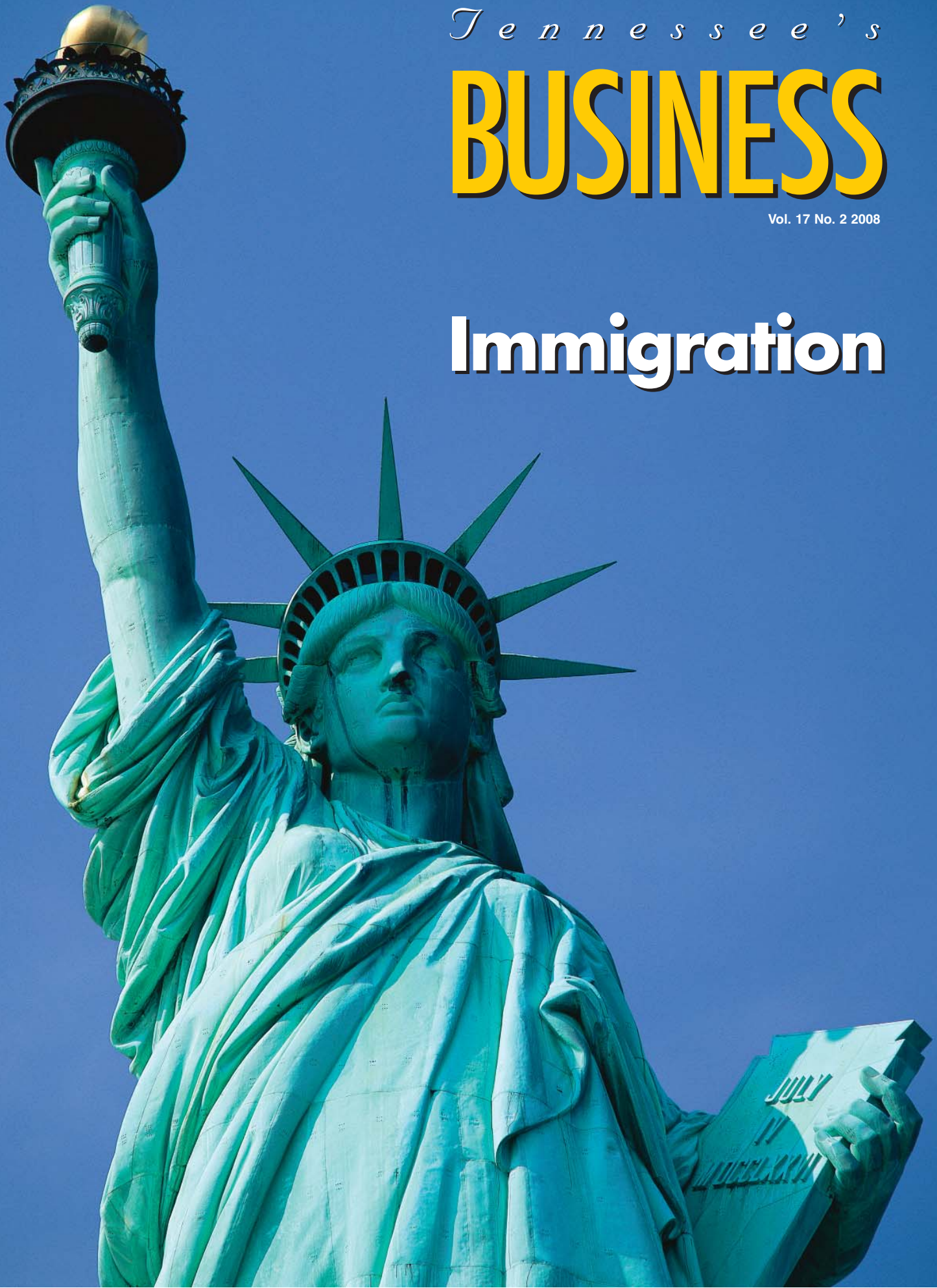


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Immigration



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Many Americans favor a path to legal status but insist that we secure our borders and that immigrants follow the legal route to citizenship.

There is a strong backlash against illegal immigrants in the United States. Most Americans agree that something must be done to secure our borders in order to stop the flow of illegal immigrants into America and to reform immigration laws in order to address the status of 12 million or more already here illegally.

The main reason behind the strong backlash against illegal immigrants is the large number of illegal Mexicans who have crossed our southern border. Formerly, they were usually males who came to work in the United States and frequently traveled back and forth. Now, return trips are riskier; in recent years, entire families have crossed the border illegally, intending to stay permanently. More children of illegal immigrants have been born in the United States. By law they are considered U.S. citizens despite the illegal entry and status of their parents.

The right to education, social services, health care, drivers' licenses, and so forth has become a political hot potato. What is to be done? It is unlikely that an amnesty pathway to citizenship—like the one in 1986 that excused many illegals—will be passed to deal with current illegals in the United States in the near future.

In 2005, the McCain-Kennedy bill, finally defeated in 2006, proposed that illegal immigrants in the United States for five or more years could stay if they chose, provided they continued to work and pay taxes (including any back taxes), learned English, and paid at least \$3,250 in fines/fees.

The special problem of children has amplified the debate. Addressing this issue in early 2007, Deborah Macmillan, a member of the League of Women Voters Immigration Study Committee, said, "Overall amnesty similar to that in the 1986 law seems unlikely. Amnesty for individuals educated in our schools whose parents brought them to this country when the children were too young to play any part in the decision to enter without documents or to overstay their visas is a more likely outcome."

Although there was a huge outcry over the McCain-Kennedy bill, citizens seem to be softening a little on the possibility of illegals eventually becoming citizens—at least in Tennessee. According to an MTSU poll released in March, 47 percent of Tennesseans favored a guest worker program compared to 41 percent last year, and 42 percent opposed the program compared to 50 percent last year.

Even though many Americans favor a path to legal status, by and large they still insist that we secure our borders and that immigrants follow the legal route to citizenship. As Ruben Navarrette, a columnist for the *San Diego Union Tribune*, said, "They need to accommodate America instead of demanding that America accommodate them."

—Horace Johns, executive editor

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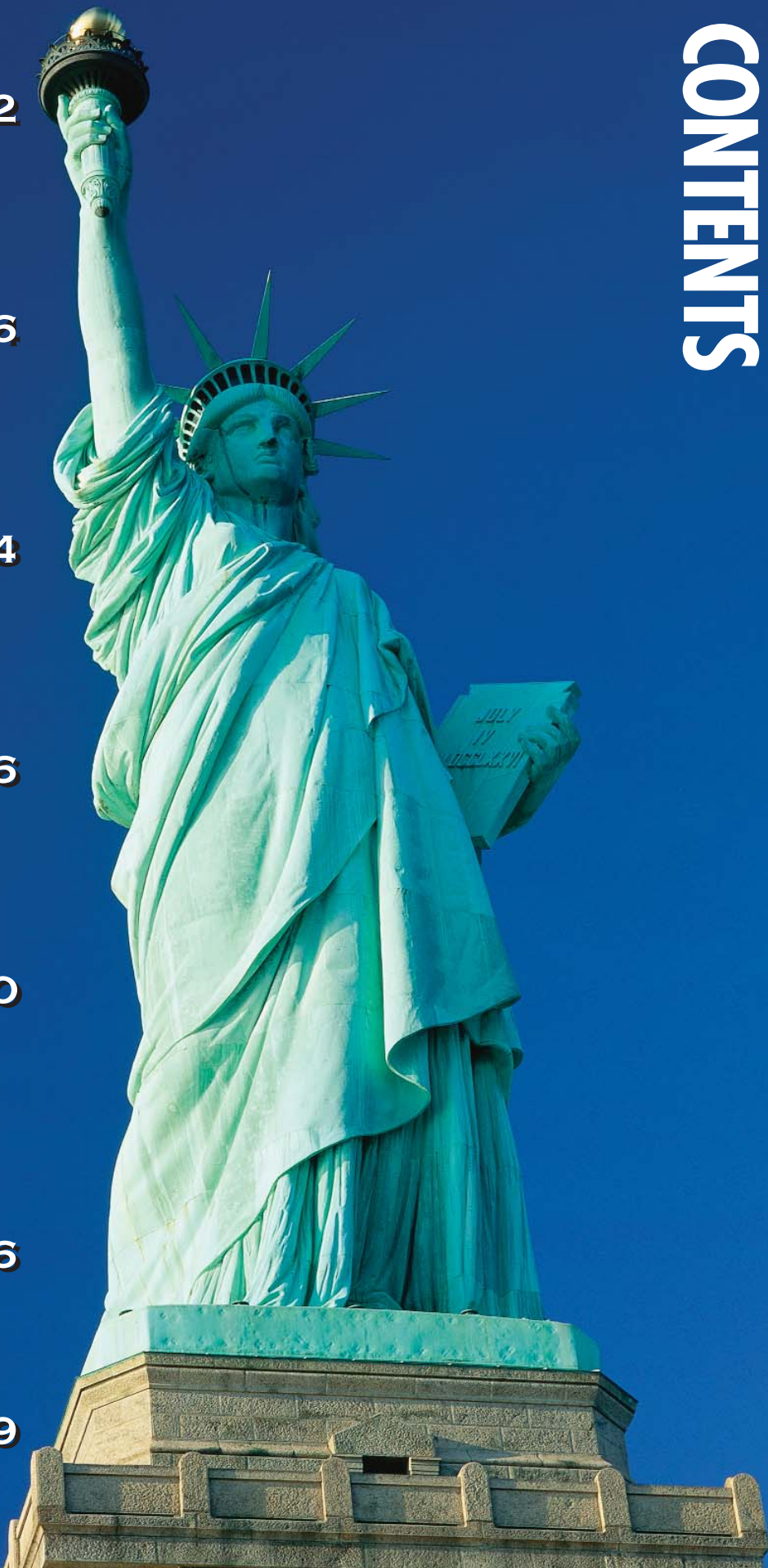
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U.S. IMMIGRATION



A HISTORICAL PERSPECTIVE

In the past decade, immigration has reached unprecedented levels, and Americans are divided on whether the current number of immigrants should be decreased or increased.

by Katherine Fennelly

Few subjects in the U.S. are as controversial or have as contentious a history as immigration. Immigration scholars Simon and Lynch¹ suggest that Americans view immigration with “rose-colored glasses turned backwards”—positive attitudes toward earlier groups of immigrants and negative ones about those who enter today. Yet the notion that earlier waves of European immigrants were welcomed with open arms is false. At the end of the 19th century, anti-immigrant backlash toward non-Protestant immigrants was vicious.

As historian Donna Gabaccia reminds us, the current outrage against “illegal immigrants” also has historical parallels.

Studying the past reminds us that each restriction of immigration produced its own patterns of illegal entry. These immigration restrictions targeted Chinese laborers after 1882, anarchists after 1902, and Italians after 1924. The illegal immigrants of the past included all three groups—and others, too.²

Moreover, “assimilation” of earlier waves of immigrants wasn’t as rapid or complete until well into the 20th century.³ Although there was tacit agreement that Americans would share the English language, bilingualism was politically protected as one of the rights for which pilgrims had come to America and was considered an advantage for “everyday trading, teaching and spreading the gospel.”⁴

The Chinese Exclusion Act, passed by Congress in 1882, “forever changed Americans’ relationship to immigration” by endorsing definitions of race and class as criteria to define particular groups as “undesirable aliens,” ineligible for entry or citizenship.⁵

However, non-Asian immigration remained largely unregulated until 1924, when rancorous debates resulted in the passing of the Johnson-Reed Act—a bill that ended open immigration from Europe by enacting a quota system for the purpose of limiting “undesirable immigrants” from southern and eastern Europe. This act began an era of restriction. It defined “native stock” as descendants of the white population of the country when it was founded. It is noteworthy that Mexican immigrants were exempted from both the quota and restrictions on citizenship because the Southwestern states depended on cheap, abundant Mexican laborers.⁶

Mexican Immigration: Historical Origins

The origin of the contemporary chant “we didn’t cross the border; the border crossed us” can be found in the terms of the 1848 Treaty of Guadalupe Hidalgo after the Mexican-American War. The treaty gave the northern half of Mexico to the U.S. and stipulated that all inhabitants in the ceded area who did not announce their intention to remain Mexican citizens or leave the territory in one year would automatically become U.S. citizens. Those who did not become de facto “illegal aliens.”⁷

American policies related to Mexican workers can be defined historically as cycles of recruitment in times of labor shortages followed by massive restrictions and deportations. During World War I, concern over potential shortages of farm labor led to legislation that explicitly called for the *temporary* admission of 76,802 Mexican workers.

Within six years of the war’s end, in 1924, the U.S. Border Patrol was established to secure the country’s borders. In the 1930s, during the Great Depression, thousands of Mexican immigrants and citizens were deported. However, with the onset of World War II at the end of the decade, renewed concern over potential labor shortages led to the creation of the Bracero Program to import Mexican workers.⁸

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Immigration Study

This article was written as part of a two-year study conducted by the League of Women voters. For study information at www.lwv.org, click on "Projects" at the top, then "Immigration" on the left.

Scope of the Study

- Underlying values and principles regarding immigration
- Reasons for migration from other countries, including:
 - Effects of global interdependence on migration
 - Motivation of refugees and asylees
 - Motivation of other immigrants
- Current federal immigration policy, including:
 - Overview
 - Effectiveness in uniting families
 - Effectiveness in meeting needs of businesses
 - Effectiveness of enforcement
 - Human rights concerns
- Impact of immigration, including:
 - Economic effects of authorized and unauthorized immigration
 - Diversity
 - Inclusion of immigrants in American society

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By 1953, there were more than three-quarters of a million unauthorized Mexicans in the U.S., prompting the U.S. government to create "Operation Wetback" the following year to arrest and deport them. After 1964, when the Bracero Program was discontinued, tens of thousands of agricultural jobs were still available to Mexicans, but they were no longer able to secure legal entry visas.

