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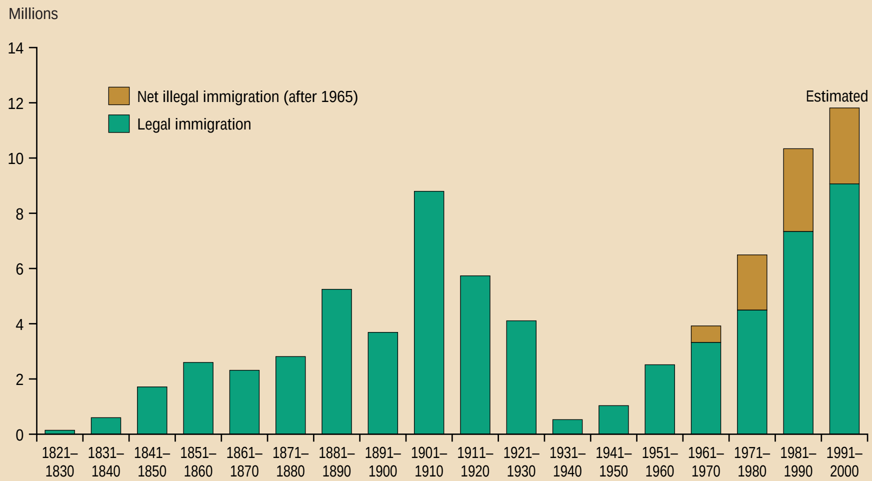
The Second Great Migration: Economic and Policy Implications

IN RECENT DECADES, immigration to the United States has reached historic proportions. Many observers liken this large and sustained wave of immigration to the Great Migration at the beginning of the 20th century.[1] Certainly the promise of America is the same—a land of opportunity and freedom. The number of immigrants today is also similar to that at the turn of the century. Natives' concerns regarding the skill composition and ethnic makeup of the immigrant flow are likewise a familiar tune.

Many things are also different, however. Immigration policy today is restrictive and complex. Illegal immigration is commonplace. The types of jobs immigrants fill have also changed, with service sector jobs largely replacing jobs in manufacturing. The fiscal impact of immigration is far more significant today than a hundred years ago.

The economic and policy implications of this Second Great Migration are far-reaching. In this article, we touch on the most important components of the immigration debate. We first discuss the number and composition of immigrants and the forces attracting them to the United States. Next, we analyze the economic performance of immi-

Chart 1
Immigration Rises to Historic High



SOURCES: Immigration and Naturalization Service; authors' calculations.

grants and the economic and fiscal impact of immigration on natives. Finally, we describe current policy and discuss some options for policy reform.

Number and Composition of Immigrants: Who's Coming and Why?

The current immigration wave is the largest in U.S. history. The number of legal immigrants admitted in the decade 1991–2000 is estimated at more than 9 million, exceeding the previous record of 8.8 million set nine decades earlier during the First Great Migration (*Chart 1*). In addition, net illegal immigration is estimated to be 2.8 million during this decade. The nation's number of foreign-born residents is also at an all-time high, over 25 million. As a share of the population, however, foreign-born residents are only about 10 percent. This is up from 5 percent in 1970 but below the 15 percent peak reached during the First Great Migration.

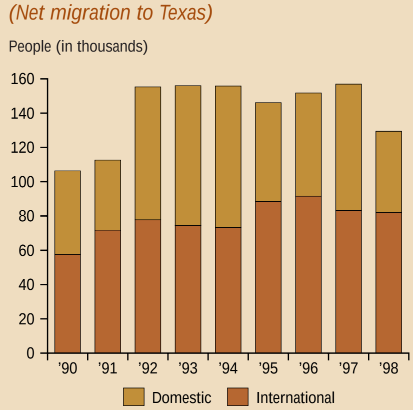
Immigrants increase both the population and the labor force. During the last two decades, immigration has supplied at least one quarter of the nation's labor force growth. For fast-growing states such as Texas, the impact has been much larger. International immigration to Texas in the 1990s surpassed domestic in-migration as a contributor to population growth in six of nine years (*Chart 2*).

