

## THE NEGATIVE ECONOMIC IMPACT OF IMMIGRATION ON AMERICAN WORKERS

An NPG Forum Paper  
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We are a nation of immigrants: except for American Indians, we or our ancestors left other countries for a better life in the United States.

For much of our history, immigration was good for the economy. Compared to Europe, the U.S. was well endowed with land and capital but relatively short of labor. By populating the frontier, increasing the size of the market economy, and adding valuable skills and expertise to the native workforce, successive waves of foreign workers enhanced the living standards of earlier immigrants as well as their U.S.-born children.

In economic terms, immigration was a win-win proposition — benefiting immigrants as well as natives. Our immigration policy reflected this: from the founding of the republic until the 1920s, there were no quantitative limits on immigration. Federal, state, and local governments, private employers, railroads, and churches all promoted immigration to the United States. Early infrastructure projects — canals and railroads, for example — recruited immigrant workers. In those pre-globalization days high tariffs kept out imports, thus creating a demand for more workers in American factories. Even the army relied on immigrants — immigrants were about a third of the regular soldiers in the 1840s, and an even higher proportion of many state militias<sup>1</sup>.

Eventually the frontier vanished, and American cities became overcrowded. Our physical capacity to absorb new arrivals eroded. While America's industrial economy boomed, millions of the new jobs went to immigrants who poured into the country between 1890 and 1920. These men and women enriched our culture, but they also moved ahead of — and often displaced — native-born workers.

Immigration became a zero-sum game: the economic gains accruing to immigrants were more than offset by losses suffered by natives.

In 1921, Congress responded with the first quantitative restrictions on immigration — limiting arrivals to 3% of the foreign-born population. In 1924 immigration was cut again, to 160,000 a year. By the late 1920s, it was down to 50,000 a year.

The American Federation of Labor's Samuel Gompers, himself an immigrant, saw restrictionist legislation as a necessary antidote to the 1890–1920 Great Wave. **“We immediately realized that immigration is, in its fundamental aspects, a labor problem,”** Gompers said in 1925<sup>2</sup>.

Jay Gatsby notwithstanding, the Roaring Twenties marked the start of a forty-year period during which ordinary workers got richer while the rich got relatively poorer. After an early recession, unemployment dropped below 5% and stayed below that level for most of the decade. Americans found themselves sharing broadly similar lifestyles in a way not seen since before the Civil War.

Amazingly, only about 500,000 legal immigrants entered the U.S. during the whole of the 1930s. And only about a million entered in the 1940s — including World War II refugees. The post-war era saw a return to the 156,700 per year cap on legal immigration.

Immigration restrictions remained the law of the land for more than forty years. That era ended in 1965.

### *1965: Re-Opening the Flood Gates*

President John F. Kennedy proposed eliminating the national origins quotas in the early 1960s. Congress

complied with his wishes: the Immigration and Nationality Act Amendments of 1965 replaced numerical quotas with a system granting preferences for relatives of U.S. citizens and Legal Permanent Residents.

Sen. Edward M. Kennedy, the chairman of the subcommittee that conducted hearings on the bill, pledged: “[O]ur cities will not be flooded with a million immigrants annually. Under the proposed bill, the present level of immigration remains substantially the same....”<sup>3</sup>

What happened?

to become naturalized citizens five years after becoming an LPR.

Since passage of the 1965 Act, the U.S. has granted LPR status to 35.2 million persons. Had the 300,000 “cap” been enforced, only 14.4 million would have entered over that period. By comparison, from 1920 to 1965 only 10 million persons were granted LPR status.

Despite Senator Kennedy’s promise, legal immigration has exceeded 1 million in most years. In 2006, a full 1,266,264 were granted LPR status.

That’s a record if you exclude the post-IRCA amnesty spike of the early 1990s — which reflected the 1986 amnestying of illegal aliens already here.

Such short-term fluctuations are inevitable; witness the declines following the Great Recession. The big story, however, is five decades of rising legal immigration rates.

### Immigration and Wages

“After World War I, laws were passed severely limiting immigration. Only a trickle of immigrants has been admitted since then.... By keeping supply down, immigration policy tends to keep wages high. Let us underline this basic principle: limitation in the supply of any grade of labor relative to all other productive