Refugees and Asylees

As a result of World War I, millions of individuals became stateless, but the U.S. accepted relatively few refugees until after World War II with passage of the Displaced Persons Act of 1948. The subsequent arrival of large numbers of war refugees, asylees and the family members who joined them added richly to the diversity of the country. Contemporary refugees range from the well-to-do, highly educated to those with limited financial resources and little formal schooling.

Changes in both border policies and the admission of refugees illustrate the ways in which American immigration is tied to the country's political and economic relations with the outside world.

As sociologist Ruben Rumbaut describes it, "Migration patterns are rooted in historical relations established between the U.S. and the principal sending countries . . . [they are] related to the history of American military, political, economic, and cultural involvement in the sending countries."⁹ Examples include the resettlement of Hmong allies of the U.S. in the Vietnam War, the welcoming of thousands of refugees from the former Soviet Union in the 1990s, and current restrictions on Middle Easterners related to the politics of homeland security. In Rumbaut's words, "As the U.S. has become more deeply involved in the world, the world has become more deeply involved in America."¹⁰

Contemporary Legislation

In the Civil Rights era, the immigrant quota system that had been in effect since the 1920s was abolished with passage of the 1965 Immigration and Nationality Act (INA). Under the new system, preference was given to the relatives of U.S. citizens and secondarily to immigrants living in the U.S. and those with special skills needed by American companies. The INA family reunification provision led to a dramatic increase in immigrants from Mexico,¹¹ and the changes resulting from the act became the core of the current immigration system.¹² About two-thirds of all immigrants now enter the country under sponsorship by a family member.¹³

The next significant piece of immigration legislation was the Immigration Reform and Control Act of 1986 (IRCA). Under IRCA, unauthorized immigrants who had been in the U.S. since 1982 were offered permanent resident status. IRCA also proposed monetary sanctions against employers who knowingly hired unauthorized workers (Green). However, few employers were actually sanctioned, and unauthorized immigrants continued to enter the U.S. An unintended result of IRCA was to encourage wage and benefits discrimination, as many employers turned to labor subcontractors as an alternative to direct employment.¹⁴

The North American Free Trade Agreement (NAFTA), enacted in 1994, did not include major provisions addressing immigration policy, but it was characterized as a treaty that would substantially *reduce* immigration. Instead, due to several factors, it served as a stimulus to unauthorized immigration. First, the lowering of trade barriers between the U.S. and Mexico has integrated the two economies without eliminating large wage disparities. At the same time, the marketing, sale, and transport of goods to and from Mexico has encouraged emigration at a time when the commercialization of agriculture in Mexico has pushed farmers off the land.

Furthermore, while NAFTA greatly encouraged the free flow of goods and capital, it did not facilitate the free flow of labor.¹⁵ To the contrary, border controls instituted under IRCA continued, and Congress passed legislation enacting harsh penalties against individuals who overstayed their visas and forbidding authorized and unauthorized noncitizen immigrants from receiving most means-tested federal and state benefits.¹⁶

In the short term, reducing trade barriers produces "a migration hump—a temporary surge of more emigration as protected local industries are exposed to competition."¹⁷ As Philip Martin has noted, reductions may be a long-term outcome of NAFTA, but the translation of investments into jobs takes time.

Another outcome of NAFTA that served to stimulate labor emigration was the proliferation of "maquiladoras," predominantly U.S.-owned firms in a free trade zone on the Mexican side of the border.

Highly Skilled Immigrants

While much of the public, legislative, and media attention has been focused on low-skilled immigrants, American business leaders have put pressure on Congress and the president to acknowledge the importance of highly skilled foreign-born workers to the U.S. economy. The Immigration Act of 1990 raised the immigration

ceiling to 700,000 per year and granted preference to relatives of U.S. residents or citizens and to immigrants with high-level work skills.¹⁸

Stimulated by growing high-tech industries and a “knowledge economy,” educated foreign-born workers are significantly overrepresented in the natural and social sciences, medicine, engineering, and computer-related professions.¹⁹ Almost half of college-educated immigrants come from Asia, particularly India and China.

National Security

Before 9/11/01, national security concerns were not generally tied to discussions of immigration policy. In fact, just a few years earlier the *Wall Street Journal* had advocated a constitutional amendment stating “there shall be open borders.”²⁰ However, the 9/11 attacks focused intense scrutiny on border security and the visa process, resulting in a number of restrictions and delays for some individuals attempting legal entry to the U.S.

Doris Meissner, former director of the Immigration and Naturalization Service, suggests that many of these restrictive policies, particularly the arbitrary arrests and relaxation of due process protections for Arabs and other Middle Easterners, were the result of “initial, panicky responses.”²¹ Such actions have been decried by civil libertarians in the U.S. and abroad.

Current Status of Policy Debates

In the past decade, immigration has reached unprecedented levels as the result of a combination of factors, including continued reunification of immigrant families, a strong economy, trade expansion, and the government’s refusal either to authorize sufficient numbers of visas for the legal entry of low-skilled immigrant workers or to enforce employer sanctions. At the same time, Americans are about equally divided in their opinions on current levels, with half saying the number should be decreased and the other half saying it should be maintained or even increased.

Most recently, in 2006, after failing to get the immigration reform he had sought in the form of a guest-worker program, President Bush signed into law a bill authorizing the construction of a 700-mile fence on the 2,000-mile southern border.

As of this writing, Democrats have control of both the House and Senate, and the country is preparing for the 2008 presidential elections. Only a year ago, Congress seemed close to enacting major immigration reform, including the regularization of status of unauthorized immigrants. However, in recent months members of both parties have argued instead for

more punitive measures and for increased border security. The picture may change again after the inauguration of a new administration. Whatever happens, there is little doubt that immigration policy will remain at the forefront of the U.S. political scene for years to come. ■

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American business leaders have put pressure on Congress and the president to acknowledge the importance of highly skilled foreign-born workers to the U.S. economy.



A DISCUSSION OF

'IMMIGRATIONOMICS'

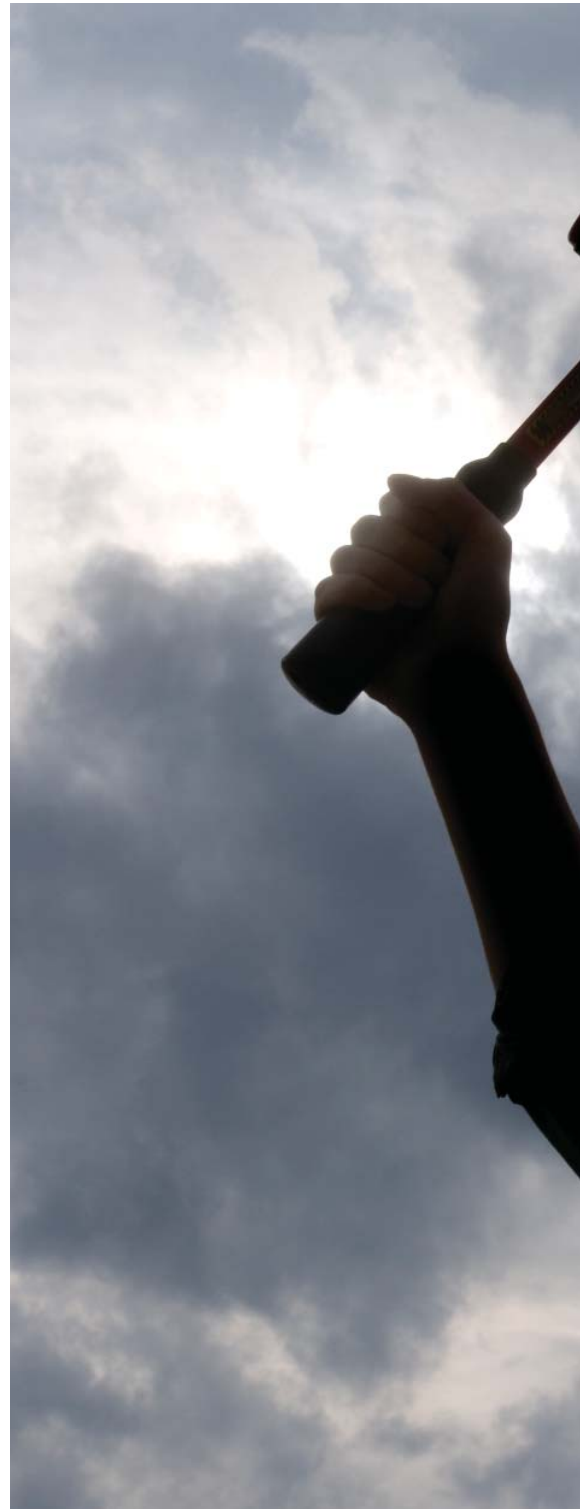
It is hoped that the information presented here will help everyone interested in the ongoing immigration debates to have a clearer picture of the macroeconomic roles played by both the legal and illegal immigrants in our society.

by William F. Ford

The debate about immigration, especially illegal immigration, often focuses on social, cultural, political, and legal issues. The economic aspects are often ignored. However, legal and illegal immigrants play major roles in our economy, contributing to production and spending and the labor force and even affecting the demographic prospects of our aging nation, as the first wave of the large baby-boom generation approaches retirement. The purpose of this article is to give a clearer picture of the roles immigrants play in our economy. The possible economic impact of various proposals to address illegal immigration is also addressed.

At the end of 2007, an estimated 37 million immigrants accounted for almost one-eighth of America's total population of just over 300 million people. Roughly 12 million of those immigrants, about one-third of the total, are living here illegally under our current laws. A host of hotly debated socioeconomic issues concerning those illegal immigrants has emerged as a major legislative concern of the U.S. Congress. And all of the candidates for president in the 2008 election are weighing in on the subject of how best to deal with the illegal immigrants who are now living in the United States and how to stem the rapid growth of their ranks via an ongoing flow of illegal border crossings.

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F SOME KEY ISSUES



All recent studies agree that immigrants have a significantly higher labor force participation rate than the U.S. population overall.

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Social scientists and scholars who are not economists are working on the major cultural issues related to the growing presence of both the legal and illegal immigrants in our society. Who are all these people? Where do they come from? Why are they here? What kinds of social costs are they creating by their presence in our country? How much crime and social unrest is related to their presence? Are they interested in and capable of being assimilated into our mainstream society, or are they creating persistent ethnic subcultures that undermine the cohesiveness of our social fabric?

This paper will not address these sociocultural issues. Rather, it will focus on the following questions concerning the major roles that both the legal and illegal immigrants are playing in our economy: What do they contribute to the total output of our economy? What roles do they play in our labor force overall and in specific major industries? How much of our national income do they generate? How important is their consumer spending as a driving force in the economy? And finally, how does their growing presence play into the demographic future of the U.S. economy as the nation's 76 million baby boomers near the age to qualify for early retirement benefits under our current Social Security laws?

It is hoped that the information presented here will help everyone interested in the ongoing immigration debates to have a clearer picture of the macroeconomic roles played by both the legal and illegal immigrants in our society.

The Role of All Immigrants in the U.S. Economy

As noted above, an estimated 37 million legal and illegal immigrants accounted for about one-eighth of the total U.S. population at year-end 2007. About 21 million of all immigrants, some 57 percent of them, were then in the U.S. labor force of roughly 154 million workers. Their labor force participation rate was therefore about seven percentage points higher than the overall U.S. participation rate of about 50 percent. Moreover, some studies estimate that immigrants have accounted for as much as half of the growth in the U.S. labor force over the past 10–15 years.

Unfortunately, there are no credible or precise estimates of these immigrants' exact share of the nation's current aggregate personal income of about \$11.7 trillion or, by inference, their contribution to the U.S. Gross Domestic Product (GDP) of roughly \$13.8 trillion in 2007. Rough estimates of those macroeconomic parameters can be gleaned from Table 1, which

indicates the possible values of immigrants' shares of 2007 U.S. GDP, total personal income, and consumption spending. As noted in the table, exactly where the immigrants' imputed shares of U.S. aggregate output, income, and consumption actually fall depends on their relative earnings and productivity levels compared to the U.S. labor force as a whole. It should be noted that although immigrants clearly produce and earn less per worker than nonimmigrant workers (as indicated in the range of assumptions shown across the top of Table 1), the fact that their labor force participation rate is much higher than average partly offsets this.

Based on the crude estimates shown in the table, the share of GDP attributed to all immigrants in 2007, \$1.45–\$1.64 trillion, is roughly equal to the gross state product of California, the most populous U.S. state. The middle row of Table 1 indicates that their share of America's \$11.7 trillion of personal income was on the order of \$1.23–\$1.39 trillion. To gauge the impact of their personal consumption spending in the economy, a downward adjustment of 10 percent has been made to their estimated consumption to reflect the fact that immigrants, on average, remit about 10 percent of their earnings to their families abroad. That would imply their total consumption spending was probably on the order of \$980 billion in 2007 (the midpoint estimate in the table). Also, since about one-third of consumer spending is done at retail stores, their estimated retail spending of \$323 billion almost equaled the total sales of U.S. Wal-Mart stores in 2007.

On the employment front, all recent studies agree that immigrants have a significantly higher labor force participation rate than the U.S. population overall. They also typically

Table 1: Estimated Contribution of All Immigrants to U.S. GDP, Personal Income, and Consumption in 2007

Assuming immigrants' level of productivity, earnings, and consumption is this much lower than the U.S. labor force:

Imputed share of	-15%	-20%	-25%
	(in \$ trillion)		
\$13.8 trillion GDP	\$1.64	\$1.55	\$1.45
\$11.7 trillion U.S. personal income	\$1.39	\$1.31	\$1.23
U.S. personal consumption	\$1.03	\$.98	\$.91

The values shown are derived from the actual U.S. 2007 GDP of \$13.8 trillion and personal income of \$11.7 trillion. The imputed shares of GDP and personal income are derived by making the indicated earnings and productivity adjustments of –15 percent to –25 percent and then multiplying by .14, representing immigrants' estimated 14 percent share of the U.S. labor force. Their imputed share of personal consumption is calculated as 70 percent of their GDP share, less 10 percent, the estimated level of their remittances to their relatives abroad.

experience, on average, a lower unemployment rate and are younger than native-born workers.

