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# Illegal Immigration: The Impact on Wages and Employment of Black Workers

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# Illegal Immigration: The Impact on Wages and Employment of Black Workers

## **Abstract**

[Excerpt] Before addressing the specific issue of illegal immigration and its economic effects on black Americans, the broad subject needs to be placed in perspective. No issue has affected the economic well-being of African Americans more than the phenomenon of immigration and its related policy manifestations. Immigration defined the entry experience of the ancestors of most the nation's contemporary black American community (as slaves who were brought as involuntary immigrants); it placed them disproportionately in the states that today comprise the "South" (at no point in American history has less than half the black population ever lived outside the South); it disproportionately tied them for centuries to the rural sector of the southern economy where they were linked with the regions vast agricultural economy (the black migration out of the South did not begin until after 1915 when the mass immigration of the late 19th and early 20th Centuries from Europe and Asia were cut off by war from 1914-1918 and by restrictive legislation from 1921-1965); and, with the accidental revival of mass immigration in the years since 1965 that has continued to this day, immigration has served largely to marginalize the imperative to address squarely and affirmatively the legacy of the denial of equal economic opportunity that had resulted from the previous centuries of slavery and segregation which the civil rights movement and legislation of the 1960s sought to redress. In this post-1965 era of mass immigration, no racial or ethnic group has benefited less or been harmed more than the nation's African American community.

## **Keywords**

African Americans, black Americans, illegal immigration, labor, civil rights, labor rights

## **Disciplines**

Labor Economics

## **Comments**

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**Illegal Immigration: The Impact on Wages and Employment of Black Workers****Overall Perspective**

Before addressing the specific issue of illegal immigration and its economic effects on black Americans, the broad subject needs to be placed in perspective. No issue has affected the economic well-being of African Americans more than the phenomenon of immigration and its related policy manifestations. Immigration defined the entry experience of the ancestors of most the nation's contemporary black American community (as slaves who were brought as involuntary immigrants); it placed them disproportionately in the states that today comprise the "South" (at no point in American history has less than half the black population ever lived outside the South); it disproportionately tied them for centuries to the rural sector of the Southern economy, where they were linked with the region's vast agricultural economy (the black migration out of the South did not begin until after 1915, when the mass immigration of the late 19<sup>th</sup> and early 20<sup>th</sup> Centuries from Europe and Asia were cut off by war from 1914–1918 and by restrictive legislation from 1921–1965); and, with the accidental revival of mass immigration in the years since 1965 that has continued to this day, immigration has served largely to marginalize the imperative to address squarely and affirmatively the legacy of the denial of equal economic opportunity that had resulted from the previous centuries of slavery and segregation, which the civil rights movement and legislation of the 1960s sought to redress. In this post-1965 era of mass immigration, no racial or ethnic group has benefited less or been harmed more than the nation's African American community.

From 1965 to 2007, the foreign-born population of the United States has soared from 8.4 million persons to 39.3 million persons (from being 4.4 percent of the nation's population to being 12.7 percent). As for origin of this current wave of mass immigration, only 2.5 percent of the nation's foreign born population in 2000 (when the last Census was conducted) were from Africa [whereas 51 percent were from Latin America (including Mexico and Central America); 25.5 percent were from Asia; and 15.3 percent were from Europe; and the residual from Canada, Australia, New Zealand and various Pacific Islands]. Indeed, by 2004, the surge in immigration led to the replacement for the first time in the nation's history of black Americans as the nation's largest minority group by Hispanics, who now hold that distinction. Although black Americans were 13.5 percent of the nation's native-born population, they were only 7.8 percent of the foreign-born population in 2000. Hispanics, on the other hand, were only 8.5 percent of the native-born population while being 45.2 percent of the foreign-born population.

**Illegal Immigration and the Low Wage Labor Market**

A major explanation for the rapid growth of the nation's post-1965 immigrant population has been—and continues to be—illegal immigration. It is estimated that there are 11.3 million illegal immigrants in the country as of 2007 (plus another 1.1 million persons who are believed to be undercounted in the published estimates). This means that about 30 percent of the total foreign-born population are illegal immigrants. When one recalls that there have

been seven amnesties given by Congress since 1986 that have legalized the status of over 6 million former illegal immigrants, it is not too much of a stretch of the imagination to conclude that upwards of half the current foreign-born population of the country entered in violation of the nation's immigration laws.

The most distinguishing characteristic of the illegal immigrant population is their paucity of human capital. It is currently estimated that 57 percent of the adult illegal immigrant population have not completed high school while an additional 24 percent have only a high school diploma. Thus, less than 19 percent of the illegal immigrant adult population have more than a high school education as of 2007. Since most illegal immigrants come from some of the world's poorest nations, the quality of the education received is likely to be poor as well, which means that the low levels of educational attainment are only part of the story.

