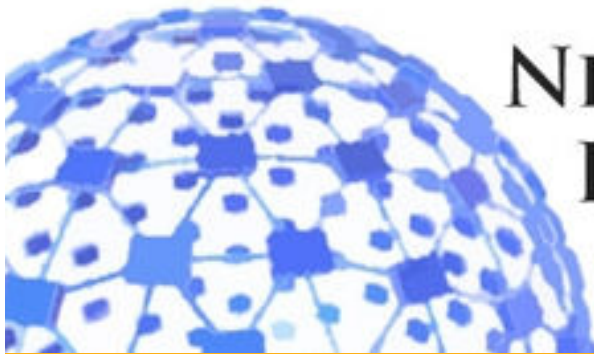


Appendix:

**The Impact of Immigration and Immigration Reform on The Wages of
the American Worker**

Robert J. Shapiro and Jiwon Velluci



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About this Appendix

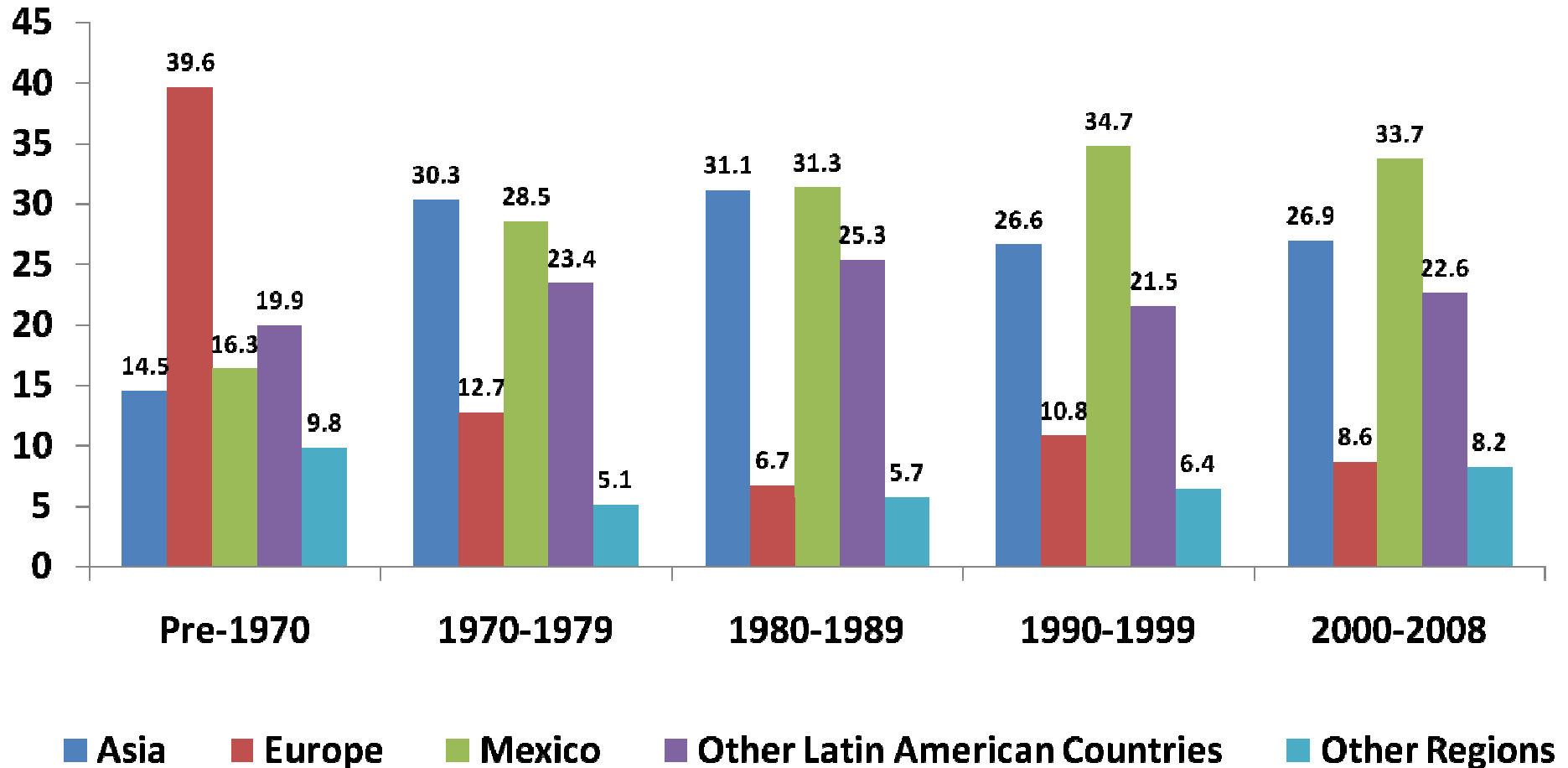
The New Politics Institute (NPI) is proud to release an economic report on the impact of immigration and comprehensive immigration reform on the wages of the American workers.