Regarding their occupational distribution, a variety of studies indicate that their overall employment profile differs significantly from the U.S. averages in various ways. For example, there are 10 major occupational categories in which the foreign-born proportion of all U.S. workers is in the range of 45–53 percent, far above the immigrants’ overall estimated work force share of about 14 percent. Those occupations include about 50 percent of agricultural graders, sorters, and miscellaneous farm workers; 48 percent of drywall workers in the construction trades; 52 percent of plasterers and stucco workers, and an amazing 46 percent of U.S. medical scientists.

It should be noted that the presence of about 21 million immigrant workers in the economy also favorably impacts the level of U.S. price inflation over time. This finding is based on both labor theory reasoning and a variety of empirical studies. In theory, a heavy influx of legal and illegal workers, especially when concentrated in occupational categories requiring low educational achievement, would be expected to limit wage-driven inflation in such job markets. A number of empirical studies also support that theoretical expectation. More generally, influxes of foreign workers into a variety of tight labor markets, including such high-skill categories as scientific workers, serves to ameliorate labor cost–driven inflationary pressures in those markets. And, as noted below, if a serious effort were ever made to expel all illegal immigrant workers, especially in the occupations noted above, where they hold roughly half the jobs, the expected impact on prices in those economic sectors would certainly be worrisome, to say the least.

The Impact of Illegal Immigrants on the U.S. Economy

Based on the year-end U.S. population of just over 300 million in 2007, the estimated 12 million illegal immigrants then in the nation represented about four percent of our total population. The estimated number of illegal immigrants in the U.S. workforce, however, is about seven million workers, suggesting that their labor force participation rate, seven divided by 12 million, is about 58 percent, well above the U.S. average of 50 percent.

Table 2 applies the same logic described in Table 1 to estimate the imputed levels of the illegal immigrants’ possible shares of U.S. GDP, personal income, and consumption spending. Because illegal immigrants usually have less formal education than legal immigrants, the assumed difference between their levels of

earnings, productivity, and consumption relative to the U.S. population is greater. However, they are adjusted downward by 25 to 35 percent, rather than 15 to 25 percent as were all immigrants in Table 1.

Recognizing that all of the above estimates are crude approximations, it nevertheless appears that illegal immigrants’ imputed shares of GDP (\$404–\$466 billion), personal income (\$342–\$395 billion), and consumption spending (\$256–\$293 billion) all represent significant contributions to the overall performance of the U.S. economy. For example, even at the lowest estimated share of GDP, \$404 billion in 2007, the value of illegal immigrants’ contribution exceeds that of the gross state product of 40 U.S. states and is roughly equal to Michigan’s.

Finally, it should be noted that the estimated seven million jobs the illegal immigrants hold is roughly equal to the 5 percent share of the entire U.S. labor force that was unemployed at the end of 2007. The immigration reform policy implications of this observation, and their concentrated presence in certain geographic regions and critical occupational categories, are discussed below.

Macroeconomic Implications of Proposed Policies to Address Illegal Immigration

Most economists and leaders of the U.S. Congress and executive branch of our government agree that our immigration laws need to be reformed. The related issue of how to treat the estimated 12 million illegal immigrants now here also requires thoughtful consideration and appropriate remedial action. Unfortunately, reaching a consensus on how best to proceed currently appears to be politically difficult, but perhaps not impossible, to achieve. The remainder of this study is designed to help clarify some

The presence of about 21 million immigrant workers in the economy also favorably impacts the level of U.S. price inflation over time.

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Table 2: Estimated 2007 Contribution of Illegal Immigrants to U.S. GDP, Personal Income, and Consumption

Assuming immigrants’ level of productivity, earnings, and consumption is this much lower than the U.S. labor force:

Imputed share of	-25%	-30%	-35%
	(in \$ billion)		
\$13.8 trillion GDP	\$466	\$435	\$404
\$11.7 trillion U.S. personal income	\$395	\$368	\$342
U.S. personal consumption	\$293	\$274	\$256

The same calculation protocols described in Table 1 apply to this table except that illegal immigrants are estimated to account for 4.5 percent of the U.S. labor force.

basic macroeconomic issues that must be considered in evaluating proposed approaches to immigration reform and the question of how to treat these estimated 12 million illegal immigrants—as well as their estimated three million U.S.-born children, who are citizens.

It should be recalled at the outset that the future growth potential of any economy is driven by two basic forces—the growth of its labor force and dynamic improvements in its productivity. Both of those forces affecting U.S. economic growth are affected by our immigration policies. With regard to labor force growth, two basic paths are open to us as a nation.

Our population is aging, and the entire generation of baby boomers, those born between 1946 and 1964, will begin to exit the labor force at a growing pace over the next few years. Also, our current domestic fertility rate is well below the demographically determined 2.1 percent replacement rate, suggesting that further aging and eventual shrinkage of our labor force is on the horizon. Also, our educational systems are clearly not producing sufficient numbers of skilled workers and professionals to meet the needs of our dynamically changing and growing economy. Shortages of semiskilled and unskilled workers in various critical occupational categories are also clearly present on the current U.S. economic scene. As noted above and documented in numerous studies, legal and illegal immigrants are currently filling many important gaps in our dynamic labor markets, as witnessed by their disproportionate presence in various job categories across the entire skill spectrum.

Against that demographic and macroeconomic backdrop, three basic immigration policy options will be addressed below. The first and most dramatically interesting would be to keep our immigration laws as they stand, firmly close our borders to further illegal immigration, and find and deport the estimated current U.S. cohort of about 12 million illegal immigrants. That policy, at one end of the spectrum of options and advocated by Republican Colorado congressman Tancredo, a previous 2008 presidential candidate, will be examined first.

The second option to be addressed is a polar-opposite policy, which would involve reopening our borders widely to many more legal immigrants. As in the past, such an open-borders policy would also provide some form of amnesty to the current population of illegal immigrants.

The third option, favored by many business groups, would involve some form of labor market-driven reforms of immigration policy protocols, focused on filling numerous gaps in our

growing labor market with immigrants. That approach would also involve augmenting the projected shrinkage in our domestic labor force's growth rate with foreign-born workers whose skills match our economy's evolving needs.

Option One: Tighter Border Controls and No Amnesty

From a macroeconomic standpoint, any proposed attempt to find and deport 12 million illegal immigrants, rather than providing some form of amnesty and a legal route to residency in the United States, poses a number of important questions. The first is whether or not it would be economically feasible to mount a serious effort to locate, capture, legally process, and eventually deport the 4 percent of our entire population defined as illegal immigrants.

Consider first the costs that would be involved in challenging our overburdened criminal justice system to mount such an effort. The author has found no credible study of the macroeconomic costs such a program would entail. Suppose it costs, say, only \$10,000 per person to find, arrest, judicially process, and deport 12 million illegal immigrants. That alone would total \$120 billion. However, that estimate ignores the fact that our jails and courts are already stressed and overcrowded in dealing with our current incarcerated population of over two million prisoners. Tens of billions of additional investment expenditures would clearly be required to create the added facilities, equipment, and staffing needed to mount any such massive deportation effort. An inevitable by-product of mounting such an effort would also, of course, involve diverting law enforcement and judicial resources from controlling all other forms of illegal activity plaguing our society—including the threat of terrorism. Also, the illegal immigrants living here have produced a huge estimated cohort of three million children who are U.S. citizens. How would they be treated? Would they be separated from their parents? If so, who would care for them?

Next, consider the nationwide labor market issues involved in the proposed removal of about seven million illegal workers from the U.S. economy—roughly 4.5 percent of our entire workforce. As shown in Table 3, our year-end 2007 unemployment rate was about 5 percent, representing roughly 7.7 million unemployed U.S. workers reported to be “actively seeking work.” Most economists agree that a 4 percent unemployment rate, achieved only for a few months during the past two decades, is probably close to “full employment.” In other words, about 6.1 million workers (4 percent of the entire labor force) are currently unemployed in our nation due to what

Legal and illegal immigrants are currently filling many important gaps in our dynamic labor markets, as witnessed by their disproportionate presence in various job categories across the entire skill spectrum.

labor economists call “frictional” and “structural” unemployment—being in the wrong places or having the wrong skills to find a job near where they live. It follows then that there may currently be less than 1.6 million unemployed U.S. workers available (7.7 million unemployed, less six million frictionally or structurally unemployed) to fill any gaps that might appear in our labor markets.

How then would advocates of finding and deporting about seven million illegal workers propose to replace them when there may be only about 1.5 million available unemployed workers on hand to do that? Some argue that discouraged unemployed workers who are not actively seeking work (and therefore not counted in the labor force or among the official count of the unemployed) would quickly emerge to fill such gaps. But 5.5 million of them? And would anyone seriously argue that hundreds of thousands of such discouraged workers are actually prepared to move physically and fill jobs as farm laborers, fruit pickers, drywall hangers, etc.? As a practical matter, few if any seasoned labor economists with real-world experience would argue that seven million illegal U.S. workers could readily be replaced without creating major labor shortages in a wide variety of U.S. industries.

In addition to the labor market disruptions that would surely occur if 12 million illegal immigrants were rounded up and deported, the impact of such a program on aggregate consumption and spending must also be addressed. As noted in the discussion of Table 2, the illegal immigrant population probably generates more than \$350 billion of personal income, some of which is remitted to their families abroad. Also, there are no credible data about how their residential needs are being met. If they have, say, four persons per household—vis-à-vis the U.S. average of about 2.5 persons—they are probably occupying about three million apartments, mobile homes, and houses. Removing them would therefore also adversely affect our already stressed housing markets.

Moreover, their purchases of retail goods and services, normally about one-third of personal income, would adversely affect U.S. retail sales significantly. Especially in a few geographic areas where illegal immigrants are most heavily concentrated—along our southern borders—regional economic crises would almost certainly flow from implementing Congressman Tancredo’s “find and deport” policy.

Another set of clearly unfavorable spillover effects of forcibly removing about seven million illegal immigrant workers from our labor force would be reflected in post-deportation price inflation and probable adverse effects on

Table 3: Replacing U.S. Illegal Workers—The Labor Force Arithmetic

(Number of workers, in thousands, year end 2007)

1. U.S. labor force	153,667
2. Unemployed workers (5% of above)	7,683
3. Unavailable workers if NAIRU = 4%	6,147
4. Available workers above NAIRU (item 2 - 3)	1,536
5. Estimated illegal workers	7,000
6. Imputed shortage if all illegals leave (item 5 - 4)	(5,464)

U.S. labor force numbers are from the Bureau of Labor Statistics’ “The Employment Situation: December 2007.” The estimate of 7 million illegal workers is based on “The Role of Immigrants in the U.S. Labor Market,” a recent Congressional Budget Office paper. It estimated 6.3 million illegal workers in 2004, rounded up to the estimated 7 million at year-end 2007 by the author, based on various anecdotal and press reports. NAIRU = Non-Accelerating Inflation Rate of Unemployment (the so-called “natural rate of unemployment”).

both sides of our international trade balance. If and when all those illegal workers are deported, U.S. employers in agriculture and other industries where they are concentrated would face higher costs in recruiting replacement workers from the questionable pool of “discouraged workers” referred to by deportation advocates or in paying premium wages to a smaller workforce pressed to work longer hours. Many such farms and businesses, currently marginally profitable, would also probably fail.

On the trade front, agricultural products are a major source of U.S. export earnings that would be threatened by wholesale deportation of the hundreds of thousands of illegals working in that sector. Reduced domestic production of food and fiber products would follow and thereby stimulate imports of such goods. The net effect of both forces, logically, would be to deepen the huge U.S. trade deficit, currently funded by inflows of foreign savings, which might not be augmented by foreign savers to service an even larger U.S. trade deficit. The dollar’s value would then fall further, creating additional inflationary pressures as U.S. import prices rose.

Consider, finally, the aforementioned demographic issues facing the economy in its drive to maintain a sustainable real GDP growth rate of, say, three percent or more per year. As shown in Table 4, the 3.03 percent annual growth rate achieved from 1990 to 2006 was driven by a 1.24 percent rate of growth of the U.S. population plus a 1.82 percent rate of productivity growth. And the growth of our labor force has been augmented significantly by inflows of both illegal and legal immigrants who are filling the many gaps across the entire skills spectrum in our labor markets that domestic workers are unwilling or unable to fill.

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Few if any seasoned labor economists with real-world experience would argue that seven million illegal U.S. workers could readily be replaced without creating major labor shortages in a wide variety of U.S. industries.

It is clear that the harshest proposal for immigration reform—to “locate, process and deport illegal immigrants”—is fraught with major macroeconomic dangers.

Table 4: Projected Growth of Real U.S. GDP without Immigration

(Annual percent changes)	1990 -2006 (actual)	2007 -2017 (est.)	2018 -2028 (est.)
Population Growth	1.24	0.91	0.83
+ Labor force participation rate	-0.03	-0.25	-0.40
+ Productivity growth rate	1.82	1.82	1.82
= Real GDP growth rate	3.03	2.48	2.25

Source: Kevin Kliesen, “As Boomers Slow Down, So Might the Economy,” *The Regional Economist*, St. Louis Federal Reserve Bank, pp. 12–13, July 2007. Estimates of population and labor force growth are from the U.S. Census Bureau and 2007 Social Security Trustees Report.

