



## Who Are We?

- **Honorary Board: 52 members**

- 2 Fed chairs: Janet Yellen, Ben Bernanke
- 6 chairs of the Council of Economic Advisers
  - o Furman (D), Rosen (R), Bernanke (R), Yellen (D), Tyson (D), Goolsbee (D)
- 3 Nobel prize winners
  - o Akerlof, Smith, Maskin

- **Delegates: 520+ members**

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

- **Global Partners: 45 PhD Economists**

- Aid in slide deck development

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## Credits and Disclaimer

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- **Disclaimer**

- NEED presentations are designed to be nonpartisan.
- It is, however, inevitable that presenters will be asked for and will provide their own views.
- Such views are those of the presenter and not necessarily those of the National Economic Education Delegation (NEED).

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# Outline

- What is immigration and why do people migrate?
- History of immigration to the US
- Economics of immigration



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# What Is Immigration?

- **Immigration**
  - The action of coming to live in another country.
- **Emigration**
  - The act of leaving one's own country and going to live in another country.



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# Why Do People Migrate?

- **Push factors:**

- Economic dislocation, violence, population pressures, religious persecution, or denial of political rights.

- **Pull factors:**

- Potential for higher wages, job opportunities, and political or religious liberty, family unification.

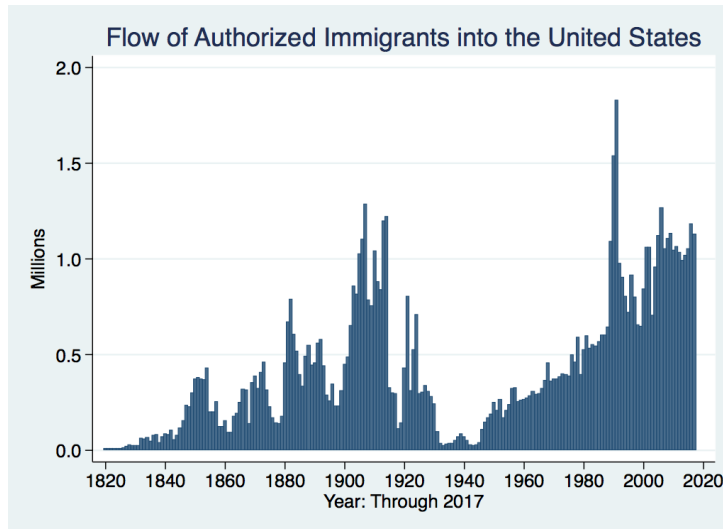
- **Uneven development:**

- Disparities in income, standards of living, and the availability of jobs within and across societies.



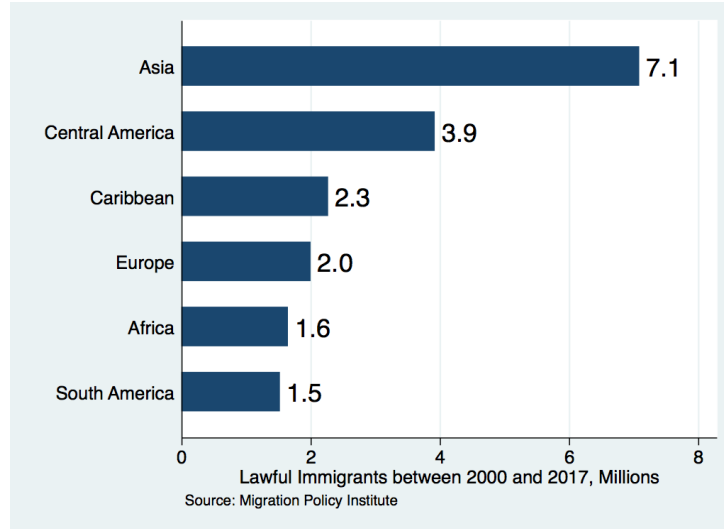
Source: Gilder Lehrman Institute of American History.

