



The Economics of Immigration

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National Economic Education Delegation



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National Economic Education Delegation

• Vision

- One day, the public discussion of policy issues will be grounded in an accurate perception of the underlying economic principles and data.

• Mission

- NEED unites the skills and knowledge of a vast network of professional economists to promote understanding of the economics of policy issues in the United States.

• NEED Presentations

- Are **nonpartisan** and intended to reflect the consensus of the economics profession.



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Who Are We?

• Honorary Board: 54 members

- 2 Fed Chairs: Janet Yellen, Ben Bernanke
- 6 Chairs Council of Economic Advisers
 - o Furman (D), Rosen (R), Bernanke (R), Yellen (D), Tyson (D), Goolsbee (D)
- 4 Nobel Prize Winners
 - o Akerlof, Smith, Maskin, Bernanke

• Delegates: 652+ members

- At all levels of academia and some in government service
- All have a Ph.D. in economics
- Crowdsource slide decks
- Give presentations

• Global Partners: 49 Ph.D. Economists

- Aid in slide deck development

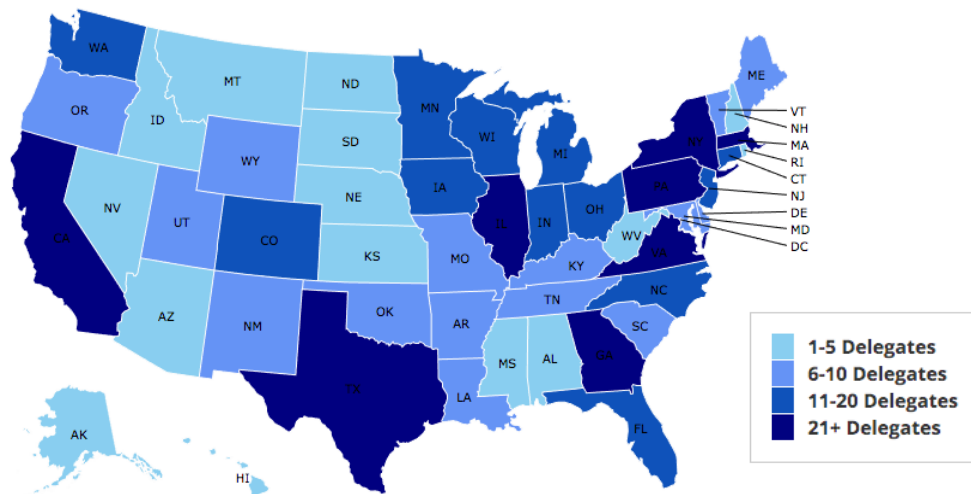


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Where Are We?

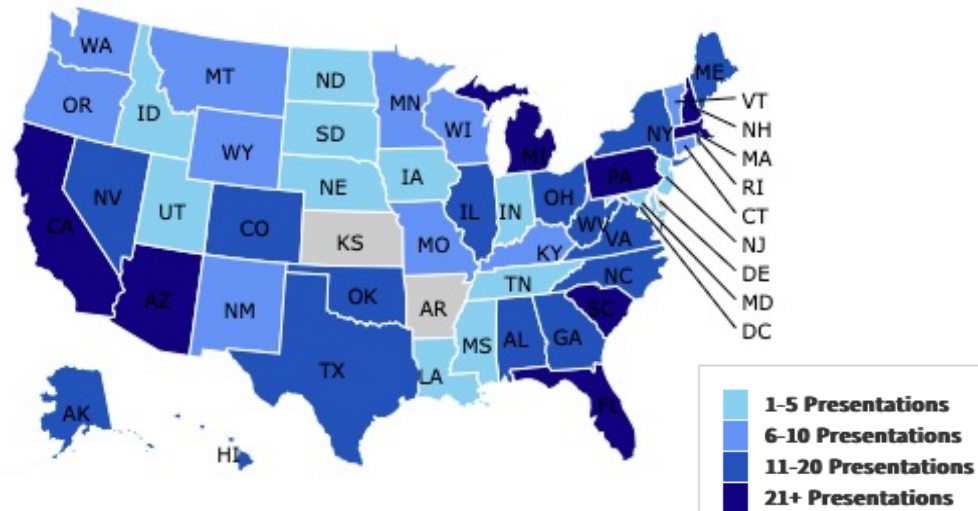


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Where Have We Presented? (1,240 Talks)