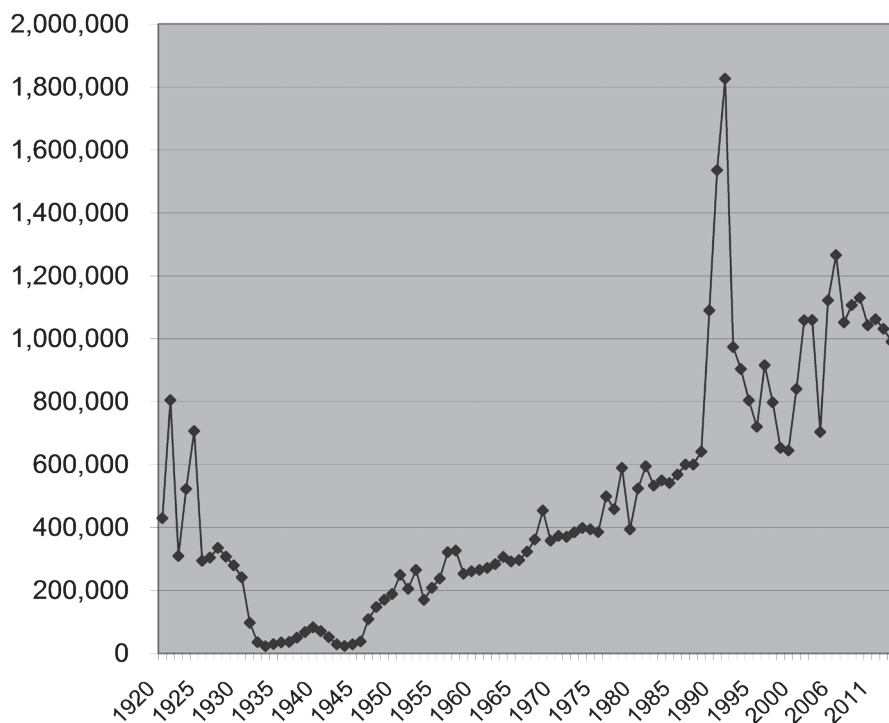
factors can be expected to raise its wage rate; an increase in supply will, other things being equal, tend to depress wage rates.”

– Paul Samuelson, *Economics* [1964]

What happens when immigration increases the supply of workers in a particular labor market? In his iconic textbook, Paul Samuelson — the first American to win a Nobel Prize in economics — gave the common sense answer implied by the standard model of the labor market. Samuelson wrote these words right before enactment of the

Fig. 1 **Legal Permanent Residents Admitted to the U.S., 1920 to 2013**

(Data: Homeland Security, 2013 Yearbook of Immigration Statistics, Table 1.)



The 1965 law supposedly “capped” legal immigration at 300,000 per year, but the cap was waived for persons who had relatives already living in the United States. The focus on family reunification was little noted at the time, but it triggered another Great Wave of immigration.

Figure 1 tracks the number of foreign-born residents granted Legal Permanent Resident (LPR) status annually between 1920 and 2014. LPRs, known today as “green card” holders, are eligible

1965 Immigration Act. The impending change may well have prompted him to make the point that immigration restrictions tended to “keep wages high.” His book also stressed the other implication: as immigration increases the supply of a particular type of labor (such as low-educated, unskilled workers), the wage paid to those workers will fall.

More generally, the 1965 Act has spawned winners and losers. Mass immigration lowered the wages of native-born workers, especially those with low skills who compete directly with the new entrants. It benefited native-born workers who do not compete with the foreign arrivals in the labor force. The bottom line: immigration exacerbates the gap between America’s haves and have-nots.

One of the earliest studies of the impact of the 1965 Act on native workers is *The New Americans*, published in 1997 by the National Research Council (NRC)<sup>4</sup>. The NRC report surveyed the academic literature on immigration and native wages — and found a surprisingly small impact. Immigration seemed to reduce the wages of competing natives by only 1% to 2%.

Those early immigration studies typically compared the trend of native wages in cities with high and low rates of immigration. Cities experiencing large influxes of immigrant workers were expected to have lower wage growth and higher unemployment rates, especially among comparable native-born workers. The expected results did not appear.

The reason lay in a flawed assumption common to all such studies — namely, that immigrant gateway cities were “closed economies” where newly-arrived immigrants would increase the local labor supply and depress wages of competing natives. Instead of staying in “immigrant cities,” U.S.-born workers who lost jobs moved to other cities where they generally made less.

The outmigration of displaced native workers prevented, or at least minimized, the fall in wages for natives who remained behind. That is how local labor markets adjust to immigration: the wage loss in a particular city is distributed throughout the region and the nation.

Employers also adjust to immigration. The sudden influx of cheap immigrant labor to Miami, for example, enabled local companies to invest less in labor-saving equipment such as computers. This lowered their costs and raised their profits, but it also lowered the productivity — and wages — of native workers who would have otherwise benefited from a more computerized work environment.

Similarly, native workers who would have bettered their lot by moving to immigrant gateways stay put as the new arrivals reduce the potential benefit of such a move. Harvard economist George Borjas estimates that for every 10 new immigrants in a metropolitan area favored by immigrants, 3 to 6 fewer natives will choose to live there<sup>5</sup>.

**“The flow of jobs and workers tends to equalize economic conditions across cities,”** writes Borjas, adding that **“In the end, all laborers, regardless of where they live, are worse off because there are now many more of them<sup>6</sup>.”**

Because local labor markets adjust to immigration, its true economic impact is measurable only at the state or national level.

