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TRANSFORMATION OF A TOWN UNDERSCORES IMMIGRANTS' IMPACT

By Nelson Schwartz
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PORT CHESTER, N.Y. — Nearly 20 years after he arrived penniless in this country from Mexico, Moises owns two restaurants, with a third on the way. He has five employees, an American wife and a stepdaughter. His food even has a following on Yelp.com.

What Moises does not have is American citizenship, or even a green card permitting him to reside legally in the United States. So he inhabits an economic netherworld, shuttling among his establishments on the bus and train because he cannot get a driver's license and making do without bank loans or credit cards even as he files for zoning permits and incorporation papers.

While the estimated 11 million immigrants here illegally are often portrayed as dishwashers, farmhands, gardeners and other low-paid service workers, increasingly they are also business owners and employers. That is one reason economists say opening the door to entrepreneurs like Moises — whose last name is being withheld because of the risk of deportation — could give the American economy a shot in the arm.

The most prominent feature of the proposed immigration bill introduced by a bipartisan group of senators last month would provide residents of the United States who overstayed their visas or arrived illegally before Dec. 31, 2011, a long and winding path to citizenship, one that would probably take more than a decade to complete. But less noticed is that the legislation would offer such residents much more immediate provisional status, enabling them to work and travel legally.

That status would make it easier for immigrants here illegally to open businesses, buy big-ticket items like homes and cars and negotiate raises. All of these help explain why immigration reform is one of the few things economists on the left and right generally agree on these days.

While there is considerable debate about whether increased immigration depresses wages on the low end of the pay scale, most experts say allowing more new immigrants and offering a more secure legal footing for workers who are currently in the country illegally would bring the nation broad economic gains.

"We need more legal immigration," said Diana Furchtgott-Roth, an economist at the conservative Manhattan Institute. "Additional human capital results in more growth."

Lawrence F. Katz, a liberal professor of economics at Harvard who is among those who say that immigration can push down pay for workers directly competing with new immigrants, nevertheless supports the argument that a freer flow of people from other nations would foster more growth. "No doubt some individuals are harmed," he said, "but the benefits outweigh the costs."

Some conservative skeptics, though, see a steep price in a broad amnesty, largely because of increased spending on social services and entitlements.

The pluses and minuses of more immigration are evident in this working-class village of 29,000 about 30 miles north of Midtown Manhattan that shares a border with affluent Greenwich, Conn.

A wave of Hispanic immigrants, both legal and illegal, has transformed downtown Port Chester, which fell on hard times in the 1980s and '90s after factories and mills closed and an older generation of Italian immigrants moved away or died off.

Today, 59 percent of the village's population is of Hispanic origin, said Christopher Gomez, Port Chester's director of planning and development. From 1990 to 2010, Port Chester's population jumped by 17 percent, twice as fast as Westchester County as a whole.

The immigrant influx, he said, has become the "lifeblood" of the town. "I don't know where we'd be without it."

Mexican and Peruvian restaurants dot the downtown streets, while immigrant-owned stores and markets offer goods from Ecuador and services like money transfers to Guatemala and other Central American countries.

The predominance of Spanish-speaking customers has forced older businesses to adapt. Chris Rubeo, the owner of Feinsod Hardware on North Main Street, hired several Spanish-speaking workers to help him compete with a nearby Home Depot and lure Hispanic contractors and builders.

Fourteen years after she arrived from Lima, Peru, and started working as a baby sitter, Itziar Llamoca now owns Fiesta Place, which makes traditional decorations and balloon arrangements for family events like baptisms, weddings and the girl's coming-of-age party called the quinceañera. She earned her associate's and bachelor's degrees from colleges in Westchester and bought the store with her sister from its original owners several years ago.

Ms. Llamoca, who now holds American citizenship, did not rely on bank loans to make the purchase. "For us, it was easier to borrow money from the family," she said.

A few doors down, a Guatemalan-born accountant, Julio Grijalva, shares a storefront with a travel agent originally from Mexico. Mr. Grijalva serves a growing clientele of legal immigrants like himself as well as unauthorized ones who nevertheless file using an Individual Taxpayer Identification Number granted by the Internal Revenue Service.

"I'm starting to get more business owners asking for help with accounting and taxes," Mr. Grijalva said. He is looking for a permanent place to call his own, but rents have been rising in recent years as a result of the downtown resurgence so he is splitting an office for now.

The I.R.S. does not share data with immigration enforcement agencies, so taxpayer identification numbers are a familiar feature in the economic netherworld Moises inhabits. "I'm doing everything right," he said. "I worked day and night. I know what to do."

"I have many years living like that," he said. "But if I had the documents, it would be easier."

Even as Moises has prospered, the influx of cheap labor in the form of new immigrants has depressed wages among certain types of workers.

That benefits business owners like John Muscatella, who can pay the minimum wage to workers in the kitchen of his Italian restaurant, T&J Villaggio Trattoria. "We can replace them in five minutes," he said. "We have five people looking for every job, so you can fill it in a heartbeat."

But it underscores research by some economists that shows increased immigration can reduce wages slightly for some native-born workers, especially lower-skilled ones.

There are other side effects of the influx here. Port Chester's schools suffer from overcrowding as children of immigrants flood the education system, and longtime residents complain that houses are occupied by many more residents than zoning laws permit. And with one resident in 10 below the poverty line, social services in the town have felt a strain.

Still, at street level, the economic impact of the immigrant wave has largely been positive.

Immigrant-owned restaurants have drawn patrons from wealthier areas like Rye, N.Y., and Greenwich, and more upscale options like Mario Batali's Tarry Lodge have moved into the community. Several new real estate developments aimed at affluent renters have opened or are in development, like the Mariner, where rents for a one-bedroom exceed \$2,000 a month.

"It's not the Bedfords and North Salems that are growing," said Mr. Gomez, the Port Chester planning director, referring to upscale communities farther north in Westchester. "It's here."