The report written by NPI Fellow and Former Under Secretary of Commerce Dr. Robert J. Shapiro, presents an accurate portrait of America's immigrant population, dispels certain misconceptions about American Immigration and offers economic analysis regarding the impact of immigration, and proposed immigration reforms on wages and the economy. This report offers a much needed look at the intersection of America's economy and immigration system.

This appendix is intended to better illustrate some of the more important data points presented in the report.

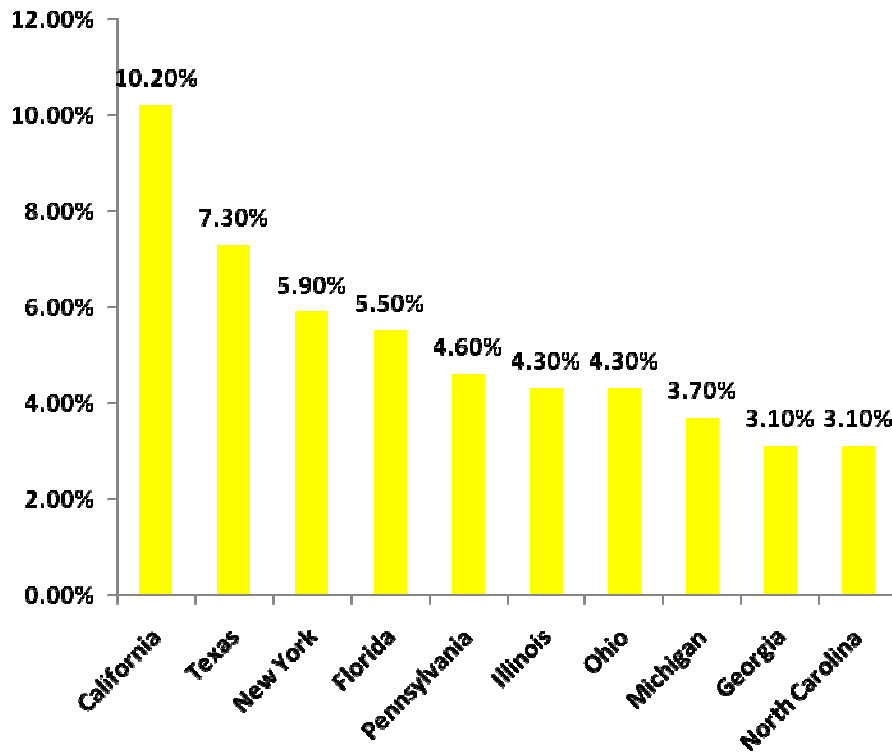
The data presented here already appears in the report, it has just been rendered graphically. This appendix also includes some key statistical data that is intended to highlight the positive economic effect of immigrants in the United States.

Immigration to the United States, By Place of Birth Pre-1970 to 2008 (percentage)

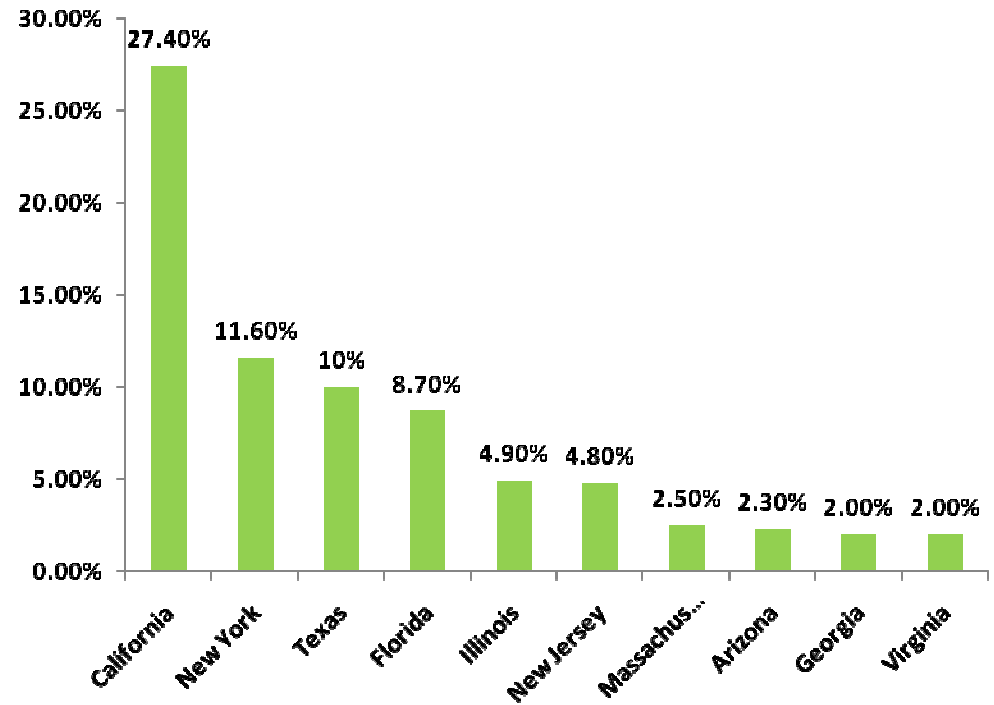


Native and Foreign Born Populations in Ten States, As Shares of All Native and Foreign Born People in the United States, 2003

