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Misled Perceptions on Immigration during the Great Recession

Introduction

The Great Recession of 2008-2009 was the largest economic downturn in the United States since the Great Depression of the 1930's, and until the current Great Lockdown in 2020. Large uncertainty in the economic sector sometimes sparked panic and blame towards a common scapegoat: foreigners and immigrants. On April 20, 2020, a few months into the Great Lockdown, President Donald Trump tweeted the following message expressing this sentiment:

“In light of the attack from the Invisible Enemy, as well as the need to protect the jobs of our GREAT American Citizens, I will be signing an Executive Order to temporarily suspend immigration into the United States!” @realDonaldTrump.

This tweet is hardly surprising or unprecedented in the modern context – a pamphlet prepared by UNESCO claimed that “all previous crises of the 1900s, including the Great Depression ... affected migration in different ways and spurred resentment of foreigners and xenophobic actions” (Global Migration Group and UNESCO, 2009). What makes the Great Recession (when compared to immigration policies and attitudes from other crises, such as the Great Depression) especially interesting to study is its recentness and the amount of data gathered on perceptions of native U.S. citizens towards immigrants.

During the Great Recession, while immigrants were often blamed for exacerbating the economic crisis by native citizens, this was usually caused by misguided psychological perspectives. Immigrants in fact tended to aid the economy before and after the Recession by increasing diversification. As UNESCO noted, these are important themes not specific to the Great Recession, but strongly observed in the Great Recession of the 1930's and the current Great Lockdown of 2020. More widespread knowledge of the mental biases motivating this discrimination is an important step in preventing similar prejudice from affecting policy during financial crises in the future.

Summary of immigrant-related policies passed slightly prior to and during the Recession

It is important to provide an overview of the situation and policies relating to immigrants passed in the era of the Great Recession and Great Depression, and how other literature attempts to rationalize these policies. Having a firm comprehension of the laws enacted during these crises will help portray the sort of blatant prejudices present in society, something that can only be viewed with such a summarial hindsight summary. For example, in the early twenty-first century, there was the rise of stricter immigration laws and higher rates of deportation, especially among the Latino population, and this racial bias is often attributed to economic factors. The Latino and Asian populations grew by 43% between 2000 and 2010, constituting 23.2% of the U.S. population in 2010 (Humes et al., 2011). In response to the high influx, state legislatures passed 156 immigration-related laws in 2012 (National Conference of State Legislatures, 2013). These new policies have ranged from protectionist policies (encouraging immigrants to leave and protecting native-born workers) to more forceful policies, such as a greater emphasis on the removal of undocumented immigrants (i.e., leading to higher deportation rates) (Ybarra et al., 2016).

One particular policy that was especially harsh towards immigrants was deportation, and this was disproportionately biased towards specific racial groups. Between 1993 and 2011, the Department of Homeland Security (DHS) reported a ten-fold increase in Mexican deportees and a twelve-fold increase in Central American deportees (in contrast with relatively smaller changes in deportees from Europe and Asia) (Golash-Boza, 2013); by 2011, 97% of the reported deportees came from Latin America. He finds that the high joblessness due to the Great Recession, a changing labor market relying more on automation and less on construction and manufacturing jobs (of which industries Latino-Americans were a large constituent), and the historically-targeted Latino demographic made them easy targets for deportation. Additionally, Golash-Boza finds that the majority of the deportees had “strong ties” to the U.S. (most living in the U.S. for 5-10 years prior to deportation) and that a large proportion were legal immigrants — for example, only three-quarters of Dominican deportees are undocumented (Siulc, 2009). This kind of “messy” deportation, similar to that during the Mexican Repatriation of the 1930’s, hints strongly at racial (as opposed to economic) motivations. The chart shown in Fig. 1 demonstrates a similar effect; when the hysteria was highest in 2007-2009, the number of non-criminal deportations, and the ratio of non-criminal to criminal deportations, reached their highest values (McCarthy, 2014).