Dramatic shifts have occurred in both the national origins and the skill levels of recent immigrants. Latin America and Asia have replaced Europe and Canada as primary sending areas (*Chart 3*), much as Southern and Central Europe replaced Western and Northern Europe during the First Great Migration. The skill levels of immigrants have also changed. Since the late 1960s, immigrants have been much more likely to be at the low end of the native education distribution compared with immigrants in the early post–World War II period. For example, a disproportionate number of recent immigrants lack high school diplomas. While the number of natives without a diploma has dropped sharply during the last few decades, the decline among immigrants has been much less rapid (*Chart 4*).

Although much attention has been devoted to this rise in low-skilled immigration, it is important to note that the United States continues to attract high-skilled immigrants as well. In fact, the United States attracts labor disproportionately from both extremes of the skill spectrum. Immigrants are more likely to be high school dropouts, but they are also disproportionately likely to have at least master's degrees—12.5 percent compared with 10 percent for natives.

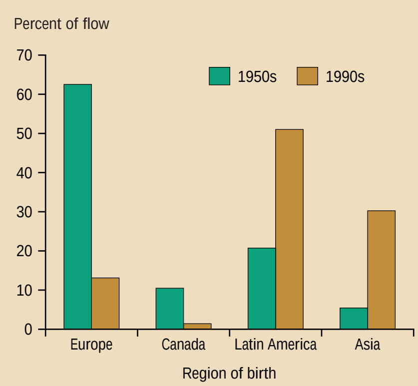
Market forces draw both low-skilled and high-skilled labor to the United States. Low-skilled workers come because such labor is relatively scarce here. This scarcity implies that low-skilled workers' wages are relatively high compared with those in developing countries where such labor is plentiful and cheap. The attraction of high-skilled workers to the United States arises from demand as well as supply factors. Demand for these workers is strong because many of the industries that require high-skilled workers are located in the United States. The higher wages, combined with a favorable tax climate (relative to Europe and Canada), have resulted in substantial immigration of high-skilled workers.

Chart 2
International Labor Flows Are as Important as Domestic
(Net migration to Texas)



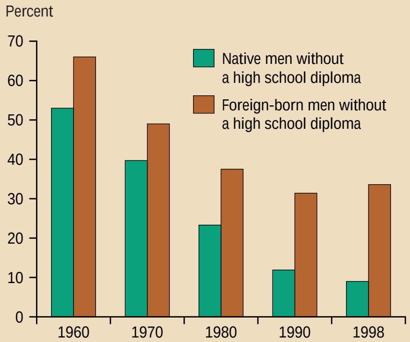
SOURCE: Bureau of the Census.

Chart 3
Immigrant Origins Have Shifted to Latin America and Asia



SOURCE: Immigration and Naturalization Service.

Chart 4
Immigrants Are More Likely to Be High School Dropouts



NOTE: Calculations using 1960–90 Public Use Microdata Samples (PUMS) of U.S. census and pooled 1996–98 Current Population Survey (annual demographic files).

SOURCE: George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy* (Princeton University Press, 1999), p. 21.

Of course, immigrant composition depends not only on which foreigners want to enter the United States but also on which are legally allowed to do so, a subject considered later in this article.

Economic Performance and Contribution of Immigrants

Two distinct issues arise in economic analysis of immigration policy. The first is the immigrants' economic performance, which looks at their well-being in the U.S. economy. The second is immigrants' impact on the well-being of natives. As discussed below, these two issues turn on somewhat different considerations.

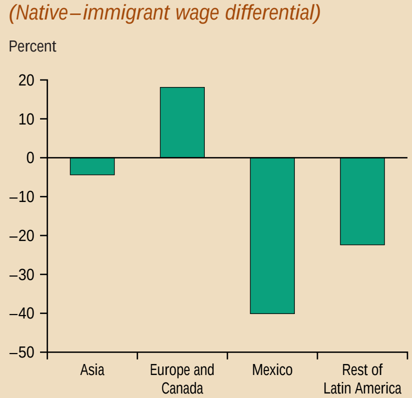
How Do Immigrants Fare in the U.S. Economy? The shift in immigrant origins to Latin America and Asia and the higher proportion of immigrants with low education levels have been accompanied by a decline in immigrants' earnings levels relative to natives'. Earnings capacity is correlated with country of origin (*Chart 5*). While European immigrants earn higher average wages than natives, Mexican immigrants have average wages 40 percent below those of natives.