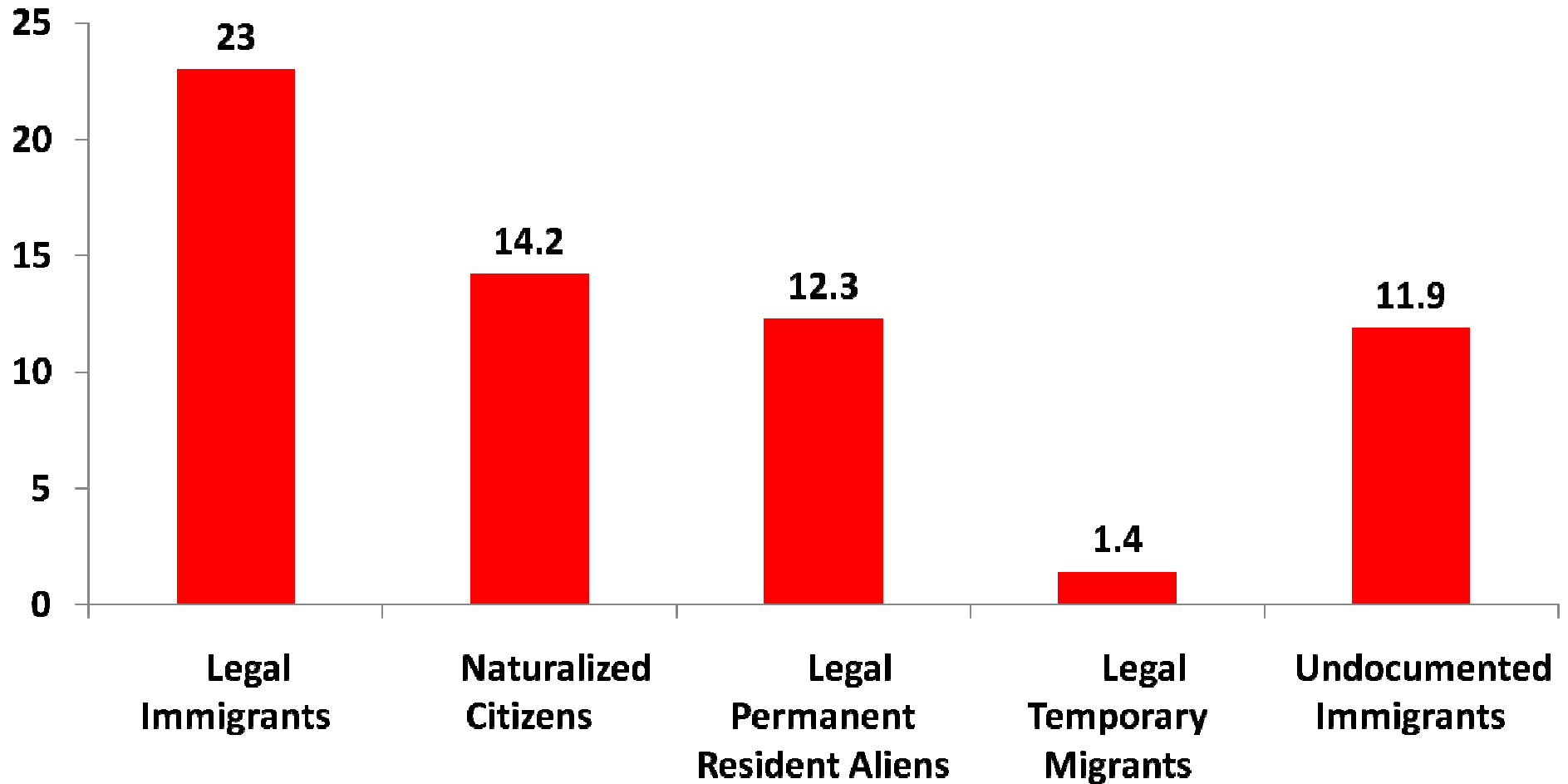
Share of Native-Born Population



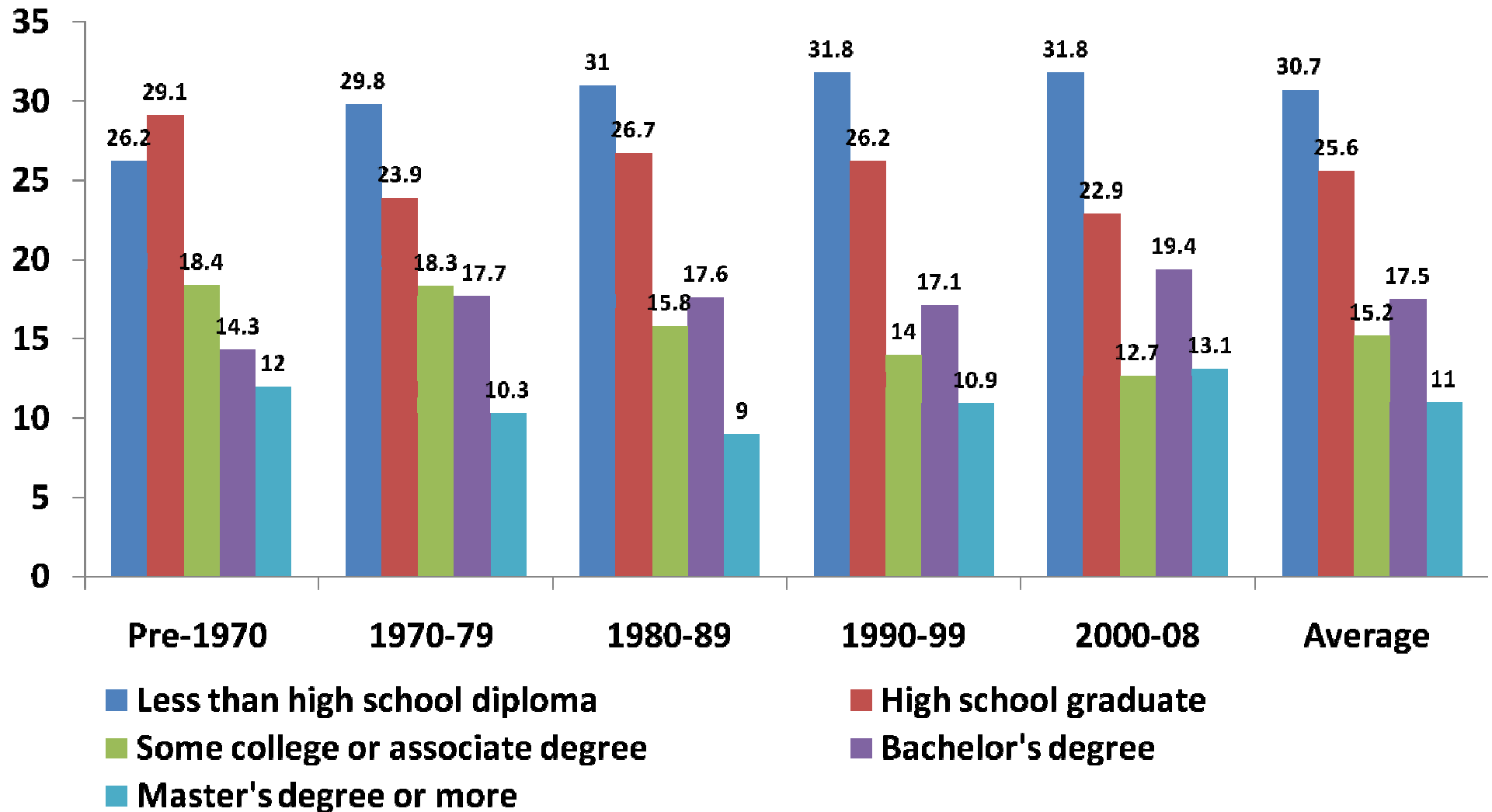
Share of Foreign-Born in the United States