### **Immigration at the National Level**

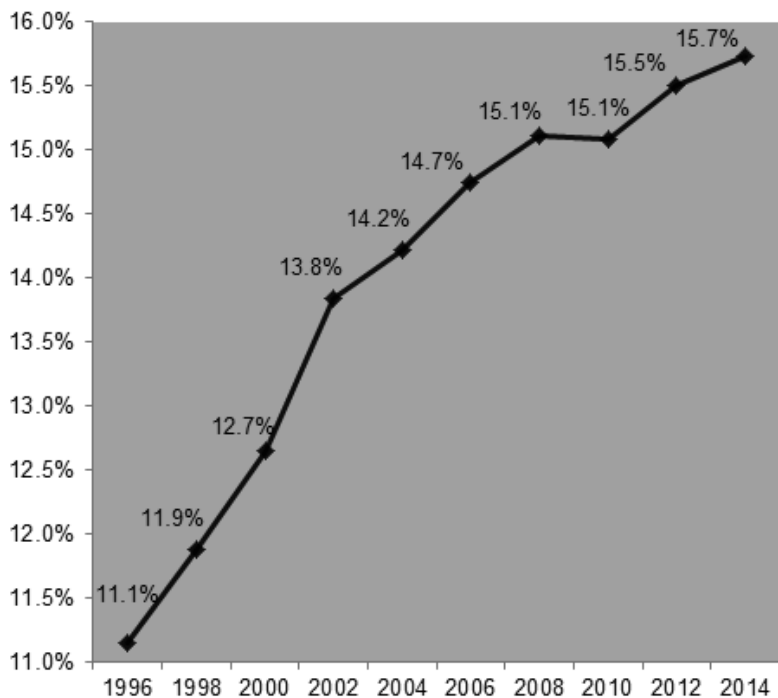
Immigrants are a far larger share of the U.S. population today than when the studies NRC surveyed were done. In 1980, there were 14.1 million foreign-born in the United States, representing 6.3% of the total resident population. In 2013 (the latest available population data), there were an estimated 41.3 million immigrants living in the country, representing 13.1% of the total U.S. population.

The economic impact of immigrants in the U.S. economy is greater than their overall population share would suggest. First of all, they account for a larger share of the working-age population — 15.5% in 2013 — than of the total population. Since 1996, the Labor Department has collected data on the nativity of residents of working age (16 years and older). Since that year, the foreign-born share has risen by more than 40%.

From 1996 to 2008, the immigrant share of the working-age population rose unceasingly. Then came the Great Recession, and with it the exodus

**Fig. 2 Foreign-Born Share of U.S. Working Age Population, 1996 to 2014**

(16 years and over; Data: Bureau of Labor Statistics.)



unfair advantages in the job market, individuals will not even bother looking for jobs, and drop out of the labor force entirely. LFPR will fall.

The LFPR for immigrants in 2014 was 66.0%, compared with 62.3% for the native-born. The participation rate for the foreign-born was little different from the prior year, while that of the native-born continued to trend down. For men, the differences are considerably larger: the LFPR of foreign-born men was 78.7% in 2014, more than 10 points higher than the rate of 67.4% for native-born men.

The gap between the native-born and immigrant LFPRs has risen over time. This, along with the rapid growth of immigrant working-age population, has pushed the immigrant labor force up far faster than the native labor force. Here are the labor force

of many foreign-born — legal and illegal alike — to their home country. In 2009, the immigrant share fell ever so slightly to 14.9% from 15.1% the prior year. The recovery brought them back, so that in 2014 15.7% of all working-age persons in the country were born abroad. This is surely a record high for the post-1965 period.

growth index numbers, starting at 100.0 in 1996, for both groups.

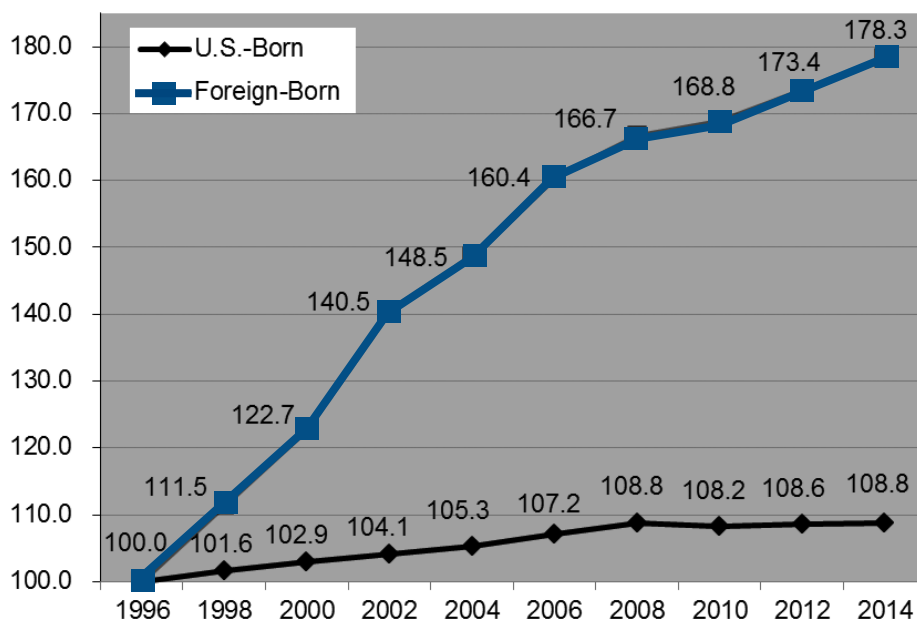
Since 1996 the foreign-born labor force has grown by 78%, its index rising from 100.0 in 1986

Working-age immigrants are also more likely to participate in the labor force than native-born persons in the same age bracket. The Labor Force Participation Rate (LFPR) measures the percent of working-age people in a particular group who are in the labor force (i.e., either working or looking for work).