As less-skilled workers have become a larger portion of immigrant flows, recent immigrants (defined as arriving in the five years prior to each census survey date) have been doing progressively worse relative to natives. In 1998 a recent male immigrant could expect to earn one-third less than a male native worker (*Chart 6*). In 1960, this difference was only 12 percent. The deterioration in immigrants' earnings has placed more of them at the bottom of the native wage distribution. In 1998, 23 percent of immigrants had wages that placed them in the bottom tenth of the native wage distribution, compared with only 7 percent in 1960.[2] The wage differences reflect that the majority of recent immigrants are young, have lower education levels and little work experience, and speak limited English.

The aggregate statistics are discouraging. For an individual immigrant, however, the large initial wage disparity does not persist over time. The earnings difference between natives and immigrants falls as the immigrant remains in the United States and assimilates. Most studies find that immigrants experience faster wage growth than natives, although they do not, on average, reach wage parity with natives. When compared with *similar* natives, however—by statistically controlling for education and English fluency—immigrants reach wage parity after 16 to 20 years in the United States, according to one study.[3]

As mentioned above, the economic performance of immigrants does not

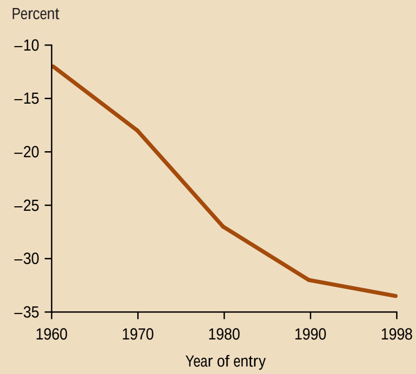
Chart 5
Wage Differential Is Related to an Immigrant's Country of Origin
(Native–immigrant wage differential)



SOURCE: James Smith and Barry Edmonston, eds., *The New Americans: Economic, Demographic and Fiscal Effects of Immigration* (Washington, D.C.: National Academy Press, 1997), p. 191.

Although much attention has been devoted to this rise in low-skilled immigration, it is important to note that the United States continues to attract high-skilled immigrants as well.

Chart 6
Recent Immigrants Are Doing Worse Relative to Natives
(Native–immigrant wage differential)



SOURCE: George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy* (Princeton University Press, 1999), p. 27.

The more different immigrants are, regardless of whether they have lower or higher skills than natives, the bigger the economic gains to immigration.

determine their effect on the well-being of natives. The contribution of immigrants is determined by how their presence in the labor market changes wages and prices and to what extent these changes affect native workers, employers and consumers. Another way in which immigrants affect natives in the modern welfare state is through their impact on public spending and, hence, taxes.

What Are Immigration's Effects on Native Workers and Consumers? In general, the effects of immigration on economic output and well-being are analogous to the effects of trade. With immigration, as with trade, gains accrue when resources can be more efficiently allocated. This "specialization" raises the productivity of inputs and increases output. By taking jobs for which they are better suited, immigrants free up natives, allowing them to flow into more specialized production. Gains also arise as consumption is shifted toward goods whose costs have consequently fallen. A reasonable calculation of the increase in the value of U.S. output (GDP) due to immigration puts the number at about $14 billion per year in 1997.[4]

Gains from immigration arise when immigrants differ from natives, just as gains from international trade arise when countries differ from each other. The more different immigrants are, regardless of whether they have lower or higher skills than natives, the bigger the economic gains.

This reasoning also implies that the gains from immigration are not distributed evenly—there are winners and losers. The losers are the natives who are similar to immigrants and have to compete with them in the labor market. The winners are the natives who are complementary to immigrants and become more productive. In the case of low-skilled immigration, the skilled natives see their wages rise. Other winners include employers of immigrants, who pay lower wages; consumers, who pay lower prices; and suppliers of goods and services to immigrants, who have more customers.

