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THE ECONOMICS OF IMMIGRATION: A TWO-CENTURY OLD LEGACY OF DYSFUNCTION

by

Martin R. Cantor, CPA, M.A.

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Martin R. Cantor, CPA, M.A.
Director, Long Island Economic and Social Policy Institute at Dowling College
150 Idle Hour Blvd., Racanelli Center Room 317A Oakdale NY 11769
Direct Telephone: 631-491-1388

PROLOGUE: THE CONTINUING LEGACY IMMIGRATION ECONOMICS

There was a time when United States immigration policies, despite seeming unfair and harsh, were tightly enforced and made sense. The Chinese Exclusion Act of 1882 was enacted to protect the jobs of west coast laborers who feared economic competition from a cheap Asian labor supply. This act virtually stemmed China emigration to the United States until after World War II. Then, in the second half of the 1800's, there was the tacit allowance of Mexican labor that was cheap and plentiful to cross the border to fill a need for agricultural labor from Texas to California. While the Mexican immigrants, legal or not, were welcome whenever a labor shortage existed, they were not welcome as permanent residents seeking citizenship. And from the North, between 1890 and 1900, came the French Canadian immigrants who were a source of cheap and industrious labor supply for the North East factories and industrial plants. Yet while providing this needed labor, they were being called "the Chinese of the Eastern States" and were regarded as poor, ignorant, degraded, and resistant to Americanization. All because of their Catholicism, which was fueled by Protestant Yankee antagonisms. None-the-less, the French Canadians continued to come, and provided the much-needed workforce sustaining the North Eastern economy. (*"The Huddled Masses: The Immigrant in American Society"* by Alan Kraut). How ironic that the United States, a nation of immigrants, developed these policies.

In the last century and a half, hemispheric economies were not intertwined by free trade agreements, and when immigrants came here there was a queuing order in place where lower skilled jobs led to a career and increased wages. Sadly, halting this economic order was the global economy and the North American and Canadian free trade agreements.

The global economy changed the skill requirements required of the domestic workforce from blue collar to those based on intellectual capability, communication and critical thinking. The result was the disappearance of jobs for those with lower educational attainment, replaced by jobs requiring a higher degree of education. The free trade agreements that sought to eliminate trade tariffs, effectively relaxed tight border enforcement, resulting in a free flow of undocumented workers. A clear example is Mexico, who doesn't police its borders and encourages illegal emigration to the United States because of the economic activity the émigrés send back to Mexico.

The result of these economic events is that United States has an illegal immigration problem that it can't get its arms around. Ironically, legislation addressing the legal aspects of the undocumented alien has led to concerns about the economic consequences. The inescapable conclusion is that a new policy must be implemented because today's immigration issues can't be resolved by 40-year-old policies.

There is a lot to like about the proposed immigration initiative that Congress and the President are considering. Excepting for amnesty, which flies in the face of American society that is based on laws, there is some benefit to the Long Island economy.



Foremost is the impact on three important segments of the Long Island economy; tourism, agriculture and fishing, which require the type of employees that immigrants provide. These industry sectors provide nearly five percent of the Long Island economy with close to \$5 billion from Long Island tourism industry; Suffolk County's ranking as the largest agricultural county in New York State in terms of dollars of activity and the region's fishing industry's close to \$90 million.

The immigrant workers filling the jobs have a positive impact of the regional economy by sustaining these industry sectors. Those immigrants that have made an investment in their future on Long Island provide spin-off economic activity by spending their wages in the region. The argument that immigrant workers take away jobs from Long Islanders is specious, since the higher levels of education attainment of Long Island's children provides skills enabling them to access higher paying jobs in the local economy that immigrants can't fill.

Given these facts, providing work permits through a guest worker program makes sense, but separating the worker from the family, as the law under consideration would do, does not. What could result is that children who have been born here, and thus are American citizens and can stay here would drain government and medical resources, should the primary family wage earner, usually a male is sent back to his country of origin. This would leave a female family head to get lost in the local economy, since women earn less than men and immigrant women of color without education earn the least.