Foreign-Born Population in the United States, By Legal Status, millions, 2008

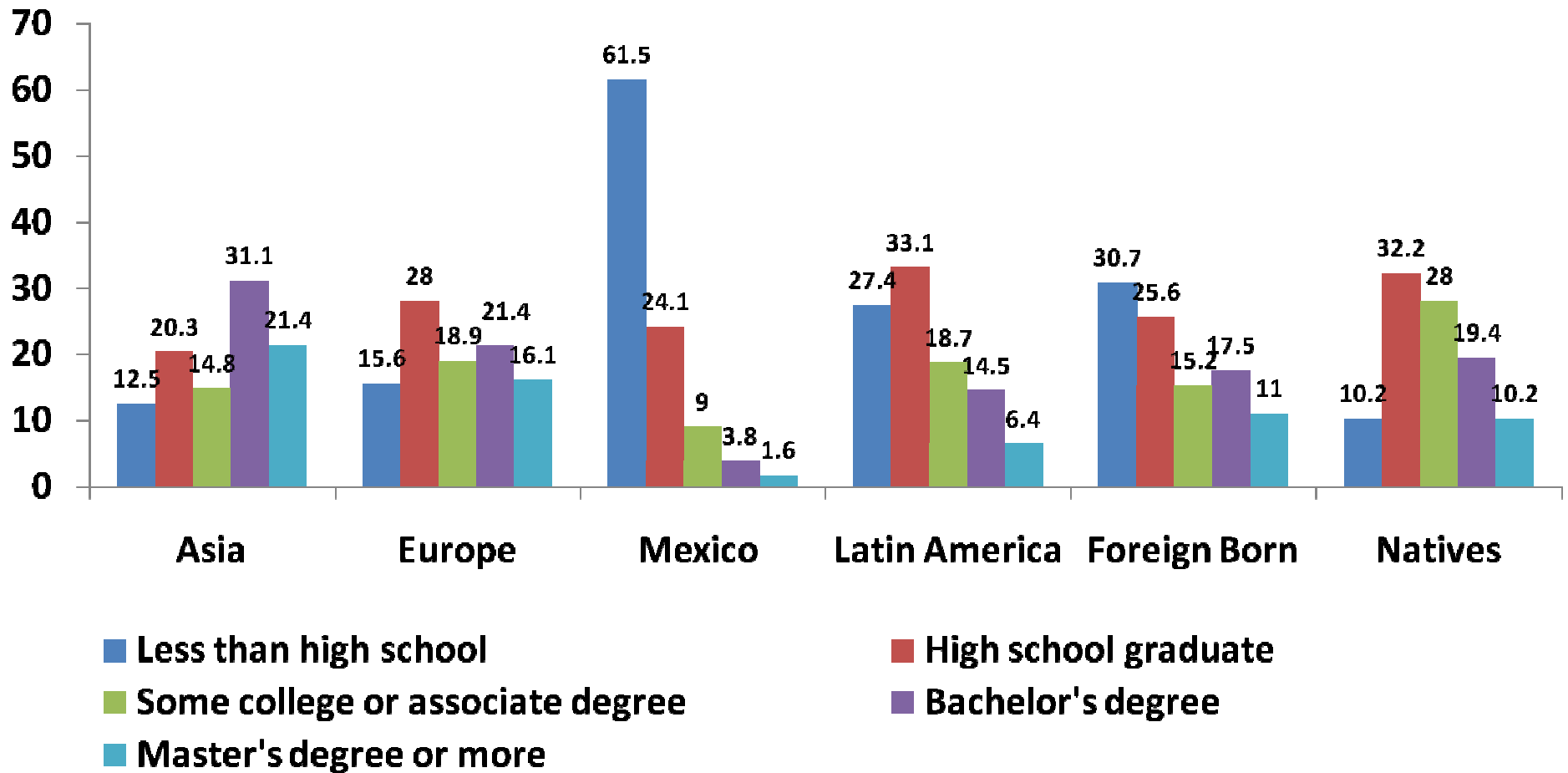


Educational Level of Immigrants Age 25 and Over, by Year of Entry, 2008



U.S. Census Bureau, Foreign-born Population of the United States, Current Population Survey, March 2008, Tables 2-5.

Educational Level of Immigrants Age 25 and Over, By Place of Birth, percentage, 2008



Immigration Can Have Positive Effects on the Economy