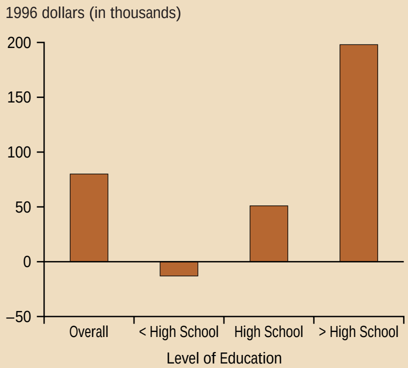
The last two effects are easily demonstrated. Consumers benefit directly from immigration if they consume goods and services produced by immigrants. For example, the large number of low-skilled immigrants in Texas has lowered prices for labor-intensive goods and services such as baby-sitting, housekeeping and gardening. These prices range from 17 percent to 24 percent below the national average.[5] Another effect of immigration is an increase in the demand for existing commodities such as real estate. The revival of many inner-city neighborhoods is due to the growth of immigrant enclaves, the increase in immigrant-run businesses and greater demand for housing. This has had a positive effect on property values.

Fiscal Impact: How Does Immigration Affect Taxpayers?

During the First Great Migration, there were few publicly provided services, so even low-skilled immigrants had little fiscal impact. Today, however, taxpayers fund an array of transfer programs as well as public education. To fully evaluate the economic effects of immigration, it is necessary to include impacts on taxpayers.

Some studies calculate the fiscal impact of immigrants on an annual basis. However, a National Research Council study adopts a more meaningful approach. The study computes the lifetime fiscal impact of immigrants and their descendants—their expected tax payments minus the expected cost of

Chart 7
Most Immigrants Have Positive Fiscal Impact



SOURCE: James Smith and Barry Edmonston, eds., *The New Americans: Economic, Demographic and Fiscal Effects of Immigration* (Washington, D.C.: National Academy Press, 1997), p. 334.

the public services provided to them.[6] Public services include (but are not limited to) welfare, Social Security, Medicaid and Medicare, as well as public schools, police, fire protection and public health services. The study estimates that tax payments exceed the cost of services by $80,000 for the average immigrant and his or her descendants (*Chart 7*).[7] The cost of services slightly exceeds taxes paid by the original immigrant, but the contributions of the immigrant's descendants more than make up the difference.

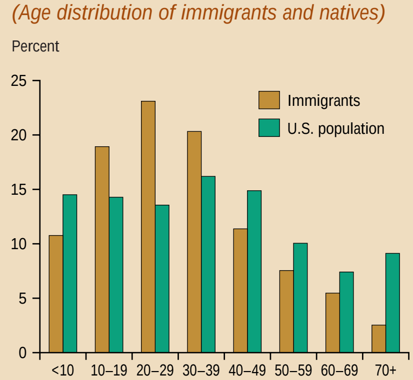
The average fiscal impact of immigrants (like that of natives) varies by education level. Immigrants with a high school degree or better and their descendants contribute more in taxes than they use in public services, which produces the overall positive impact mentioned above. The average fiscal impact of an immigrant with less than a high school education, however, is minus $13,000. The impact of the original immigrant is minus $89,000, largely offset by the positive $76,000 in contributions by the immigrant's descendants.

Are Immigrants More Likely to Use Public Assistance? The negative fiscal impact of immigrants is felt largely at the state and local level. Taxpayers located near clusters of immigrants with limited skills and education bear additional tax burdens. The increased burden is due to immigrants' higher usage of schools and transfer programs. Although attention has recently shifted to the burden on schools, a disproportionate amount of literature has focused on immigrants' use of welfare. It is true that immigrants are more likely to participate in public assistance programs—defined as Medicaid, Aid to Families with Dependent Children (now Temporary Assistance to Needy Families), Supplemental Security Income, food stamps, and housing and energy assistance. Specifically, 22 percent of immigrant households receive some type of assistance, compared with 15 percent of native households.[8]

This welfare gap arises from immigrant–native differences in family size, education, age and gender of household head, and state of residence. When these variables are taken into account, the welfare gap falls from 7 to 2 percentage points. This difference in welfare participation is not large enough to suggest that immigrants enter the United States primarily to collect welfare payments. The high labor force participation rates of the poorest immigrants also suggest that this is not the case. Working-age male Latin American immigrants participate in the labor force at a rate of 94 percent, higher than the corresponding 91 percent rate for natives.