For those who would argue that immigrant labor is taking Long Island jobs, one needs look at the spin-off economic activity of immigrant labor. As defined above, their labor supports industries that generate nearly \$6 billion of Long Island's primary economic activity, and while immigrant labor does not generate all of that activity, that labor plays a large part in generating that activity, which generates another \$6 billion of secondary economic activity. Validation of this is the East End of Long Island tourism industry that was fearful that the slowness in granting work visas would hurt this past summer tourism season.

It's time to put the myths to rest about immigration policy, and focus on legally harnessing the economic activity that is so important to the National and local economies.

Joining in this debate are *Newsday* columnist Raymond J. Keating, Long Island Federation President John R. Durso, and Long Island Immigrant Alliance Executive Director Dr. Luis Valenzuela. Their comments and contributions to this debate follow.



RAYMOND J. KEATING

In a recent column appearing in *Newsday*, Ray Keating asked how does immigration affect the economy? How people answer this obviously influences which camp they fall into regarding immigration reform.

The immigration debate has been running hot on Long Island for some time, and is heating up once again in Congress. One camp buys into the economic-pie school of immigration. In this view, there are only a certain number of jobs - or pieces of pie - to go around. Therefore, if an immigrant takes some pie, there's less for the native-born. So this group would like to see a big chunk of the estimated 11 million to 12 million illegal immigrants in this nation deported. It also tends not to be keen on expanding legal immigration.

Fortunately, though, the economy is not about fighting for pie crumbs at the table. Instead, entrepreneurship, investment, trade, production and consumption mean the pie gets bigger, or more pies are baked. That is, economic growth and job creation occur. Understanding that this is how the economy actually works reveals immigration - legal and illegal - as an economic positive. Quite simply, more immigrants equal more workers, consumers, investors and entrepreneurs. And the data backs this up.

For example, the 2007 edition of the "Economic Report of the President" noted: "Foreign-born workers (the sum of legal and illegal migrants) make up 15 percent of the total U.S. labor force, and since 1996 they have accounted for about half of the total growth in the labor force, thereby fueling macroeconomic growth." For good measure, recent studies from the National Venture Capital Association and Duke University highlighted major economic contributions from immigrant entrepreneurs.

But a study released from the Horace Hagedorn Foundation in Port Washington and Adelphi University drilled down to the impact of the Latino population, including legal and illegal immigrants, on Long Island's economy. Economists Mariano Torras from Adelphi and Curtis Skinner from Pelliparius Consulting noted, "Long Island's Hispanic population has grown dramatically in recent years, led by new immigration from Latin America."

They point out that the Island's Latino population has tripled since 1980, versus 6 percent growth in Long Island's overall population. Factor out new Latino residents, and Long Island's population actually would be 3 percent smaller than its 1980 level. So the importance of Latinos to the local economy has expanded.

Torras and Skinner found that employment among Latinos on Long Island grew by one-third from 2000 to 2004. And between 1997 and 2002 the number of Latino-owned businesses on Long Island jumped by 35 percent, with growth in Suffolk County particularly strong at 51 percent. To sum up, the authors estimated that the Latino population in Nassau and Suffolk had a total economic impact of \$5.7 billion in 2004, including helping to create more than 52,000 jobs. The economic pie grew.



But what about the burdens immigrants place on local government services? Torras and Skinner estimated that Latinos directly or indirectly generated \$925 million in revenue for local governments in 2004, while costing Long Island localities \$723 million. That comes out to a net positive contribution to local government of \$614 per Latino resident. What does this all mean? Locally, it's time for some groups to stop kicking around immigrants, and instead start recognizing the role they play in keeping Long Island's economy afloat. Common-sense economics and basic human decency dictate welcoming immigrants and aiding their assimilation.

Meanwhile, our congressional representatives should be pushing for comprehensive immigration reform. Yes, tighten up the borders for national security purposes, but also expand legal avenues for immigration to keep our economy chugging along. It's clear that immigrants are not an economic burden, but instead a blessing.