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Available NEED Topics Include:

- US Economy
- Healthcare Economics
- Climate Change
- Economic Inequality
- Economic Mobility
- Trade and Globalization
- Minimum Wages
- Immigration Economics
- Housing Policy
- Federal Budgets
- Federal Debt
- Black-White Wealth Gap
- Autonomous Vehicles
- US Social Policy

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Credits and Disclaimer

- **This slide deck was authored by:**
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 - It is, however, inevitable that presenters will be asked for and will provide their own views.
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Outline

- Quiz!
- Why do people migrate?
- The nature of immigration to the US
- Economics of immigration
- Recent immigration issues



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Immigration Quiz

- What % of the U.S. population are not native-born?
 - 14%
- What % of the world's population are not native-born?
 - 3.6%
- How long has the average undocumented immigrant lived in the United States?
 - A. 3 months
 - B. 2 years
 - C. 10 years
 - D. 25 years
- 21% of children born to native parents are high-income earners (above the middle class).
- What % of kids born to immigrants are high-income earners?
 - A. 15%
 - B. 21%
 - C. 28%
 - D. 35%
- In 2021, 8% of Americans lived in poverty. What percent of immigrants lived in poverty?
 - 13%



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Source: Freakonomics – How Much Do You Know About Immigration?

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Immigration Quiz

- Immigrants are responsible for what % of patents in the United States?
 - 36%
 - 23% of inventors on record
 - 13% from increase in native born patenting
- What % of green cards go to family rather than employment-based immigration?
 - 66% go to family-based
- What % of the U.S. workforce are immigrants?
 - 18%
- Native-born Americans receive \$8k on average in benefits. What is it for immigrants?
 - \$6,000
- 100 years ago, most immigrants were from Europe. Today, Latin America and Asia. Is the rate of assimilation:
 - Faster? Slower? About the same?



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Source: Freakonomics – How Much Do You Know About Immigration?

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Why Do People Migrate?

• Push factors:

- Disparities in income/standards of living, and the availability of jobs, violence/war, climate change, natural disasters, population pressures, economic dislocation, religious persecution, and denial of political rights.

• Pull factors:

- Potential for economic prosperity (higher wages, job opportunities), physical security, political freedom, and religious liberty.



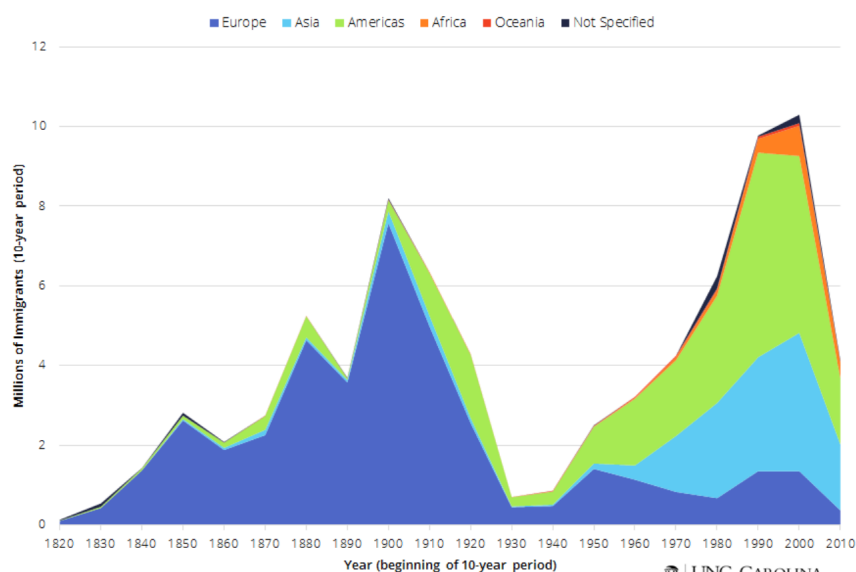
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Source: Gilder Lehrman Institute of American History.