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With the demographic specter of slowing labor force growth (shown in row 2 of Table 4), flowing from the pending retirement of U.S. baby-boom workers, plus the subreplacement fertility levels of U.S. women, the issue of opening our borders more widely to a steady and growing number of immigrant workers will inevitably have to be addressed via meaningful immigration policy reforms. Tancredo’s “close the borders” approach would therefore put the U.S. on the slower growth path shown in row 4 of the table. This is now being experienced in Japan and various European nations whose native populations are aging and shrinking and whose domestic labor forces are not growing. That brings us to option number two.

**Option Two:
Is an Open-Borders Policy Viable?**

Consider, for a moment, what might happen if the world’s six billion-plus inhabitants could actually move freely across the planet to any place where they could hope to enjoy a higher standard of living and greater personal freedom. Does anyone doubt that, in such a world of open borders, the United States would be a prime target destination—along with nations such as Canada and Australia? Literally hundreds of millions of emigrants would surely choose to leave much of Africa and such places as North Korea, Bangladesh, Pakistan, Russia, Indonesia, the Philippines, Haiti, Cuba, Mexico, etc. Clearly, the U.S. public and its elected representatives would never endorse such an extreme version of an open-borders immigration policy.

Rather, based on our historical behavior patterns, any immigration reform movement toward an open-borders option would have to be focused on one of the two following proto-

cols—both of which are embodied in our current laws but on a highly restricted basis.

The first option is based on family-driven immigration admissions. If members of your immediate (or extended) family are responsible and legal U.S. citizens or residents willing to sponsor you, welcome to America!

The second, an economically driven option also currently used here but on a highly restricted basis, favors immigrants who have a work ethic and skills needed to fill jobs in our economy that U.S. workers can’t or won’t take on.

Congress and the executive branch of our government could conceivably fashion a better and much less restrictive immigration program embodying both of those existing immigration management principles. Ideally, such a program would permit much larger legal annual inflows of immigrants who have responsible family members or employers here to sponsor and assist them in moving toward legal residency and eventual citizenship. Preferences might be given to healthy young people of childbearing age, who could help offset the rising dependency ratio the nation faces as our baby boomers retire and native-born females fail to exhibit a fertility level high enough to stabilize our population’s age profile over time. As in our past open-borders era, all such immigrants would be screened for serious health issues, criminal records, or terrorist affiliations and for close familial or friendship ties to responsible U.S. citizens or legal residents. Under such an open-borders concept, a sharply augmented inflow of legal immigrants would be designed to fill key niches in our tightest labor markets for skilled, semiskilled, and unskilled workers.

As a practical matter, such a two-pronged quasi-open borders approach to immigration reform also appears to have little to no chance of being implemented in our current political environment. The recent failure of a major bipartisan effort to move toward such a policy suggests that a more narrowly focused option needs to be considered—one that would be less restrictive than current policies in meeting the economy’s labor demands and that addresses the illegal immigrants’ future roles in our economy in a more politically realistic manner.

Key Elements of an Economically Viable Plan for Immigration Reform

Based on the preceding analysis, it is clear that the harshest proposal for immigration reform—to “locate, process, and deport illegal immigrants”—is fraught with major macroeconomic dangers. First, it would clearly give rise to serious and inflationary labor shortages in a number of key U.S. industries. It would also generate recessionary pressures by eliminating

or reducing the significant contributions of the 12 million illegal immigrants to U.S. GDP, personal income, consumption spending, housing demand, etc.

Its impact on our burgeoning trade deficit would also almost certainly be significantly negative. That would occur, first, by reducing the output and raising the cost structures of our key export industries, such as agriculture, which rely heavily on immigrant labor. In addition, U.S. demand for imports of products now domestically produced with the help of immigrant labor would rise, further aggravating our growing trade deficit. Downward pressure on the value of the U.S. dollar would also be expected in such a scenario, further exacerbating import-driven inflationary pressures on the economy. Finally, the “find and deport” policy option would overwhelm our judicial and prison systems and create a series of regional economic crises in the areas most heavily populated by illegal immigrants.

Against that backdrop, it appears clear that the so-called “no amnesty” approach to dealing with 4 percent of the entire U.S. population, plus their estimated three million children who are U.S. citizens, is simply not a viable economic option. Rather, the current seven million illegal workers active in our labor force should be offered a viable route to legal residence here along with their immediate families, including, especially, their large cohort of children born in the United States. Our past experience with huge influxes of mainly non-English speaking Italians, Germans, Poles, other European immigrants, and various cohorts of Asian immigrants has clearly demonstrated that they can be absorbed successfully into our dynamic economy over time and help make it larger, stronger, and more productive. The current hodgepodge of U.S. immigration barriers, quotas, and other impediments to the legal immigration of workers American firms need and want to hire clearly needs to be reworked and greatly simplified to allow industries facing labor shortages to employ more qualified immigrant workers—and to do it legally.

Moreover, looking ahead, as the fast-approaching wave of 76 million U.S. baby-boom retirees mounts, it threatens further deterioration of the already troublesome and shrinking ratio of U.S. workers per retiree. In order to sustain our real GDP growth at a reasonable 3 percent rate, our labor force needs to grow by at least 1 percent annually, currently about 1.5 million workers per year. Absent an unexpected and highly unlikely upsurge in fertility of U.S. childbearing women, allowing an influx of immigrants of childbearing age may be the only practical alternative to accept-

ing a secular decline in our economy’s future growth potential.

The real GDP of the world’s two most populous nations, China and India, is currently growing about three times as fast as ours. The United States can ill afford to allow an economically irrational anti-immigrant political attitude to undermine the labor and demographic needs of our economy.

Conclusion

The current popular discourse concerning illegal immigration issues is heavily burdened by an excess of media and politically driven heat and a serious shortage of economic light. Viewed through the above prism of macroeconomic analysis, some of the proposed solutions to our illegal immigration issues are clearly naïve, especially the so-called “find and deport” Tancredo option. Any serious attempt to implement such a policy would, in the author’s judgment, generate major negative macroeconomic repercussions. There would almost certainly be significant negative effects on our GDP, labor force growth and participation rate, national income, and consumer spending. A number of major U.S. industries would also face serious labor shortages. Output of their products and services would decline, with adverse effects on our balance of payments. And the geographic regions where illegal immigrants are most heavily concentrated would suffer serious economic consequences similar to those experienced in hurricane-stricken areas.

At the other end of the range of possible macroeconomic solutions to the immigration policy issue, a return to the earlier U.S. era, characterized by a quasi-open borders policy, is also deemed unworkable in today’s world. Too many troubled third-world economies would almost certainly generate a veritable flood of immigrants that even our dynamic economy could not absorb. It appears, therefore, that a new immigration policy that takes account of the macroeconomic realities discussed above would logically focus on meeting our economy’s market-driven needs to fill a number of significant ongoing gaps in our labor force’s current and projected structure. ■

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As the fast-approaching wave of 76 million U.S. baby-boom retirees mounts, it threatens further deterioration of the already troublesome and shrinking ratio of U.S. workers per retiree.

IMMIGRATION: A VIEW



Photodisc

The Tennessee Chamber of Commerce and Industry, the state's largest broad-based statewide business and industry trade association, works proactively to find legislative solutions dealing with immigration issues.

by Bradley Jackson

Immigration is as old as America. It continues to be, as it has been for most of the past two centuries, debated in the cloakrooms and halls of Congress. However, as the demographics have shifted and national immigration policy failed, the discussion has noticeably moved to the nation's family rooms as citizens feel discouraged by Congress's inaction, threatened by the increased numbers of immigrants, and fearful of what a nation of illegal aliens would mean for their economic and social futures. The result has been a new and intense political interest in immigration—at the federal, state, and even local levels.

Immigration in Tennessee and throughout the nation is a topic of much passion and intense debate. As evident in the current presidential campaign, immigration is a policy issue that both positively and negatively impacts the business community. It is an issue we cannot ignore. Lawmakers and candidates hear about it frequently from their constituents, and polls show it is of great interest and concern. Employers are no different, knowing this is a highly salient issue and that bad public policy could have harmful consequences.

The Tennessee Chamber of Commerce and Industry, the state's largest broad-based statewide business and industry trade associa-

tion, works proactively to find legislative solutions dealing with immigration issues. Our first commitment is to our membership, working to maintain and improve the business climate so our companies can grow, prosper, and create jobs. We are also mindful of the practical needs of our elected officials, who must answer to a constituency that is demanding solutions. As our members so often point out, when businesses prosper and grow, we all benefit. For example, last year state revenues exceeded the budget estimate with more than \$300 million in additional revenue, mostly from franchise and excise taxes paid by business. This windfall was used to fund much needed education improvements and other needs in the state budget.

Immigration bills flooded the 105th General Assembly. In fact, hundreds of bills have been filed to deal with the problem of illegal immigration. The Tennessee Chamber and its members review these bills for their immediate and long-term impact on employers in the state.

First, the Tennessee Chamber believes it is wrong for employers to knowingly violate federal and state employment law with the intent to hire illegal aliens. In Tennessee, laws have been on our books for more than 20 years stating that "businesses who knowingly employ or refer for employment any individual who has illegally entered the United States" commit "a Class B misdemeanor," and "in addition the license of any person violating this section shall be revoked and such person shall be forever barred from doing business in the state." This law by itself is a significant penalty for any employer in the state who knowingly violates it.

Employers are as concerned as individual citizens about the breakdown in immigration policy; however, they generally believe immigration is a federal issue that should be addressed with one uniform solution rather than a myriad of approaches at state and local levels. Employers realize this problem is inherent in the system since federal laws prohibit an employer from asking questions about documentation or identification used for hiring purposes. Complicating this situation is the current need for a readily available workforce to address the immediate needs of commerce and growth.

We have seen the results of enacting harmful immigration legislation in other states. Ari-

FROM CAPITOL HILL



zona and Oklahoma are examples of state immigration reform gone bad. Newspaper articles and stories have cited examples of how corporate assets have moved from Arizona to Utah to avoid overly punitive immigration laws, thereby eroding a substantial tax base in Arizona. In addition, the U.S. Chamber of Commerce brought litigation on behalf of employers in Oklahoma arguing that its recently enacted immigration law impedes interstate commerce. This lengthy and costly litigation does not provide a good business climate and removes one element important to business: predictability of future laws and policy. Similar proposals have been introduced in Tennessee but have gotten little traction due to the result of hard work by the business community and the various chambers and other trade associations that represent its interests.

With the General Assembly, the Tennessee Chamber and its business allies work to develop meaningful state legislation. One example is Public Chapter 529, signed into law last year, prohibiting employers from knowingly hiring illegal immigrants with the potential of losing their business license and allowing for local governments to train with Federal Homeland Security officials on the detention and removal of criminal illegal immigrants. Public Chapter 529 creates safe harbors or protections for business in that employers who have followed federal immigration hiring requirements, used the E-verify federal government database, or been presented with false documents are deemed to have complied with the law. This law, in effect, seeks to penalize those who knowingly hire illegal immigrants.

We review immigration proposals at the state level based on the following criteria:

- How will this proposal affect Tennessee's competitiveness compared to other or surrounding states? Would this proposal be cumbersome for a multistate employer and create a substantial burden on commerce?
- Would the proposal deter growth and appear harmful to potential employers looking to expand or relocate to Tennessee? Would it cost our citizens jobs?
- Is the proposal constitutional or inconsistent with federal employment law, i.e., the

1986 Federal Immigration Reform and Control Act?

- Is the employer liable for the hiring and employment actions of subcontractors?
- Is the employer penalized for fraudulent actions by prospective employees such as false documentation, illegal documents, etc.?
- Are investigations based on accusations rather than substantial evidence?

If the answer to any of these statements is "yes, it would harm business," then rather than create a legislative stalemate, the Tennessee Chamber works to add language into these bills that would help solve immigration concerns while minimizing the harmful results to business in Tennessee.

We know good state immigration proposals need not always center around employers. Immigration laws are being considered dealing with individuals who knowingly manufacture and distribute false identification. Last year, the General Assembly passed laws about those who traffic in illegal immigrants and force servitude or involuntary labor, and another immigration law passed that provided resources for state troopers to obtain training through the Federal Homeland Security Department to deal with criminal illegal immigrants. In 2006, Governor Bredesen signed Executive Order No. 41 on compliance of federal and state laws related to employing and contracting with illegal immigrants.

Tennessee is a good place to work and do business, and our goal is to keep it that way. We applaud the efforts of our elected officials to maintain our strong business climate while dealing with an issue that impacts so many of our citizens. We will continue to actively work with the General Assembly to define an acceptable state role in a federal problem while working to ensure that the solutions do not negatively impact economic growth and jobs creation.

The Tennessee Chamber of Commerce and Industry is working through its members to ensure a strong economic future for Tennessee and more and better jobs for Tennesseans. ■

Bradley Jackson is vice president of governmental affairs with the Tennessee Chamber of Commerce and Industry.