Mitt Romney and Rudy Giuliani have proven unwavering in their willingness to fudge their positions on almost any issue to gain favor with conservative Republican primary voters. Take immigration reform, which deals with the inseparable issues of illegal immigration, undocumented workers and legal immigration levels. Romney and Giuliani sport fairly pro-immigration records. But they're running away from them on the presidential campaign trail.

Romney launched a radio ad attacking New York City and, by implication, Giuliani, on the issue. Meanwhile, Giuliani has been talking tough about building a fence along the U.S.-Mexico border, fingerprinting and issuing ID cards to those entering the nation, and ending illegal immigration. The strategy is clear - but does it make sense?

In fact, there's nothing necessarily conservative or Republican about adopting an anti-immigration tone. Confident, positive, Reagan-like conservatism is distinctly pro-immigration. The anti-immigration tail wagging Republican policy these days springs from a small but loud group spreading populist fears.

National security and fighting crime naturally require that we control our borders and kick out trouble-makers. Everyone agrees on that. But the populists ignore the crucial economic, legal and political aspects of immigration that conservatives should understand.

Most people come to this nation - whether legally or illegally - for opportunity. They fill the labor needs of consumers and businesses in our growing economy. Immigration reform that ignores fundamental economics is destined to fail. Meanwhile, on the legal front, immigration law has been an abysmal failure, with an enforcement-only legislative strategy destined to fall short as well. Whenever the law ignores reality, respect for the law suffers.

So, as border security is tightened, economics and respect for the law dictate that legal avenues for entering the United States and becoming a citizen must be expanded. That has the added benefit of taxpayer dollars being used to stop bad guys, rather than chasing down people working and contributing to our nation.



As for the politics, an anti-immigration strategy is a loser. President George W. Bush ran as a pro-immigration conservative Republican in 2000 and 2004, while Republicans in the House of Representatives emphasized an enforcement-only agenda heading into the 2006 elections. According to the National Immigration Forum, Bush earned 35 percent of the Latino vote in 2000, and 44 percent in 2004. House Republicans also received 44 percent of the Latino vote in 2004. But in 2006, House Republicans got only 30 percent of the Latino vote.

Is it mere coincidence that Bush won the White House in tight races, and Republicans lost Congress last year? With much of the nation's population growth tied to immigration, anti-immigration politics is just plain dumb.

But what about conservatives in Republican primaries? Consider the results of a nationwide poll jointly conducted by the Democratic polling firm Lake Research Partners and Republican pollster The Tarrance Group, for the National Immigration Forum and the Manhattan Institute. Among all likely voters, 75 percent favored comprehensive immigration reform that included beefed-up border security, allowing more foreigners to come for work and a path to legalization for undocumented workers. Most revealing, 76 percent of those identified as "strongly Republican" and 74 percent of the "very conservative" supported this package.

An anti-immigration agenda is not conservative. Colorado Congressman Tom Tancredo, who is stridently anti-immigration, is a blip in the polls among GOP presidential candidates. And California Republicans, who pushed an anti-immigration message in the early 1990s, have suffered in minority status pretty much ever since. In the end, being anti-immigration means political suicide for Republicans.

JOHN R. DURSO: THE LONG ISLAND FEDERATION OF LABOR

America's immigration system is broken and it needs to be fixed. The American labor movement has called the present system a blueprint for exploitation of workers, both foreign born and native. While failing to stop the flow of undocumented people into the United States, it is causing workplace discrimination against immigrants and minorities, particularly undocumented workers. The current system leaves unpunished unscrupulous employers who exploit undocumented workers and retaliate against them when they join with other workers to assert their rights. Our policy must be reformed to end the cycle of exploitation that exists in today's workplaces – exploitation that drags down wages, benefits and working conditions for all workers.

It is estimated that there are 12 million undocumented immigrants in the United States, and 500,000 new immigrants – the majority without authorization status – are absorbed into the U.S. Labor force every year. Economic globalization and harmful U.S. trade policies are at the root of our failed immigration system. Thirteen years of NAFTA have resulted in the loss of millions of American jobs. In Mexico, real wages have declined by 20 percent, millions of farmers have been dislocated, and millions more reduced to poverty, fueling the flight into the U.S.



