

Cuts in Welfare Benefits to Immigrants: Justifiable or Detrimental?

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ABSTRACT: This study is primarily concerned with the financial burden imposed on the American economy by immigrants on welfare entitlement programs. Examined within the study are the gaps created by immigrant / welfare spending, the effect of immigration and welfare on the American job market, and the total cost of welfare expenditures for state budgets as well as the nation in general.

The allocation of welfare benefits to immigrants is an issue of extreme importance to all Americans. The association of immigration with welfare fraud and the overall impact it has on our economy not only affects our current society, but will continue to be a concern for future generations, if the situation is not dealt with properly. A majority of the immigrants entering the United States (both legally and illegally) arrive from Third World nations such as Mexico and South Korea. They are attracted by the federal assistance, such as Medicaid and food stamps, that the United States government distributes. Participation in these programs may seem justified by the services immigrants provide through labor, which in some instances helps to minimize costs for business owners. But recent studies and testimony from critics are beginning to show how immigrant dependency on welfare and the presence of immigrant labor contributes to the widespread decay of the American economy.

Critics argue that allowing immigrants to participate in entitlement programs further depletes our economy by creating gaps in welfare spending, taking away much needed jobs from native-born Americans, and straining state and national budgets. Advocates contend that immigrants journey to the United States to look for and solidify employment, rather than coming here just to "scam" the welfare system, and that immigrant labor is vital to many types of businesses, such as farming and the garment industry. Furthermore, advocates argue that immigrants pay more in taxes than they take out of the welfare system and do not create drains on the American economy. By examining both sides of the immigration/welfare controversy, we are able to come to the realization that cuts in welfare benefits to immigrants are justified.

The major argument opposing welfare expenditures to immigrants deals with the question of how much welfare costs America. The welfare system is blamed by many people to be a source of destruction for our economy, and with good reason. Recent polls indicate that strategies concerning

problems associated with immigration, such as "stopping welfare and medical benefits to illegal immigrants" receive support "across the political, ideological, and racial spectrum" (Yang 38). Nearly sixty percent of the American population currently regard the extent of immigration as "bad," while almost fifty-nine percent of Americans feel that in previous years, immigration was a "good" thing for our nation (Morganthau 18). The probability that immigrants will be dependent on welfare is particularly high, and they also have increased chances of receiving more benefits as compared to native citizens. George Borjas reports in the *National Review* that "the typical foreign-born welfare household received about \$5,400 in cash benefits in 1990, as compared to \$4,000 for a native household" (42). Borjas further asserts that "as a result, even though immigrant households make up about 8 percent of the population, they account for 13 percent of the expenditures in cash-benefit programs" (43).

In effect, disproportionate welfare funding creates an immigrant-native welfare gap. This dramatically evident gap is not just some problem that has surfaced recently, but rather is something that became apparent in the latter part of the 1980s. For example, during the middle of the 1980s, "8.4 percent of native households received Medicaid" in contrast to "11.0 percent of immigrant households, a gap of 2.6 percentage points;" furthermore, by the beginning of the 1990s, "the gap in Medicaid participation rates widened to 6.0 percentage points" (Borjas and Hilton 5).

In addition to the development of the gap in welfare expenditures between immigrants and natives creating such an economic burden, scores of U.S. jobs are routinely taken by immigrant workers. This displacement of American workers diminishes employment opportunities for residents and attracts more immigrants.

There are a number of factors that help to explain this displacement of U.S. workers by immigrants. The desire of immigrants to earn more money in America than in their homeland and their willingness to work as cheap laborers under harsh conditions represent two such reasons. But as Rich Thomas points out, welfare plays a key role in attracting immigrants who eventually can end up with American jobs: "Today dozens of welfare programs from food stamps to unemployment compensation cushion failure and attract immigrants who might otherwise stay home" (18). Nations such as the United States accept immigrants who are more than willing to perform particular jobs that native residents find undesirable, but when immigrants experience the true

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harshness of immigrant labor and quit or are dismissed from their jobs, many such immigrants simply rely on the welfare system to bail them out.