# Historical Trends in Authorized Immigration



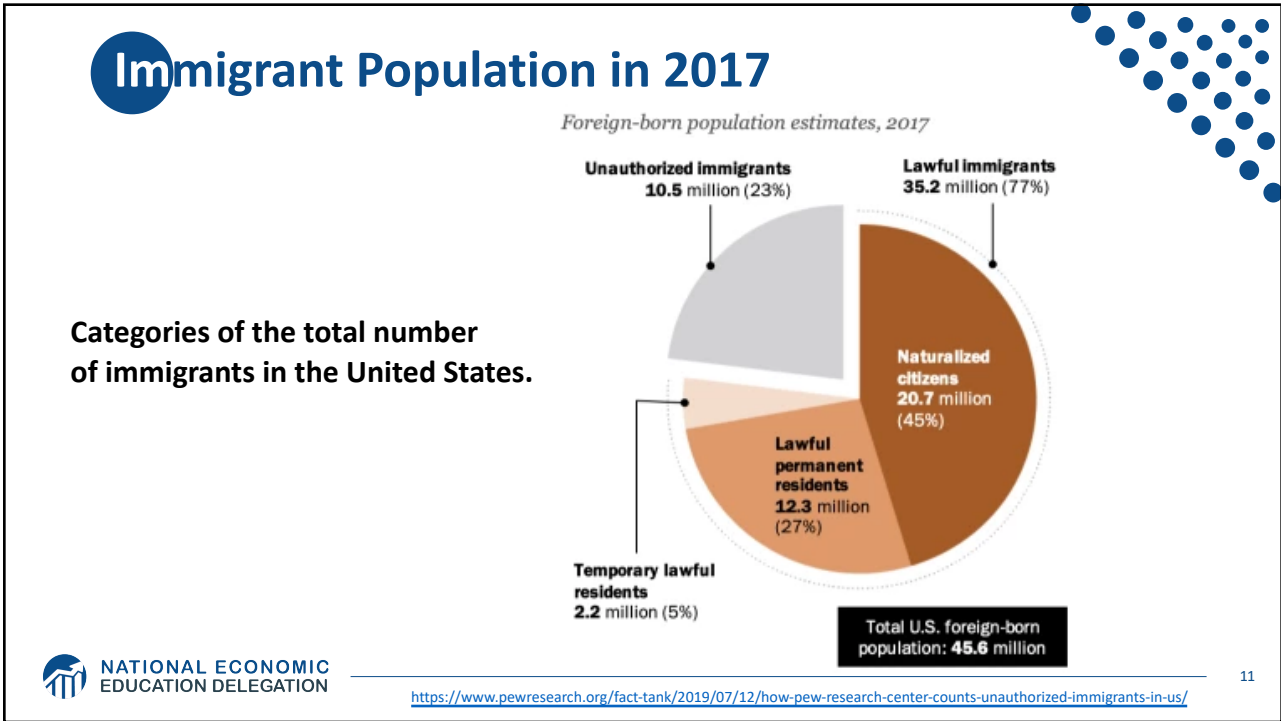
<https://www.libertyellisfoundation.org/immigration-timeline>

