

Economic Contribution of Immigrants

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Abstract: Many scholars have studied the economic activities of immigrants in the United States of America (Borjas, 1986; Schuetze and Antecol, 2007; Fairlie and Robb, 2008 and others). They found that approximately 10% Of the total businesses in the United States are owned by immigrants. They are important part of the U.S. economy and contribute to its productivity growth and technological advancement (Bureau of labor Statistics, American Community Survey). The main objective of this research paper is to study the contribution of immigrants in the following three areas of the US economy and to find the opportunities for future growth: Real estate businesses, Restaurant business, and White color jobs. For the purpose of this study, the US census reports from 2000-2011 have been used. According to the 2011 census report, the maximum number of immigrants is from Mexico, which is 11,711,103 million people or 29.33% of the total immigrant population. The number of Chinese immigrants is 2,166,524 million and they make 4.20% of the business owner and labor force. The number of Indian immigrants is 1,780,322 and they make 5.71% of the businesses owner and labor force in the United States. This study is designed to evaluate the contribution of immigrants from Mexico, China and India in US economy.

Key words: bureau of labor statistics; white color jobs; immigrants; US economy & population

JEL code: F22

1. Research Methodology

The findings in this research study are supported by the historical data. The major data sources have been US census 2000-2011, US Government Data, International Monetary Fund, authentic websites and published research studies. The data sources are reviewed and analyzed to draw conclusion with the help of graphs and tables.

2. Introduction

Economic contribution of immigrants has been one of the most debated topics for economists, researchers and Think Tank (Center for Economic and Policy Research). United States is known as a nation of immigrants. The review of American history indicates that immigrants have contributed greatly to the economic vibrancy and strength of the nation. The impact of immigrants is more discernible in recent years. According to David Dysegaard Kallick, immigrants make up 20% of the population and are responsible for 20% economic outputs in 25 largest metro areas combined together. These metro areas comprise 49% of the total population of the country, 66% of all immigrants and one-half of the country's total GDP (Jason Richwine, 02/24/09). The 21st century has witnessed a

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concrete sign of the economic contribution of immigrants in USA. Recently, there is also a positive shift in the US immigration policy from economic point of view. The liberal immigration policy is one of the most important reasons for continuous economic growth as compared to many European countries (Quentin Peel, 2005).

3. Literature Review

Immigrants' contribution to US economy has been widely discussed. There could be varying opinions in this area but it is clear that it has been a matter of constant evaluation. There are number of research studies and updates on this topic. Immigrants are nearly 30 percent more likely to start a business as compared to nonimmigrants, and they represent 16.7 percent of all business owners in the United States. Immigrant business owners make significant contribution to business income, generating \$67 billion of the \$577 billion in US business income, as estimated from 2000-2011 US census data. Ten high-tech companies started by immigrants earned 831 billion in revenue during 2002.

Indian immigrants have founded more engineering and technology companies in the United States during the past decade, 1995-2005, than immigrants from the United Kingdom, China, Taiwan and Japan. The largest groups of immigrant investors were Chinese. Indian immigrants were second followed by Canadians and British. According to Saxenian findings, the percentage of firms with Indian and Chinese founders in the Silicon Valley had increased from 24% to 28% in 1999. Indian immigrants outpaced their Chinese counterparts as founders of engineering and technology companies in Silicon Valley. Saxenian reported that 17 percent of Silicon Valley startups from 1980-1998 had a Chinese founder and seven percent had an Indian founder. The new study found that from 1995-2005, Indians were key founders of 15.5 percent of all Silicon Valley startups and immigrants from China and Taiwan were key founders of 12.8 percent businesses. There was at least one immigrant key founder in 25.3 percent engineering and technology companies established in the United States between 1995-2005. This pool of immigrant funded companies was responsible for generating more than \$52 billion in 2005 sales revenue and creating almost 450,000 jobs. Roughly, 26 percent of all immigrant funded companies during the last ten years were founded by Indian immigrants. Immigrants from the UK, China and Taiwan contributed to 7.1%, 6.9% and 5.8% of all immigrant funded businesses, respectively (Borjas, Schuetze & Antecol, 2007).

4. Findings

The majority of immigrants in the United States of America are from China, India, Mexico, Philippines and Vietnam (Tables 1 and 2). There has been mixed reaction and debate whether these immigrants really contribute to the US economy or not, and if at all they contribute, then in which area of economy. According to David Dysegaard Kallick, Director of Immigration Research at the Fiscal Policy Institute, New York, analyzed the data on immigrants and concluded that "the US is getting a more varied and economically important flow of immigrants than the public seems to realize". Table 1 shows the increasing flow of immigrant in US labor force from 1970-2011. Table 2 provides a detail description of immigrants regarding their total population and their number as labor force and business owners. According to this table Mexico is on top, which is 29.33%. Chinese have 5.42% and Indians 4.46% of the immigrants' population in the United State.

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Table 1 Immigrants as a Percentage of the Total US Population and of the US Civilian Labor Force, 1970 to 2011

Year	Share of the civilian labor force	Share of the total population
1970	5.30%	4.80%
1980	6.70%	6.20%
1990	9.30%	7.90%
200	12.50%	11.10%
2010	16.50%	12.90%
2011	16.60%	13.00%

Sources: Fiscal Policy Institute analysis of American community Survey 2010 five year estimate.

