

The Illegal Immigration Problem

What should be done about the “illegal immigration problem”? The answer is dependent upon which problem we are talking about, the real problem or the political hype problem.

The Real Problem(s)

The immediate “real problem” is population density. The more illegal immigrantsⁱ that enter the United States the greater the population density. Greater population density means greater urban sprawl and congestion; greater school density populations due to children of illegal immigrants who also entered illegally or who were born within the USA (making them citizens), greater school density means school population growth potentially absent funding growth; greater demands on social services.

Many illegal immigrants pay taxes; “day laborers”, be they illegal immigrants, authorized workers, or citizens, do not necessarily pay taxes. However, immigrants, both legal and illegal, constitute the largest recipients of social services:

- The proportion of immigrant-headed households, both legal and illegal, using at least one major welfare program is 29 percent, compared to 18 percent for native households.
- The poverty rate for immigrants and their U.S.-born children (under 18) is 18.4 percent, 57 percent higher than the 11.7 percent for natives and their children. Immigrants and their minor children account for almost one in four persons living in poverty.
- One-third of immigrants lack health insurance -- two-and-one-half times the rate for natives. Immigrants and their U.S.-born children account for almost three-fourths (nine million) of the increase in the uninsured population since 1989.
- The low educational attainment of many immigrants and resulting low wages are the primary reasons so many live in poverty, use welfare programs, or lack health insurance, not their legal status or an unwillingness to work.
- A central question for immigration policy is: Should we allow in so many people with little education, which increases job competition for the poorest American workers and the size of the population needing government assistance?
- Immigration accounts for virtually all of the national increase in public school enrollment over the last two decades. In 2007, there were 10.8 million school-age children from immigrant families in the United States.
- Immigrants make significant economic progress the longer they live in the United States, but even immigrants who have lived in the United States for 14

or 15 years still have dramatically higher rates of poverty, lack of health insurance, and welfare use than natives.ⁱⁱ

Bullets four and five above are a consequent of the “political hype problem”. We will see that the poorest American workers do not suffer because of illegal immigrants and that the educational level of illegal immigrants only partially contributes to their low wages and not at all towards their lack of health insurance.

The real illegal immigration problem is really a multiplicity of problems. It starts with the reasons why people illegally immigrate to our country. The main reason is due to economic and human rights conditions in their home countries. The table below outlines the main countries of origin of illegal immigrants.^{iii - iv}

Country of Birth of the Unauthorized Immigrant Population: January 2005 and 2000 (in thousands)

Country of birth	Estimated Population in January		Percent of total		Percent change	Average annual change
	2005	2000	2005	2000	2000 to 2005	2000 to 2005
All countries	10,500	8,460	100	100	24	408
Mexico	5,970	4,680	57	55	28	258
El Salvador	470	430	4	5	9	8
Guatemala	370	290	4	3	28	16
India	280	120	3	1	133	32
China	230	190	2	2	21	8
Korea	210	180	2	2	17	6
Philippines	210	200	2	2	5	2
Honduras	180	160	2	2	13	4
Brazil	170	100	2	1	70	14
Vietnam	160	160	2	2	-	-
Other countries	2,250	1,950	21	23	15	60

- Figure rounds to 0.0.

Note: Detail may not sum to totals because of rounding.

Source: U.S. Department of Homeland Security

Table 4. Region of Birth and Year of Entry in 2007 (thousands)

	Share of All Immigrants	Total	Year of Entry ¹				Share of Post-2000 Arrivals
			Pre-1980	1980-89	1990-99	2000-07	
All Latin America	54.6 %	20,372	3,443	4,442	6,467	6,015	58.7 %
Mexico ²	31.3 %	11,671	1,788	2,408	3,890	3,583	34.9 %
Caribbean	9.1 %	3,379	886	752	960	781	7.6 %
South America	7.3 %	2,725	492	585	852	796	7.8 %
Central America	7.0 %	2,597	277	697	765	855	8.3 %
East/Southeast Asia	17.6 %	6,558	1,233	1,720	1,922	1,682	16.4 %
Europe	12.5 %	4,646	2,007	538	1,187	914	8.9 %
South Asia	5.5 %	2,044	249	388	680	727	7.1 %
Middle East	3.5 %	1,310	344	398	324	244	2.4 %
Sub-Saharan Africa	2.8 %	1,030	130	155	349	396	3.9 %
Canada	1.9 %	699	309	90	184	116	1.1 %
Not Given/Oceania	1.7 %	621	158	122	180	161	1.6 %
Total	100.0 %	37,280	7,873	7,853	11,293	10,258	100.0 %

Source: Center for Immigration Studies analysis of March 2007 Current Population Survey.

¹ Indicates the year that immigrants said they came to the United States. Included in totals are a small number of persons who did not indicate a year of arrival.

² Includes 100,000 persons who indicated they are foreign-born, Hispanic, and Mexican, but who did not indicate a country of birth.