The AFL-CIO and many International Unions have backed a comprehensive reform of our immigration laws addressing uniform workplace enforcement; permanent residency and legalization for undocumented workers who have paid taxes and made positive contributions to their communities; and the problems inherent in guest workers programs which relegate a class of workers to second-class status without workplace rights. To fully protect U.S. workers, reduce the unlawful exploitation of immigrant workers, and reduce the incentive of some employers to hire undocumented workers rather than U.S. workers, all workers, immigrant and native-born, must have full and complete access to protection of labor, health and safety laws.

The failure of national leaders to fix a broken system has created challenges for local communities to deal with a rapid influx of immigrant workers, many of who are undocumented. State and local political leaders have attempted to enact policies to address the resulting issues related to housing, health care, education and local hiring practices. The courts have rejected many of the fixes, which would restrict the rights of immigrants.

The Long Island Federation of Labor has spoken out against proposals that would restrict the rights of workers to assemble; and against the efforts of the minority caucus of the State Assembly to withhold extension of the Suffolk County Sales Tax to protest immigration policies in the County. These are ineffective gestures that would actually harm working families on Long Island.

The Long Island Federation of Labor will keep the focus on national immigration reform in a way that places workers rights at the forefront. On Long Island, our Federation supports a dialogue among religious, political and community leaders to build consensus about an approach to local immigration issues. The Fed also will work to support the organization of immigrant workers, either in established trade unions, or through centers such as the Workplace Project, which will combat exploitation on the job in a meaningful way. Furthermore, the Fed will participate in forums that will educate our leaders about the complex issues involved in the immigration discussion.

THE AFL-CIO POLICY ON IMMIGRATION

In its position paper entitled “Building Understanding, Creating Change: Defending the Rights of Immigration Workers” the AFL-CIO says that it proudly stands on the side of immigration workers. Immigrant workers are an extremely important part of our nation’s economy, our nation’s union movement and our nation’s communities. In many ways, the new AFL-CIO immigration policy signals a return of the union movement to its historical roots. It is increasingly clear that if the United States is to have an immigration system that really works, it must be simultaneously orderly, responsible and fair. The policies of both the AFL-CIO and the United States must reflect those goals.

The United States is a nation of laws. This means the federal government has the sovereign authority and constitutional responsibility to set and enforce limits on immigration. It also means our government has the obligation to enact and enforce laws in ways that respect due process and civil liberties, safeguard public health and safety and protect the rights and opportunities of workers.



Unfortunately the current system of immigration reinforcement, while failing to stop the flow of undocumented people into the United States, is causing workplace discrimination against immigrants and minorities, particularly undocumented workers. The current system leaves unpunished unscrupulous employers who exploit undocumented workers and retaliate against them when they join with other workers to assert their rights, thus denying labor rights for all workers. This system of workplace immigration enforcement in the United States, with its emphasis on the I-9 system, is broken, targets workers instead of the egregious employers who exploit them and needs to be fixed.

The AFL-CIO believes that any national immigration policy should include the following elements.

- Undocumented workers and their families make enormous contributions to their communities and workplaces and should be provided permanent legal status through a new legalization program.
- Employer sanctions and the I-9 system should be replaced with a system that targets and criminalizes employers who recruit undocumented workers from abroad for economic gain.
- Immigrant workers should have full workplace rights, including the right to organize with protections for whistle-blowers.
- Government safety net benefits are important for all workers, and those unfairly taken away by Congress in 1996 should be restored.
- Labor and business together should design mechanisms to meet legitimate needs for new workers without compromising the rights and opportunities of workers already here.
- Guest worker programs should be reformed but not expanded.

The AFL-CIO supports a broad legalization program that makes no distinction based on country of origin and that allows undocumented workers and their families who have been working hard, paying taxes, and contributing to their communities the opportunity to adjust to permanent legal resident status. We should recognize that one of the reasons for undocumented immigration is that our current legal immigrant system for family members and for workers is in shamefully bad shape. A Broad legalization program providing permanent residence status, rather than a large new guest worker program should be the focus of our efforts.