A group's LFPR is a sign of its economic confidence. When employment opportunities are perceived as being more abundant, and persons are more confident in their job search, LFPR will rise. When job opportunities are seen as scarce, or competitors — foreign immigrants, for example — are perceived as having

**Fig. 3 Native-Born versus Foreign-Born Labor Force Growth, 1996 to 2014**

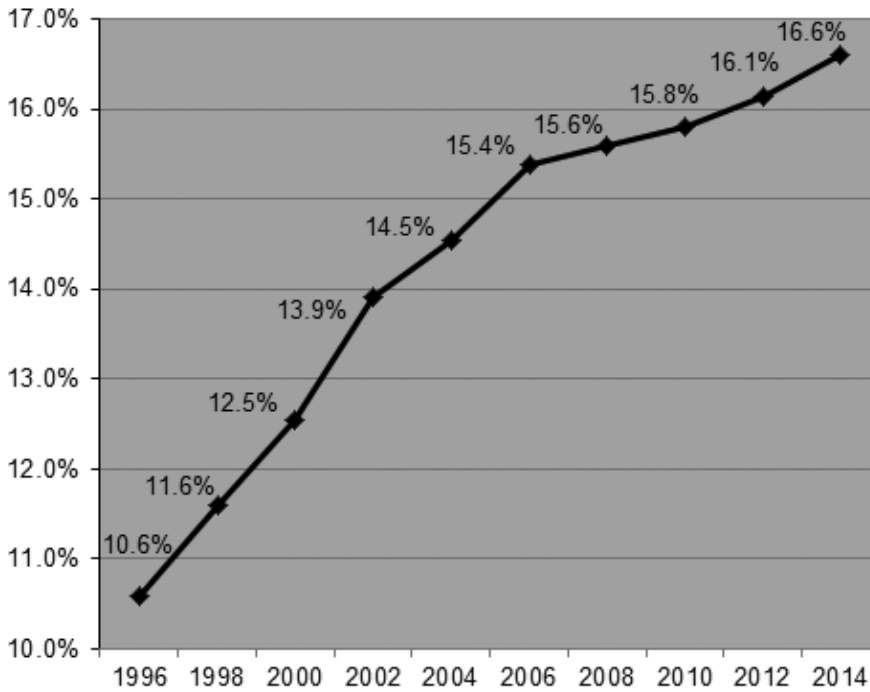
(1996=100.0; Data: BLS.)





**Fig. 4 Foreign-Born Share of U.S. Employment, 1996 to 2014**

(Data: Bureau of Labor Statistics.)



immigrants represented a record 16.6% of total employment. The corresponding immigrant share for uneducated workers is significantly higher.

Immigrant workers account for more than half — 54% — of workers who dropped out of high school before earning a degree. That is more than three times the foreign-born share of all employed workers. The ratios are more than of academic interest, for they imply that native-born high school dropouts will suffer commensurately higher wage losses due to immigration.

**Wages Lost from Immigration**

to 178.0 in 2014. Over the same period the U.S.-born labor force grew by 8.8%, its index reaching 108.8 in 2014. Although the U.S.-born labor force in 2014 was more than five times larger than the foreign-born labor force, immigrants accounted for more than half of labor force growth since 1996. Over the 1996 to 2014 period the foreign-born labor force grew by 11.3 million, while the native-born labor force rose by 10.5 million.

The displacement of native-born workers by immigrants can best be gauged by the foreign-born share of total U.S. employment in Figure 4.

In 1996, immigrants held 13.4 million jobs, 10.6% of total employment. In 2014, 24.3 million

Harvard economist George Borjas has quantified the native wage loss arising from post-1965 immigration. Among his research findings:

- Immigrants arriving between 1980 and 2000 reduced the average annual earnings of native-born men by about \$1,700, or roughly 4%.
- Among high school dropouts, who roughly correspond to the poorest tenth of the workforce, the impact was even larger — a 7.4% wage reduction.
- Native-born college graduates are not immune; their income is 3.6% lower due to the two decades’ worth of competing immigrants.

In general, native incomes fall as the foreign-born share of the employment rises. Professor Borjas’ “rule of thumb”: a 10% rise in immigrant workers in a particular skill group reduces the wage of native-born workers in that group by 3.5%<sup>7</sup>.