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Volume of U.S. Immigration & Continent of Origin by Decade, 1820-2013



Data Source: U.S. Department of Homeland Security



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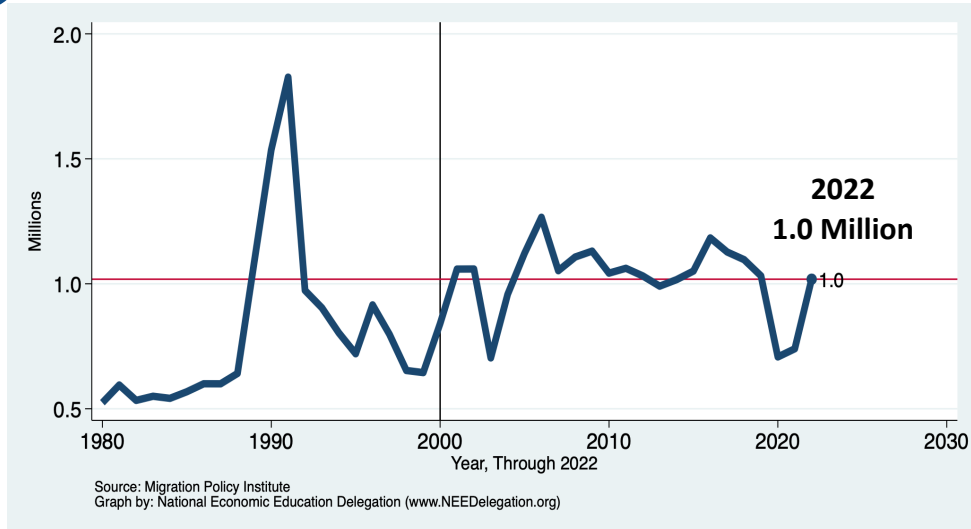


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Recent Trends in Authorized Immigration

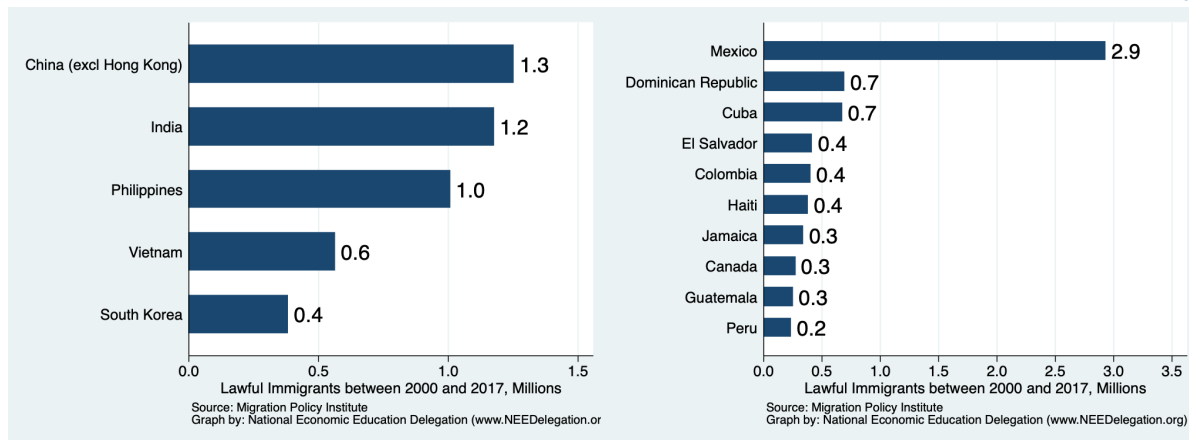


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Authorized Immigration by Source



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UNauthorized Immigration



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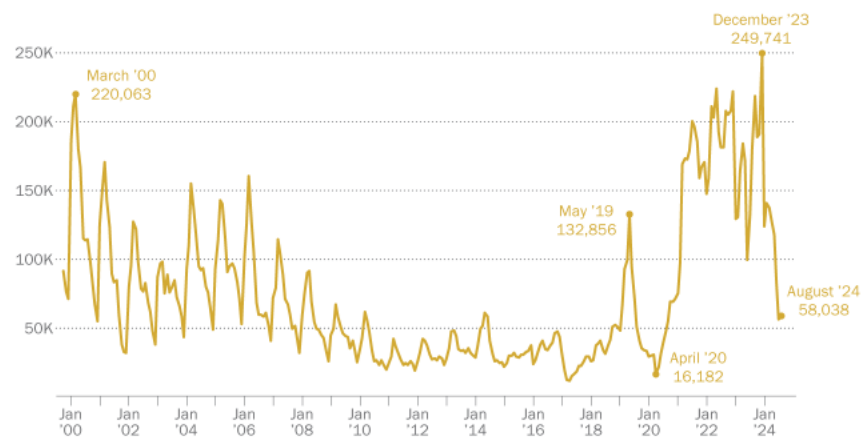
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Encounters with migrants at the U.S.-Mexico border peaked in December 2023 but have plummeted since then

Monthly migrant encounters by U.S. Border Patrol at the U.S.-Mexico border



Note: Beginning in March 2020, monthly totals combine apprehensions and expulsions into a new category known as encounters. Monthly totals before March 2020 include apprehensions only. Some migrants are encountered more than once.
Source: U.S. Customs and Border Protection.