The AFL-CIO and its affiliated unions will work vigilantly with our coalition partners representing the immigrant, ethnic, faith and civil rights communities to ensure that comprehensive legislation providing for legalization and the enforcement of workplace rights for all workers is introduced in Congress and ultimately signed into law.

History has proven that mistreatment of one group in a workplace ultimately will lead to the mistreatment of all workers. We must be mindful of and learn from the history of oppression that many U.S. workers have faced, in particular the long struggle of African American workers. All workers must understand the difference that unions make for workers, whether it is a living wage, better benefits or a safer work environment.



DR. LUIS VALENZUELA: LONG ISLAND IMMIGRANT ALLIANCE

Jim Claffey wrote recently that during the 1980's, as Latino immigration to Long Island surged, local agencies responded with programs. Although the quality of the support was high, the lack of coordination between and among various organizations meant that there was no integrated, broad-based approach to immigrant issues on Long Island.

A startling "wake up call" came in 2000 with the attempted murder of two Mexican day laborers from the Farmingville area. This convinced local non-profits and pro-immigrant groups that new levels of anti-immigrant hostility demanded a more unified approach. In the fall of 2000, representatives of the national pro-immigrant rights movement along with several Long Island organizations met to discuss immigration on Long Island. The result was the founding of the Long Island Immigrant Alliance (LIIA) whose purpose is to "work in solidarity with all immigrants who are an integral part of so many Long Island communities.

Since then, LIIA has become involved in:

- Assisting the Nassau County Board of Elections to comply with federally mandated election procedures for those with limited English proficiency.
- Spearheading the successful campaign that thwarted Suffolk County's plan to turn police officers into immigration agents. The effort gained the active support of more than 40 civic, labor, religious and community organizations.
- Currently focusing on overcoming the influential and virulent anti-immigrant sentiment of those who would evict immigrant workers from their homes and also would criminalize them in the mind of the public.

The LIIA has become one of the most effective voices for a broad-based, effective immigrant rights advocate on Long Island. One-in-seven Long Islanders are born outside of the United States, and this has fostered growing tensions between these newcomers to the region and older residents, with the older residents resisting what they view as an incursion into their suburban community. LIIA believes that immigrants will remain victims of prejudice and resistance for the foreseeable future.



EPILOGUE: IMMIGRATION AND SUSTAINING A WORKFORCE

Long Island, because of its higher standard of living, and with Suffolk County being the largest agricultural county in the State of New York, the region has become the destination of choice for immigrants, many of which are undocumented. This factor, as we have seen in this white paper, has caused heated debates over national and local immigration policies.

Spirited discussion over immigration policies is not new to the United States, which is odd for a country comprised of immigrants. Each debate is unique to each generation, which is why it is important for federal participation in the current debate over immigration. This is important to localities, because immigration policies, laws, and the authority and resources to enforce them, begin and end with the Federal Government.

There is much disagreement as to how to address today's immigration problem. Any initiative must address two important considerations. The first is recognizing that rounding up for deportation the estimated 11 million undocumented immigrants already here is more difficult and more expensive than the United States debt bulging federal budget can absorb. The other is the cost to many of America's local economies that rely on this inexpensive labor force for delivery of good and services.

The first notion to overcome is that there is nothing wrong with debating immigration policy. Debate over immigration policies in the United States has been frequent since the birth of the nation, and especially since the 1960's. The Immigration Act of 1965 replaced the national quota system that limited immigration to a designated amount from each country, with a system of graded preferences including workers with needed skills. The Immigration and Nationality Act amendments of 1976 limited the entry of professionals, who usually circumvented this exception by applying under family reunification. Finally, the Immigration Reform and Control Act of 1986 called for immigrants unable to achieve a legal status here to return home.