Because of the low levels of human capital and the fact that they often lack adequate English-speaking skills, the vast majority of illegal immigrant workers are employed in low skilled occupations. Even those few with higher skills are often forced to work in the low skilled sector because their illegal status means that they often cannot use their credentials to get better jobs. Thus, the estimated 7.4 million illegal immigrant workers (who are about one-third of the total foreign-born labor force) compete for jobs and income with the other 43 million adult members of the low skilled labor force who are legally entitled to work in the civilian labor force (i.e., native born workers and the remainder of the foreign-born workforce who are naturalized citizens, permanent resident aliens, and non-immigrants with visa authorizations to work) in 2007.

In part due to the large supply of workers who comprise the low skilled labor force of the United States and in part due to the fact that higher skilled workers can (and often do) also work in this low skilled sector when they cannot find jobs for their talents, the low skilled labor market always has the highest level of unemployment of any of the segments of the U.S. labor force for whom educational attainment is measured. In February 2008, for instance, the national unemployment rate was 4.8 percent, but the unemployment rate for adults (over 25 years old) without a high school diploma was 7.3 percent. Low skilled adults also often must compete with youth who seek employment in large sectors of the unskilled labor market. Youths usually lose in this competition for jobs as employers typically prefer adults, who are more dependent on the labor market for their income than are young people. The unemployment rate for youth 16–19 years old was 16.8 percent and for young adults 20–24 years old was 8.9 percent in February, 2008.

### **Black Employment in the Low Skilled Labor Market**

Of the 50 million low skilled adults (those 25 years of age and over) in the civilian labor force in 2007, black Americans accounted for about 5.6 million of such workers (or about 10 percent of the total). These black American workers, however, had the highest unemployment rates of any of the four racial and ethnic groups for which the data was collected. Black American adult workers without a high school diploma had an unemployment rate of 12.0 percent, and those with only a high school diploma had an unemployment rate of 7.3 percent in 2007. These 5.6 million low skilled black workers accounted for one-third of the entire black labor force of slightly over 17 million workers.

Black youths (16–19 years old) also had the highest unemployment rate of any of the racial groups for whom data is collected. Their unemployment rate for February 2008 was an astounding 31.7 percent. These data are, of course, only for those still actively seeking employment and who are not institutionalized. They do not include those who have been discouraged from seeking employment because they feel it would not be worthwhile even to try to find a job under these conditions of high unemployment among their peers. Nor do they include any of the more than 1 million black youth and adults who are incarcerated in the nation's penal system (often because of the inability to find regular employment).

Clearly, black American workers who are poorly skilled have the greatest difficulty finding jobs of all such workers similarly situated in the U.S. labor force.

### **Illegal Immigration and Black Workers**

Illegal immigrant workers tend to concentrate in labor markets that have high concentrations of legal immigrants and citizens (native born and naturalized who are from similar ethnic and racial backgrounds). It is more difficult for authorities to identify them under these circumstances, and they can rely on networks of friends and family members as well as other employers and community assistance organizations composed of members of their same backgrounds to find employment. As a consequence, there is a tendency for illegal immigrants to cluster in metropolitan areas (especially central cities) or in rural areas that already have concentrations of persons from similar backgrounds.

Black workers also tend to be concentrated in metropolitan areas—especially in central cities. The only rural labor markets where black Americans are of significant number are in the Southeastern states—a legacy of the slavery heritage of yesteryear.

Thus, it is not everywhere that there is likely to be significant competition between low skilled black workers and illegal immigrant workers, but there are ample circumstances where there is—such as the large metropolitan labor markets of Los Angeles, New York, San Francisco, Chicago, Miami and Washington-Baltimore. Moreover, some of the fastest growing immigrant concentrations are now taking place in the urban and rural labor markets of the states of the Southeast—such as Georgia, North Carolina and Virginia, which never before were significant immigrant receiving states in previous eras of mass immigration. Indeed, about 26 percent of the nation's foreign-born population are now found in the states of the South—the highest percentage ever for this region. There is mounting evidence that many of these new immigrants in this region are illegal immigrants.