Most of these countries have gross economic issues (partly stemming from American imperialism and partly due to rampant corruption in government) and human rights violations. Where the USA contributes to these conditions, the US government is responsible for amending those conditions.

Also note that India and China are the two primary sources of vocational outsourcing, the former for service sector jobs (call-centers) and some types of tech jobs (IT); the latter for manufacturing jobs. Korea and Vietnam are also chief sources of textile outsourcing (e.g. almost all clothing sold by Bebe is manufactured in Korea) that was once the primary industry of the South. Wal-Mart, the nation's single largest retailer, when first founded by Sam Walton purchased all textiles from factories within the United States. After his death, his relatives took over the company and began outsourcing to China and other countries. For Sam Walton, it was a moral imperative to support the American citizen-worker.

The "Vocational Problem"

The "vocational problem" is the "political hype problem"; there is no illegal immigration problem when it comes to competition for jobs between illegal immigrants and American worker-citizens. Companies are responsible for who they hire and what wages they pay and benefits, if any, they offer. Classic economic philosophy says that in a free market economy wages will be determined by competition between the working class for higher wages and the employer class for higher profits. It should be obvious that this classic version no longer holds.

Corporations have since found ways to crack the free market competition model—wage depreciation. "Illegal immigration" is just one form of wage depreciation. Companies are in the business of earning profits; in order to earn profits corporations must control overhead and generate revenue. Obviously wages and employer provided benefits (like health insurance) are two chief sources of overhead—operational costs. Employers (corporations) control these operational costs by engaging in wage depreciation or by increasing operational efficiency. Examples of increasing efficiency include: the installation of conveyer belts in supermarket check-out lanes; more recently, the doing away with "bag boys" so that the cashier does the bagging while scanning the items (instead of having to manually type them into a cash register—multitasking combined with automation), the assembly line (automation).

Wage depreciation takes on a number of forms, the two most prominent of which are vocational outsourcing and the hiring of cheaper labor, in some cases illegal immigrants. I have already outlined examples of outsourcing. It should be clear now that vocational outsourcing is wage depreciation. Hiring illegal immigrants is no different from outsourcing—both are types of wage depreciation; the differences lay solely in the specific method of wage depreciation—where outsourcing is not an option, hire cheaper local labor.

Last year (2007) Circuit City decided to lay off thousands of employees because the CEOs determined that they were paying their employees significantly more than their competitor (Best Buy, who earns greater profits). They laid-off the employees to be replaced by new ones willing to work for lower wages and most likely reduced benefits. This is wage depreciation and it matters not whether those new employees are authorized workers or unauthorized workers.

Wal-Mart includes in their employment packages applications for welfare. In other words, Wal-Mart informs the applicant that s/he will qualify for welfare despite being a Wal-Mart employee. They restrict the number of employee *scheduled hours* so that they are not required by federal (though not necessarily by state) law to provide health insurance. The offering of health insurance is federally regulated (that is, federal law delineates the minimum requirements) by scheduled hours and not actual worked hours. (I am speaking solely regarding their corporate practices within the United States not their corporate practices in China, which is even worse.) If applicants—the working class—held any control over wages via competition, Wal-Mart would not be able to treat their employees as slave laborers. Obviously economic pressures, educational levels, and other factors force people to seek employment with Wal-Mart, but that does not morally excuse or justify Wal-Mart of their practices.

The Department of Labor estimates that 25% of all hourly wage employees earn minimum wage. On September 7, the *Washington Post* reported that mean wages rose by 6.6% in the second quarter of 2006. Just because mean wages are rising does not mean the economy is bad or good. It also does not tell us much about wages. We need to know the median and mode as well. For example in the following range of yearly wages—16,000; 35,000; 3.75 million--we do not know how many people make what (mode) and the mean of these three is 1.35 million. On Labor Day 2006 the *Washington Monthly* [reported](#) that median wages have declined in 32 states over the past six years with a national aggregate decline of 0.5%.

With the 2006 publication of the Forbes 400 list we now know that CEO income is rising thereby scewing the mean national wage. For the first time, all 400 uber-rich on the Forbes list are billionaires whose collective worth is \$1.25 trillion, up \$5 trillion from 2005. We also know, yet again, that median wages are falling; in other words, wealth is being redistributed to the top. "Trickle down economics" never trickled down.

According to *Time*, worker productivity is up 18.4% and corporate profits are up 72%; for every 1% increase in productivity the company earns 4% in profits. CEO income is up, worker productivity is up, corporate profits are up, but median household incomes have declined in 32 states. When government agencies report that mean wages are up it is not because middle or lower class wages are on increasing but because the Daddy Warbucks, like the Walton family who comprise

five of the top ten American billionaires, keep stuffing their Princess and the Pea mattresses with the middle and lower classes' labor.

It is obvious that corporations exert unrestricted control over wages (and benefits).^v The American citizen-worker is not competing against illegal immigrants for jobs; they are fighting against corporations set on reducing operational costs—wages and benefits paid—and increasing profits by any means necessary while increasing their own salaries.

