

## MYTH 1

# IMMIGRANTS TAKE AMERICAN JOBS

“Immigrants take American jobs” is one of the most common arguments brandished to justify the need for a restrictive immigration policy. There are two main fallacies in the argument. They are fallacies that serve a purpose. In the pages that follow I will explain the two fallacies, and explain why, although they are so problematic, so many of us nonetheless believe them.

The first fallacy lies in the very concept of “American” jobs. In fact, today’s economy is so globally integrated that the idea of jobs having a national identity is practically useless. In many industries, employers seek to reduce costs by employing the poorest, most vulnerable people. They do this by moving to parts of the world where poverty and inequality create a vulnerable labor force, and by supporting policies that create poverty and inequality at home—including immigration policies that keep immigrants coming, and keep them vulnerable. So we’ll look at what the concept of “American jobs” really means.

The second fallacy is closely tied to the first: the notion that immigration and immigrants reduce the number of jobs available to people already in the United States. In

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fact, immigration plays a much more complex role in the employment picture, and many different factors affect employment and unemployment rates.

Most analyses point to two major structural developments in the U.S. economy as the main causes of the shifting employment pattern in the late twentieth century: deregulation and deindustrialization. Deregulation of major sectors of the economy and cutbacks in federal social spending under the presidencies of Ronald Reagan and his successors went hand in hand with a rise in plant closures and outsourcing.

Not only did jobs disappear in this period, but the nature of jobs in this country underwent a shift. High-paying manufacturing and government jobs evaporated, and many of the new jobs that were created were low-paying jobs in the service sector, at places like McDonald’s and Wal-Mart. Again, this is part of a larger structural change in the U.S. economy and the way it is integrated into the global economy. Immigration makes up just a very small part of this bigger picture.

Generally, businesses seek to keep their expenses as low as possible, to achieve the greatest profit margin possible. One way of doing this is by moving workers, and moving production, around the globe. In the early days of the industrial revolution, factories brought workers to the point of production. Some came from local rural areas to the new industrial cities, while in the United States some came from halfway across the globe.

In today’s economy—sometimes called the “postindus-

trial” economy—it’s been industries as well as workers that have relocated. The global economic restructuring since World War II has created what some have called a “new international division of labor.”<sup>1</sup> Low-paid workers in the Global South used to produce and export raw materials, which fueled the industrial revolution in the north. The cheap raw materials produced by these workers—with great profits for investors—contributed to the prosperity of the United States and Europe, which was based partly on the artificially low prices made possible by their labor.

In the postwar restructuring, the industries started to move to the south to take advantage of the low wages there. People in the south still produced items for export to the north—but now they exported manufactured goods as well as raw materials.

The New England textile industry was one of the first to experiment with plant relocation, shifting its production to the U.S. southeast starting at the very beginning of the twentieth century in search of lower costs. By the end of the century, the trend had spread to almost all industries.

Just as the U.S. working class began to share fully in the benefits of industrialization in the mid-twentieth century, U.S. businesses increased their search for cheaper workers abroad. As early as the 1940s, the U.S. government was collaborating with businesses on ways to re-create the low-wage, high-profit system that was being undermined inside the United States by the rights achieved by factory workers. Their first experiment was in Puerto Rico. Dubbed “Operation Bootstrap,” it offered incentives to U.S. businesses to

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transfer the most labor-intensive portions of their operations to the island. The island government offered land, loans, buildings, and infrastructure to companies willing to take the risk.

The Puerto Rican program was so successful—for businesses—that it was soon extended to Mexico. The U.S. and Mexican governments turned once more to A. D. Little, a consulting firm in Cambridge, Massachusetts, that had helped set up Puerto Rico’s Operation Bootstrap, to design a similar program for Mexico. The Border Industrialization Program went into operation in 1965.

It was an ingenious move. Since it was getting harder and harder to deprive workers of rights inside the United States because of popular mobilizations, unions, and laws protecting workers and their right to organize, companies found it more and more attractive to move the jobs across the border, to where U.S. laws did not apply. It worked so well that by the 1970s the U.S. government was extending this strategy to the Caribbean, and later on to Central and South America and Asia. The North American Free Trade Agreement, or NAFTA, which went into effect in 1994, pushed it even further. U.S. manufacturing industries began a wholesale move abroad in search of the country that would offer them the lowest wages, the most docile (or nonexistent) unions, and the least regulation of their activities.

