Your most persuasive ammunition is your personal experience: how *your* business works, what steps you take to recruit American workers, why you hire immigrants, what immigrants contribute to your business, how they support other jobs at your company and at other businesses up and downstream in the local economy.

You may also want to touch on some of these more general points.

A different approach. Employers understand that the House will address immigration in its own way – on its own terms and in accordance with its own rules. But however the process unfolds, employers need a fix that addresses what’s broken about the legal immigration system. The heart of reform is fixing the immigration system so it works for America in the future, admitting the immigrants we need and preventing future illegal immigration.

Why we need less-skilled immigrants. In order to remain globally competitive, the U.S. needs sustained economic growth. Economists agree that growth requires two critical ingredients: innovation and a growing labor force. The U.S. workforce has changed dramatically in recent decades. As Americans become better educated, employers have increasing difficulty finding workers to fill low-skilled jobs. In 1950, more than half of American workers were high school dropouts willing to do physically demanding, low-skilled work. Today the figure is less than 5 percent. But many U.S. businesses still need less-skilled workers to meet customers’ needs and remain competitive.

The heart of immigration reform. Employers who rely on less-skilled immigrants need Congress to create a temporary worker program so they can fill jobs when there are no willing and able Americans. Without this critical labor force, the hospitality, construction, food processing and food service industries would all be severely hobbled and in some regions come close to collapse.

What’s at stake. Without a workable temporary visa program, the nation can have no hope of ending illegal immigration. An overwhelming majority of the 11 million unauthorized immigrants living in the U.S. today would rather be here legally. They

came and stayed illegally only because there was no lawful way for them to enter the country and work. And if we fail to create a legal way for less-skilled workers to come to the U.S. in the future, in 10 or 20 years we're going to find ourselves in exactly the same predicament – wondering what to do about a *new* 11 or 12 or who knows how many million unauthorized immigrants.

Enforcement is a three-legged stool. How do we prevent another wave of unauthorized immigration? Intensified border enforcement will help control the flow. So will better workplace enforcement – an effective electronic employment verification system. But ultimately, the best antidote to illegal immigration is a legal immigration system that works, meeting unmet U.S. labor needs with an adequate supply of foreign workers.

A market-driven program robust enough to divert the illegal flow. A new temporary worker program should respond in real time to changing U.S. labor needs, growing in good years when the economy needs more foreign workers and shrinking in down times when more Americans are out of work. It should also be robust enough to divert and rechannel the existing influx of illegal immigrants. Every year from 2003 to 2009, more than 350,000 unauthorized immigrants entered the U.S. to fill jobs for which there were not enough willing and able Americans. A program that cannot absorb and accommodate this flow will not succeed in ending illegal immigration.

Picking economic winners and losers. The temporary worker program in the Senate immigration reform bill singles out the construction industry for a special quota within a quota: no more than 15,000 workers a year, no matter how healthy the economy. This restriction would severely limit construction growth in years ahead – just as the industry is poised to take off and drive the rest of the economy to full recovery. The House must remedy this mistake.

Restoring the rule of law in the workplace. No one has more of a stake than employers in restoring the rule of law in the workplace. The overwhelming majority want to be on the right side of the law – it's their obligation as citizens, and it makes good business sense. The Legal Workforce Act recently passed by the House Judiciary Committee gives employers the tools they need to verify the work authorization of new employees. It replaces an unworkable patchwork of state laws with a single national policy. And it levels the playing field for law-abiding business owners, protecting them from unscrupulous competitors.

A humane, practical answer for unauthorized workers. Most unauthorized immigrants are otherwise law-abiding and doing needed work – jobs that bolster U.S. prosperity and create jobs for Americans up and downstream in the local economy. No one realistically believes we can deport these workers and their families. We should give them a chance to earn their way onto the right side of the law.

Time to act. Our broken immigration system is not a problem that can be put off. If we don't make it easier for foreign knowledge workers to come to the U.S. and build lives, we will fall behind our global competitors, and the technological change of the next decades will occur elsewhere. If we don't create a legal way for less-skilled immigrants to enter the country and work, we won't restore the rule of law – and will all but guarantee that millions more come to the U.S. illegally in years ahead. If we

don't come up with an answer for young people brought to the U.S. illegally as children, we will squander the talent of a generation. The stakes could hardly be higher. We need Congress to act.