IS THIS WHAT THE TENN

BUSINESS LICENSE REVOCATION

Rather than attempting to frustrate local businesses, state legislators should welcome the influx of foreign workers who contribute to our rich culture.

by Linda Rose and Rose Paxtor

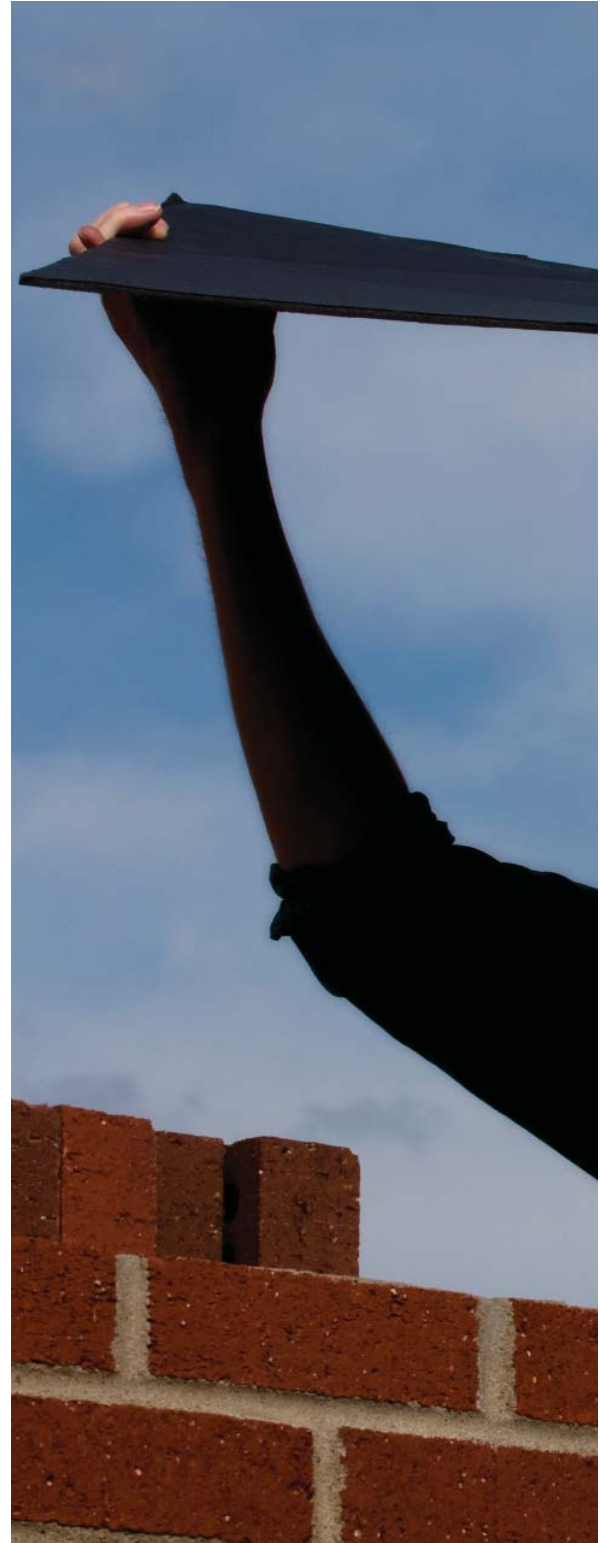
“A person shall not knowingly employ, recruit, or refer for a fee for employment, an illegal alien.”¹

With more than an estimated 100,000 undocumented workers supporting the Tennessee workforce, one wonders precisely what the Tennessee General Assembly intended when it enacted a law incorporating the above language. The law, which we refer to as the “business license revocation law,” took effect January 1, 2008, and threatens to snatch the licenses of Tennessee businesses that employ undocumented workers.

There is no doubt the face of the Tennessee workforce is changing as more foreign workers² make their way to our state. A 2003 study using U.S. Census figures estimated the number of undocumented workers supporting the Tennessee economy grew from 9,000 in 1990 to 46,000 in 2000.³ On one hand, anti-immigrant voices have grown correspondingly louder and demand harsher penalties in response to the increased foreign presence. But on the other hand, a recent MTSU study reveals the majority of Tennesseans have grown more lenient about, sympathetic toward, and accustomed to the influx of our foreign workforce, favoring a path to citizenship.⁴ No doubt some of those polled must have been business owners with trusted and valued foreign employees.

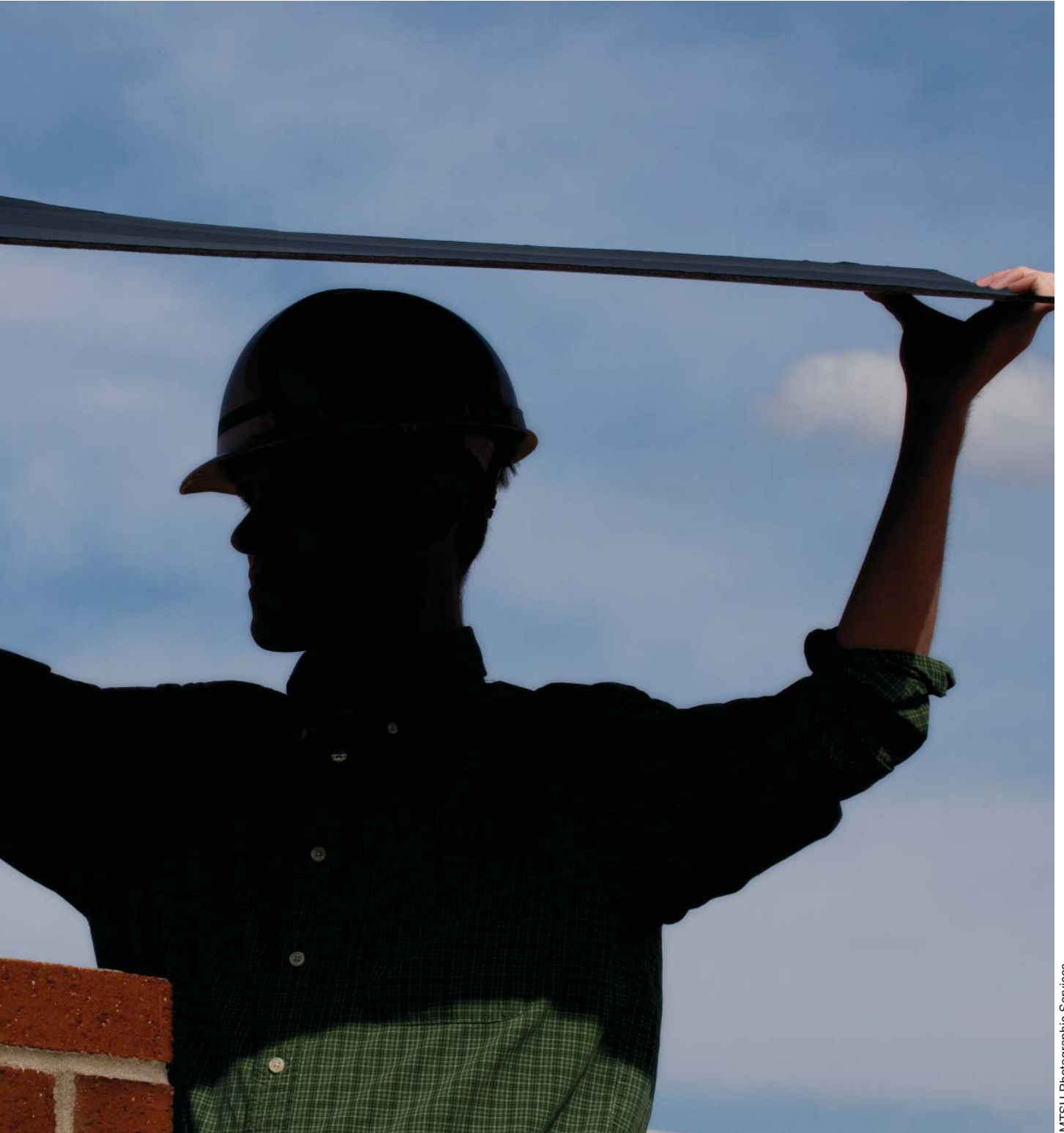
Is business license revocation an appropriate response to the undocumented workforce? And is this what the Tennessee economy needs? Let’s start by taking a close look at the law itself.

The basic command of the law is that employers knowingly using undocumented



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TENNESSEE ECONOMY NEEDS?



In the face of labor shortages and uncompromising immigration laws, employers are left with no option other than to draw from the undocumented workforce.

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workers shall be, on the first offense, issued a warning; on the second offense, subjected to a hearing; and if found in violation, penalized with business license revocation for up to one year. This law expands greatly on the federal law on hiring practices, which has been in place since 1986 and imposes civil fines and criminal penalties for knowingly hiring undocumented workers.⁵ The Tennessee legislature takes the punishment of employers further, however, by threatening their very ability to exist.

The Tennessee license revocation law does require state and local government agencies to report hiring violations. Reports of violations set in motion a hearing process with the workforce agency of the state Department of Labor that can result in the revocation of the state business license.⁶ The provisions of the law are summarized below. We include some policy comments to aid employers in determining how to manage their business affairs in the face of this law.

Employment of “illegal aliens” forbidden.

Employers are forbidden from employing illegal aliens. The Tennessee legislature defines the term “illegal alien” as including anyone who is not a Lawful Permanent Resident or otherwise authorized to work.⁷ Among those labeled illegal are spouses of professional workers residing lawfully in the United States but not authorized to work. It would also include someone who is completely legal in the United States but awaiting official work authorization. The reality, however, is that undocumented workers (also known as illegal aliens) make up a significant part of the Tennessee workforce. And in the face of labor shortages and uncompromising immigration laws, employers are left with no option other than to draw from the undocumented workforce. What the Tennessee legislators could do is work with federal legislators to promote laws that will allow employers to legalize their workers rather than punish employers for their efforts to survive and sustain their businesses.

“Knowingly.” Violations of the law hinge on whether an employer knows the worker is undocumented. “Knowingly” is defined as having “actual knowledge” and failing to determine an employee’s immigration status.⁸ The onus of having to determine an employee’s immigration status is great, to say the least. Local employers indeed are not immigration specialists and cannot and should not be vested with the responsibility to determine immigration status.

Safe hiring practices. Employers are required, as under existing federal law, to verify the

employment authorization of all new hires using the document lists found on immigration form I-9. The verification requirement is met even if documents presented to satisfy the I-9 are later found to be fraudulent,⁹ as long as the employer has acted in good faith. But the federal government already has put this system in place with enforcement efforts widespread across the country. It seems redundant, and overly burdensome to employers, for the Tennessee legislature to create yet another layer that hinders employers from operating their businesses.

The Tennessee law rewards employers that act fast. Employers who check work authorization documents as required, within 14 days of hire, are not in violation.¹⁰ Again, however, this simply repeats a system the federal government has already put in place.

An employer can avoid an allegation of violating the law by using the federal database known as E-Verify. This system allows employers to check the immigration status of a prospective worker, and if the system confirms a name and Social Security number, the employer can hire the prospective worker without fear of penalty. The database is fraught with error, however, and could potentially prevent an employer from hiring a U.S. citizen. Only two states in the nation require employers to use E-Verify: Arizona and Mississippi.¹¹ At least one state actually prohibits it: Illinois.¹² All other states, including Tennessee, are neutral or silent on the use of E-Verify for most employers. Given the great potential for error in hiring, neutrality is probably the safest and best approach. The State of Tennessee should not endorse or require an employment verification system that is not 100 percent accurate. Otherwise, innocent parties—employers and employees alike—will be injured. But under the Tennessee business license revocation law, employers using E-Verify to determine work authorization of new hires will not be found to have hired in violation of the law.¹³ This position implicitly endorses a system that is far from perfect.

Reports of violations. The investigation of a violation originates with the employee of any state or local government agency. If an employee of one of those agencies has any reason to believe an employer is employing “illegal aliens,” the agency employee is required to file a complaint with the state workforce agency.¹⁴ This vests the government employee with an unwieldy scope of discretion. And those with anti-immigration sentiments could take this grant of authority beyond what is reasonable. The law should impose a reasonableness standard and not grant untrained, uninitiated government workers such wide latitude of

power. Once the workforce agency receives a report, it is required to investigate.

Right to a hearing before a business license can be revoked. If the workforce agency investigation yields substantial evidence of a hiring violation, the employer is scheduled for a contested case hearing.¹⁵

The employer must be mailed a notice of the hearing providing the reasons for the hearing. The employer has the right to present evidence of good faith compliance with the law by having checked authorization documents.¹⁶ At this point the employer should seriously consider retaining immigration or employment law counsel. There may be viable defenses or explanations for the hiring that only a lawyer skilled in these matters can unravel in a contested hearing.

This type of hearing can be held only if the business has some license issued by the state and a violation is established by clear and convincing evidence. Again, “clear and convincing evidence” is a legal term the employer might want to turn over to the lawyer to dispute with the hearing board. If the board determines a knowing violation has occurred, the workforce agency must order the relevant government agency to suspend the employer’s license to do business.

Violation #1. The first time an employer is found in violation of the state law, that license will be revoked until the employer shows the violation has been corrected. Here, the employer needs to take some action. The employer must either require the employee to correct the discrepancy or take the drastic step of terminating employment. Either way, the license can be reinstated if the employer submits a sworn statement attesting it is no longer employing an “illegal alien.”¹⁷ If the employer opts not to take any action, a finding of a second violation, with a more drastic result, will likely take place.

Violation #2 and beyond. A finding of any subsequent violations by an employer will result in a much more serious penalty. The business license of an employer whose license was suspended for hiring undocumented workers within the past three years must be revoked for one year.¹⁸ Ouch!

Despite the fact that the undocumented workforce is undeniably entrenched in the American way of life (and Tennessee economy), Congress has failed to provide a remedy for this unfortunate circumstance. With a worker shortage, there are virtually no laws that allow employers to legally hire essential skills employees, such as service industry workers, construction workers, and the like. The federal government, constitutionally vested with the authority to control and govern immigration, is struggling to put the proper system in place.

States that meddle in the immigration debate only add to the fervor.

Rather than attempting to frustrate local businesses, Tennessee state legislators should look to laws that will help alleviate the worker shortage problem, create systems so that the workers can contribute to the economy and pay taxes as needed,¹⁹ and welcome the influx of foreign workers who contribute to our rich culture. We are, after all, a nation born of immigrants. ■

Linda Rose is a Vanderbilt University adjunct law professor and the owner and managing member of Rose Immigration Law Firm PLC, emphasizing business immigration in the music and entertainment industries, manufacturing, and higher education and representing businesses with I-9 compliance and immigration worksite enforcement. Rose Paxtor is an associate attorney at the firm.