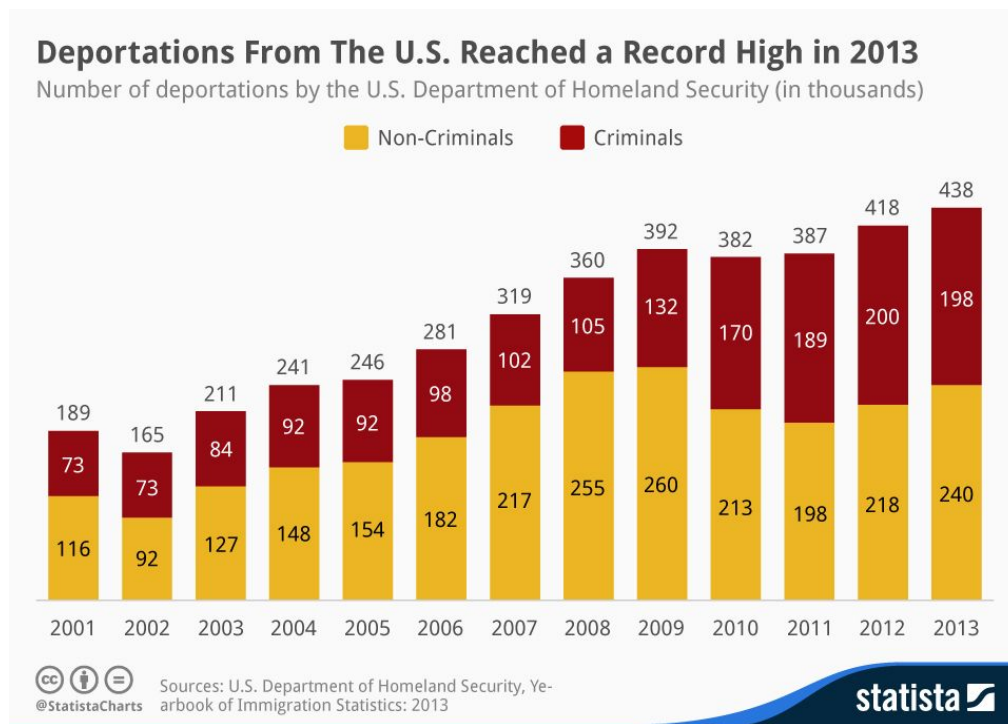


Fig. 1. Deportation count in the United States, 2001-2013. (McCarthy, 2014)

There were also many strict domestic policies passed during the Great Recession regarding immigrant rights. One example of a policy passed in the not-yet-recovered American economy in 2011, Alabama’s House Bill 56, is a good example of the anti-immigrant bias that built up during the Recession. This bill requires police officers in Alabama to check immigration status of all stopped and detained people, requires public schools to check immigration status of all enrolled students, prohibits undocumented immigrants from attending higher education, and prohibits public state benefits for undocumented immigrants (Ybarra et al., 2016). This act was primarily in response to a high Hispanic population influx in the years leading up to the Recession, and it

caused fear of punishment among the Hispanic population, who were indeed the most adversely affected by Alabama HB 56 (Conley, 2015).

The U.S. observed similar kinds of policies during the Great Depression eight decades prior. Slightly before the Depression, a series of increasingly strict immigration laws were passed up to and including the strict Immigration Act of 1924, due mostly to eugenics (Hoffman, 1974). Economic rationale (the protection of native jobs) justified the Mexican Repatriation, a massive deportation of recent Mexican immigrants, but the selective deportation was carried out largely based on appearance rather than actual immigrant status. The supposed economic motive was not proven to be effective, and a study by Lee actually suggests that deportation of Mexican workers exacerbated the economic crisis (Lee et al., 2017). Like the Great Recession, there were massive deportations of Mexican Americans due to an economic argument, and while not explicitly stated, there was definitely a racialized aspect of the stricter immigrant policies (with harsher policies towards most non-European immigrants). The parallels are strong enough with the Great Depression that some of the analyses used here can likely be applied postmortem to the Great Recession in order to rationalize some of the anti-immigrant events that occurred then.