In addition to the immigrant-native welfare gap, many Americans also express concern for displaced American workers. A *Newsweek* poll concluded that "62 percent" [of Americans] agree that "immigrants take the jobs of U.S. workers" (McGuire 23). Moreover, "78 percent agree that many immigrants work hard often taking the jobs that Americans don't want," and that in relation to immigrants coming to America to find work, "59 percent agree that many immigrants wind up on welfare and raise taxes for Americans" (McGuire 23).

Perhaps even more disturbing than the idea of immigrants using welfare as a cushioning device when they become unemployed is the reason why immigrants even have to resort to welfare as a means of security. A large portion of the increase of dependency on welfare programs deals with the inadequacy of the labor skills possessed by immigrants. As George Borjas explains:

This alarming increase [of immigrant participation in welfare programs] has occurred partly because more recent immigrant waves are relatively less skilled than earlier waves. In 1960, the immigrants admitted into the country actually had more schooling than natives. By 1990, the new immigrants had far less schooling than natives, meaning that they were likelier to earn low incomes, and therefore to qualify for many welfare programs. (42)

This deterioration in the skills of new immigrants is a real cause for concern in regard to the future of the welfare state. Nearly ninety percent of the immigrants presently entering the United States from Third World countries arrive with "income and social-service levels one tenth or even one twentieth those of the United States," and "their education levels relative to those of native-born Americans are steadily declining" (Thomas 19). In *Contemporary Policy Issues*, Stephen Trejo reaffirms this observation:

Such a trend [of increased avilment of welfare] could be attributed to the quality of immigrants, the latest group exhibiting greater welfare dependency than earlier ones. . . . In other words, the recent wave of immigrants come from countries that are economically deprived in relation to the rest of the world.

(44-54)

Norman Brill concurs that the immigrants of today, especially the ones from Third World nations, come to America with lower skills compared to immigrants of previous years, and he adds that "[immigrants] who came in the 1950s had a higher level of education than the average native American. . . . In the 1970s the skill levels began to decline and are now below native skills" (88).

If these trends continue, it is highly possible for the United States to witness an even stronger increase in the dependency on and potential abuse of the welfare system, as

well as a reversal in work ethic. Brill supports this claim by summarizing that "the present day immigrants are more apt to land in the ghetto from which they have great difficulty emerging" (88).

And despite Brill's statistics regarding the skill levels of current immigrants, countries such as India and some Central American nations are still suffering from what is known as "brain drain," or the redistribution of professional talent from one disadvantaged country to a country with a more favorable economical outlook. Pico Iyer reaffirms that although this so-called brain drain is nothing new, it often takes from the poor and gives to the rich, thus diminishing the already unstable economy of one country and contributing to the economical improvement of another, many times resulting in the resounding support of a ban on emigration. China's ban on the U.S. emigration of its citizens is an example of this.

Iyer offers further insight on the matter by supporting Brill's notion regarding the skill level of immigrants from Third World nations, stating that "30 years ago most well-qualified newcomers to the U.S. arrived from Europe [and] now they stream in from the poorer countries of the Third World" (58). While the United States itself may not have any immediate worries about suffering from this brain drain, the fact remains that the U.S. does attract immigrants from troubled countries which in effect contributes to global economic suffering.

Although recent studies of the detrimental effects welfare has on the American economy discuss the association of immigrant labor with welfare dependency, the real concern lies with the overall cost of welfare services to the states as well as to the nation in general.

It is somewhat difficult for states to keep accurate information regarding current populations of immigrants because there are a number of ways immigrants can cheat the welfare system, such as forging or tampering with employment and citizenship documents (Morganthau 22). Thus, the difficulty of determining which immigrants are legal further complicates the situation. Tom Bethel offers further explanation in the *American Spectator*:

[T]he free-market system has been eroded by the ever-encroaching of the welfare state. What is so disastrous today is that very recent immigrants, even those who are here illegally, more and more have access to the welfare state. There's no escaping that this is incompatible with uncontrolled immigration.