Notes

1. Tennessee Code Annotated (T.C.A.) § 50-1-103(b) (2007).

2. Legally, the term “immigrant” indicates that an individual is legally residing in the U.S. as a Lawful Permanent Resident, known as a “green card” holder. The media, however, has misused the term immigrant to such an extent that it now popularly refers to any foreigner. For the sake of correctness, we shall use the term “foreign worker” or “foreigner” throughout this article and refer to “immigrant” only when we mean a Lawful Permanent Resident.

3. A Profile of the Foreign-born in the Nashville Economic Market, published in October 2003 by the Urban Institute for the Nashville New American Coalition.

4. Janell Ross, “Tennesseans Get Softer on Illegal Immigration, MTSU Poll Finds,” *The Tennessean*, March 14, 2008, A1.

5. Immigration Reform and Control Act of 1986, Pub. L. No. 99-603, 100 Stat 3359. Federal law on employing undocumented workers is codified at 8 U.S.C. § 1324a.

6. T.C.A. § 50-1-103(e).

7. T.C.A. § 50-1-103(a)(4).

8. T.C.A. § 50-1-103(a)(5).

9. T.C.A. § 50-1-103(a)(7).

10. Legal Ariz. Workers Act, H.B. 2779, 48th Leg., 1st Reg. Sess. (Ariz. 2007) (effective January 1, 2008); Miss. Employment Prot. Act, S.B. 2988, 2008 Reg. Sess. (Miss. 2008) (effective July 1, 2008).

11. Ill. Right to Privacy in the Workplace Act § 12(a), Pub. Act 95-0138, H.B. 1744, 95th Gen. Assem. (Ill. 2007). Litigation has delayed enforcement. See Press Release, Dept. of Homeland Security, Notice for Illinois Employers about E-Verify (December 31, 2007) (www.uscis.gov/files/pressrelease/Illinois_Everify_31dec07.pdf).

12. T.C.A. § 50-1-103(c).

13. T.C.A. § 50-1-103(e).

14. *Id.*

15. *Id.*

16. T.C.A. § 4-5-320 (2005).

17. T.C.A. § 50-1-103(e)(1).

18. T.C.A. § 50-1-103(e)(2).

19. Even undocumented workers pay taxes simply by way of living in the U.S.: purchasing goods and using services. Many wish to pay their proper income taxes as well but are prevented from doing so because the Social Security Administration will not issue them a number to pay taxes.

There are virtually no laws that allow employers to legally hire essential skills employees, such as service industry workers, construction workers, and the like.

IMMIGRANTS, EDUCATION,



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This study uses a variety of analytical tools to compare and contrast the characteristics of foreign- and native-born population in four states.

by Murat Arik

Immigration has been one of the most debated issues in recent U.S. economic and political discourse. While acknowledging that the scope and nature of immigration has multidimensional public policy implications including concerns about national security, job losses, economic growth effects, health care, and welfare policies, the literature on the impact of immigration on the U.S. economy has generated mixed findings. For example, while Card's (2001) findings conclude that immigration does not negatively affect the employment and wage levels of native-born workers,¹ the finding of Borjas (2003), using similar methodology, suggest just the opposite.² Taking into account these two contrasting views, Peri (2006) reexamines the wage and employment impact of immigration on native workers using methodology similar to that of the two aforementioned studies.³

His finding suggests that at the national level immigration has a positive effect on the real wages of all but the less-skilled native workers. Peri accounts for the occupational distribution of native and immigrant workers and arrives at a critical conclusion that immigrants at both ends of the educational spectrum are likely to drive productivity, innovation, and competitiveness in the U.S. economy.

From a broader economic perspective, Ford (2007), reprinted in this issue of *Tennessee's Business*, highlights the implications of different policies regarding immigration in the U.S. He concludes that immigrants' contribution to the U.S. economy is sizable and any adverse policies regarding immigration are likely to produce severe macroeconomic repercussions.⁴ From an international perspective, immigration affects macroeconomic and social

AND LABOR MARKET



dynamics not only in host countries but also in the country of origin through “brain drain” as well as creating shortages in low-skill occupations.⁵

While these discussions are informative and intellectually stimulating, we nevertheless confine our analysis in this short essay to labor market implications of immigration at the state level from a comparative perspective. Before analyzing characteristics of immigrants, a brief overview of national and global trends regarding economic competitiveness and workforce issues is in order.

Role of human capital in economic growth. To remain competitive in the knowledge economy, education and innovation should be at the forefront of any development strategy, both at the national and state level. Due to the massive exodus of traditional low-skill manufacturing jobs overseas, there is a pressing need for the existing workforce to reposition itself. According to the recent Global Competitiveness Index of the World Economic Forum, the position of the U.S. in the areas of education and innovation in general and quality of primary education, quality of math and science education, secondary education enrollment, and availability of scientists and engineers in particular is slipping behind more than a dozen countries. In evaluating the impact of immigrants on jobs and wages, this global trend should be kept in mind.

Productivity and innovation. Productivity and innovation are major sources of economic growth. However, once at the top of the list, the U.S. is losing ground in these areas as many emerging economies are catching up in terms of the number of patents and research and devel-

opment expenditures. As traditional industries exit the economic landscape, particularly in rural areas, it becomes extremely difficult for small communities to take advantage of technology-driven industries due to the lack of both basic technological infrastructure (i.e., broadband accessibility) and an adequately trained workforce. The promotion of a strong partnership among businesses, workforce, and educational institutions is essential to a knowledge-driven economy.

Aging workforce. Baby boomers are approaching retirement age. Some small businesses with stable employment are pondering the potential loss of their workforce due to retirement. A critical concern is that it will be difficult to replace retiring skilled employees.

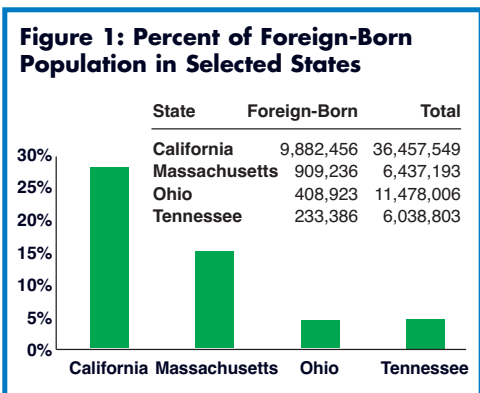
Current labor market shortages. Many local markets have been experiencing labor market shortages, especially in health care. Although many of these jobs are high-paying, there is not enough interest in these occupations to fill the vacant positions.

These global and national trends are directly or indirectly linked with the nature and scope of the U.S. immigrant population. Therefore, it is important to keep these issues in mind when discussing the characteristics of immigrants vis-à-vis natives.

Data, Definitions, and Methodology. Data used in this analysis is from American Community Survey 5 percent PUMS (Public Use Microdata Samples) data (www.census.gov). All cross-tabulations are population weighted. The four states somewhat arbitrarily selected for this analysis reflect different geographic, population, and economic structures.

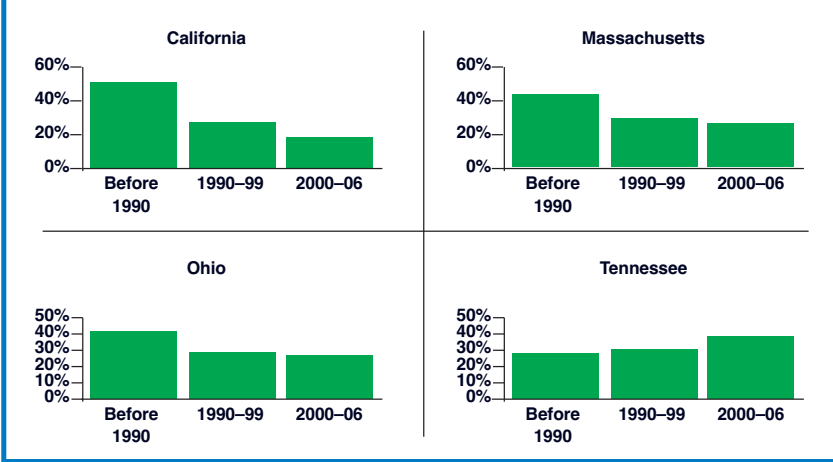
Each state population is divided into two census groups: foreign-born and native. According to the Census Bureau, foreign-born population includes “anyone who is not a U.S. citizen at birth.” This category includes people who are in the U.S. legally and illegally. Native-born population includes “anyone who was a U.S. citizen or a U.S. national at birth.”

This study uses a variety of analytical tools to compare and contrast the characteristics of foreign and native-born population in the four states, addressing the following questions:



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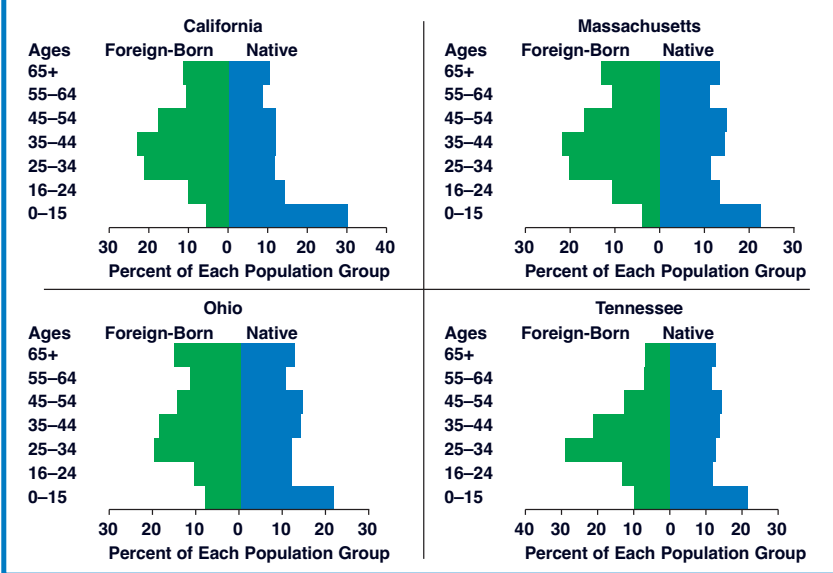
Figure 2: Decade of Entry: Foreign-Born Population



- How do the states compare in terms of immigrant population, employers, and labor force participation rate?
- How do immigrants and natives compare by
 - age distribution,
 - educational attainment,
 - distribution across major occupations,
 - income distribution, and
 - occupational skill level distribution?

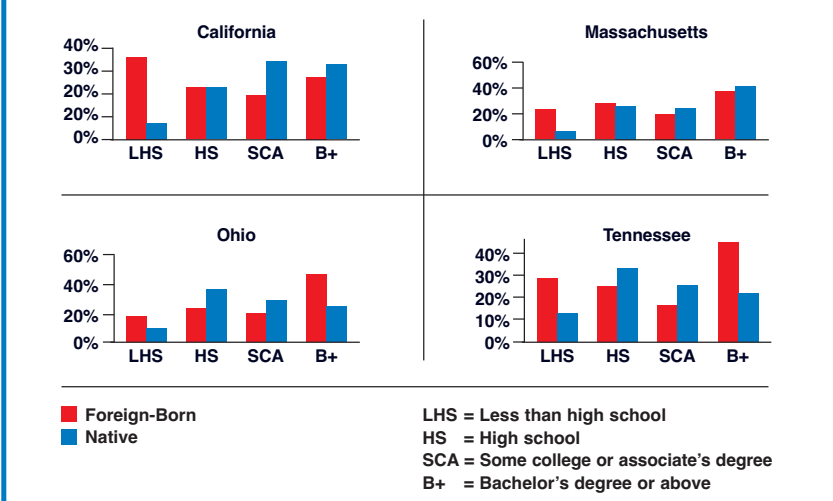
Foreign-Born Population. The small fraction of Tennessee’s population that is foreign-born is estimated at 233,386, or 3.86 percent, as of 2006. Corresponding figures are 408,923 (3.56 percent) in Ohio, 909,206 (14.12 percent) in Massachusetts, and 9,882,456 (27.11 percent) in California. Although Tennessee and Massachusetts have comparable populations, Tennessee’s share of foreign-born population is significantly lower. As Figure 1 shows, the foreign-born population in Tennessee in both absolute and relative terms is nowhere close to the level that California and Massachusetts have been experiencing. Accordingly, public policy challenges that may arise due to certain characteristics of foreign-born population (i.e., legal vs. illegal, skilled vs. unskilled, etc.) are likely to be more manageable in Tennessee than in California and Massachusetts. The significant variation in the share of foreign-born population across states implies that immigrants’ role⁶ in the U.S. economy should be analyzed within the context of workforce supply and demand at the state level.

Figure 3: Foreign- and Native-Born Population by Age Cohort



Decade of Entry. As Figure 2 illustrates, the influx of foreign-born population is relatively recent in Tennessee compared to California, Massachusetts, and Ohio, where over two-fifths of foreign-born population entered the country before 1990. According to the American Community Survey (2006), nearly two-fifths (93,000) of Tennessee’s foreign-born population entered the U.S. between 2000 and 2006. However, although the proportions are smaller, Massachusetts attracted more than 180,000, Californian nearly 2,000,000, and Ohio about 120,000 in foreign-born population in the same period.

Figure 4: Educational Attainment by Nativity (Ages 25-64)



Age Cohort. Foreign-born population is more normally distributed than native-born population across the states by age cohort. Immigrants migrating to Tennessee tend to be younger than those immigrants migrating to the other three states (Figure 3). The Tennessee population pyramid indicates fewer immigrants in the old age cohort—not the case for the other three states, where old-age dependency (on younger workers) among immigrants is relatively higher.

One clear conclusion is that the immigrant and native workforces in the four states are not holding exactly the same jobs.

