

# The Impact of Immigration, Legal and Illegal, on the Employment Status of Black Workers and the Poverty Status of African American Children

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Ladies and gentlemen, members of the commission: I'm honored by your invitation to be here today, to cast such modicum of light as I can on what has become a potentially explosive social issue. I'm speaking of the impact of mass immigration, roughly three quarters of it Hispanic, on the economic plight of African Americans.

During the first decade of the new century, the immigrant population of the United States has increased by a million residents per year on net, half of them illegal. This inflow, roughly three-point-five immigrants per thousand residents annually, exceeds the normative rate of the past century by little. But a great debate rages regarding its consequences.

Critics call it an invasion.

A recent ad campaign, sponsored by the Coalition for the Future American Worker, features Dr. Frank Morris, the former executive director of the Congressional Black Caucus Foundation. In it, Dr. Morris says, quote:

"Immigration accounts for 40% of the decline in employment of African American men."

In another spot, he tells his viewers, quote:

"If you're a Black American, you've noticed many of us are out of work. You've probably also noticed the huge increase in immigration. Those two facts are related."

Many are the woes attributed to immigration in general, and to illegal immigration in particular: downward pressure on wages and innovation, and upward pressures on unemployment, poverty and crime. Many are the remedies proposed to these problems, ranging from skills-testing to mass deportations.

Immigrations critics of the Left and Right present differing and conflicting analyses of impact of contemporary immigration. The conservative critics believe that the free movement of labor is generally beneficial, but that particular characteristics of the current wave negate these benefits. Some contend that the low skill level of illegal immigrants retards innovation, or capitalization per worker. Others say that the cultural mismatch of the Latin American poor to contemporary American life imposes tax costs that outweigh benefits.

On the Left, critics regard contemporary immigration as an oversupply of labor, particularly in low-skill jobs, driving unemployment and crime up, and wages down, particularly among the urban poor.

But on one thing the immigration critics, Left and Right, agree: the market model of Laissez Faire has broken down, at least as regards the worlds' 'tired, poor and huddled masses, yearning to be free.'

But has it really? As I listened to the unfolding debate over comprehensive immigration reform, it struck me that the assertions of critics were widely credited as fact; indeed, that the threshold question was seldom raised, let alone answered.

Do high levels of immigration correlate to high levels of the various ills attributed to it?

My own work in this field, "Immigration and the Wealth of States," matched the immigration patterns of the 50 states and the District of Columbia to data that immigration ostensibly affected – Gross State Product, Personal Income, Disposable Income, Median Income (household and per capita); rates of

poverty and unemployment; and rates of crime. The study focused particularly on recent trends, state-by-state, 2000 to 2007.

The critics of immigration are not always consistent in what they mean by it. In disaggregating high-immigration jurisdictions (states + the District of Columbia), I used all three definitions suggested by the Center for Immigration Studies' Steven Camarota in his paper **"Immigrants in the United States, 2007: A Profile of America's Foreign-Born Population"** (CIS, Nov. 2007).

The "high percentage" jurisdictions [ > (%) ] in my study were the ten states (including DC) with the highest proportion of immigrants in their resident population. This is a useful definition, but it does not differentiate between settled immigrants and recent arrivals.

The "high influx" states [ > (+) ] were the ten whose population in 2007 was most altered, percentage-wise, by an influx of immigrants since 2000. This set captures a considerable percentage of the least settled and most mobile immigrants. At least half of the immigration since 2000 has been illegal.

The "high number" [ > (#) ] states were the ten states with the most foreign-born individuals, regardless of percentages. This definition includes one state with many immigrants not captured in the other two: Illinois.

These three overlapping groups of ten encompassed 19 separate jurisdictions containing 82.6% of the U.S. immigrant population and 60.4% of the nation's African American population.

In what follows, I will speak of these 19 as the high immigration jurisdictions – HIJs -- and the other 32 states, where 17.4% of the immigrant population resides, as "low-immigration." The study, which the commission staff has made available to you, lists the states in each immigration subgroup.

Were it true that high immigration correlated with a slow-down in capitalization per worker, this should be reflected in Gross State Product trends. It was not. The HIJs – high immigration jurisdictions -- experienced Gross State Product growth significantly higher than the other 32 states.

Were it true that high immigration decreased income in its broadest measure, than the states with low immigration should have an advantage in personal income per capita. But in fact, personal income per capita was not only higher in the HIJs, but was increasing at a significantly faster rate.

Were it true that the costs associated with high levels of immigration negated its benefits, then that should be reflected in state statistics on disposable income – after-tax income. But in fact, the HIJs had a significant advantage over low immigration states in disposable income and disposable income per capita, whether measured in dollar amounts or in rates of increase.