## Authorized Immigration by Region

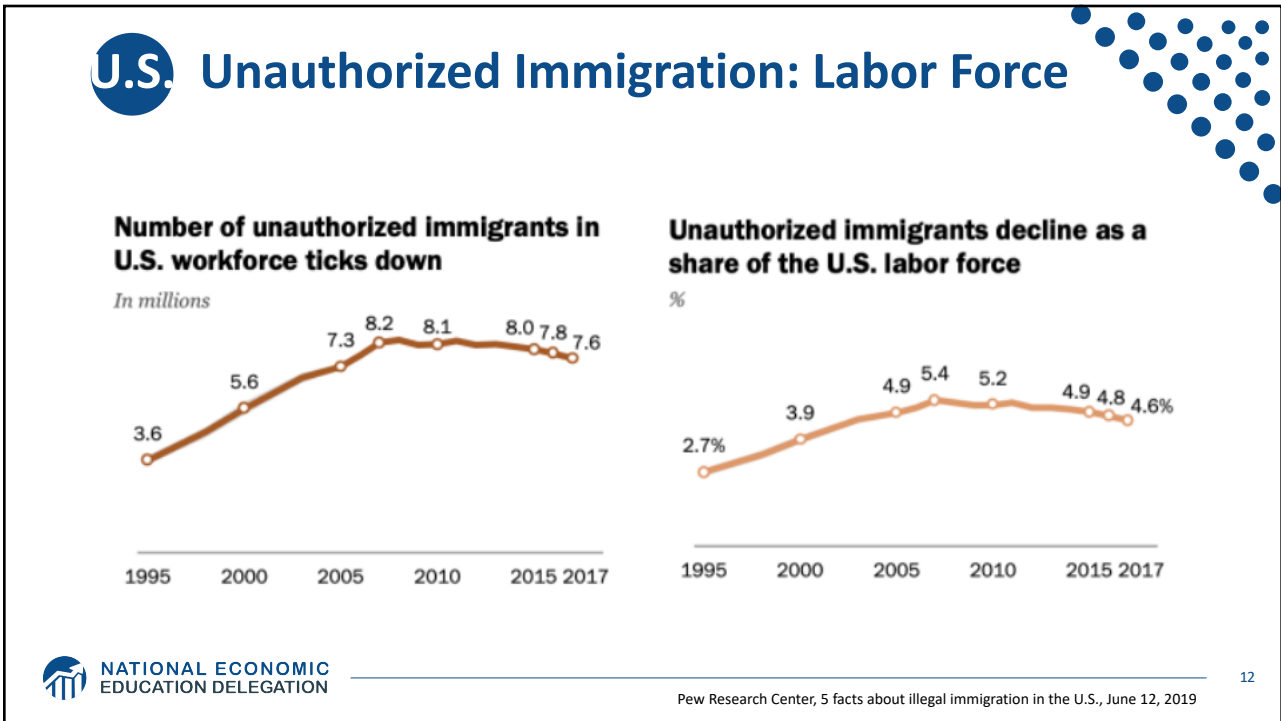


## Number of Immigrants and their Share of the total U.S. Population, 1850 -2019

- <https://www.migrationpolicy.org/programs/data-hub/us-immigration-trends#history>



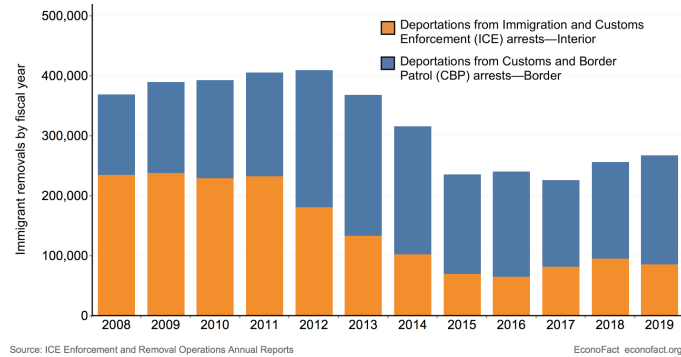
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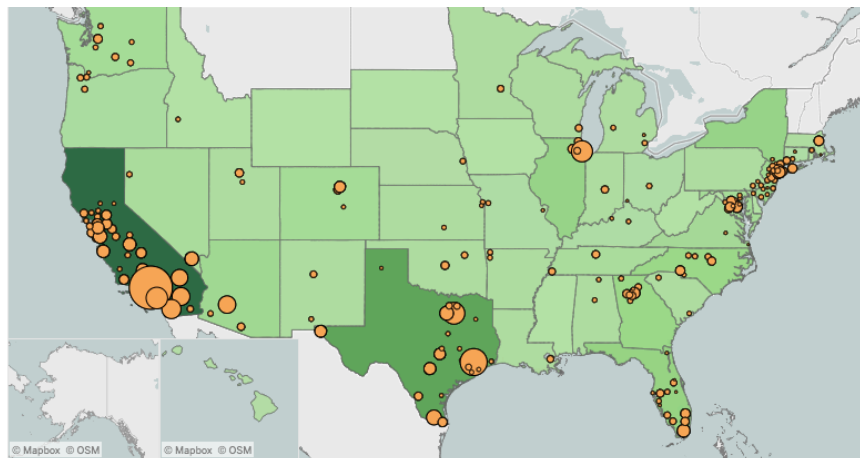
# Immigrant Deportations

## ICE DEPORTATIONS STEMMING FROM INTERIOR ENFORCEMENT AND BORDER ARRESTS FISCAL YEARS 2008 TO 2019



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# Unauthorized Immigration: 2012-2016



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## Why Do We Care? Economic Implications

- GDP
- Labor markets
- Government revenue and spending
- Crime



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## GDP: How Does This Work?