(18)

Don Huddle, an immigration expert at Rice University, has compiled figures that show that since 1970, the 19.3 million legal, illegal, and pardoned aliens received by the United States expended \$50.8 billion worth of services that the government provided in 1992 (Thomas 19). Another authority, Rich Thomas, comments that these immigrants "paid \$20.2 billion in taxes", but that the "net burden on native-born taxpayers was \$30.6 billion—a social-welfare cost per immigrant of \$1,585" (19). During the course of the next ten years, Huddle reasons, another \$50 billion per year on average is what these immigrants will likely cost taxpayers (Thomas 19).

Given these costs, the anti-immigration sentiment is

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particularly strong in the state of California, a state that is easily accessed by immigrants and where there exist numerous employment opportunities for aliens in agricultural activities or garment factories. With a fragile economy creating an economic strain that results in budgetary reductions by many local governments, immigration and welfare do not receive favorable support (Mandel and Farrell 35).

While this may be a common scenario in many states, California has special reason to worry. According to a *Business Week* poll, "more than 10% of immigrants are on welfare" in California "compared with less than 8% of natives" (Barnathan and Wehrfritz 34). California's governor, Pete Wilson, maintains that "immigrants . . . in California are an economic burden to the state budget" (Starkey 127-131). Rich Thomas similarly reports that in California, "immigration is soaring, and native-born Americans are actually leaving to find work in other states" (18). Moreover, while the nation in general is starting to witness a uniform increase of immigrants exhibiting greater reliance on welfare compared to native-born citizens, the problem is especially evident in California, where in 1990, "7.7 percent of native Californians received public assistance vs. 10.4 percent of new immigrants" (Thomas 18).

Upon further analysis, the problem with the imbalance of welfare funding to immigrants and natives escalates when one considers the amount of welfare benefits illegal immigrants receive. In California alone, Governor Pete Wilson reports that "federally mandated services to illegal immigrants . . . now cost California taxpayers nearly \$3 billion a year" (Bethell 19).

A large portion of this burden on taxpayers concerns Aid to Families with Dependent Children (AFDC). As Norman Brill notes, "illegal aliens can slip over the border and receive free prenatal care," and as a result, "when their children are born in the U.S. (at taxpayers' expense) these children become citizens and automatically can be enrolled for AFDC" (88). Furthermore, Brill points out that within Los Angeles County, the figure of "citizen children of illegal parents in AFDC rose from 97,665 in February 1991 to 121,042 in November 1991 (88). Brill concludes by warning that if no changes occur in the demographics of California or its welfare system, "the ratio of taxpayers to recipients of AFDC is expected to drop from 6.21:1 to 2.94:1 in the year 2000" (88). Similarly, Mandel and Farrell find that in addition to the expenses of distributing services such as AFDC, the cost on average in Los Angeles County of "providing health, welfare, and other non-education services to each illegal immigrant is about \$440 a year—about 40% more than the cost for the rest of the population" (37). Governor Wilson readily admits that California is unable to afford an annual bill exceeding billions of dollars for illegal immigrant care, and warns that "we [the state officials] do not exaggerate when we say that illegal immigration is eroding the quality of life for legal residents of California" (Murr 28).

As the evidence suggests, the issue of deciding what to do about welfare benefits and immigrants has prompted critics to offer various solutions. Some feel that immigration should simply not be allowed or at the very least should be reduced. Out of the total number of people polled in a December 1993 NBC/Wall Street Journal survey, "71 per-

cent . . . believed that immigration should be cut back" (Yang 37). Others call for the elimination of the welfare state completely, while some people, such as California Governor Wilson, suggest simply reducing welfare benefits (Starkey 127-131). Still others insist that in order to deal with the immigration/welfare problem, attention must be focused on the area of illegal immigration, in similar fashion to California senator Dianne Feinstein's proposal of creating stiffer penalties for people who smuggle immigrants across the United States border (Yang 38).