Psychological appeals of anti-immigrant bias

While many Americans felt threatened by the presence of immigrant groups, it turns out this feeling was more associated with media pressure against immigrants and a sense of personal financial stability, rather than with being a reflection of one's real financial situation. The literature often points to a psychological basis justifying most of the discrimination laws. In particular, Ybarra claims that there is a strong relationship between the American public's perception of immigrants and the enactment of stricter laws against immigrants. He cites a survey by Kohut, which finds that most Americans in 2011 believe that immigrants are a "burden" to the country (Kohut et al., 2011), and papers from Humes and Perez reporting a relationship between negative attitudes towards immigrants and restrictive immigration policy (Humes et al., 2011 and Perez, 2010). The problem is that many of the claims of immigrants as a financial "burden" are unfounded, and the fact that immigrants in the U.S. have never led the U.S. into a depression nor is there strong evidence that the immigrant workforce had a negative effect on native employment make the economic arguments for anti-immigration seem to be a political sham. The question arises of why exactly Americans believed in and passed the policies.

The first point to address is how any of these anti-immigrant policies, which are almost blatantly racist, can justify their discriminatory nature. There must be some critical defense in the anti-immigration policymakers' against the claim that the selective immigration summarized earlier is not racist, and understanding this argument will be important for countering it. While not explicitly targeting certain immigrant groups, there is no denial that these policies affect some immigrant groups more than others: almost all deportees come from Latin America, and several domestic laws were effectively targeted towards Latin Americans, such as Alabama HB 56. This is similar to the case in the Great Depression, in which there were more explicitly labeled "preferred" (primarily European) and "non-preferred" (primarily Latino and Asian) immigrants. The key to mass approval of prejudiced policies lies in the wording— even without sufficient factual evidence supporting the economic claims, a "threat perception" is a powerful motivator. Even when modern democratic societies culturally tend to favor egalitarian rules, any threat to the society takes on a higher priority than maintaining non-discriminatory policies (Ramos et al., 2016). Ramos describes how it is not contradictory for an educated, ideological citizen of a modern democracy to both accept discriminatory measures such as HB 56 and believe that they themselves are unprejudiced. By reframing the issue by worrying about the effect that immigrants might have on culture and the economy, politicians can portray immigrants as a threat, which is a legitimate cause in and of itself.

Even if the reasons for being a threat (i.e., the cultural and economic harm it might inflict on American society) are not entirely sound, the potential of damage caused by a threat is enough to rally supporters around. The same logic worked during the Great Depression, in which legitimate data was scarcer about the effect of immigrants on the economy: viewing Mexicans as a threat to the already-scarce job market allowed the federal and state governments to perform deportations en masse (even messily deporting many U.S. citizens) without any opposition.

What is the primary argument for such a strong rejection of immigrants in the U.S. during economic recessions? In other words, why do Americans believe that immigrants will hurt the economy? From a certain objective point of view, it may seem obvious that free immigration might help the economy. Goldstein concisely summarizes a such an argument as a counterargument to those who view immigration as financially damaging:

“Immigration policy remains one of the most divisive issues on the American political landscape. While policymakers have legislated a policy that reflects the benefits of open borders to goods and services, they have forestalled a similar policy toward the movement of peoples. This divergence, that is, open borders for goods but closed borders for people, is a puzzle from a purely materialist perspective. Economic logic suggests that trade and immigration policy are tightly connected and have similar material effects; thus, opinions on one flow should be similar to opinions on the other” (Goldstein et al., 2014).

While free trade is outside the scope of this paper and introduces many extra complexities, it does poke a hole of doubt in the anti-immigrant rhetoric. Free trade is loudly promoted by large capitalist nations (which tend to be the same as those democratic nations who perceive immigration as a threat), but the material benefit of the people exchange is not as often mentioned in economic discussions.