Table 2 Immigrants as a Percentage of the Total US Population and of the US Civilian Labor Force 2011

Country	Population	Labor Force	business owners	% business owner & labor force	population %
US-Born	269,432,814	130,511,865	4,035,346	3.09193804	87.09652008
Foreign-Born	39,916,875	25,461,093	899,842	3.534184491	12.90347992
Total	309,349,689	155,972,958	4,935,188	3.164130541	100%
Mexico	11,711,103	7,598,985	105,247	1.38501392	29.33872704
Korea	1,100,422	573,202	56,073	9.782415274	2.756783942
India	1,780,322	1,093,220	62,526	5.719434332	4.46007359
China	2,166,526	813,492	34,181	4.201762279	5.427594219
Vietnam	1,240,542	765,074	31,283	4.08888552	3.107813425
Canada	798,649	444,091	27,648	6.225751029	2.000780372
Cuba	1,104,679	554,356	35,769	6.452351918	2.767448604
Germany	604,616	293,691	14,980	5.100598929	1.51468771
Philippines	1,777,588	1,142,099	19,788	1.732599363	4.453224357
Italy	179,625	170,509	16,910	9.917365066	4.49998904
El Salvador	121,409	843,880	13,858	1.642176613	3.041442999
Poland	475,503	297,433	17,448	5.866195076	1.191233031
Colombia	636,555	411,871	16,578	4.025046677	1.594701489
Dominican Republic	879,187	501,968	11,451	2.281221114	2.202544663
Jamaica	659,555	450,777	10,659	2.364583819	1.65232123
Guatemala	830,824	546,460	8,907	1.629945467	2.081385379
Others	11,422,700	9,552,321	1,870,379	19.58036167	28.61621808

Sources: Fiscal Policy Institute analysis of American community Survey 2010 five year estimate.

Our findings are directed to three important areas where immigrants play a vital role in US economy, which are real estate business, restaurant business and white collar business. Chinese and Korean immigrants dominate restaurant business; whereas Indian immigrants hold most white collar jobs. It is worth observing that more than 50% restaurant businesses are owned by Asian immigrant (Figure 1 & Tables 3, 4).

The contribution of the immigrant in the area of real state is very low. It is not clear from table-3 it is not clear how much percent of real estate owned by immigrants and how much is the percentage of the labor force.

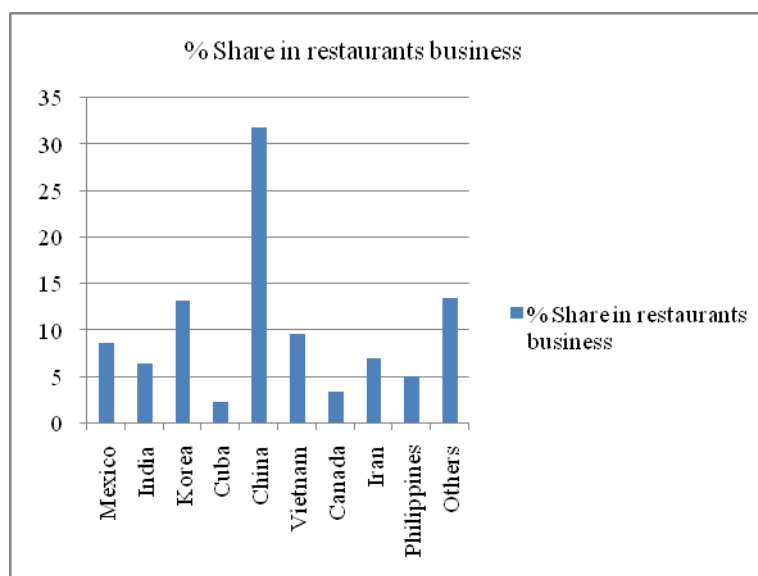


Figure 1 Immigrants Population in Restaurant Business Census 2010

Sources: Fiscal Policy Institute analysis of American community Survey 2010 five year estimate (www.fiscalpolicy.org).

Table 3 Immigrants Population in Real Estate Business Census 2010

Country	Immigrant in Real estate	% Share in real state
Mexico	2,354	2.23
India	1,308	2.09
Korea	1,278	2.23
Cuba	1,863	5.2
China	1,274	3.72
Vietnam	1,153	3.68
Canada	2,128	7.69
Iran	1,651	6.52
Philippines	1,175	5.93
Poland	732	4.19

Sources: Fiscal Policy Institute analysis of American community Survey 2010 five year estimate (www.fiscalpolicy.org).

Table 4 Immigrants Business Owners in White Collar Jobs

Country	% share in white color jobs
Mexico	1.79
India	29.93
Korea	5.71
Cuba	6.76
China	9.14
Vietnam	8.95
Canada	17.55
Iran	17.05
Philippines	17.13
Poland	3.19

Sources: Fiscal Policy Institute analysis of American community Survey 2010 five year estimate (www.fiscalpolicy.org).

5. Conclusion

It is clear that Chinese, Korean and immigrants from several other countries contribute a great deal to the US economy through the restaurant businesses. This is one of the important areas where immigration policies need to be liberalized for immigrants to boost up the US economy. The second area of consideration is white color jobs where Indian immigrants dominate. Americans are inclined to welcome upper tier immigrants, realizing that they contribute to economic growth without burdening public services. Nearly half of foreign born workers in America work in white color jobs, including management, sales, technology and administration. They bring new ideas, start businesses and contribute to the economic growth of the country. This view is supported by Kallman Moore. David Dysegaard Kallick also examined the contribution of immigrants in the work force in 25 largest metropolitan areas. His study which was published in New York Times supports our conclusion. Our research study also took into account the real estate business where immigrants do not seem to be very much interested. However, real estate business can be converted as a source of attraction for immigrants, enabling them to contribute to the economic growth. We recommend that a further research needed in this area.

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