An influx of new, low-skilled workers can ultimately produce net overall gains for American workers, primarily from three sources.

1. The influx of low-skilled workers tends to **push up wages of high-skilled workers** in the same workplaces. However, it also tends to push down wages of low-skilled Americans competing with the new immigrants

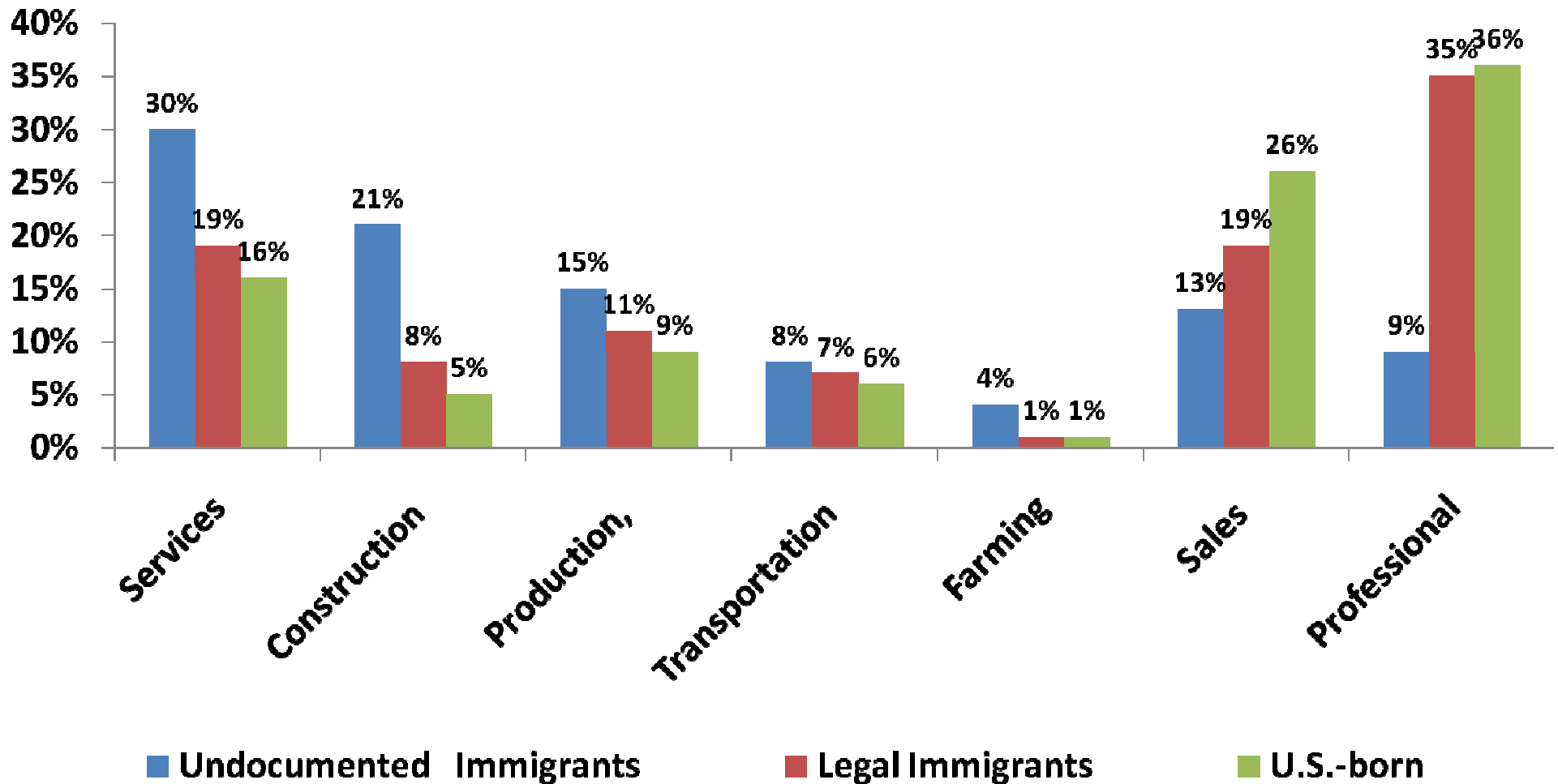
2. The wage gains of those **highly-skilled workers are usually greater than the wage losses** of unskilled native workers, producing net benefits.