"Median income" defines the center of a set of earners – the income point at which half earn more, and half earn less. If contemporary immigration constitutes a "war against the middle class," as Lou Dobbs contends, then median incomes should be declining in HIJs, either absolutely, or at least in relation to other states.

The opposite is true. Median income, whether household or individual, whether measured in dollars or by trend-over-time, fared better in the high immigration jurisdictions than in the rest of the country. This advantage held true not only for the 19 HIJs together, but for the three component subgroups separately.

No matter how you slice it or dice it, the HIJs have outperformed the 32 low immigration states economically.

But what of the social costs? In 2006, unemployment was 4.6 percent nationally. In the HIJ's, it was lower than average -- 4.4% in the full set, and 4.2% in the rapid influx subset – the group with the highest likely influx of illegals from 2000 to 2007. Unemployment in the low immigrations states was 4.9%.

12.7% of U.S. households earned annual income below the federally defined poverty line in 2006, compared to 12.0% in the 19 HIJs, and 10.3% in the “rapid influx” subset. In the 32 low immigration states, the household poverty level stood at 13.7%. – a percent above the national average.

The F.B.I. unified crime reports define crime rate as crimes committed per 100,000 residents. In 2006, the HIJs had a crime rate of 3,807 per 100,000 residents compared to 3,809 in the low-immigration states. In other words, the crime rates were virtually identical.

To summarize: high state levels of immigration, variously defined, correlate with above average performance in Gross State Product, Personal Income, Disposable Income, and Median Income, and below average rates of Individual and Household Poverty and Unemployment.

This may not be what you're hearing on Fox News or CNN. But it happens to be true.

Now none of these findings relate directly to the impact of contemporary immigration on African Americans. But they raise some serious questions regarding assertions like those raised by Dr. Morris.

The states with 83% of the immigrant population contain 60% of the Black population as well. If immigrants are themselves heavy users of welfare, and likelier-than-average to live in poverty, then why should HIJs have better-than-average rates of poverty and unemployment?

In preparation for this hearing, I developed additional charts that extend the methodology of **Immigration and the Wealth of States** to Black unemployment and African American child poverty, state by state. Allow me to summarize them for you.

## **State Employment Data on Black Unemployment, by Immigration Set and Subset**

Despite a steady immigrant flow during the current administration, Black unemployment tracked general unemployment. It increased during the first three years of this administration, from 7.6% in 2000 to 10.8% in 2003, then decreased for the next 4 years to 8.3% in 2007. In both 2000 and 2007, Black unemployment was 3.6% higher than the national rates of unemployment (4.0% in 2000, and 4.6% in 2007).

In other words, from 2000 to 2007, unemployment increased an identical 0.6% nationwide and among Blacks.

But when we compare Black employment trends in the HIJs and the low immigration states, a different picture emerges. (We note here that the American Community Survey, from which the numbers are taken, does not report separate Black unemployment results for the high-immigration states of Hawaii and Utah because the sample sizes render the results insignificant.)

## Af Am Unemployment in the HIJs - 2000

	bl labor force	unemp.	# of immigrants 2000	% bl unem	
US	16,603,000	1,269,000	27,022,000	7.6%	US
NY	1,386,000	110,000	3,228,000	7.9%	NY
GA	1,334,000	86,000	570,000	6.4%	GA
FL	1,067,000	67,000	2,385,000	6.3%	FL
TX	1,108,000	86,000	2,367,000	7.8%	TX
CA	1,086,000	82,000	9,053,000	7.6%	CA
MD	845,000	54,000	455,000	6.4%	MD
IL	900,000	99,000	1,211,000	11.0%	IL
VA	696,000	30,000	580,000	4.3%	VA
NJ	595,000	51,000	1,368,000	8.6%	NJ
MA	198,000	12,000	694,000	6.1%	MA
CT	201,000	8,000	309,000	4.0%	CT
Dist Col	158,000	13,000	48,000	8.2%	Dist Col
AZ	90,000	2,000	607,000	2.2%	AZ
WA	114,000	9,000	483,000	7.9%	WA
NV	58,000	4,000	352,000	6.9%	NV
DE	89,000	5,000	42,000	5.6%	DE
RI	26,000	2,000	119,000	7.7%	RI

55% of the African American labor force resides in 9 high immigration states. In 6 of these (NY, FL, TX, MD, VA, & NJ), including 3 of the top 4, the African American unemployment rate went *down* from 2000 to 2007:

## Af Am Unemployment in the HIJs - 2007

	bl labor force	unemp.	# of immigrants 2007	% bl unem	
US	17,496,000	1,445,000	37,280,000	8.3%	US
NY	1,488,000	113,000	4,105,000	7.6%	NY
GA	1,406,000	106,000	953,000	7.5%	GA
FL	1,350,000	82,000	3,453,000	6.1%	FL
TX	1,291,000	96,000	3,438,000	7.4%	TX
CA	1,068,000	103,000	9,980,000	9.6%	CA
MD	848,000	45,000	731,000	5.3%	MD
IL	842,000	90,000	1,702,000	10.7%	IL
VA	748,000	34,000	856,000	4.5%	VA
NJ	573,000	46,000	1,869,000	8.0%	NJ
MA	193,000	8,000	897,000	4.1%	MA
CT	183,000	16,000	443,000	8.7%	CT
Dist Col	142,000	13,000	78,000	9.2%	Dist Col
AZ	111,000	7,000	891,000	6.3%	AZ
WA	106,000	10,000	722,000	9.4%	WA
NV	95,000	6,000	457,000	6.3%	NV
DE	89,000	4,000	77,000	4.5%	DE
RI	35,000	2,000	140,000	5.7%	RI

Here is a summary chart of the movement in unemployment, by immigration group and sub-group:

### Black Unemployment, 2000 & 2007

	2000		2007
U.S.	7.6%	U.S.	8.3%
32 states low imm.	8.3%	32 states low imm.	9.6%
17 high immigration	7.2%	17 high immigration	7.4%
10 > (#)	7.4%	10 > (#)	7.6%
9 > (%)	7.4%	9 > (%)	7.5%
9 > (+)	6.2%	9 > (+)	6.1%

- Black unemployment went up three times as much in the U.S. as a whole as in the HIJs – 0.6% vs. 0.2%
- Black unemployment went up six-and-a-half times as much in the low immigrations states as in the HIJs – 1.3% vs 0.2%
- The subgroup of states in which black unemployment actually decreased was the “high influx” subgroup – the jurisdictions where the immigrant inflow, 2000-2007 constituted *the highest percentage of state resident population*.

The above tables do not prove that high rates of immigration, taken as a single factor, causes enhanced rates of Black employment. But critics of immigration must explain why Black employment both as a rate, and as a trend, has been generally superior *at the points of immediate impact* than in places where no such immigration impact has occurred.

## State Data on Child Poverty, by Immigration Set and Subset

Compiling household poverty data by race and state in the interim between one decennial census and the next is like painting a bull’s eye on a moving target. The researcher must work from the Census Bureau’s Current Population Survey Annual Social and Economic Supplements. The sample sizes, disaggregated in this way, may be quite small, so it is customary to merge a number of years into a rolling average. The dollar amount of the federal poverty level is adjusted year to year, requiring additional adjustments. The date of this hearing has not allowed me to do this, but the National Center for Children in Poverty at Columbia University has provided a useful analogue. They have calculated poverty numbers and rates for African American children, state-by-state. As explained at their website, [http://www.nccp.org/profiles/US\\_profile\\_7.html](http://www.nccp.org/profiles/US_profile_7.html):

“State data were calculated from the Annual Social and Economic Supplement (the March supplement) of the Current Population Survey from 2005, 2006, and 2007, representing information from calendar years 2004, 2005, and 2006. NCCP averaged three years of data because of small sample sizes in less populated states. The national data were calculated from the 2007 data, representing information from the previous calendar year... Families and children are defined as poor if family income is below the federal poverty threshold. The poverty threshold for a family of four with two children was \$21,200 in 2008, \$20,650 in 2007, and \$20,000 in 2006.”

The NCCP numbers exclude children of ethnic Latinos who report their race as Black, and children who were reported as “more than one race”.

The NCCP numbers also exclude those states that, even with a three year spread, yield sample sizes too small for meaningful analysis.

As a result, 15 of our original 19 high immigrations jurisdictions” remain, and only 19 of the 32 “low immigration states.”

Nonetheless, *the included states contain the overwhelming majority of the NCCP’s estimate of Black children in poverty* – 10,837,515 of 10,922,206.

The chart below summarizes the findings:

### African American Child Poverty, 2006 (est.) by Immigration Group & Subgroup

	Total Black Children	Bl. Children in poverty	Black non-poor children	% in pov
U.S. (Charted states only)	10,837,515	3,699,034	7,138,481	34%
19 low immigration	4,788,560	1,873,443	2,915,117	39%
15 high immigration	6,048,955	1,825,591	4,223,364	30%
9 (>) states	5,303,562	1,651,147	3,652,415	31%
8 (%) states	3,701,537	1,147,242	2,554,295	31%
8 (+) states	2,168,575	546,716	1,621,859	25%

- The African American child poverty rate in the 15 HIJs was 30% - 4% lower than the national average, and 9% lower than the child poverty rate for the low-immigration states.
- All three of the high immigration subsets have Black child poverty rates below both the “low immigration state” average and the national average.
- Among the immigration subsets, *the lowest Black child poverty rate is found in the “rapid influx” group* – the states whose population has been most impacted, percentage-wise, by an inflow of immigrants since 2007.