Table 1: Some Population Ratios

Selected States	per Native 100			per Foreign Born 100		
	Ages 0–15 / Ages 25–64	Ages 65+ / Ages 25–64	Ages 55–64 / Ages 16–24	Ages 0–15 / Ages 25–64	Ages 65+ / Ages 25–64	Ages 55–64 / Ages 16–24
California	44.07	20.37	70.06	7.26	15.77	103.91
Massachusetts	36.69	24.66	85.97	6.65	18.84	99.22
Ohio	40.38	25.11	88.44	12.15	23.83	110.69
Tennessee	38.96	23.46	94.67	14.01	8.84	53.47

The ratio of ages 0–15 to ages 25–64 indicates that for every 100 native population there are 44.0 young native population in California, 36.69 in Massachusetts, 40.38 in Ohio, and 38.96 in Tennessee. These ratios are very small for foreign-born population in all states, the most being in Tennessee, indicating that Tennessee has more young dependent children per its foreign-born population. The ratio of ages 65+ to ages 25–64 indicates old age dependency. Per 100 native working-age population (25–64), Ohio has the highest ratio with 25 people and California the lowest with 20.37. Per 100 working-age foreign-born population, Ohio has the highest ratio with 23.83 and Tennessee the lowest with 8.84. The ratio of ages 55–64 to ages 16–64 represents the replacement rate of workforce to retirement. The highest ratio is in Tennessee with 94.67 near-retirement population per 100 native young population. In terms of foreign-born population, Ohio and California have more near-retirement foreign-born population than young foreign-born population.

Figure 3 and Table 1 present workforce implications for the aging native-born U.S. population. As the baby boomers approach retirement, businesses expect to see increasing shortages across occupations. In Tennessee, the ratio of ages 55–64 to 16–24 among the native-born population is merely at replacement level. This ratio is relatively better for California, Massachusetts, and Ohio. However, the foreign-born population story is different: while California and Ohio have a higher near-retirement than young foreign-born population, Tennessee’s trend is completely opposite with a nearly 50-percent higher young than near-retirement foreign-born population.

Skill Composition. Is the skill level of immigrants complementary to the skill level of natives? National studies suggest so, indicating that distribution of the educational attainment of immigrants is *U*-shaped compared to an inverse-*U* shape for natives. Figure 4 illustrates significant variations across states in this area. In California and Tennessee, distribution of immigrants by educational attainment confirms this pattern. However, in both Ohio and Massachusetts, distribution is skewed toward a higher immigrant educational attainment level. In terms of the inverse-*U* distribution of native-born population by educational attainment, Ohio and Tennessee exhibit certain similarities. Overall, educational attainment by nativity in Tennessee confirms *U*-shaped immigrant and inverse-*U* native-born educational attainment.

In Tennessee, 14 percent of the native-born and 29 percent of the foreign-born population have less than a high school education. However, at the other end of the spectrum, 31 percent of the native-born and 45 percent of the foreign-born population have at least a bachelor’s degree.

Occupational Distribution. Do the immigrant and native workforce (ages 25–64) differ by

occupational distribution? Figure 5 shows considerable differences between them even at the aggregate level.⁷ One caveat is in order: for practical purposes, this study looks only at 26 aggregate-level occupational categories. Using more detailed categories would likely increase the occupational similarity index score. The larger the index score, the more dissimilar two occupational distributions are.

Within-state occupational distributions of workforce by nativity indicate variations across states, reflecting their economic structure and immigrant workforce characteristics. One clear conclusion is that the immigrant and native workforces in the four states are not holding exactly the same jobs. Of the four, California has the highest occupational dissimilarity index between its native and foreign-born workforce.

Although native workforce occupational distribution in Ohio and Tennessee shows close

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Figure 5: Workforce Occupational Distribution Similarity by Nativity

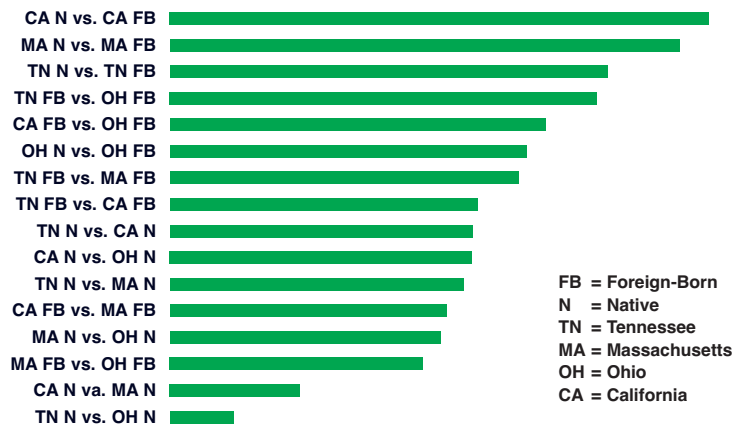


Table 2: Employment Status of Native and Immigrant Workforce

Native	California	Massachusetts	Ohio	Tennessee
Employed	72.70%	77.68%	73.77%	70.10%
Unemployed	3.96%	3.53%	4.33%	4.29%
Military	0.51%	0.14%	0.11%	0.31%
Not in Labor Force	22.84%	18.65%	21.78%	25.30%
Foreign-Born				
Employed	71.17%	75.97%	73.10%	74.05%
Unemployed	4.05%	4.01%	3.75%	4.05%
Military	0.12%	0.07%	0.24%	0.26%
Not in Labor Force	24.67%	19.95%	23.09%	21.64%

Source: American Community Survey (2006).

Table 3: Where Do Immigrants Work?

Native	California	Massachusetts	Ohio	Tennessee
Private for profit	54.01%	57.23%	61.75%	58.11%
Private not for profit	5.96%	9.82%	7.09%	5.62%
Government	16.51%	13.63%	11.95%	13.30%
Self-Employed	11.71%	9.94%	8.04%	9.52%
Foreign-Born				
Private for Profit	62.55%	65.41%	61.51%	63.08%
Private not for profit	3.52%	8.91%	6.72%	5.31%
Government	7.27%	6.26%	10.60%	7.62%
Self-Employed	11.06%	8.62%	8.57%	10.72%

Source: American Community Survey (2006).

Table 4: Educational Attainment by Age Cohort

Ages 25–64	California	Massachusetts	Ohio	Tennessee
Native				
High school or less (HS&LHS)	35.29%	31.21%	43.36%	47.49%
Bachelor's and above	30.67%	44.25%	24.90%	24.25%
Ratio (HS&LHS/BA+)	1.15	0.71	1.74	1.96
Foreign-Born				
High school or less	58.55%	39.03%	33.63%	64.29%
Bachelor's and above	23.98%	41.22%	51.40%	24.10%
Ratio (HS&LHS/BA+)	2.44	0.95	0.65	2.67
Ages 55–64				
Native				
High school or less	28.04%	35.05%	50.99%	51.82%
Bachelor's and above	36.19%	39.87%	23.51%	23.05%
Ratio (HS&LHS/BA+)	0.77	0.88	2.17	2.25
Foreign-Born				
High school or less	56.22%	59.98%	41.63%	39.83%
Bachelor's and above	26.87%	27.89%	37.65%	44.42
Ratio (HS&LHS/BA+)	2.09	2.12%	1.11	0.90

Source: American Community Survey (2006).

Table 5: Occupational Similarity by Educational Attainment (Native versus Foreign-Born)

States	High School or Less	Bachelor's and Above
California	57.03	41.82
Massachusetts	52.33	45.10
Ohio	41.31	35.30
Tennessee	60.19	38.09

The higher the score, the less likely that immigrants are holding the same job as natives by educational attainment.

similarity, the same is not true for the foreign-born workforce. These dissimilarities suggest that immigrants' contribution to the states' economies is considerable and the immigrant and native workforces are complementary.

Labor Force. Labor force participation rates of natives and immigrants are comparable across the states, although immigrants' participation rate is higher than that of natives in Tennessee. Table 2 presents the employment status of native and immigrant population ages 25–64. Unemployment is lower among immigrant than native working-age population in Tennessee and Ohio, whereas the reverse is true in California and Massachusetts.

Class of Worker. There are relatively as many immigrant as native entrepreneurs across the states. Tennessee has slightly more self-employed immigrants than natives. Table 3 shows that immigrants are overwhelmingly working in the private for-profit sector and playing an important role in entrepreneurial activities that drive many of the states' economies. Only in Ohio is the percent of immigrants versus natives working for government comparable.

Education and Age Cohort. Table 4 reveals significantly better-educated near-retirement age than young immigrants in Tennessee, perhaps due to the large influx from war-torn regions between 2000 and 2006. Massachusetts and Ohio are attracting more highly educated than less-educated young immigrants. Conversely, California is attracting 24 and Tennessee 27 less-educated immigrants for every 10 highly educated ones.

An analysis of the characteristics of near-retirement age (55–64) immigrants, however, shows a completely different picture for Tennessee, Massachusetts, and Ohio. For example, in Tennessee, in the 55–64 age category, there are nine less-educated immigrants for every 10 highly educated immigrants. For the 25–34 age category, the trend is almost reversed in these three states, whereas California shows a somewhat stable trend across age cohorts. These discrepancies may be attributable to workforce supply and demand resulting from the states' changing economic structure and growth trends.

Education and Occupation. Those immigrants with a high school education or less are holding jobs not in high demand by similarly educated natives in Tennessee. Table 5 indicates the significant differences in occupational similarity.

ties of natives and immigrants across and within the states by educational attainment, even at a higher educational level. This result may suggest an existing or emerging division of labor between immigrants and natives by educational attainment levels.

Wage and Salary Earnings. Distribution of wage and salary earnings of immigrants is disproportionately concentrated in low-income brackets in California and Massachusetts (under \$35,000). Although Ohio and Tennessee exhibit a similar pattern in low-income brackets (under \$25,000), they differ from California and Massachusetts in two respects: in Ohio, immigrants are disproportionately concentrated in high-income brackets, while in Tennessee the concentration of immigrants and natives in high-income brackets is relatively even (\$65,000 and over). Table 6 highlights the variations of earning distributions of immigrants compared to natives across the states. This distribution in turn may be related to structural differences in the states' economies and characteristics of immigrants choosing these states as their homes.

Wage and Salary Earnings in Tennessee. In Tennessee, nearly 74 percent of immigrants are earning less than \$35,000 compared to 62 percent of natives. These numbers are 65 and 45 percent in California, 58 and 43 percent in Massachusetts, and 59 and 56 percent in Ohio. Figure 6 presents the earning distribution of immigrants and natives in Tennessee.

Conclusion. This study highlights the characteristics of immigrant versus native populations in the four selected states. The findings suggest that the size and scope of immigrants' involvement in these states' economies vary considerably. This has a lot to do with the historical presence of large immigrant communities in certain states (i.e., California). However, the structural differences in these economies and ensuing demand for a certain type of immigrant workforce (i.e., skilled, unskilled) are also an important factor in across-state variations.

Tennessee has a relatively small immigrant population, two-fifths of whom entered the U.S. in the past five years. The sudden burst of relatively young, low-wage earning immigrants may pose a challenge. However, booming activity in commercial and residential construction as well as the retail sector in the past five years has increased the demand for workforce considerably, attracting many immigrants to the area. ■

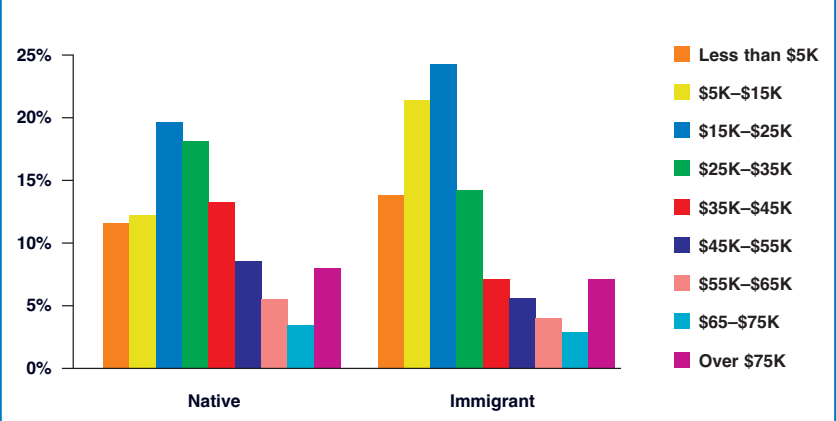
Murat Arik is the associate director of MTSU's Business and Economic Research Center.

Table 6: Relative Distribution of Wage and Salary Income by Nativity (% Natives - Foreign-Born, Ages 25-64)

Earning Range	California	Massachusetts	Ohio	Tennessee
Less than \$5K	-1.03%	0.48%	0.34%	-2.20%
\$5K-\$15K	-9.39%	-4.99%	-3.00%	-9.33%
\$15K-\$25K	-9.42%	-8.18%	-3.72%	-4.59%
\$25K-\$35K	-0.29%	-2.89%	3.38%	3.88%
\$35K-\$45K	2.37%	1.17%	4.46%	6.18%
\$45K-\$55K	3.43%	4.46%	3.94%	3.18%
\$55K-\$65K	3.59%	3.54%	-0.04%	1.53%
\$65K-\$75K	2.91%	1.82%	-0.34%	0.48%
More than \$75K	7.84%	4.60%	-5.03%	0.86%

Source: Tabulated from American Community Survey (2006). Negative (-) figures show that proportion of immigrants larger than the proportion of natives earning in the same income range.

Figure 6: Tennessee Native vs. Immigrant Earning Distribution 2006



Notes

1. David Card, 2001, "Immigrant Inflows, Native Outflows, and the Local Market Impacts of Higher Immigration," *Journal of Labor Economics* 19.

2. George J. Borjas, 2003, "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," *Quarterly Journal of Economics* 118.