In 2014, 16.6% of all persons working in the U.S. were foreign-born. Under the Borjas rule, this means immigration has reduced the

**Table 1 Employment by Education and Nativity, 2014**

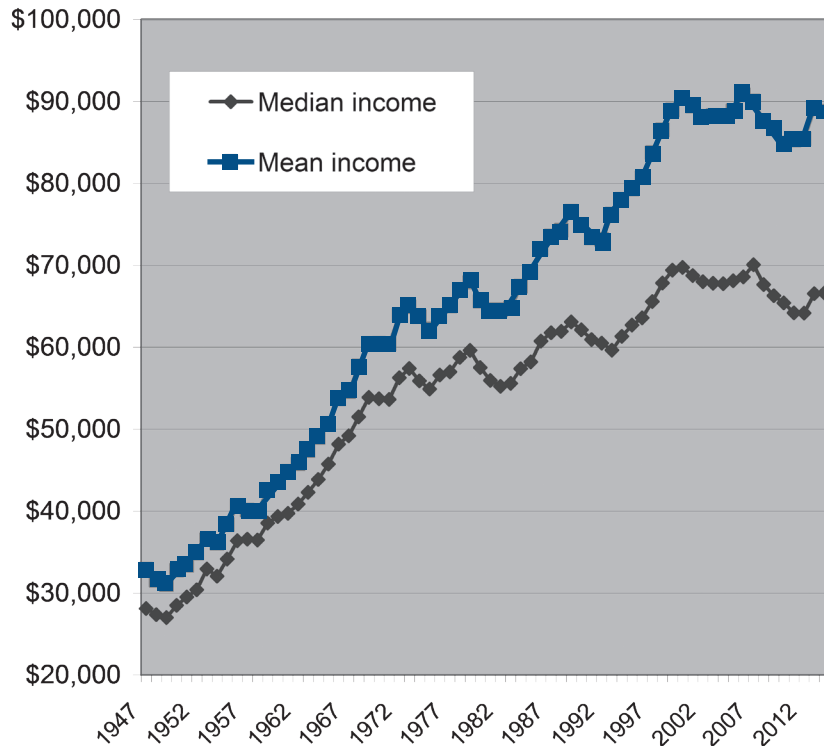
(Numbers in thousands; 25-years and over)

Educational Attainment	Foreign-Born	Total Employment	
		Number	% Foreign-born
Less than a HS diploma	5,321	9,852	54.0%
HS graduate, no college	5,547	33,865	16.4%
Some college	3,932	35,299	11.1%
BA and higher	7,838	48,848	16.0%
<b>Total</b>	<b>22,637</b>	<b>127,963</b>	<b>17.7%</b>

a. Data source: Bureau of Labor Statistics, *Foreign-born Workers: Labor Force Characteristics-2014*, May 2015. Table 1.

Fig. 5 Median and Mean Family Income, 1947 to 2014

(2014 dollars; Data: Census Bureau.)



wage received by the average native worker by 5.8% ( $3.5\% \times (16.6/10.0)$ ). This translates to an average wage loss of \$2,470 per full-time native worker in 2014 — money unavailable to native workers due to the presence of foreign-born competitors in the workforce.

### Lower Immigration = Higher Economic Equality

Economists have belatedly acknowledged the role of mass immigration in exacerbating income inequality in the United States. From the end of World War II until the late 1960s, the rich-poor divide was remarkably stable, even narrowing over long stretches. Things started to come apart around 1970, as can be seen by eyeballing the trend in median and mean family income in Figure 5.

Mean is the average income, calculated by dividing total income by the number of families. Median income is the mid-point of the income distribution. Half of all families have

incomes above the median family income; half have income below it.

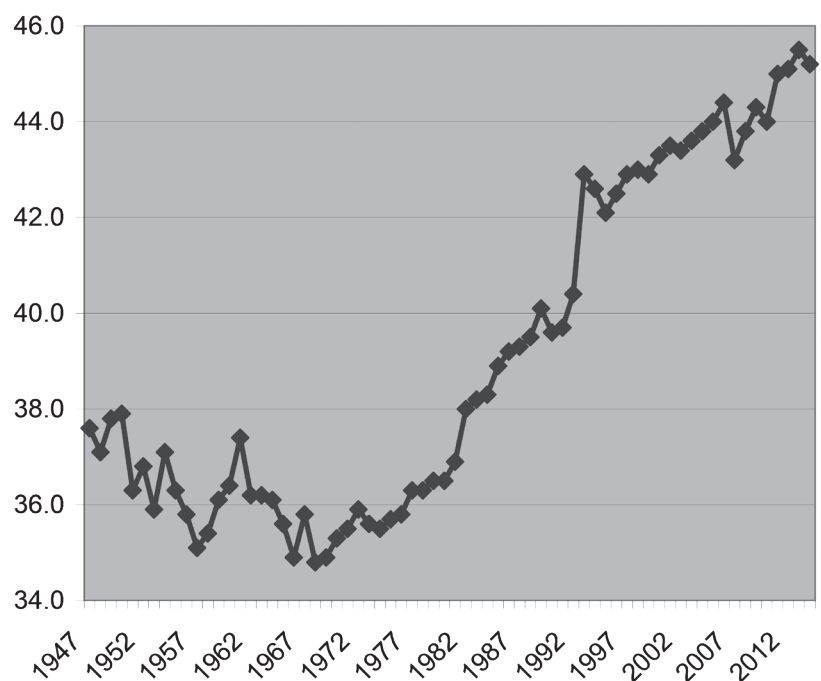
You may recall from Statistics 101 that if all the objects (e.g., family incomes) in a sample grow at the same rate, its mean and median will move in lockstep. If, however, the top half grows faster (or falls more slowly) than the bottom half, the mean will pull away from the median.