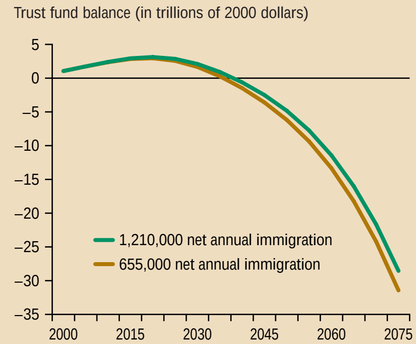
How Does Immigration Affect the Social Security Trust Fund? While the lower education levels of immigrants make their fiscal impact negative, their age distribution does the opposite. An important fiscal benefit from immigrants arises from the fact that they are relatively young (*Chart 8*). Immigrants are overrepresented in the age range 10–34. The influx of younger people expands the labor force and slows the ongoing decline in the ratio of workers to retirees. This, in turn, helps maintain the solvency of pay-as-you-go retirement programs, such as Social Security and Medicare.

Chart 8
Immigrants Are Younger than Natives
(Age distribution of immigrants and natives)



SOURCE: Immigration and Naturalization Service.

Chart 9
Immigration Extends Trust Fund Solvency



SOURCE: Social Security Administration, Office of the Actuary.

The Social Security Administration has estimated the effects of changing immigration levels on the Social Security trust fund (*Chart 9*). Under the baseline assumption that annual net migration is 900,000, the trust fund becomes insolvent in 2037, and an immediate payroll tax increase of 1.89 percent would be necessary to keep the fund solvent until 2075. However, with annual net immigration of 1,210,000, the trust fund remains solvent until 2039 and the required tax increase falls to 1.75 percent. Conversely, if annual net immigration were only 655,000, insolvency would be accelerated to 2036 and the required tax increase would rise to 2.01 percent. This calculation understates the positive effects of immigration, as it does not account for the higher fertility of immigrants and does not include Medicare.

Current Policy

Our analysis has identified a number of benefits from immigration as well as some costs. What implications does our

The Immigration Act of 1965 based entry on principles of family reunification. Employment-related immigration was given a very limited role.

Current Immigration Limits

Current immigration law allows permanent resident visas (green cards) for five major categories of foreigners—immediate relatives of citizens, other family members, "diversity" immigrants, refugees and asylum seekers, and employment immigrants. Immigrants from any single country (excluding immediate relatives and refugees) cannot comprise more than 7 percent of total immigration, a cap that natives of China, India, Mexico and the Philippines currently reach.

All categories of admissions except immediate relatives of citizens (defined as their parents, spouses and minor children) are subject to annual numerical limits: 226,000 for other family members, 55,000 for diversity immigrants, approximately 100,000 for refugees/asylum seekers, and 140,000 for employment immigrants. Uncapped admissions of immediate relatives averaged 283,000 per year in 1995–98.

Visas in each of the capped categories, except employment visas, are fully exhausted each year. "Other family members" experience waiting periods ranging from 18 months (for unmarried adult children of citizens) to over 11 years (for siblings of citizens). Natives of China, India, Mexico and the Philippines face longer waiting periods because they have reached the 7 percent country cap. The longest wait is 20 years 11 months, for siblings born in the Philippines.

Diversity immigrants and their families are chosen in an annual mail-in lottery (typically entered by more than 7 million people) open to foreigners who have a high school diploma or two years' work experience. Because this program is intended to diversify the immigrant stream, most visas are reserved for natives of Europe and Africa—regions underrepresented among recent U.S. immigrants. Asylum and refugee admissions are set each year by the president and are granted to people facing persecution abroad.

analysis have for immigration policy? Before addressing this question, it is necessary to provide a brief description of current policy.

Family Members Prioritized. U.S. immigration policy at the time of the First Great Migration was largely an open door approach. World War I ushered in an era of restricted labor flows—a policy that has persisted to the present. Initially, under the National Origins Act of 1924, immigrants were admitted under country quotas that heavily favored Northern Europeans. The Immigration Act of 1965, which is the framework for current policy, abolished national-origins quotas and based entry on principles of family reunification. Employment-related immigration was given a very limited role. This law was the catalyst for the Latin American and Asian immigration now observed.