3. The influx expands the labor force and **increases total output (GDP), in part because some immigrants will fill jobs that native-born Americans would not otherwise fill, increasing national income.**

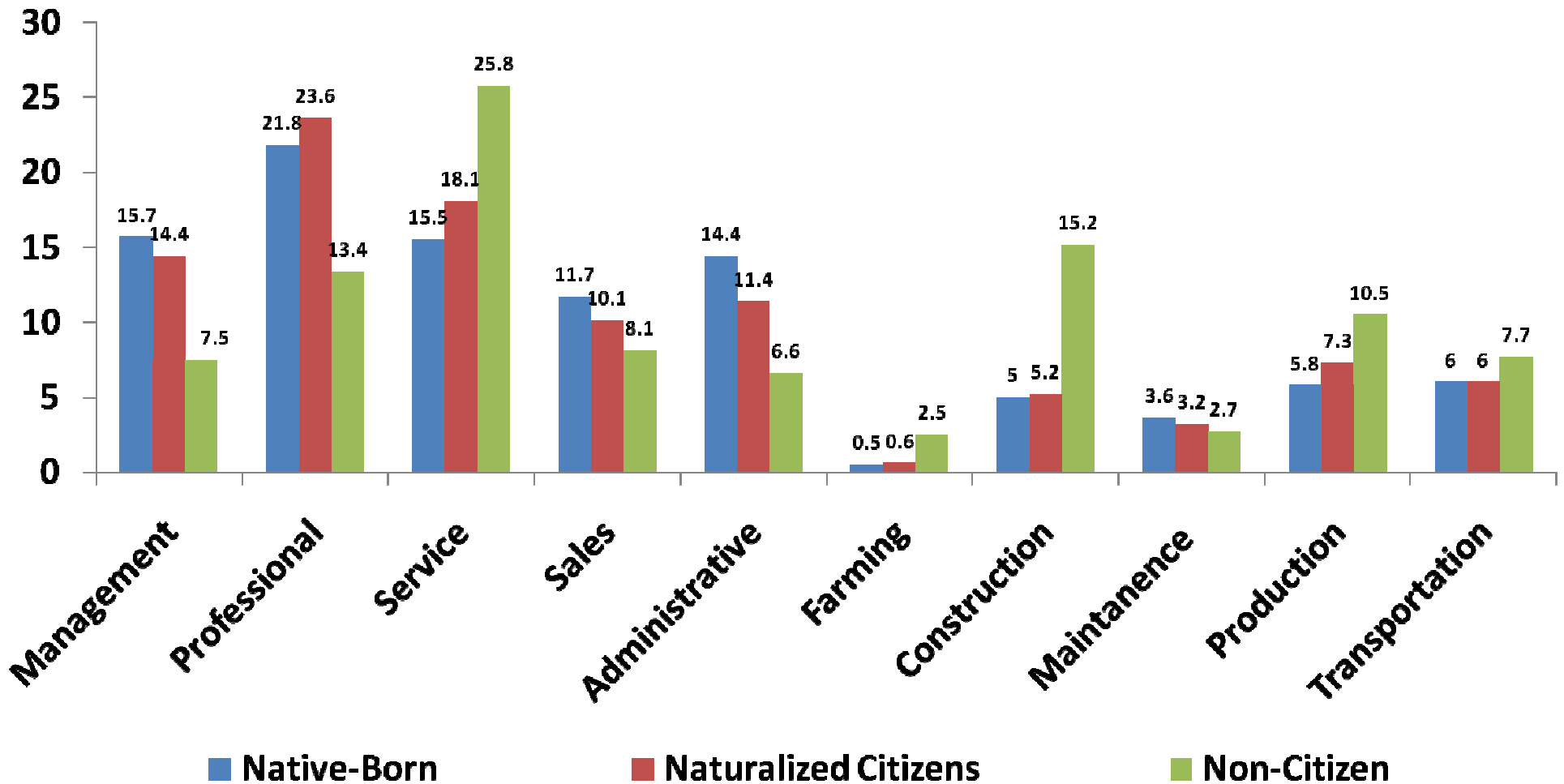
4. However, if the immigrants as a group have the same distribution of education and skills as American workers, the influx will have no effect on wages: **Total demand and all inputs and outputs will increase by the same amount, so prices are unaffected, including the price of labor (wages).**