Such pulling away is painfully evident in the graphic, especially — and we think not coincidentally — in the years following the 1986 amnesty of illegal aliens. In 1986, mean family income was 18.6% above median family income. By 2006, mean income was a then-record 32.4% above the median. The gap narrowed during the Great Recession

(to the 28% to 29% range) when the number of new arrivals fell, but rebounded to a record 33.9% in 2013 as a stronger economy drew more immigrants into the country.

Fig. 6 The Gini Index of U.S. Income Inequality, 1947 to 2014

(Higher Gini=High Inequality; Data: Census Bureau.)



**Table 2 State Level Evidence: Immigration and Income Inequality are Correlated**

State	Foreign-Born Population Share, 2010	Ratio of Incomes of Top and Bottom Fifth of Households
New York	22.2%	9.2
New Jersey	21.0%	8.3
Florida	19.4%	8.3
Nevada	18.8%	7.6
Hawaii	18.2%	6.7
Texas	16.4%	8.6
Massachusetts	15.0%	8.3
Maryland	13.9%	7.6
Illinois	13.7%	8.3
Connecticut	13.6%	8.2
Arizona	13.4%	9.8
Washington	13.1%	7.1
Rhode Island	12.8%	7.5
Virginia	11.4%	8.1
New Mexico	9.9%	9.9
Colorado	9.8%	8.2
Oregon	9.8%	6.9
Georgia	9.7%	9.3
Utah	8.0%	5.6
Delaware	8.0%	6.9
North Carolina	7.5%	7.9
Minnesota	7.1%	6.9
Alaska	6.9%	6.8
Kansas	6.5%	7.2
Nebraska	6.1%	6.3
Michigan	6.0%	7.5
Pennsylvania	5.8%	7.2
Idaho	5.5%	6.4
Oklahoma	5.5%	8
New Hampshire	5.3%	6.1

Data sources: 2010 Census (Foreign-Born Population Shares); Center on Budget and Policy Priorities, *Pulling Apart: A State by State Analysis of Income Trends*, Nov. 2012. (2008-10 Income Ratios.)

Historically, investment income has played little or no role in either widening or narrowing the income gap. Boring, ordinary wage and salary income is the culprit. And the supply and demand for labor is the key variable. This clearly was the case in the decades after passage of the 1965 Immigration Act.

Even more relevant to the measurement of economic inequality is a statistic called the “Gini coefficient.” Gini coefficients can range from 0 (perfect equality in income among all households) to 100 (one household receives the entire national income and the rest get nothing).

Like golf, low Gini scores win.

The Gini coefficient for U.S. families was 45.2 in 2014, almost halfway to the theoretical maximum of 100.0 according to Census Bureau data. More importantly, as seen in Figure 6, the inequality index has increased steadily since about 1970, when mass immigration triggered by the 1965 Act started to be felt.

Note that income inequality declined from 1947 to about 1970, a period of relatively low immigration.

The International Labor Organization finds inequality, as measured by the Gini coefficient, to be far greater in the U.S. than in any of the 25 developed countries it studies. (Gini coefficients range from 20 to 35 in those places<sup>8</sup>.) The immigrant share of our population is also larger and growing more rapidly than in most developed countries.

State level data in Table 2 provides a finer grained picture of how immigration impacts income inequality. When the 31 states with foreign-born population shares higher than 5% are ranked alongside of the ratio of incomes of the top and bottom fifth of households in those states, a trend becomes apparent: States with above-average immigrant shares have above-average income disparities.

California and New York, with the largest foreign-born population shares, also ranked among the top in the ratio of average incomes of the top and bottom fifths of households. At the other extreme, New Hampshire — with only 5.3% of its population foreign-born — had the second lowest disparity ratio of the states.

The trend is not surprising. Legal immigrants cluster in both the upper- and lower-income brackets, reflecting the influx of employer-sponsored workers with special skills at the top and family reunification, refugees, and asylum flows at the bottom. Relatively few immigrant families are in the middle-income brackets.

An immigration moratorium would help narrow the income gap between native-born haves and have-nots. Unskilled, poorly educated natives would gain the most, as they are more likely to face competition from immigrants under our current immigration laws.

### **But Doesn't Higher Population Growth = Higher GDP Growth?**

A typical pro-immigration screed runs like this:

**“Relatively faster growth in the U.S. population will translate into relatively faster economic growth... This is not optimism, but simple arithmetic. Japan and many European countries face long-term stagnation or even decline in their real GDPs — and hence the aggregate economic and fiscal resources available to pursue future-oriented agendas, from investing in the young to investing in national defense<sup>9</sup>.”**

Get it? More immigration means more workers, which means higher GDP — which means... we need more immigration.