To understand why Americans don't support immigration, Goldstein analyzes the results of a survey with questions about perceptions on immigrants and about personal financial status. The survey was taken six times throughout the Recession to gauge Americans' beliefs over time. The most interesting result of the survey is that high-skilled immigrants tended to be favored over low-skilled immigrants in general, but during the crisis were less-favored by native high-skilled citizens. Low-skilled natives didn't change their opinion on high-skilled immigrants during the recession, because they didn't feel that their job security was threatened by this certain demographic. Incorporating data from the survey participants' financial situation (housing and employment situations, etc.) and self-reported (perceived) anxiety levels, the self-perceived anxiety during the Great Recession was a much stronger indicator of opinion on immigration than real financial situation. Likewise, real financial stimulus spending and real immigration numbers had no effect on opinion on immigration. Goldstein's report shows the important result that the real effect (i.e., the supposed “threat”) of immigrants really is not correlated with the anti-immigrant effect, weakening the justification for the “threat” of anti-immigrant sentiment.

A separate paper illustrates that the perceived immigrant threat is highest where economic instability is high, such as “where there is economic stagnation, where labor unions are growing weaker, where the minimum wage is low, and where corporate restructuring has taken place” (Wallace and Figueroa, 2012); note that this list doesn't include immigrant presence or economic effect. This study similarly illustrates that it is more of a personal sense of financial instability that is more afraid of an immigrant “threat” than any real effect caused by immigrant populations. Together, Goldstein and Wallace's reports illustrate that even in the absence of a real economic threat by immigrants, the anxiety about one's own financial situation can meddle with opinions about immigrants. In other words, there's a high chance that the immigrant threat to the job market can be imaginary but hypersensitized by the stress of a recession.

The real effects of immigrants on economics before the recession and during recovery

Contrary to the belief that immigrants hurt the economy during a Recession (sensitized by financial insecurities as discussed above), immigrants tend to benefit the U.S. economy, before, during, and after recessions.

Zaretsky provides a detailed view of the impact of immigrants on the U.S. economy during ordinary times (i.e., not during a recession). He acknowledges the common argument that introducing more labor into the market means lower wages for all, but states that this simplistically assumes that “all workers are the same. But all workers are not the same” (Zaretsky, 1997). His research finds that there is a net increase in wages across all native worker groups (except for unskilled domestic workers) caused by increased immigration. Additionally, Zaretsky’s research finds that immigrants are also unable to receive government benefits such as Social Security, Medicare, and Medicaid, and typically immigrate into wealthier states with higher tax rates, which means that they are not a fiscal burden on government social funding. All of these statements are evidence that immigrants certainly do not hurt the economy, and benefit almost all worker groups’ wages. However, Zaretsky didn’t examine the effect of immigrants on the economy during Recessions, which is when the anti-immigrant sentiment is strongest.

During Recessions, a higher population of immigrants improves overall economic diversification, allowing for shallower recessions and quicker recovery than a more homogenous economy. Lester and Mai find that a greater integration of immigrants in a local economy is correlated with a greater resistance to economic shocks, where resilience is coarsely measured in changes in real wages and unemployment (Lester and Mai, 2016). After analyzing the factors that influence immigrant integration into the U.S. economy in the years leading up to the Recession, they find that U.S. immigration seems to favor high- and low-skilled migrant workers, and state that their results advise that a more widely-accepting immigration policy is economically favorable.