Because most illegal immigrants overwhelmingly seek work in the low skilled labor market and because the black American labor force is so disproportionately concentrated in this same low wage sector, there is little doubt that there is significant overlap in competition for jobs in this sector of the labor market. Given the inordinately high unemployment rates for low skilled black workers (the highest for all racial and ethnic groups for whom data is collected), it is obvious that the major loser in this competition are low skilled black workers. This is not surprising, since if employers have an opportunity to hire illegal immigrant workers, they will always give them preference over legal workers of any race or

ethnic background. This is because illegal immigrant workers view low skilled jobs in the American economy as being highly preferable to the job opportunities in their homelands that they have left. A job that pays the federal minimum wage of \$7.15 an hour (some states and localities have even higher minimum wages) is often several times higher than the daily wage they could earn in their homelands, if they could get a job at all. Even the worst working conditions in the United States are typically better than what many have experienced before they came to this country. Illegal immigrants, therefore, are often grateful to receive these low wages, and they will do whatever it takes to get these jobs (even if it means living in crowded and substandard living conditions and working under harsh and dangerous conditions). It is also easier for some employers to exploit illegal immigrant workers by paying them less than the minimum wage and not paying them overtime wages because they are fearful of revealing their vulnerable status if they were to complain. Citizen workers know that paying the minimum wages means that the employer values your work at the lowest level that he/she can legally pay. Furthermore, citizen workers expect labor and safety laws to be enforced because they believe they have legal rights to job protections. It is not that citizen workers will not do the work that illegal immigrants are willing to do. Rather, it is that citizens often will not do the work for the same pay and under the same working conditions as will illegal immigrants—nor should they.

It is not that employers are evil in their willingness to give preference to illegal immigrants. It is that they are pragmatic in their decision making. Illegal immigrants are available because the federal government has chosen to do little to monitor the work sites of the nation. Seldom are any penalties placed on employers who violate the ban against hiring illegal immigrants working even though it has existed since 1986. Moreover, because of this self-imposed impotence by the federal government, employers who try to follow the law are penalized because they must compete with employers who violate the law and benefit by paying lower wages and providing cheaper working conditions that are more profitable to these employers but hazardous to the illegal workers. The status quo, therefore, is a perversity of justice. Law breakers are rewarded while law abiders are punished.

Economists long ago have realized that there is no way to prove or to measure the job displacement of citizens by illegal immigrants. This is because when immigrants (including the large illegal immigrant component) move into a local labor market, citizens tend to move out. Mass immigration has affected the internal migration patterns of citizen workers. As they leave the area or as they drop out of the labor market because they cannot find jobs, immigrants move in to claim the jobs. But there is no way to measure the loss since many of the victims are no longer in the local labor market.

As for wage suppression, all studies show that the large infusion of immigrants has depressed the wages of low skilled workers. It is the illegal immigrant component of the immigration flow that has most certainly caused the most damage, but there is no way to isolate their singular harm. But even these studies most likely underestimate the true adverse impact because there is a floor on legal wages set by minimum wage laws that do not allow the market to set the actual wage level. What is known is that wages in the low wage labor market have tended to stagnate for some time. It is not just that the availability of massive numbers of illegal immigrants depress wages, it is the fact that their sheer numbers keep

wages from rising over time, and that is the real harm experienced by citizen workers in the low skilled labor market.

What is apparent is that the unemployment rates in the low skilled labor market are the highest in the entire national labor force. This means that the low skilled labor market is in a surplus condition. Willing workers are available at existing wage rates. By definition, therefore, illegal immigrants who are overwhelmingly present in that same labor market sector adversely affect the economic opportunities of legal citizen workers because the illegal workers are preferred workers. No group pays a higher penalty for this unfair competition than do low skilled black Americans, given their inordinately high unemployment levels

The willingness of policy makers to tolerate the presence of illegal immigrants in the nation's labor force exposes a seamy side of the nation's collective consciousness. Illegal immigrants—who themselves are often exploited even though they may not think so—are allowed to cause harm in the form of unemployment and depressed wages to the most vulnerable workers in the American workforce. The continued reluctance by our national government to get illegal immigrants out of the labor force—and to keep them out—by enforcing the existing sanctions at the work site against employers of illegal immigrants is itself a massive violation of the civil rights of all low skilled workers in the United States and of low skilled black American workers in particular. Illegal immigrants have no right to work in the United States. In fact, they have no right to even be in the country. Enforcing our nation's labor laws—including the protection of the legal labor force from the presence of illegal immigrant workers—is the civil rights issue of this generation of American workers.

It is time, therefore, to make our immigration laws credible. The way to do this is to adhere to the findings of the U.S. Commission on Immigration Reform chaired by the late Barbara Jordan, who boldly stated what should be the goal of public policy: “The credibility of immigration policy can be measured by a simple yardstick: people who should get in, do get in; people who should not get in, are kept out; and people who are judged deportable, are required to leave.”

No one would benefit more by the adherence to that standard than would low skilled black American workers and their families.