Reality check: GDP does indeed rise when new immigrants enter the labor force. But living standards are best measured by per capita, not total, GDP. Per capita income falls if immigrants are less educated, productive, motivated — and earn less — than natives. This is the case in the U.S., as seen in the Bureau of Labor Statistics’ (BLS) latest survey of the immigrant workforce<sup>10</sup>.

Comparing wage and salary income of immigrant and native-born workers in 2014, BLS reports:

- Native-born workers: \$42,640
- Immigrant workers: \$34,528
- Immigrant workers earned 81% of the native median income<sup>11</sup>.

Recent arrivals are at an even greater disadvantage, earning only 65% of native-born



median family income, according to a study released to mark the fiftieth anniversary of the 1965 immigration law<sup>12</sup>. In 1970, new arrivals received 88% of native average incomes. These figures are adjusted for both inflation and family size, giving a true picture of relative decline in the living standards of new entrants.

Even in China, the accumulation of human capital — essentially education and workforce experience — is found to have contributed more to GDP growth than the growth of the nation's labor force since the capitalist reforms began in 1979<sup>13</sup>.

### More Immigration = More Poverty

Immigration increases poverty in two ways: a) by increasing labor market competition it lowers wages for native-born workers, forcing more of them into poverty; and b) the immigrants themselves are often poor. The U.S. is literally importing poverty.

More than one-quarter — 28% — of recently arrived immigrants lived in poverty in 2013. In 1970 only 18% of newly arrived immigrants lived below the poverty line<sup>14</sup>. By contrast, poverty among the U.S.-born population has remained relatively steady, at 12% to 13%, for most of the last fifty years.

Only since 1993 has the Census Bureau recorded yearly changes in the nativity of the U.S. poverty population. The immigrant share of that population has risen significantly since then.

From 1993 to 2010, the foreign-born share of America's poor went from 13.2% to 17.0% — a 29% rise in share. (The emigration of many unemployed illegal aliens to their homelands during the Great Recession kept it from rising even more.)

The foreign-born share of America's poor fell erratically after 2010, hitting 16.1% in 2013, before spiking to 16.7% in 2014.

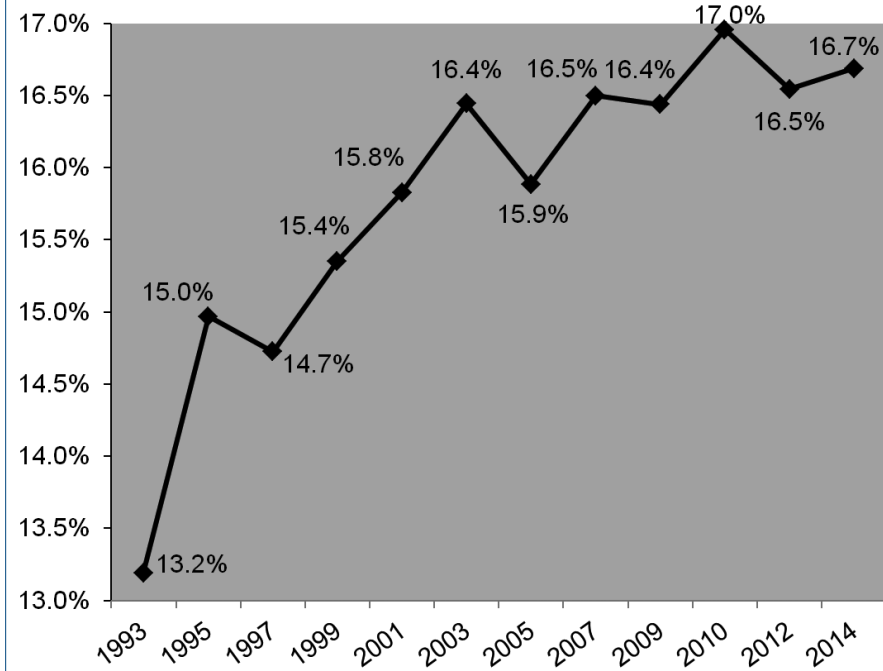
Even long-established immigrants are more likely to remain poor. Among those who have lived in the U.S. for more than 20 years, the poverty rate is about 30% higher than the rate for all native-born<sup>15</sup>.

### The Fiscal Burden

Immigrants are poorer, less educated, pay less tax, and are more likely to receive public benefits

**Fig. 7 Foreign-Born Share of U.S. Poverty Population, 1993 to 2014**

(Data: Census Bureau.)



Even so, the immigrants themselves are the major beneficiaries of immigration: they earn far more here than in their home country. U.S. employers also gain: their sales and profits grow while their labor costs fall. Some wealthy U.S. residents also gain. But most Americans do not own their own business. Most of us are not affluent. Most of us are closer to the average worker. As such, we lose ground to competing low-wage immigrants.

