

# Illegal aliens and the us economy



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Alien workers have played a very important part of the U. S. economy and throughout its history. The topic of illegal immigration often irritates a lot of emotion and has recently geared a lot of attention in the press. Immigrants are having more of an impact on the economy than ever before because of their large quantities in people. To many people, immigration issues revolve around economic arguments, such as the fact that immigrants will take work away from native workers at a much lower wage. With the presence of illegal immigrant workers in the U. S., economists agree that there are many burdens and blessings that come with immigration, but they have all strained different conclusions in addressing the following questions: How do illegal immigrants benefit the U. S. economy? How do illegal immigrants damage the U. S. economy? Can the U. S. address and solve these problems with illegal immigration? And can illegal immigrants eventually become full citizens in the U. S.?

### **How do Illegal Immigrants Benefit the U. S. Economy?**

In a perspective article, Davila (2006) insists that immigration can indeed be good for businesses. The reason why it is good for businesses because immigration supplies labor at a relatively low cost, though the real concern is how often that immigrants are paid low wages (Davila, 2006). Although immigration can be good for businesses, major businesses “ are, of course, concerned with hiring illegals, especially given the senate proposals, which would place more emphasis on employers verifying that employees are legal immigrants” (Davila, 2006). However, many illegal immigrants bring hard work ethic to the U. S, which businesses are often taking into consideration to their open positions. Davila believes that immigration should be perceived

as a way to improve our economy and use all possible resources at our will. This improvement of our economy brings the hard work ethic of illegal immigrants that should be highly rewarded (Davila, 2006). In retrospect, the conclusion of Davila is that it is important to continue to encourage those who want to come to the U. S. to do so legally and continue to contribute to our economy.

Although it may be true that many illegal immigrants are motivated to bring their hard work ethic to the U. S., it is however, uncertain that their true motivation is to tap into freely available resources. Enrico Marcelli believes that it is generally recognized that most illegal immigrants are more motivated to enter the U. S. to “ build a better life for themselves and their families by securing a higher paying job” (Marcelli, 2005). There exist many common claims by the U. S. legislation on illegal immigration. Those include: immigrants migrate to the U. S. to use its welfare program and public services and unauthorized immigrants take jobs away and depress the wages of, lower-skilled, minority workers.

In a study undertaken in the late 1980's by a team of University of Texas researchers using 1980 U. S. Census data, they reported that although “ legal immigrants had a small negative effect on the wages of U. S.-born white workers in the U. S. Southwest, undocumented Mexican immigrants actually had a small positive effect” (Marcelli, 2005). During the same time of the research done by the University of Texas scholars, another group of researchers from the University of Toledo in the early 1990s used the same data. However, they investigated the impact of undocumented immigrants on the unemployment of U. S.-born minority workers rather than the impact

of undocumented immigrants on the employment of U. S.-born minority workers. They found an incredible inverse relationship. This is because illegal immigrants as they concluded enjoy clustering in states where unemployment rates were lower. The researchers interpreted this finding as “ suggestive of labor market complementarily rather than substitution” (Marcelli, 2005). In rebuke, the conclusion of Marcelli suggests that illegal immigrants fill undesirable jobs only after more collectively groups of workers drift into higher paying occupations (Marcelli, 2005). This means there is no loss in jobs as immigrants do not take jobs away from currently employed citizens.

In opposition to Marcelli with the issue related to the extent to which illegal workers utilize more public services than their tax contributions, Moretti and Perloff (2000) “ found that the participation in welfare programs by illegal immigrant worker families was 8% in contrast to 27%, 30%, and 42% for citizen, amnesty, and green card worker families, respectively” (Moretti & Perloff, 2000). Although this research is sustainable to the validity of welfare programs, it did not take into consideration the tax contributions with service usage. Their analysis was not based on tax contributions because “ since most pertinent tax payments are via payroll deductions or sales tax collections, the general belief is that tax contributions vary little by legal status” (Moretti & Perloff, 2000). There analysis therefore, included all public services as well as public education. With the conclusion of this analysis, it shows that illegal immigrants are actually contributing to public services as well as social security because not only are they employees but they are also consumers who gives back to the community as well.

## **How do illegal immigrants detriment the U. S. economy?**

While there are some that supports immigration, there are also many firm believers that immigration poses problems to the U. S. economy. Zedillo believes that illegal immigration poses problems for the U. S. every year “ the size of the population living illegally in this country grows by as much as half a million people” (Zedillo, 2007). He argues that company employers who hire these illegal workers are also violating immigration laws because employers who hire illegal workers also violate immigration laws when misled by false documents (Zedillo, 2007). The reason why illegal workers are often employed is because it makes it easier for the employer and employee to escape paying taxes. Without paying taxes, Zedillo argues, illegal immigrants can become “ a drain on social services and a public charge upon those states receiving the bulk of the inflow” (Zedillo, 2007). With the free ride of not having to pay taxes, illegal immigrants are more prone to abuse and exploitation without the aid of the government programs. Zedillo concludes that while working in these harsh conditions, many illegal immigrants find it hard to economically and culturally live in the U. S. due to having the risk of become an underclass and face a social conflict with U. S. citizens (Zedillo, 2007). By having social conflicts with others, illegal immigrants will hurt government services by not actively participates in contributing taxes however they will benefit the overall economy in which “ immigration is essential to the dynamism of the American economy and for sustaining its pace in job creation” (Zedillo, 2007).