Since 1965 there have been several modifications to existing policy. The Immigration Reform and Control Act of 1986 granted a one-time amnesty to over 3 million undocumented residents. The Immigration Act of 1990 increased employment visas to some extent. However, employment immigration continues to be much smaller than family immigration.

Current law limits employment-related immigration to 140,000 each year, while granting over 600,000 visas to family members and other immigrants. (See the box entitled "Current Immigration Limits.") Moreover, about one-third of the allotted employment visas go unused each year. Average annual admissions in 1995–98 were only 93,000, consisting of about 40,000 workers (and a few hundred investors) and over 50,000 spouses and minor children.[9]

Why Do Employment-Related Permanent-Resident Visas Go Unused? In a growing economy experiencing record-low unemployment rates, it may seem puzzling that all available employment visas are not used. Workers admitted with employment visas represent only 6 percent of total immigration in an average year. The stringent requirements and restrictions on these visas partly explain their limited use.

The law provides for five types of visas (EB-1 through EB-5), allocated under a variety of complex criteria. Forty thousand are allotted to highly skilled "priority workers" and do not require a job offer (EB-1). Another 80,000 visas go to workers with job offers: professionals with advanced degrees (EB-2) or workers needed to fill labor shortages (EB-3). Only 10,000 of the latter may be used for unskilled workers. For visas requiring job offers, the employer must comply with a labor certification process that requires an extensive search for domestic applicants. The employer must interview all respondents and submit a report on each applicant to the state employment agency.[10] Finally, two smaller visa programs have a quota of 10,000 visas each (EB-4 and EB-5), of which about 7,000 and 1,000, respectively, are used. EB-4 visas are for religious and other special workers, while EB-5 visas are granted to investors with at least $1 million of capital who will create at least 10 U.S. jobs.

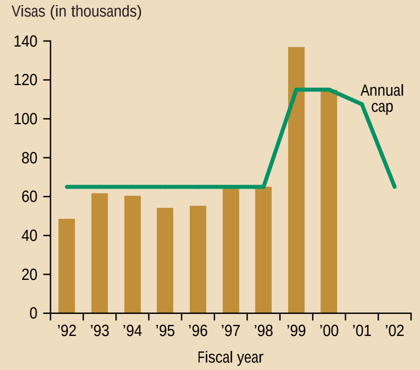
Although the law allows 40,000 EB-1 visas, the criteria are sufficiently strict that average yearly admissions in 1995–98 were only 22,000. Similarly, due to the labor certification requirement and other factors, only 15,000 of the available 40,000 EB-2 visas per year were issued in 1995–98. However, 47,000 EB-3 visas were issued, using up all 40,000 visas allotted to that category plus 7,000 of the unused EB-1 and EB-2 visas. Demand is particularly high for the 10,000 EB-3 visas allotted for low-skilled workers, who face about a six-year waiting period for admission. Also, despite the excess supply of EB-2 and skilled EB-3 visas, Chinese and Indian workers face waiting periods because they have reached the 7 percent country limit discussed in the box.

H1-B and Other Temporary-Worker Visas on the Rise. The difficulties associated with permanent-resident visas have prompted employers to make greater use of temporary-worker visas. Temporary visas are issued for a limited time period and usually restrict the recipient to working exclusively for the sponsoring employer (perhaps another source of their rising popularity among employers). In contrast to permanent residents, who can be naturalized after five years in the United States, temporary-visa holders are not eligible for citizenship. They are also ineligible for most government transfer programs.

There are a variety of temporary-worker visas.[11] Most are occupation- and skill-based, such as H1-B visas for high-skilled workers in “specialty occupations,” H2-A visas for seasonal farmworkers and H2-B visas for other low-skilled workers. Some of these, such as the H2-A visas, require labor certification by the employer as well as employer-provided housing and transportation.

The H1-B visa program is the largest and most prominent of the temporary-visa programs. To qualify for an H1-B visa, the worker generally must have at least a bachelor’s degree. The visa allows employment for three years and can be renewed once. The visa does not require labor certification; instead, the employer simply files a labor-condition application certifying that the foreign worker will be paid the prevailing market wage.

Chart 10
H1-B Visas Soar as Cap Is Temporarily Raised



SOURCE: Immigration and Naturalization Service.