Proponents of the welfare system are quick to disagree with critics who see welfare funding to immigrants as detrimental. Whereas critics believe that immigrant participation in expenditure programs dampens the economy, advocates of the welfare state insist that immigrants on welfare actually benefit the economy, but often receive unfair blame for many interrelated economic problems. Many welfare supporters speculate that one reason the welfare state receives criticism is that government officials seek to use welfare as a "scapegoat" of sorts to explain problems in the economy (Starkey 127-131). Welfare advocates argue that legislators such as California's Governor Pete Wilson put blame solely on welfare-dependent immigrants to explain trouble-ridden economies, and often fails to mention other factors that contribute to economic strain. These arguments, however, weaken somewhat when one considers that, in many states like California, New York, and Texas, where immigrant dependency on welfare is highest, immigration is a very real concern to bureaucrats who need to focus enough attention to deal with the issue in an effective manner (Morganthau 19-20).

Proponents further maintain that immigrants only help the economy, that in fact they "contribute to the government's coffers and rarely avail themselves of welfare benefits" (Stanfield 442-447). Similarly, numerous studies report how immigrants are referred to as an economic asset because they "contribute more taxes than they receive in welfare payments" (Starkey 127-131). George Borjas even confirms that immigrants do contribute more in taxes than they receive from welfare (42). However, comparing the amount immigrants pay in taxes to the amount they take out of welfare is "completely irrelevant," according to Borjas (42):

[Such a comparison] is, in effect, saying that immigrants's taxes are used only to fund cash welfare programs. One can justify this calculation by arguing that most other government programs provide 'public goods,' and that expenditures would be the same whether or not we had an immigrant population. However, a large population will lead to more crowded freeways and parks, schools and hospitals, thus increasing the cost of providing these public goods. Immigrants obviously benefit from these programs and so should be assessed a user fee for them.

(43)

Yet another contention of welfare advocates involves immigrant labor. It is the opinion of these advocates that immigrants come to America to find work rather than to receive welfare benefits. Indeed, there are many sources that illustrate the importance of immigrant labor in the United States. Mandel

and Christopher acknowledge that "most immigrants, legal and illegal, are highly productive workers" (34). Vernon Briggs concludes that the "presence [of immigrants] may lower immediate private costs to employers" (504).

At the same time, however, Briggs suggests that "the existence of immigrant labor may raise long-term social costs" (504). In addition, George Borjas, while recognizing the assertion of immigrant-rights groups that many immigrants coming to America seek employment and do not look to be dependent on welfare, argues that this assertion is "simply irrelevant" (43). Even though immigrants may come to the United States with the sole intention of finding work, according to Borjas, "even immigrants who want to work [in America] find it hard to predict what they will encounter when they enter the U.S. labor market," thus increasing the likelihood that immigrants may end up dependent on welfare (43).

Although both critics and advocates offer legitimate claims in the immigrant/welfare controversy, the arguments in support of eliminating welfare benefits to immigrants are quite resounding. We must realize that a large portion of the American public feels that immigrants on welfare deplete our economy, and as a result, does not favor welfare funding to these newcomers. According to a CNN / USA Today / Gallup poll, "a 56 percent majority [of American voters] believe immigrants constitute a drain on taxpayers by using government services" (Yang 37).

Furthermore, our society will continue to show opposition toward the welfare state as long as immigrants arrive in America with less-than-satisfactory employment skills. Taxpayers resent paying for welfare services that enable aliens to enjoy the basic amenities of American life. As George Borjas concludes, "the potential already exists for the creation of a large new underclass of workers in our society, composed mainly of less skilled immigrants, who will be accorded all the dysfunctional benefits of government assistance" (43). We must be able to convey to immigrants that welfare does not exist just so it can be abused.

Finally, we must also understand that, at least for the near future, neither immigration nor welfare will cease. Immigration, as of late, is on the rise. According to a *Business Week* poll, immigrants will constitute nearly 40% of the population growth in America over the next ten years (Mandel and Farrell 32). George Borjas confirms that "more immigrants will enter the United States during the 1990s than in any other decade in the country's history" (40). As it is, an

excess of over one million immigrants take up residency in the United States every year (Mandel and Farrell 32). As these population figures attest, immigrants know that America is the land of opportunity, and they speculate that they will enjoy America's bounty, either through legal employment or welfare.

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