Workers in countries like Mexico, El Salvador, and the Dominican Republic have seen a flood of foreign investment in offshore production—often called *maquiladora* production, referring to the system whereby companies

outsource the most labor-intensive part of the production process. Workers in these countries gain in some ways when Nike, Liz Claiborne, or Dell opens a factory there. They gain because jobs are created; but they also lose because the new jobs are dependent on employers' keeping wages, benefits, and government regulation low. If workers, or governments, start to demand a greater share of the profits, the company can simply close down and move to a cheaper location.

This phenomenon creates what some analysts have termed the "race to the bottom." Workers and governments compete with each other to offer businesses lower taxes, lower wages, and a more "business-friendly environment" in order to attract or preserve scarce jobs. The competition may be more devastating in already poor Third World countries, but it's going on in the United States as well, as communities pour resources into schemes to attract businesses.<sup>2</sup>

By maintaining and exploiting global inequalities, the U.S. economic system has managed to create a high-profit/cheap-product model. But it is unsustainable, both morally and practically. In practical terms, we saw the results in the 1930s: if workers aren't paid enough to be consumers, there will be no market and production will crash. The New Deal tried to remedy this by restructuring the division of resources and putting more money into the hands of the working class. Industry responded by accelerating its move abroad. But the high-profit, low-wage system is no more sustainable globally than it was domestically.

As for the second fallacy—that the number of people de-

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termines the number of jobs—at first glance, it might seem logical: there is a finite number of jobs, so the more people there are, the more competition there will be for those jobs. By this theory, periods of population growth would also see rising unemployment rates, while periods of population decline would see falling unemployment. How can it be, then, that a recent study by the Pew Hispanic Foundation of employment patterns throughout the United States over the past decade found that “no consistent pattern emerges to show that native-born workers suffered or benefited from increased numbers of foreign-born workers”?<sup>3</sup>

Clearly, the relationship between population size and the number of jobs available is not quite as simple as it might seem. In fact the number of jobs is *not* finite, it is elastic, and affected by many factors. Population growth creates jobs at the same time that it provides more people to fill jobs, and population decline decreases the number of jobs at the same time as it provides fewer people to work at them. Population growth creates jobs because people consume as well as produce: they buy things, they go to movies, they send their children to school, they build houses, they fill their cars with gasoline, they go to the dentist, they buy food at stores and restaurants. When the population declines, stores, schools, and hospitals close, and jobs are lost. This pattern has been seen over and over again in the United States: growing communities mean more jobs.

The number of people in a given community is not the only thing that affects the number of jobs, though. Some people work in jobs that directly service the local commu-

nity, and those jobs are directly affected by population growth or decline. But many jobs produce goods and services that are consumed elsewhere. Automobile plants in Detroit, or fruit farms in California, or garment factories in El Salvador, or call centers in Bangalore, depend on global, not local, markets.

As has become painfully obvious in recent decades, businesses that service a global market don't generally have a strong commitment to the local community. A factory may provide jobs in Detroit for a decade, or a century, and then close and move elsewhere for reasons that have nothing to do with the size of the population in Detroit. In fact population loss often follows job loss—when a factory closes, people, especially younger workers, leave a community because they lose their jobs—and then local businesses also start to close, because the population can't support them anymore.

Pretty much all of us live, work, and consume in both a local and a global economy. The local economy may be more visible, but we eat grapes grown in Chile, drive cars assembled in Mexico, and pump them with gas from Kuwait or Colombia. And people in the United States produce goods and services that are sold abroad. The United States imports and exports over \$100 billion worth of goods and services every month.<sup>4</sup> So jobs in the United States have a lot to do with the global economy, not just what's happening locally.

Between 1920 and the 1970s, the unemployment rate in the United States generally hovered between 4 percent and 6 percent. The exception was the Depression in the 1930s (a period of very low immigration), when unemployment sky-

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rocketed to over 20 percent. The rate dropped again by the 1940s with the Second World War. Starting in the late 1970s it rose, peaking at almost 10 percent in the early 1980s, and remained between 5 percent and 8 percent for the rest of the twentieth century and into the twenty-first.<sup>5</sup> Many factors have influenced the fluctuations in the unemployment rate over the years. Immigration rates, though, do not appear to have any direct relationship at all with unemployment rates.

During the period from the 1870s to the 1910s there was a very high rate of immigration into the United States. World War I, and restrictive immigration legislation in 1917, 1921, and 1924, cut way back on the number of arrivals. The Depression of the 1930s, with its devastating rates of unemployment, occurred when hardly any immigrants were coming into the country. The deportation of thousands of people of Mexican origin from the Southwest during the decade did little to affect employment rates in that region (unless you count those employed to carry out the deportations). Unemployment during the Depression, like unemployment today, simply had very little to do with immigration.