What was common to all the immigration laws, which other than 1965 restricted immigration, is that they dealt with the concerns of their day, just as the policy alternatives currently under discussion. Complicating the current immigration dilemma is the dynamic created by the economic and trade policies of the North American Hemisphere. Both the Canadian and North American Free Trade Agreements have made it easier to trade among nations by removing tariffs and loosening border restrictions, with the comparatively strong United States economy and job market attracting a flow of labor through a porous Mexican border.

What is inescapable is that as baby boomers age and retire, new workers must be found to continue America's economic growth and provide taxes to fund the very government programs that the retirees will rely on. This is especially true for Long Island where retiring baby boomers occupy a significant portion of the population. Only through legal integration into the American society and economy will assimilation for those seeking citizenship begin, and a new workforce developed to sustain both the national and regional economies.

For Long Island to grow, a balance must be achieved between the new immigrants to Long Island and existing residents. To do less will relegate the region to chasing dreams beyond its capability to achieve. The result is that no one will benefit.



ABOUT MARTIN R. CANTOR,

Director, Long Island Economic and Social Policy Institute at Dowling College

Martin R. Cantor has a Bachelor of Science Degree in Accounting from Brooklyn College of the City University of New York, and a Master of Arts Degree in Interdisciplinary Studies from Hofstra University, focusing on the socio-economic relationships between education, household income, community and workforce development for New York City and Long Island.

Mr. Cantor has served as Suffolk County (New York State's largest suburban county) Economic Development Commissioner, brought Computer Associates to Suffolk County, and created over 23,000 jobs with an estimated \$1.4 billion annual payroll economic impact. He has served as: Chief Economist, New York State Assembly Subcommittee for the Long Island Economy; Senior Fellow at the White Plains, New York-based Institute for Socioeconomic Studies - a public policy think tank concentrating on poverty in America and senior citizens' quality of life; Chair of the Long Island Development Corp; a building trades labor/management arbitrator; a consultant to the Nassau Interim Financial Authority; a faculty member in the Brooklyn College Department of Economics; Executive Director of the Patchogue Village Business Improvement District; and, most recently, as Director of Economic Development and Chief Economist for Sustainable Long Island and the Long Island Fund for Sustainable Development, providing financial and technical assistance to businesses and not-for-profit organizations.

His work is included in the *National Tax Rebate-A New America With Less Government*, and has prepared downtown revitalization plans for Long Island and New York City neighborhoods featuring art districts, economic restructuring, waterfront projects and community organizing. He was the architect of the Nassau County Comptroller's debt restructuring plan for resolving Nassau County's fiscal crisis; has been a columnist for *Long Island Business Journal* and *LI Pulse*; and has authored federal, state and local legislation; economic impact analyses; socio-economic profiles of the New York City and Long Island economic, employment and educational bases; annual reports on the State of the Long Island Economy; and a convention center feasibility study.

A Certified Public Accountant in private practice, Mr. Cantor is also a consulting economist and economic development and planning consultant to counties, towns, villages, Industrial Development Agencies, and communities; an economic development advisor to the Suffolk County Executive; chairman of the Suffolk County Legislatures Downtown Revitalization Advisory Panel; Chief Economist for the Long Island Development Corporation; and Chairman of the Suffolk County Judicial Facilities Agency which financed the acquisition of the Cohalan State Court Complex.

Mr. Cantor provides economic and business commentary on television and radio; is a columnist for the Long Island Business News, Long Island's largest business weekly; has appeared in *The New York Times* and *Newsday*, and has been syndicated nationally by Newsday, Bridge News and Knight-Ridder/Tribune News Service. He is an Honorary Member of Delta Mu Delta - The National Honor Society in Business Administration, and has been recognized by the National Association of Counties for innovative uses of Industrial Revenue Bonds, international trade promotion initiatives, and downtown revitalization. He was invited by Dr. William Julius Wilson of Harvard University's John F. Kennedy School of Government to present his paper entitled *Race Neutral Sustainable Economic Development*. He is the author of the recently published *Long Island, The Global Economy and Race: The Aging of America's First Suburb* (www.martincantor.com).