ImmigrationWorks USA is a national federation of employers working to advance better immigration law. The network links major corporations, national trade associations and 25 state-based coalitions of small to medium-sized business owners concerned that the broken immigration system is holding back the nation's economic growth. Their shared aim: legislation that brings America's annual legal intake of foreign workers more realistically into line with the country's labor needs.

ImmigrationWorks USA



The business voice on immigration

BY THE NUMBERS IMMIGRANTS AND THE ECONOMY

THE TWIN PILLARS OF ECONOMIC GROWTH. In order to remain globally competitive, the U.S. needs sustained economic growth. Economists agree that growth requires two critical ingredients: innovation and a growing labor force. Without immigration – sustained, robust immigration – the U.S. will fall short on both counts.

Fact Immigrants are more than twice as likely as native-born Americans to start businesses.

Fact Immigrants accounted for almost half of U.S. labor force growth since 1995.

A CHANGING U.S. WORKFORCE. Recent decades have brought dramatic changes to the U.S. labor force and U.S. jobs. Without immigration, the U.S. faces fewer workers in the future and potential shortages of highly skilled and unskilled workers.

Fact In 1950, more than half of American workers were high school dropouts willing to do physically demanding, low-skilled work. Today, the figure is less than 5 percent. But many U.S. businesses still need less-skilled workers to serve customers and remain competitive.

Fact Over the next decade, the U.S. will need three million workers to fill jobs that do not require a high school degree. But only 1.7 million new workers, skilled or unskilled, will enter the labor force in these years.

Fact Nearly 50 percent of the PhD scientists and engineers working in the U.S. are foreign-born.

Fact Foreign-born students receive half of the advanced degrees in science, math and engineering granted by U.S. universities.

IMMIGRANT WORKERS FILL CRITICAL GAPS. Most immigrant workers are different from American workers – either better educated and more skilled, or less educated and less skilled. This difference is what produces most of the economic

benefits of immigration. While most Americans fall in the middle of the education bell curve, immigrants are concentrated at the tail ends.

Fact Immigrants account for 13 percent of the U.S. population but 27 percent of U.S. degrees in computer science and math.

Fact Immigrants account for 13 percent of the U.S. population but 22 percent of construction workers.

Fact Immigrants account for 25 percent of the doctors practicing in the United States, 25 percent of the nurses and 25 percent of the international patents filed from the United States.

Because they are different from U.S. workers, immigrants round out the U.S. labor force, filling niches few Americans are available to fill at both the high and low ends of the job ladder. This enables Americans to be more productive.

Fact Jobs done by low-skilled immigrant workers free higher-skilled U.S. workers to focus on their professions, increasing Americans' productivity and earning power. In recent decades, the availability of affordable immigrant labor enabled millions of American women to work outside the home.

IMMIGRANTS CREATE JOBS FOR AMERICANS. Immigrant workers don't take jobs from Americans. On the contrary, because they complement U.S. workers and fill niches we can't otherwise fill, they create jobs for Americans.

Fact Low-skilled immigrant workers fill critical gaps and expand the economy, putting more Americans to work. In the hospitality sector, for example, low-skilled immigrants allow new restaurants to open and existing restaurants to expand, creating jobs for U.S.-born chefs, U.S.-born waiters, U.S.-born managers and accountants. A growing restaurant also creates more work for other businesses up and downstream in the local economy: food producers, designers, architects and janitorial services, among others.

Fact One hundred workers in the H-1B worker visa program – computer scientists, engineers and other highly skilled workers – create 183 jobs for American workers.

Fact One hundred less-skilled foreign workers employed in seasonal occupations – at summer vacation towns, ski resorts and on landscaping crews, for example – create 464 jobs for American workers.

ONLY A SMALL WAGE EFFECT. The conventional wisdom is wrong: immigrants do not decrease most Americans' wages.

Fact According to economists Giovanni Peri and Gianmarco Ottaviani, immigration boosts Americans' productivity and raises wages for 90 percent of U.S. workers. Between 1990 and 2004, immigration raised the average American worker's wages by nearly 2 percent.

Fact Most economists agree that low-skilled immigrants have some negative impact on the wages of other low-skilled workers – previous immigrants and the 5 percent of U.S. workers without high school diplomas. But the effect is small. Giovanni Peri found that immigration lowered the earnings of native-born high school dropouts by 1 percent over 15 years.

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