H1-B visa use has increased sharply (*Chart 10*). An annual cap limiting H1-B visas to 65,000 took effect in fiscal 1992. Nonetheless, in 1998 the cap was reached four months before the end of the fiscal year. This prompted an October 1998 law raising the H1-B cap for three years: to 115,000 for 1999 and 2000 and to 107,500 for 2001. In 2002, the cap reverts to 65,000. Interestingly, the higher cap has been insufficient to meet the demand by high-tech firms and other employers such as universities and research institutions. In fiscal 1999, the cap was reached three months before the end of the year, and, as shown in the chart, the Immigration and Naturalization Service mistakenly issued almost 22,000 excess visas. The cap for this year was reached in March, six months before the end of the fiscal year.

The TN visa program for Mexican and Canadian professionals is also growing. Visas are issued to college-educated applicants with job offers in specified professions. Visas are issued for one year at a time but can be renewed an unlimited number of times. Although Canadian visas are unlimited, Mexican visas are capped at 5,500 per year through 2003. The application process is simple, particularly for Canadians, who can often obtain visas at the border in a matter of minutes. The TN program has become one of the most common methods for Canadian workers to enter the United States.

Future Policy Options: Where Will the Workers Come From?

As described above, current policy gives little weight to employment-based immigration. Yet the need for foreign workers is higher than at any other time in the post–World War II period. Federal Reserve Chairman Alan Greenspan recently cited the nation’s labor shortage as “the greatest threat” to the record-long economic expansion.[12] Immigrant labor has been an integral part of the economic boom. Should the United States continue to turn to immigrants to satisfy labor demand?

On balance, the benefits of immigration still outweigh the costs. Improvement in policy can further these benefits. For example, more employment-based immigration would alleviate labor market tightness and mitigate increases in immigrant use of public services. Simpler visa rules would increase the use and effectiveness of job-based visas.

Short-Run Policy Options. Steps toward more employment-based immigration can be taken within the existing policy framework. Possible steps include raising the number of employment-based visas and simplifying the rules for obtaining and keeping those visas. Several proposals to achieve the first objective are already being considered in Congress. These include temporarily increasing the number of H1-B visas, expanding the H2-A and H2-B program, and instituting a guest-worker program. Federal Reserve Bank of Dallas President Robert McTeer and Fed Chairman Greenspan have endorsed expansion of H1-B visas.[13] Other possible changes include abolishing the 10,000 limit on EB-3 visas for unskilled workers and eliminating the country cap that forces natives of India and China to wait for EB-2 and skilled EB-3 visas.

McTeer has also proposed abolishing the labor certification process for EB-2 and EB-3 visas. Similar changes could be made in the temporary-visa programs. Government-defined specialty worker requirements exclude a majority of professions. Under the current H1-B provisions that require a college degree, the equivalent of Microsoft founder Bill Gates could not receive a visa. In the New Economy, some skilled high-tech workers leave school to pursue lucrative entrepreneurial activities. U.S. firms have experienced difficulty recruiting these individuals under H1-B rules. The H2-A visa program requires employers to provide housing and transportation for their seasonal workers, which deters use of the program. Both temporary-visa programs restrict the worker to one employer, a practice that has been criticized as a form of indentured labor. A better approach might be to let the market determine which workers come here and let foreign-born workers switch employers to ensure competitive wages.

What Are Some Long-Run Options? Moving beyond the existing policy framework, a more dramatic potential reform would be to work toward a common North American labor market. Viable long-run policy should satisfy labor demand at both the low and high ends of the skill distribution. Although greater political emphasis has been placed on shortages in the high-tech sector, three-fourths of all new jobs in the coming decade will be in the services and retail trade industries, continuing the pattern of the past decade.

Currently, illegal immigration meets the needs of employers where policy falls short. Our NAFTA partners rank high as source countries for illegal immigration—Mexico first and Canada fourth. Skilled labor is plentiful in Canada and unskilled labor is plentiful in Mexico. Both types are coming to the United States, legally and otherwise.