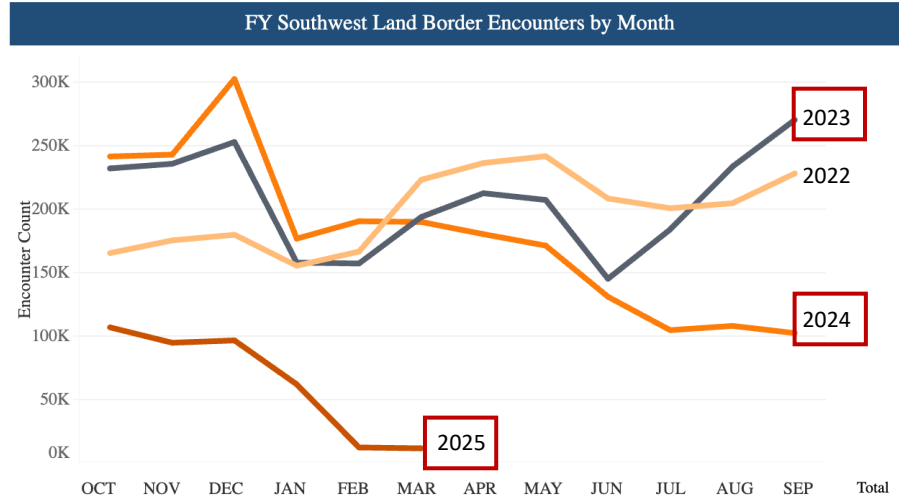
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<https://usafacts.org/articles/what-can-the-data-tell-us-about-unauthorized-immigration>

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Recent Border Encounters



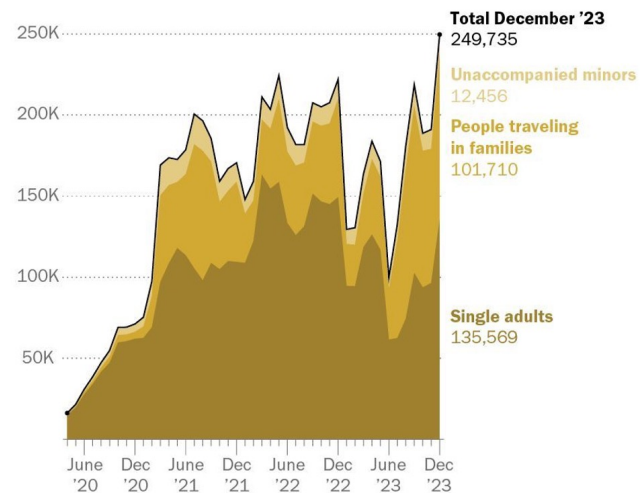
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Growing #s of People Traveling in Families

Monthly migrant encounters by U.S. Border Patrol at U.S.-Mexico border involving ...



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Source: Pew Research Center, US Customs and Border Protection

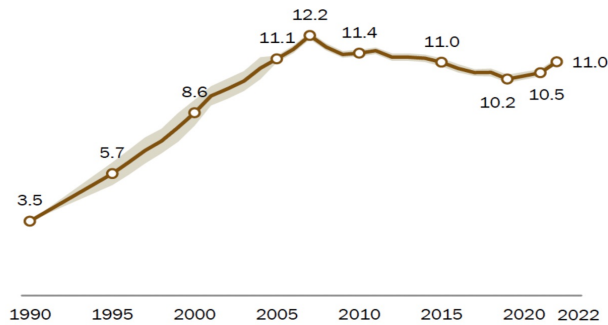
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U.S. Unauthorized Immigration Totals

The number of unauthorized immigrants in the U.S. grew from 2019 to 2022

Unauthorized immigrant population in the U.S., in millions



And is about the same
As in 2015.