Lewis, on the other hand, believes that not everyone benefits from immigration; there are both winners and losers (Lewis, 2007). Immigration's benefits derive from reducing wages in the less-skilled jobs that immigrants take. Lewis concludes that average Americans will not be harmed by this; relatively few Americans work in low skilled jobs may be affected by this in which immigration may reduce the earnings of some low-skilled Americans (Lewis, 2007).

### **Can the U. S. address and solve these problems with illegal immigration?**

To address the problems of illegal immigrants entering the U. S., there are two realistic options: do nothing, or establish a legal mechanism for migration. The U. S. government orders strict border patrol and various immigration enforcement actions every year. However economists believe that no matter what the total amount spent on immigration, without inclusive reforms, these problems will only grow worse. As Emerson reported in his article, "closing the border, and no significant guest worker program could result in increased wage rates under the assumption of immobile capital and no changes in production" (Emerson, 2007). However, there is considerable doubt raised in the effectiveness of efforts to reduce the flow of illegal workers across the border (Hanson, Robertson, & Spilimbergo, 2002). When illegal immigrants are willing to do anything and everything to get an opportunity to enter the U. S., it is questionable that the use of fencing and other approaches will achieve an end to this because the economic pressures of illegal immigrants to enter the U. S. from neighboring countries are just too great.

On the other hand, doing nothing is always an option, but the approach goes against U. S. policy of having laws. Organizing legal mechanisms for migration solves this process by removing workers with unknown identification and employers from a guessing game about the status of their employees. In any case, research has shown that workers switching from an illegal status to a legal status will command a higher wage, but this cannot be argued because employers are already risking a lot of money in taking the risk of hiring employees with an illegal work status. Illegal immigration is persistent because it has a strong economic rationale. This is because low-skilled workers are increasingly scarce in the U. S. while they are still very abundant in Mexico and Central America. Impeding illegal immigration without creating other opportunities for legal entry would conflict with market forces that push labor from low-wage countries to the high-wage U. S. labor market.

## **Can illegal immigrants eventually become full citizens in the U. S.?**

With the trouble and cost of money trying to secure the border between Mexico and the United States, the case for amnesty has emerged onto the minds of many as an alternative way to solve the problem of immigrants securing their place inside the U. S. But what are some alternatives to letting illegal immigrants stay? Deporting millions? Creating punishments? In an article reported by Thornburgh, he believes that whether fining illegal aliens or putting them into schools, at the end of the day, illegal immigrants would be allowed to stay and become full citizens under the Senate compromise bill of Amnesty obstructed by Senator John McCain (Thornburgh). McCain

proposes that this bill will be an amnesty but by “ impose fines, fees and other requirements as punishment” (Thornburgh). This bill will be good for America because the estimated twelve million illegal immigrants prove to be non-deportable. In the history of the previous amnesty of 1986, offered a path to citizenship for three million illegal immigrants.

This ignited the larger wave of illegal immigration that followed soon afterwards. The '86 amnesty showed soon-to-be immigrants from around the world that the U. S. was weak-willed and would eventually give citizenship to illegal immigrants. Soon after, Mexicans and other illegal immigrants hurried through the U. S. borders with no limitations. Studies show that this peak in migration depended less on changes in its policy and more on economic conditions between the U. S. and Mexico. Thornburgh suggests that to solve down illegal immigration, “ you could induce a recession in the U. S.” (Thornburgh). He also proposes that a better idea is to help Mexico to create more jobs that pay a better rate (Thornburgh).

A recent Council on Foreign Relations study found that when Mexican wages drop ten percent in comparison to U. S. wages, there is a six percent increase in the attempts of illegal immigrants to cross the border illegally (Thornburgh). This is an astonishing result in which shows how complex or corrupt the Mexican economy may be. While Mexico stabilizes itself, there is both political and technological influences to make enforcement a serious part of a new amnesty plan. By enforcing National ID cards, employer verification, high-tech border controls, these all could aid in making sure that this would be the last of its generation.



An angry outburst in immigration to the U. S. has raised many concerns over what our immigration policy should be. While the pro-immigrant supporters say “immigrants do jobs natives won’t do” is overly stated, it is true that there are fewer Americans who work in the same field as low-skilled immigrants such as in agriculture. As a consequence to this fact, most Americans benefit from immigration because it reduces the wages of some low-earning American workers who compete with immigrants for jobs. This is not a problem because U. S. labor markets are flexible to absorb immigrants without depressing low-skilled Americans’ earnings. One reason for this is that employers are able to adapt their production methods to the available work force, which goes well with their ability to adapt to changes in immigration policy. As congress again grapples with immigration acts and amnesty, one would hope that it will pay off failures of the past by creating a foundation that allows active participation of legal workers in the U. S. economy. Otherwise, the U. S. is likely to find itself with even larger illegal populations in the very near future.