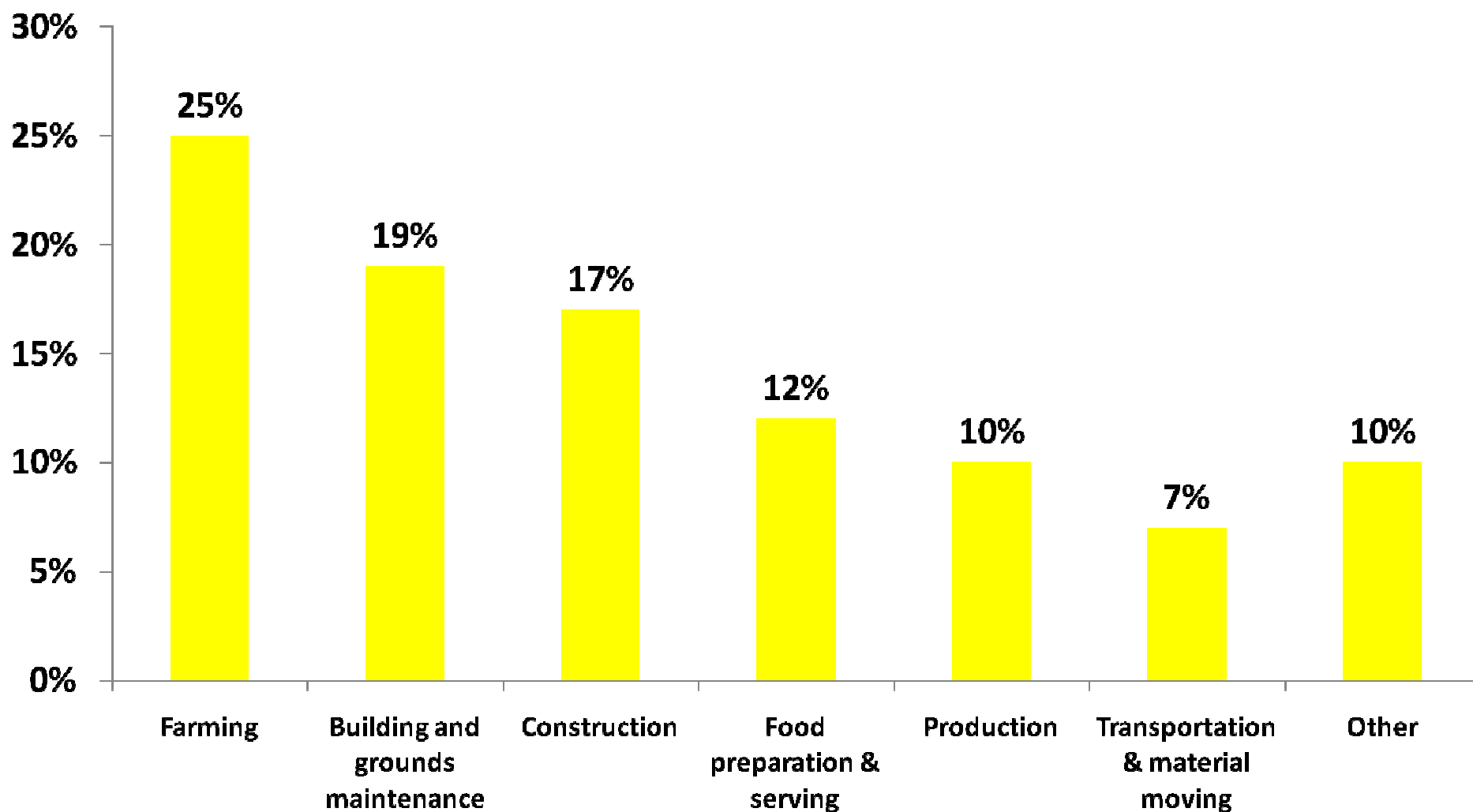
Occupations of Undocumented Immigrants, Legal Immigrants and Native Born Workers, 2008



Occupation of Employed Workers Age 16 and Over, By Immigration and Citizenship Status, 2008



Occupations of Undocumented Working Immigrants, 2008



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Passel and Cohn (2008)

The Economic Effect of Immigration Legislation

The Immigration Reform and Control Act (IRCA) of 1986, granted legal status to 1.7 million long-term undocumented immigrants.