The truth is that nations with stagnant or falling populations often enjoy higher living standards. Take Japan, for example, where population is shrinking but the labor force is rising as older people rejoin the workforce and more women take jobs. If per capita GDP depended on a rising population, Africa, Latin America, Indonesia, and the Philippines would be rich.

### *The Bottom Line*

than natives. As a result federal, state, and local finances are all adversely impacted by immigration — and this negative will increase as the foreign-born share of the population increases.

Surprisingly little research has been done on this. The NRC study (*The New Americans*, 1997) is still the most sophisticated report on this aspect of immigration in the United States. It found that the average immigrant household receives \$13,326 per year in federal spending while paying \$10,644 in federal taxes — that is, they generate an annual deficit of roughly \$2,700 per household<sup>16</sup>. These figures include benefits paid to U.S.-born children living in households headed by immigrants.

The fiscal burden varies dramatically with education. An immigrant High School dropout imposes a net fiscal drain (taxes paid minus services used) of \$89,000 over his or her lifetime, according to the NRC. For those with only a High School degree, the net drain was \$31,000. At the other extreme, immigrants with more than a High School education provided a net fiscal benefit of \$105,000 over their lifetime — i.e., they paid more in taxes than they received in government services<sup>17</sup>.

My own research, published in *The Social Contract*, estimates that the foreign-born population cost the federal government \$346 billion in FY2007<sup>18</sup>. That translates to about 13% of that year's federal outlays — \$9,100 per immigrant. (This is a gross, not a net, cost figure; I did not estimate tax payments.)

State and local governments may suffer even more. Immigrants pay proportionately less state and local taxes than federal taxes, but consume services disproportionately funded by state and local taxes — especially social services and public education.

Immigration also impacts spending on public infrastructure (roads, bridges, airports) and environmental protection programs. Hospitals, prisons, public school buildings, and mass transit facilities are also in short supply and deteriorating due, at least in part, to immigration-driven population growth. My contention that infrastructure and immigration are closely related crises is fleshed out in another issue of *The Social Contract*<sup>19</sup>.

Immigrant workers increased U.S. GDP by about \$1.6 trillion, or 10.7%, in 2013. The vast bulk of this gain went to the immigrants themselves. Only 2% went to natives<sup>20</sup>.

For native-born Americans, immigration's major impact is distributional: it lowers the wages of native-born workers and raises the income of their employers and other upper-income natives who derive a disproportionate share of income from capital gains, stock options, and other non-wage income.

The difference between what native-born winners win and native-born losers lose is called the “immigration surplus.” It measures the net income gain accruing to native-born Americans as a result of immigration. In 2013 Harvard economist George Borjas estimated the surplus to be about \$35 billion — a mere 0.24% of GDP<sup>21</sup>.

This modest surplus is the difference between an enormous \$437 billion gain accruing to employers and a slightly less enormous \$402 billion wage loss suffered by native-born workers.

Three factors influence the immigration surplus calculation:

- Labor's share of GDP, which for decades has been around 70% in the U.S.
- The immigrant share of employment, which Borjas puts at 15%. (As seen in Figure 3, BLS data shows it to be 16.6% in 2014.)
- The “wage elasticity,” the percent reduction in native wages resulting from a 10% increase in the immigrant labor force. Following Borjas, we assume a wage elasticity of negative 3.5, implying that each 10% increase in foreign-born workers reduces native wages by 3.5%.

The negative wage elasticity implies that immigrant and native-born workers of similar education and skill levels are substitutes for each other, so that an increase in the supply of one group will reduce wages of the other. To most of us, this is a self-evident truth.

The formula for the immigration surplus contains another important insight: the greater the drop in native wages due to immigration, the greater the economic gain to the nation from immigration. No pain. No gain. No problem? Except that the pain from immigration resides primarily with native-born workers, while the gain rests mainly with their employers.

At the end of the day, the 1965 Immigration Act may be the most regressive public policy ever enacted by the federal government.

### Conclusion

Immigrant workers increase U.S. GDP, but the vast bulk of the gain goes to the immigrants themselves: only 2% goes to native-born Americans<sup>22</sup>.

By increasing the number of workers in the economy, immigration lowers the wages of native-born workers. At the same time, however, native-born employers gain from immigration because they can now hire workers at lower wages. Native-born consumers also gain — especially the wealthy. Similarly, natives who derive most of their income from dividends, capital gains, and other non-wage income gain as immigration drives up corporate profits.

Immigration's biggest winners, then — at least among U.S. natives — are the wealthy, while its biggest losers are found disproportionately among the nation's poor and middle-class. Clearly, immigration exacerbates the economic divide between haves and have-nots.

Current levels of over 1 million legal admissions per year — and *de facto amnesty* and non-enforcement policies that serve to protect those aliens who are here unlawfully — are only placing greater economic strain on those citizens who can afford it least. Congress must revisit the current policy of mass immigration to reduce this injustice.

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**NOTE:** The views expressed in this article are those of the author and do not necessarily represent the views of NPG, Inc.



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