One possible response to this economic reality is to integrate the three labor pools into one common North American labor market, as European countries have done in the European Union. Canadian and Mexican workers with job offers could be admitted on temporary, renewable visas. Like other temporary workers, they would not be eligible for citizenship or most government transfer payments. Extending TN visas to lower skilled workers and removing (or greatly increasing) the cap for Mexican workers would be one way to meet the U.S. economy's labor needs at all skill levels.

Summary

The United States is experiencing a Second Great Migration, similar to the first a century ago. Immigrant origins have shifted as Latin America and Asia have become primary sending areas. This shift in origins has been accompanied by an increase in the number of low-skilled immigrants. Although upon arrival these immigrants earn much less than natives, their wages rise over time. Interestingly, the United States continues to attract a disproportionate number of skilled immigrants as well. The influx of both types of workers has contributed more than 25 percent of the increase in the U.S. labor force over the past two decades.

As new and different workers join the labor force, economic gains arise from the more efficient allocation of resources. Immigration allows native workers to specialize in the goods they can produce at lower cost, and consumers receive their preferred goods more cheaply. Native taxpayers also gain from immigration, but only once the contributions of the immigrants' descendants are included in the calculation. Moreover, the positive fiscal impact of immigrants depends crucially on the immigrant's education level. Taxpayers located near low-skilled immigrant clusters will bear additional tax burdens as a result. One important benefit at the federal level, however, is the significant positive effect immigrants have had on the Social Security system.

Current immigration policy has many shortcomings. Employment-based immigration is very limited. Despite small quotas, job-based visas are going unused, largely because of cumbersome rules and other obstacles that prevent their distribution. Although temporary-worker visas, such as H1-B visas, have eased the worker shortage somewhat during the recent economic boom, there is much room for reform in the policy arena.

Consideration should be given to reshaping immigration policy to increase job-based immigration. This would ensure that the economic expansion is not curtailed by labor market shortages. Short-run options include increasing and simplifying the existing permanent and temporary visa programs. A possible long-run option is to allow the free exchange of workers with our NAFTA partners, Canada and Mexico.

—Pia M. Orrenius
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Orrenius is an economist and Viard is a senior economist and policy advisor in the Research Department of the Federal Reserve Bank of Dallas.

Notes

[1] "The huge flow that has come to be known as the Great Migration began around 1880 and continued until 1924, bringing with it about 26 million immigrants." George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy* (Princeton University Press, 1999), p. 7.

[2] *Heaven's Door*, p. 23.

[3] Heather Antecol, Deborah Cobb-Clarke and Stephen Trejo, "Immigration Policy and the Skills of Immigrants to Australia, Canada, and the United States," unpublished manuscript, Illinois State University, Normal, Ill., November 1999.

[4] James Smith and Barry Edmonston, eds., *The New Americans: Economic, Demographic and Fiscal Effects of Immigration* (Washington, D.C.: National Academy Press, 1997), p. 152.

[5] Runzheimer International, U.S. press release, December 8, 1999.

[6] *The New Americans*, pp. 297–362.

[7] The August 1996 welfare reform law, which disqualified many noncitizen permanent residents from receiving food stamps and cash welfare, is not included in this analysis. Including it improves the average fiscal impact by $8,000, according to *New Americans*, pp. 338–39.

[8] *Heaven's Door*, p. 111.

[9] Employment-related permanent visas are discussed in more detail in Demetrios Papademetriou and Stephen Yale-Loehr (1996), *Balancing Interests: Rethinking U.S. Selection of Skilled Immigrants* (Washington, D.C.: The Carnegie Endowment for International Peace), pp. 37–48, and David Weissbrodt (1998), *Immigration Law and Procedure in a Nutshell* (St. Paul, Minn.: West Publishing Co.), pp. 119–21.

[10] For a detailed description of the labor certification process and its difficulties, see *Balancing Interests: Rethinking U.S. Selection of Skilled Immigrants*, pp. 48–70, 102–13.

[11] Temporary-worker visas are discussed in more detail in *Balancing Interests*, pp. 70–99, and *Immigration Law and Procedure*, pp. 143–47.

[12] Alan Greenspan, testimony before Senate Banking Committee, February 23, 2000.

[13] Robert McTeer, "How to Keep the Economy Growing," *Wall Street Journal*, May 20, 1999; Alan Greenspan, testimony before Senate Banking Committee, February 23, 2000.