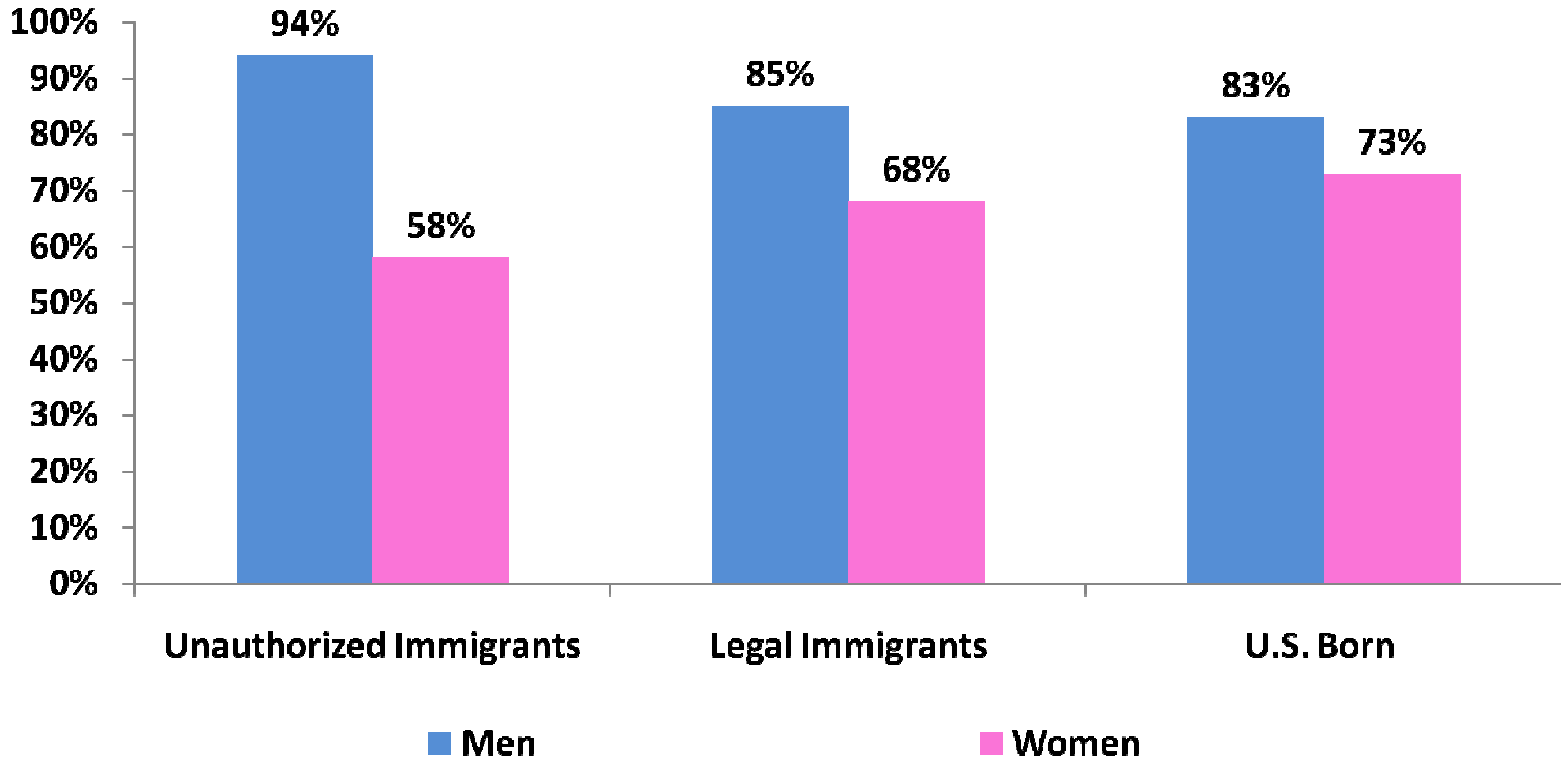
Studies Found:

- Four years after passage of IRCA, the wages of newly-documented immigrants had risen **9.3%** .
- The 1986 Act narrowed by about **6 %** the gap between the wages of immigrants and native-born workers in the same jobs
- A study of the impact on manufacturing found small, positive wage effects: Each **1%** increase in the proportion of legal immigrants in the manufacturing workforce was associated with a **one-tenth of 1%** increase in average manufacturing wages.



Passel and Cohn (2009), Kossoudji and Cobb-Clark, (2002) and Cobb-Clark et al (1995).

Labor Participation Rate of Population Age 18 to 64, By Legal Status, 2008



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Passel and Cohn (2008)

Other Studies of the Impact of Immigration on Wages: General Findings

- **In most cases, immigrants and native-born Americans do not compete for the same jobs.**
- The body of research points to the general conclusion that **immigration, on balance, produces modest, overall wages gains.** It also initially produces **modest adverse effects on the wages of low-skilled workers**, including earlier immigrants. Over time, however, **those adverse effects generally end.**
- **Immigration reform that creates a path for legal status eliminates much of the adverse effects on low-skilled native-born workers**, by increasing the labor mobility of the immigrants and reducing the downward pressure on native-born wages from employers who pay undocumented immigrants below minimum wage.