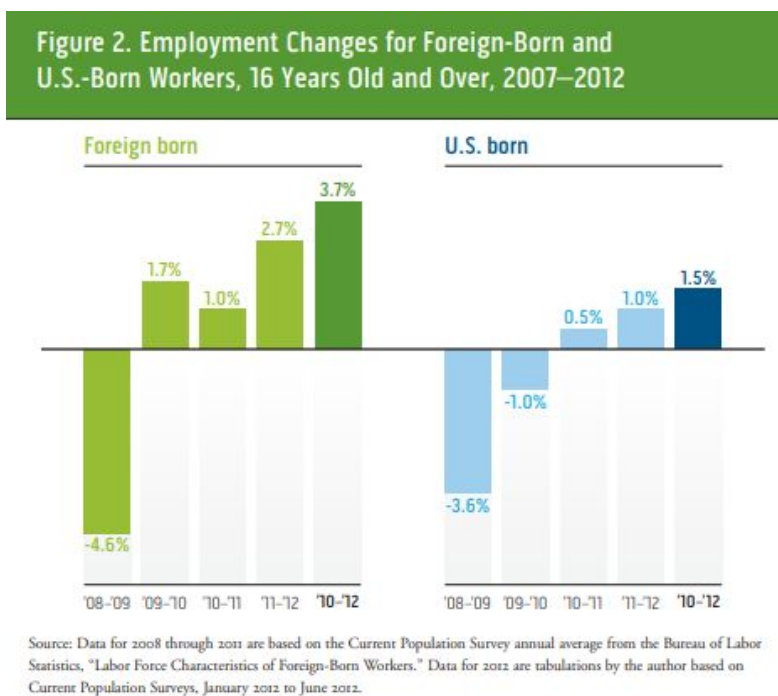


Fig. 2. Immigrant economic crisis and recovery, 2008-2012 (Enchautegui, 2012)

A report analyzing data from the Bureau of Labor Statistics in the years during and immediately after the Great Recession in the U.S. finds that immigrants were hit harder in terms of relative unemployment than non-immigrant groups, but their growth in employment was also greater in the years following the Recession (Enchautegui, 2012). In particular, Enchautegui finds that out of the working class without a bachelor's degree, immigrants had greater rates of employment growth in the years 2009 to 2012 and were able to surpass their pre-recession employment rates, while the native workforce were unable to (see Fig. 2). While Enchautegui doesn't measure the same statistics as Lester and Mai, their general result is the same: higher long-term resilience of a local economy is correlated with higher immigrant integration. Roughly speaking, this indicates that a higher percentage of immigrants in the workforce would indicate an overall speedier recovery of the economy.

Conclusion and present implications

Distanced from the contemporary panic that came with the Great Depression and Great Recession, it is clear that some of the arguments used against immigrants were actually unsound. There was the perception that immigrants could threaten job security for natives, but higher integration of immigrants actually aided the recovery of the economy. The idea of the "threat" used to allow discriminatory measures is perpetuated by the fear induced by an economic recession and only hurts immigrants. Changes to the education system, in which the benefits of free immigration are discussed alongside free trade, could be a potential way to help combat the strong innate nativist sentiment many Americans harbor. As Americans now enter into a recession even worse than the Great Recession a decade ago, it's important that we understand what are facts and what is subjective, so that recovery is as speedy as possible and unnecessary. Public messages from authorities such as the recent tweet from President Trump are clearly baseless but blindly followed and agreed with in times of financial sensitivity, and as a result can easily hurt the economy and immigrant livelihoods. There are no numbers or statistics behind President Trump's words, just the depiction of an attack on Americans (by the virus) and a threat to American jobs.

Zaretsky suggested that "those who compete with—are substitutes for—immigrants will receive a lower wage than they would without immigration, while those who complement immigrants will receive a higher wage" (Zaretsky, 1997). This wording emphasizes that immigrant labor is a normal and established part of the economy, and that even natives can "substitute... for" or "complement immigrants," just as they can supplant or complement native jobs. This view is very progressive and should be professed more commonly in order to (subconsciously) acknowledge the importance and deep integration of the immigrant economy with the native one. If we, as a nation, can learn to express ourselves in a similar way, putting immigrants at the same level as native citizens and objectively observing facts, then we have a chance at providing more fair treatment to groups during economic recessions in the U.S.. Discriminatory anti-immigrant laws should no longer be justifiable in any modern context without proper evidence, even during stressful times.

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