Illegal immigrants are willing to work for lower wages and reduced benefits. In this sense they do constitute a local competitive market for the American citizen-worker. But the real problem comes down to the unethical practices of corporations such as Wal-Mart, Circuit City, and Nortel. (Nortel CEO Mike Zafirovski's total annual salary increased in 2006 by \$1.8 million while *simultaneously* Nortel eliminated 2,100 jobs, primarily in North America, and "shifted" another 1,000 jobs to overseas markets.)^{vi} The enemy of the American citizen-worker is not the illegal immigrant; it is the corporate CEOs. Illegal immigrants are not to be blamed for unethical corporate wage depreciation.

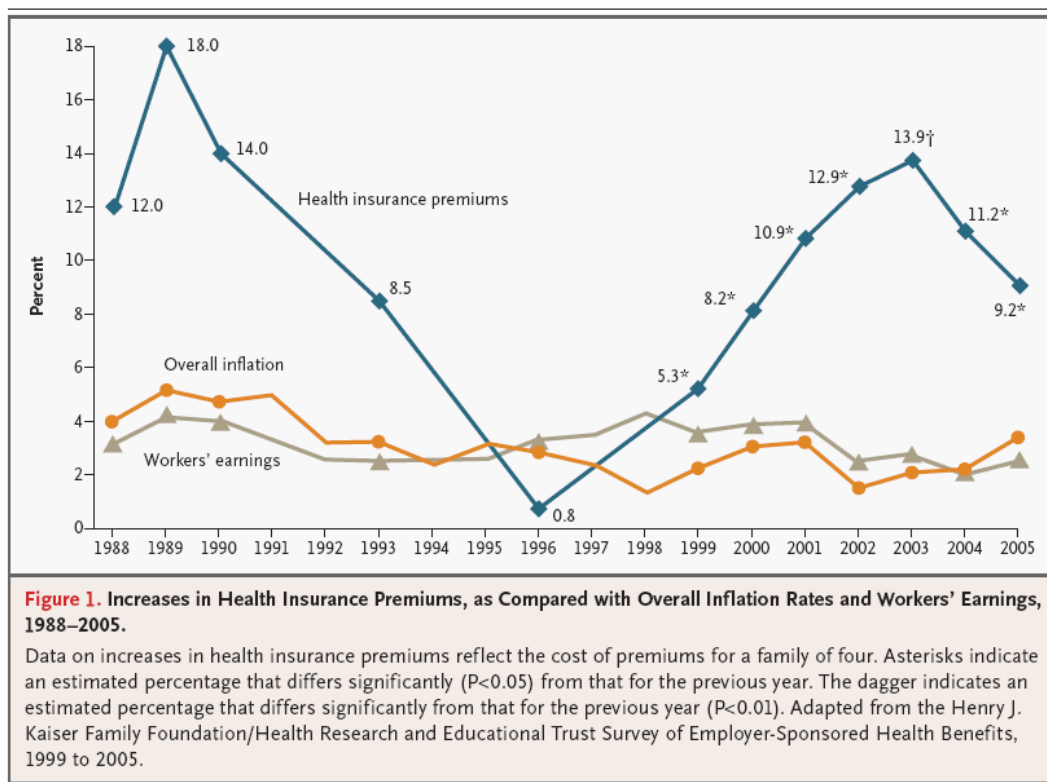
ⁱ I use the term “illegal immigrant” and not “unauthorized worker”. Some legal immigrants are unauthorized workers, such as temporary immigrants here on student visas. However, all illegal immigrants are *de facto* unauthorized workers. In the context at issue, “illegal immigrant” is a less ambiguous term. Where I use “unauthorized worker” is due to the irrelevancy of legal status.

ⁱⁱ Camarota, Steven A. 2005. “Immigrants at Mid-Decade: A Snapshot of America's Foreign-Born Population in 2005.” Center for Immigration Studies; <http://www.cis.org/articles/2005/back1405.html>; last viewed 07 March 2008.

ⁱⁱⁱ Hoefer, Michael, Rytina Nancy, & Campbell Christopher. 2006. “Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2006,” as published in *Population Estimates*; the Department of Homeland Security.

^{iv} Kolankiewicz, Leon. 2000. “Immigration, Population, and the New Census Bureau Projections.” Center for Immigration Studies; <http://www.cis.org/articles/2000/back600.html>; last viewed 8 March 2008.

^v Regarding benefits I need not say anything more than what this chart demonstrates:



Blumenthal, David. 2006. “Employer-Sponsored Insurance — Riding the Health Care Tiger.” *New England Journal of Medicine*; 355(2): 196.

^{vi} Dabrowski, Wojtek. 2008. “Nortel shares sink, but CEO’s pay rises.” *Reuters*, <http://www.reuters.com/article/hotStocksNews/idUSN2924189920080229?rpc=92>; last viewed 08 March 2008.