Data suggest:

- 11.7 in 2023.
- Less than 13 million currently

Note: Shading shows the range of the estimated 90% confidence interval. The data points labeled are 1990, 1995, 2000, 2005, 2007 (peak), 2010, 2015, 2019, 2021 and 2022. Source: Pew Research Center estimates based on augmented U.S. Census Bureau data.



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Source: Pew Research Center, What we know about unauthorized immigrants living in the U.S., July 22, 2024

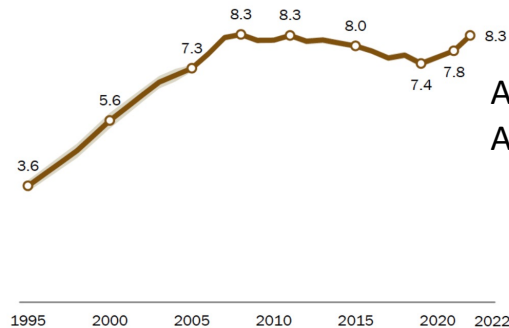
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U.S. Unauthorized Immigration: Labor Force

The number of unauthorized immigrants in the U.S. workforce grew rapidly from 2019 to 2022

Unauthorized immigrants in the U.S. who are working or looking for work, in millions



And is about the same
As in 2006-2010.

5% of labor force
3% of population

Note: Shading shows the range of the estimated 90% confidence interval. The data points labeled are 1995, 2000, 2005, 2008 (peak), 2011, 2015, 2019, 2021 and 2022. Source: Pew Research Center estimates based on augmented U.S. Census Bureau data.



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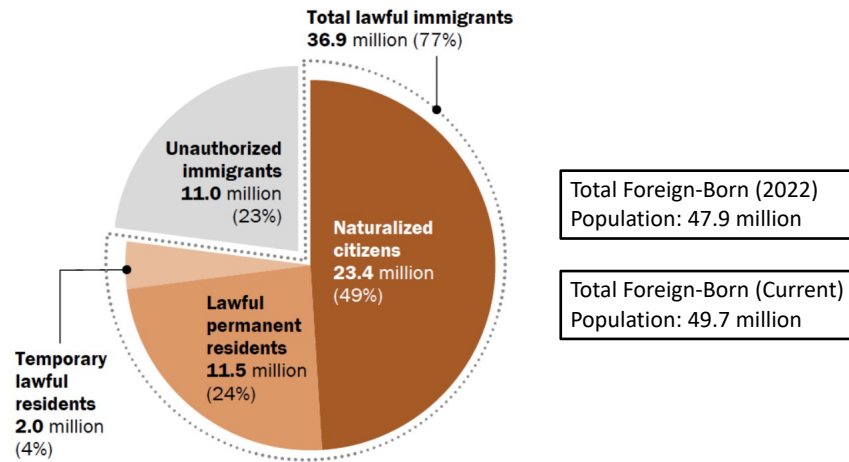
Source: Pew Research Center, What we know about unauthorized immigrants living in the U.S., July 22, 2024

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Unauthorized immigrants were 23% of the U.S. foreign-born population in 2022

Foreign-born population estimates, 2022



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Source: Pew Research Center, What we know about unauthorized immigrants living in the U.S., July 22, 2024

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Why Do We Care? Economic Implications

- Conventional Wisdom Issues:
 - Labor markets: Wages and Jobs
 - Government Revenue and Spending
 - Crime
- Other issues (that don't get talked about much):
 - Gross Domestic Product (GDP)
 - Innovation and Entrepreneurship



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GDP: How Does This Work?

- **What determines the size of an economy?**

- Physical capital
- Technology/productivity
- The number of workers
 - o Immigration adds to the number of workers.

- **Number of immigrants in the labor force is high**

- 33.0 million foreign-born persons ages 16+ in the labor force in August/24.
- 19.6% of the total US workforce.

- **Evidence**

- Immigrants added 11% to GDP (\$2 trillion) in 2016.