The chart on the following page lists the NCCP calculations of African American children in poverty state-by-state, and the percentage of Black children that this number represents. The shaded states are those that qualify under one or more of the definitions of “high-immigration states” used in “**Immigration and the Wealth of States,**” Americas Majority Foundation, Jan. 2008. (See pages 14 and 15.)

Where the NCCP researchers conclude that a sample is too small to be meaningful, I have listed the state, but left its fields blank.

Now, “child poverty” is not identical to “household poverty.” But it is no far stretch to recognize that the rates of African American child poverty are reflective of Black household poverty. Again, those who believe that immigration, legal or illegal, is causative of Black poverty have some explaining to do. If immigration were a primary factor, why would its effect be less where its signature is substantial? or least where its *immediate* impact is greatest?

An easy answer is that “immigrants follow opportunity.” But this begs the question. To a market economist, voluntary migration of labor is not merely an effect of prosperity, but a cause. The opportunity that the “poor, huddled masses yearning to breathe free” grasp in America reduces costs to consumers, and liberates capital for new investment. This in turn increases the demand for labor in other sectors, offsetting the initial loss of wages. Economic freedom is not a zero sum game.

## African American Child Poverty, 2006 (est.)

	Total Black Children	BI children in poverty	BI Children Non-poor	% pov
U.S. (separately calculated)	10,600,965			34%
Alabama	346,131	145,375	200,756	42%
Alaska				
Arizona				
Arkansas	131,883	55,391	76,492	42%
California	649,241	188,280	460,961	29%
Colorado	330,063	99,019	231,044	30%
Connecticut	91,163	17,321	73,842	19%
Delaware	45,321	8,611	36,710	19%
Dist of Col	78,964	30,796	48,168	39%
Florida	845,814	245,286	600,528	29%
Georgia	784,964	259,038	525,926	33%
Hawaii				
Idaho				
Illinois	566,689	215,342	351,347	38%
Indiana	168,872	77,681	91,191	46%
Iowa	22,838	12,104	10,734	53%
Kansas	48,680	22,393	26,287	46%
Kentucky	95,736	37,337	58,399	39%
Louisiana	429,503	171,801	257,702	40%
Maine				
Maryland	453,335	90,667	362,668	20%
Massachusetts	156,903	61,192	95,711	39%
Michigan	432,251	177,223	255,028	41%
Minnesota	75,447	27,161	48,286	36%
Mississippi	330,968	155,555	175,413	47%
Missouri	200,503	78,196	122,307	39%
Montana				
Nebraska				
Nevada	58,931	21,215	37,716	36%
New Hampshire				
New Jersey	328,916	62,494	266,422	19%
New Mexico				
New York	787,325	283,437	503,888	36%
North Carolina	541,297	189,454	351,843	35%
North Dakota				
Ohio	405,357	190,518	214,839	47%
Oklahoma	85,084	32,332	52,752	38%
Oregon				
Pennsylvania	361,964	152,025	209,939	42%
Rhode Island	17,679	5,834	11,845	33%
South Carolina	354,252	95,648	258,604	27%
South Dakota				
Tennessee	314,620	110,117	204,503	35%
Texas	795,444	254,542	540,902	32%
Utah				
Vermont				
Virginia	388,267	81,536	306,731	21%
Washington				
West Virginia				
Wisconsin	113,110	44,113	68,997	39%
Wyoming				
<b>Totals:</b>	<b>10,837,515</b>	<b>3,699,034</b>	<b>7,138,481</b>	<b>34%</b>

Now, classical economics does not claim that an increased supply of labor must at all times tend to the general welfare. Labor is only one element of production, and if other factors become less free, or more scarce, then a general contraction in living standards may follow. That, in fact, describes the preconditions for *emigration* – the reasons why people leave the country of their birth for a strange land.

But should such a general contraction occur in America – and our studies do not suggest that this has yet occurred – the optimal solution to an oversupply of labor would be a reduction of impediments to emigration. As things stand now, the undocumented – or if you prefer, illegal – immigrant has no practical path to legal work status, and powerful reasons to stay in America even if the work dries up.

This summer, when Congress rejected comprehensive immigration reform – an approach simultaneously recognizing the humanity of the immigrant worker, the claims of commerce, and public demand for border control – it robbed itself of the tools that could fine-tune either the market forces or the security interests that underlie the current debate.

But these matters lead us into policy areas broader than today's topic.