3. Giovanni Peri, 2006, "Immigrants, Skills, and Wages: Measuring the Economic Gains from Immigration," *Immigration Policy in Focus* 5.

4. William F. Ford, 2007, "Immigrationomics: A Discussion of Some Key Issues," *Economic Education Bulletin* v. 47.

5. For a comprehensive review of the implications of immigration from an international perspective, see *World Economic and Social Survey 2004, Part II: International Migration* (Department of Economic and Social Affairs [United Nations], New York, 2004), available at www.un.org/esa/policy/wess/.

6. "Foreign-born population" and "immigrants" are used interchangeably throughout this analysis.

7. Index used to calculate the similarities of occupational distribution of workforce by nativity is

$$S_i = \sum |x_{ni} - y_{fi}|$$

where S_i is similarity index, x_{ni} is the percent of native workforce holding occupation i , and y_{fi} is percent of foreign-born workforce holding occupation i . This formulation allows us to make workforce occupational similarity comparisons within a state and between states by nativity.

Tennessee has a relatively small immigrant population, two-fifths of whom entered the U.S. in the past five years.

IMMIGRANTS, EMPLOYMENT, AND



MTSU Photographic Services

The challenges of immigrant integration have stimulated the development of a range of advocacy networks and organizations.

by William Canak

Five years ago, the 2002–03 Immigrant Community Assessment of Nashville determined that Davidson County’s foreign-born population had tripled to almost 10 percent of its 600,000 residents during the 1990s. Middle Tennessee’s robust, full-employment service economy and moderate cost of living have made it an attractive destination community for immigrants and refugees over the past two decades. Since the census of 1990, Nashville has become transformed by a strong and diverse set of immigrant and refugee streams, especially from Latin America but also from Africa, Asia, Eastern Europe, and the Middle East. Today Nashville’s percentage of foreign-born residents approximates the U.S. average for all cities. Most of these foreign-born Nashville residents (75 percent) are not citizens, and 24 percent fall below the poverty line, twice the rate for Nashville as a whole. The

poverty rate of Nashville’s foreign-born is similar to that of African-Americans and Hispanics, who constitute 25 percent and 5 percent of Nashville’s population, respectively (Cornfield et al. 2003; Cornfield 2004; Swarns 2003).

The challenges of immigrant integration have stimulated the development of a range of advocacy networks and organizations. These include umbrella organizations for social justice, advocacy, and information sharing; ethnic community organizations and religious institutions including mosques and cultural centers; neighborhood organizations in Nashville’s southeast quadrant (along Nolensville and Murfreesboro roads), where the majority of the foreign-born of many ethnic backgrounds reside; and progressive, culturally sensitive, professional social service and resettlement service providers (Cornfield et al. 2003; Cornfield 2004). The 2002–03 Immigrant Community Assessment of

LABOR UNIONS: NASHVILLE



PROSPECTS FOR COALITION

Nashville suggests that immigrants are not addressing their employment issues by unionizing. Instead, immigrants have developed their own ethnic enclave economies, especially Latino and Asian immigrant groups, informal networks for job referrals and childcare arrangements, paid homework, and English-language acquisition (Cornfield 2004).

In the summer and fall of 2004, we conducted intensive semistructured interviews with a sample of 25 immigrant rights advocates and union officials.¹ Follow-up interviews with selected leaders in 2008 were used to gather information on recent changes in coalition building. Our interviews with leading activists and leaders in Nashville's immigrant rights and labor movements suggest the available configuration of cultural and organizational resources can inspire and facilitate immigrant-labor coalition building in Nashville. The newness of immigration in Nashville and short history of contact between these two local social movements, however, present cultural and organizational barriers that need to be surmounted for immigrant-labor coalitions to form. An emerging, as yet inchoate and fragmented immigrant rights movement lacks cultural and organizational resources—especially economic leverage and access to the polity it can obtain from the local labor movement that can address immigrant workers' employment challenges. At the same time, the declining local labor movement lacks the requisite cultural and organizational resources for organizing immigrant workers it can obtain from the immigrant rights movement and thereby revitalize and strengthen itself as an advocate for working families. In short, the available configuration of cultural and organizational resources in Nashville lends itself to the formation of immigrant-labor coalitions based in a mutually beneficial exchange of cultural and organizational resources between the two local social movements.

Coalition-Building Frameworks

The potential for local unions to develop effective immigrant-oriented organizing initiatives relates to their role in labor markets and ties to parent international unions whose resources and experience could provide important mobilizing resources. For example, some unions, notably those in skilled crafts, recruit and train members, contract with employers to provide workers, and act as a "hiring hall" bringing

together workers and employers. Other unions rely on employers to hire workers who may then seek to be represented by a union. In addition, some local unions have close and constant ties to their parent national associations, with continual flows of information, training, funds, and strategic resource support for innovative initiatives. Others function with an affiliation but few resources and little day-to-day contact or accountability. Union-centered, tightly coupled local labor organizations are more likely than other local unions to undertake initiatives that incorporate information, strategic models for coalition building, and nonlocal resources aimed at coalition building. In contrast, leaders of employer-centered, loosely coupled local labor unions perceive coalition building as a cipher, although they are not resistant or antagonistic to the prospect of coalitions with immigrant communities in Nashville. They cede to established and institutionalized community organizations such as religious organizations or the United Way the role of defining coalition building, setting agendas, and defining objectives.

In middle Tennessee, union coalition building with immigrant organizations and associations remains limited and intermittent for both union- and employer-centered local unions. Even local unions whose international unions have well-established and effective strategic models for coalition building with immigrants in other regions of the U.S. have lagged in immigrant organizing. Coalition building has developed, however, during the past few years through initiatives of the Tennessee AFL-CIO state labor council and other community groups under the umbrella name *Nashville Movement*. The coalition is modeled on Memphis's Interfaith Coalition for Economic Justice. This recent effort to build a progressive union/community alliance in metropolitan Nashville links unions with numerous community service organizations. These groups include the Tennessee Alliance for Progress, Jobs with Justice, Middle Tennessee Interfaith Alliance, Tennessee Immigrants Rights Coalition, and Urban Epicenter.

The Tennessee AFL-CIO state labor council received a grant of \$320,000 from the Public Welfare Foundation to fund a three-year project establishing a worker center (Fine 2006), hire staff, and coordinate long-range planning. Early initiatives have included organizing drives with

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A traditional organizing model doesn't work with this population of entertainment and tourism workers, taxi drivers, and temporary workers, who frequently work for agencies committing wage and hour violations.

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600 West African taxi drivers, a campaign with homeless temporary workers employed at sports facilities, and the hiring hall functions for day laborers. A traditional organizing model doesn't work with this population of entertainment and tourism workers, taxi drivers, and temporary workers, who frequently work for agencies committing wage and hour violations.

Through this worker center, the objective is to establish an affiliation with the Central Labor Council and work with some unions, such as the United Steelworkers and United Auto Workers, and other community groups. Immigrants commonly lack resources to navigate the legal and bureaucratic infrastructure that regulates work relations. A worker center can help immigrants to navigate initial communications with unions in the building trades, manage an 800 number for complaints, and provide counsel for EEOC (Equal Employment Opportunity Commission) or ERISA (Employee Retirement Income Security Act) violation and back-wage cases. In addition, through work with faith-based groups, worker center staff can link immigrants to craft union pre-apprenticeship programs or Southern Migrant Legal Services. Finally, these new coalitions provide a durable structure for Nashville's Living Wage Ordinance initiative.

As a globalizing city of the U.S. interior, Nashville exemplifies opportunities and constraints facing union revitalization and potential avenues for collaboration and coalition building between immigrant communities and local labor unions. These opportunities for collaboration and support have been dormant. Nevertheless, Nashville's immigrant communities and labor unions have built and sustained organizational and cultural resources. These leaders place responsibility on themselves and also on economic and cultural factors that rationalize immigrant workers' decisions to remain nonunion. Second, national unions provide a range of resources, including training programs and union documents that have been translated into immigrants' native languages. Third, local union leaders recognize that their ability to communicate with immigrants has been limited by their own lack of knowledge and familiarity with language and cultural practices, including immigrant gender relations and religious beliefs. Fourth, local union leaders have considerable experience and well-established formal relationships with local community service organizations that address immigrant community interests. Finally, local union leaders are familiar with union programs developed elsewhere in the U.S. that have successfully built coalitions with immigrant communities and may support future coalitions.

Modeled on programs successfully established in other regions, coalitions could open a path for a mutually beneficial exchange of cultural and organizational resources between the immigrant rights and labor unions in Nashville. Such organizational exchanges and joint projects can dispel fear and prejudice, create mutual trust and awareness, and improve the prospects of further coalition building between these two movements in Nashville.

Finally, the specific exchange of organizational and cultural resources within and between these movements favors a specific union organizational model for immigrant union organizing in the globalizing U.S. interior: the current Nashville initiative to found worker centers effectively extends the union-centered local labor organization model to local conditions. In the past, Nashville labor unions have established preliminary links to the immigrant community and contributed resources to such community groups as United Way and Good Will, but these efforts have tended to become disassociated with organized labor and frequently provide subsidies to nonunion employers. In contrast, the developing union-centered worker centers in immigrant communities may institute a viable resource exchange and collaboration between Nashville unions and immigrant rights advocates for addressing immigrant employment needs and issues and revitalizing the labor movement. ■

William Canak is a professor in MTSU's Department of Sociology and Anthropology.

Note

1. This report incorporates data from a 2004–05 research project conducted by author and professor Daniel Cornfield, Vanderbilt University. Results of this research were published in “Immigrants and Labor in a Globalizing City: Prospects for Unionization in Nashville, Tennessee,” *Labor in the New Urban Battlegrounds*, Lowell Turner and Daniel Cornfield, editors, Cornell University Press, 2007.

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IMMIGRATION: AN OPINION



by E. James Burton

The following opinion is that of the author—not necessarily the BERC, Jones College, or MTSU.

This is perhaps the most difficult of these pieces I've had to write. Opinions on immigration range widely among intelligent, thoughtful people. If the answers were clear, we wouldn't still be having such heated debates. What can I add but another opinion?

My first inclination is to get to the basics as quickly as possible, so I reach for a dictionary to be sure I have the right definitions: "*immigrant, n.* a person who immigrates; *immigrate, v.i.*, to come into another country for permanent residence." Immigrants enter another country for permanent residence—not short periods for sightseeing, vacation, conferences, meetings, or work—but to make it their permanent residence.

I have had the pleasure of traveling more than the average U.S. citizen—within the U.S. and to several foreign countries—always with the intent, means (appropriate documents, tickets, money, and itinerary), and reasonably certain time to return home. I always considered those preparations reasonable. Perhaps that is just my nature. I certainly have known of folks willing to travel without making such preparations even if they intended at some point to return home. But generally I think most travelers are more like me than like those latter, more carefree types.

I have never been an immigrant but have moved from state to state within the U.S. I have lived in Kentucky, Illinois, Florida, and Tennessee. Each time I stayed more than three years and had a job to go to and a fixed address where I would live when I arrived. I had proper documents in the community I left, and I got proper documentation (driver's license, voter's registration), became a part of my new community (attending churches and schools, joining civic organizations, voting), and became economically productive (paying taxes). It was always legal for me as a U.S. citizen to set up residence in another state. While not required to go to church, participate in civic affairs, or register to vote, I was required by law to get a proper driver's license, usually within 30 days, and to pay taxes. So even for a citizen, moving from one state to another involves certain legal expectations.

When I have traveled to foreign countries, I entered through established, monitored entry

portals, where I showed proper identification, usually a passport—in some cases a visa, advance permission to enter for a specified purpose and time. I was legal but only as a visitor, not there to set up permanent residence.

Based on my experience, it seems to me that noncitizens who enter this country (or any country) fall into three broad categories: visitors, immigrants, and illegal entrants.

Visitors legally enter through specified portals, where people check required documents and make a considered decision about the person's entry based on available information. The visit is for a prescribed time and purpose authorized by that country. No permanent status is intended. Upon fulfillment of the time or purpose, the visitor leaves through a prescribed portal and documentation is finalized.

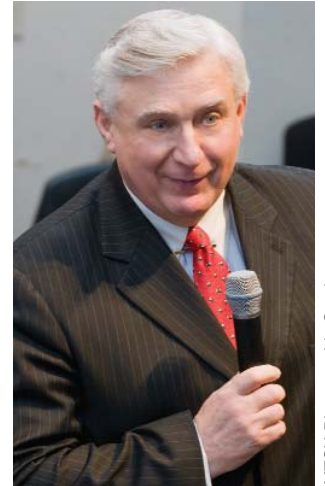
I have been detained at a border when my papers were not all in order because I had not paid a certain fee I did not know was necessary. It was an uncomfortable feeling. Though I knew I had done nothing wrong, sitting alone in a room waiting, my imagination ran wild. But the question was sorted out fairly quickly and I was allowed to proceed.

Immigrants usually apply for such status in advance of arriving in the intended country. In some limited, emergency cases that may be waived. Generally, immigrants are provided information explaining exactly what is expected regarding documents, etc., and either have sufficient means or a sponsor to help find a place to live. To gain full status, they normally agree to sever their relationship with their country of origin and pledge allegiance to their new country. There may be some instances of dual citizenship.

I can't really quite imagine what being an immigrant feels like. To pull oneself away from family, friends, culture, language, and routine to enter a new world "forever" takes a special or sometimes desperate person. I have great respect for immigrants. Most U.S. citizens don't have far to look in their family tree to find examples.

Finally, the third category is illegal entrants: those people who have entered the country without proper documentation and authorization. In my opinion, they cannot have a reasonable expectation of permanent residence and can be removed at any time.

If we use these three categories and treat people who enter the country accordingly, we can avoid a lot of unnecessary confusion. ■



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