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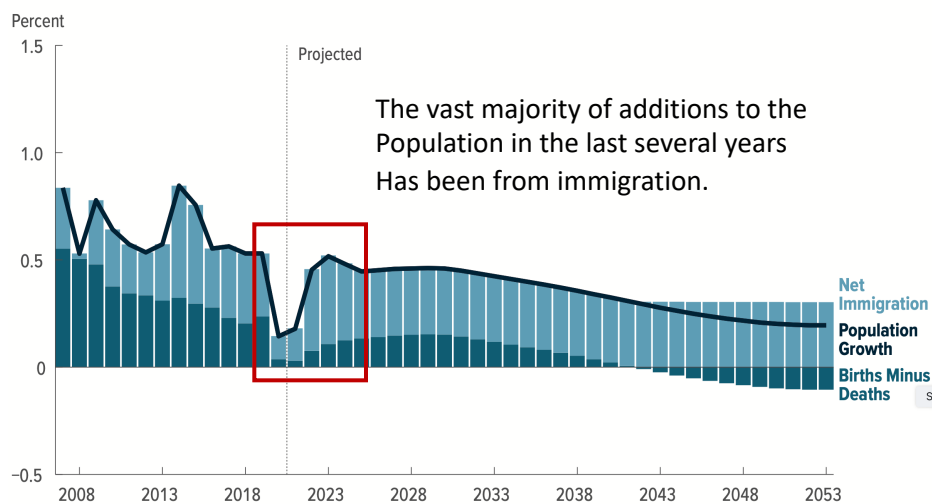
Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/>)
National Academies of Sciences, Engineering, and Medicine (2017) "The Economic and Fiscal Consequences of Immigration".

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Is Immigration Saving the Day?

Population Growth and Its Underlying Factors



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Source: CBO – The Demographic Outlook, 2023-2053

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Jobs: Conventional Wisdom...Upended

- **What is the conventional wisdom?**

- Low-skilled immigrants come in and take jobs from low-skilled native-born individuals.
 - o 1-1 tradeoff.

- **What does new research show?**

- Low-skilled immigrants contribute positively to the economy.
 - o Every 100 low-skilled immigrants: create 9 jobs for low-skilled native-born.
 - o They create opportunities for low-skilled native-born workers.
- Low-skilled immigrants take jobs that native-born don't want.

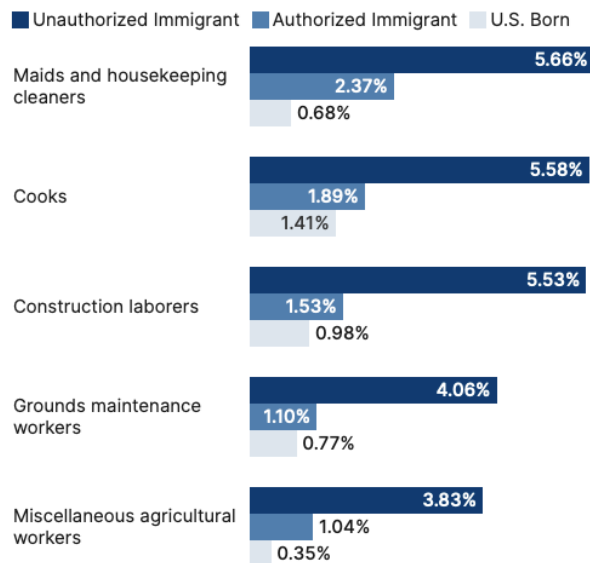


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Share of Workers in Each Occupations

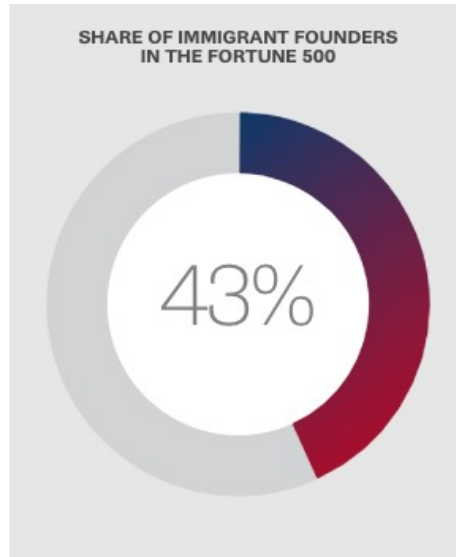


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Fortune 500: First- and Second-Generation Founders



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Government Revenues and Expenditures



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Topics?

- **Basic Question:**

- Taxes (income, sales, and other) immigrants pay vs. government expenditures on public benefits and services they receive.

- **More complicated:**

- Immigrants also affect the fiscal equation for many native-born residents.
 - Indirectly through labor and capital markets.
 - Changes in wages and the return to capital.

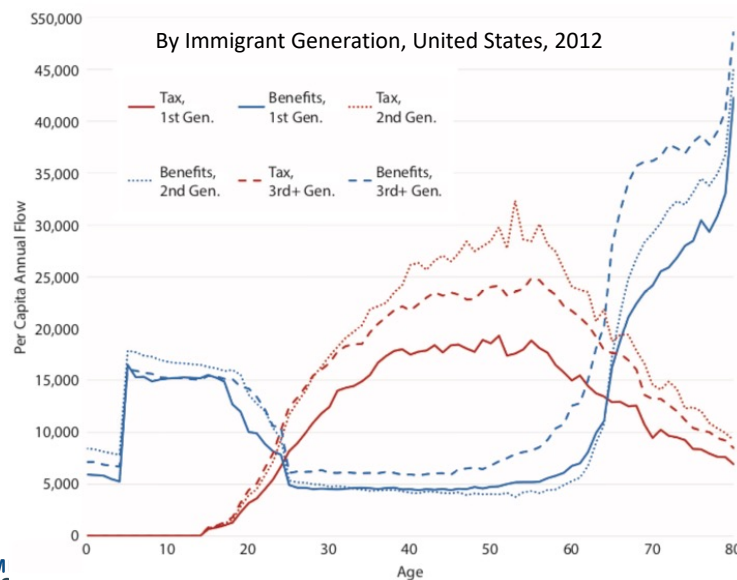


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Age-Specific Taxes and Benefits



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Source: Blau & Mackie (2017), p. 325.

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Bottom Line/Consensus of Estimates

- **Federal level:** fiscal impact is generally **positive**.
- **State and local level:** typically **negative** fiscal impact.



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Implications for Major Federal Programs

- **Documented immigrants are less likely to use Social Security and Medicare.**
- **Unauthorized immigrants are ineligible.**
 - They will pay into the system but cannot receive benefits.
- **Medicaid: not available to legal residents for the first five years.**
- **Provide a source of revenue for an aging population.**



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Immigrants and Crime Rates

- **Conventional wisdom:**

- Immigrants commit crimes more frequently than do native-born residents.
- Rising immigration leads to rising crime.

Let's Have a Look!



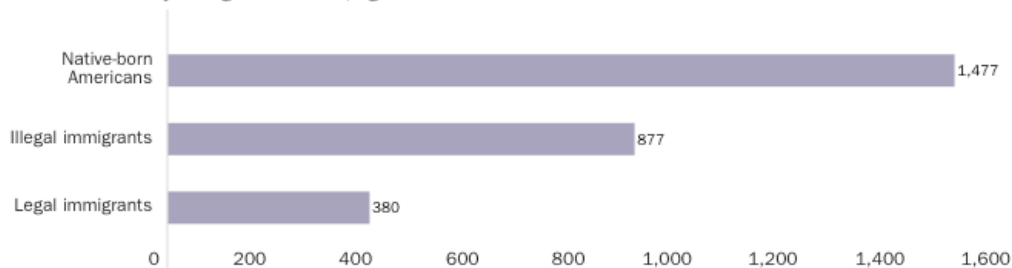
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Incarceration by Immigration Status, 2018

Incarceration rates by immigration status, ages 18–54



Source: Authors' analysis of the American Community Survey data.
Note: Rates are per 100,000 residents in each subpopulation.



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Source: Cato Institute, Illegal Immigrant Incarceration Rates, 2010–2018: Demographics and Policy Implications, April 2020.

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Immigrants and Crime Rates

- **Conventional wisdom:**

- Immigrants commit crimes more frequently than do native-born residents.
- Rising immigration leads to rising crime.

- **What do the data say?**

- Rates of incarceration are lower for the foreign born than US born.
- Neighborhoods with more immigrants have lower crime rates.
- There is no evidence that deporting noncitizen immigrants affects crime rates.



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Summary

- **Immigration can be thought of as increasing the population of the United States.**

- But they are a select group.

- **This brings economic growth and opportunity, just as does increasing the native-born population.**

- But not crime.

- **Including unauthorized immigrants, the supply of low-skilled workers is increased.**

- This lowers the wages of low-skilled workers.
- But also increases labor force participation among highly skilled workers.



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At the Same Time....

- **Immigrants are often a select group:**
 - Willing to incur an enormous personal or familial cost to better their lives.
- **As a result:**
 - Immigrants tend to be entrepreneurial and to add significantly to economic growth.
- **Although there are distributional issues:**
 - Immigration is an important contributor to economic growth.
 - Immigration helps to sustain vital government programs.



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About Conventional Wisdom

- **Native-born unskilled workers**
 - There is some negative impact on their wages.
 - But opportunities are also created.
- **Crime**
 - Immigrants, both authorized and unauthorized, commit crimes at much lower rates than do native-born residents.
- **Government programs**
 - **Federal:** immigrants are a source of revenue and stability for some important programs.
 - **State and local:** because education is funded at the local level, this can be a drain on local government coffers.



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Recent Immigration Issues

- DACA
- The Northern Triangle
- The Venezuelan Wave
- Haitians in Springfield, Ohio
- Mass Deportations



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DACA (Deferred Action for Childhood Arrivals)

- Entered U.S. before age 16, now in U.S.
- Entered before June 2007.
- Currently in school, high school grad or honorable discharge from military.
- No felony conviction or threat to security.
- Renewable every 2 years.
- Executive Order by Obama, Trump ended, Biden restored.



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DACA Statistics

- **825,000 of them. Arrived prior to June 15, 2007**
 - 343,000 employed in essential jobs. (According to DHS: health/education)
 - 168,000 in California
- **1/3 arrived before the age of 5.**
- **Average is now 26 years old.**
- **1.3 million live with a DACA individual**
 - 300,000 dependent children.
- **Tax revenues:**
 - \$6.2 billion federal, \$3.3 billion state



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The Northern Triangle

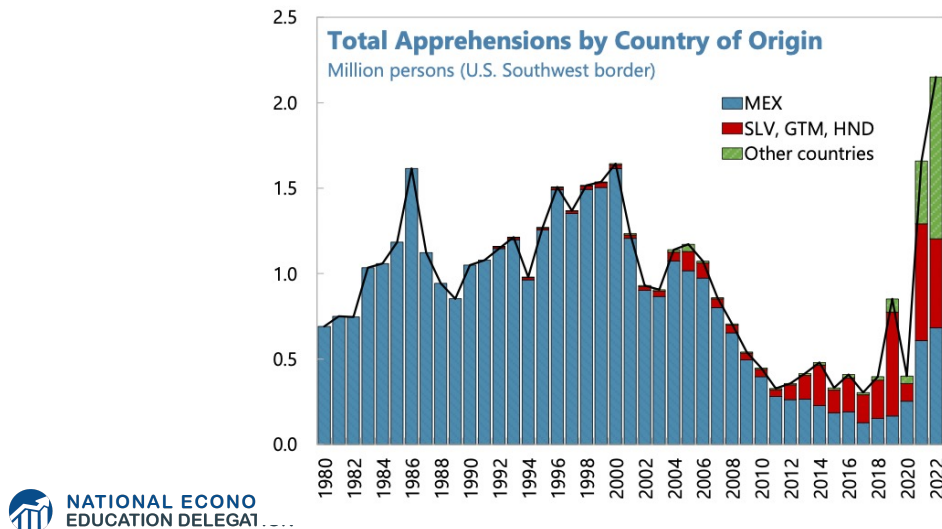


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Northern Triangle Apprehensions (Northern Triangle Countries in Red)



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The Surge of Venezuelans



- Almost 8 million Venezuelans have left
- Caused by economic mismanagement, hyperinflation, unrest, violence
- Largest national group arrested for entering U.S.
- Temporary Protected Status
 - Venezuela, Nicaragua, Haiti, and Cuba
- Increasingly stuck in Mexico

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What's Going on in Springfield, Ohio?



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Only Currently Permissible Refugees: S. Africa



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Mass Deportations

- **Immigrants work different jobs than do native-born workers.**
- **Immigrants contribute to the local economy.**
 - GDP losses of up to \$1.7 trillion annually.
- **Immigrants keep prices low: in particular, food!**
- **Deportations impact tax revenues.**
 - \$1,300 more in on average than out, annually.
 - Unauthorized immigrants: \$22.6 billion in social security and \$5.7 billion in Medicare payments.
- **Deportations are expensive (\$13,000 each).**
 - Total cost \$315 billion.
- **They rob people of their dignity.**



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Thank you!

Any Questions?

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