- **What determines the size of an economy?**
  - Technology/productivity
  - Physical capital
  - The number of workers
    - Immigration adds to the number of workers.
- **Number of immigrants in the labor force is high**
  - 28.2 million foreign-born persons ages 16+ in the labor force in 2018.
  - 17.4% of the total US workforce (little less than 5% unauthorized)
- **Evidence**
  - Immigrants added 11% to GDP (\$2 trillion) in 2016.



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## Labor Market Implications: Complicated

- **Depends on the type of immigrant: Skills/education**
  - Similar to native-born population? - Immigration surplus?
  - Low-skilled? - increases immigration surplus
  - Highly skilled? – increases immigration surplus
  
- **In the long-run: Brings capital market implications**
  - Expansion of capital stock through increased investments in equipment etc.



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## Labor Market Implications: General Principles

- **Short run**
  - Harm likely to native-born workers who are similar to immigrants.
  - Benefit likely for other workers and owners of capital.
  
- **Long run**
  - *Expanded opportunities* may restore wages of harmed native-born workers.
  - **Lower prices** in some areas will restore purchasing-power of harmed workers and others.
  - Inflows of other types of labor and capital may *return the economy to its pre-immigration wage structure and production patterns*.
  
- **Note: Repeated short run shocks can make the medium and long run look like the short run.**



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## Consensus among Economists

- **97% of economists agree or agree with provisos that immigration generally has a net positive economic effect for the US economy.**
- **64% of economists disagree with the statement that easing restrictions on immigration will depress the average wage rate in the US.**

Geide-Stevenson, LaParraPerez, (2021)



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## Labor Market Implications: The Surplus

- **The Surplus**
  - Immigration CAN make all native-born workers and capital more productive.
  - This increases incomes of the native born.
  - In other words, the economy might not just get bigger, it might become more productive as well!
  - This will, on average, increase the living standards of all native-born workers and owners of capital.



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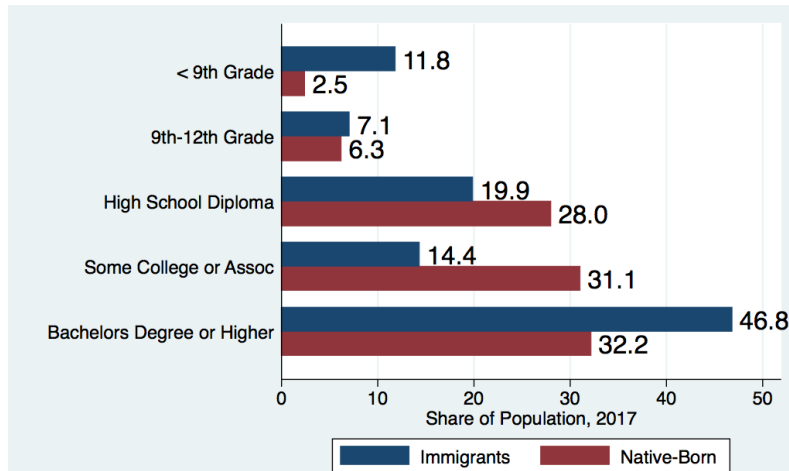
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## Labor Market Implications: Evidence of Surplus

	Surplus: % of GDP	
Type of Immigrants	Short Run	Long Run
No Skill Bias	0.24 to 0.50	0.02 to 0.03
Low skilled	0.45 to 0.90	0.42 to 0.77
Highly skilled	0.75 to 1.35	0.16 to 0.31

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## Recent Immigrants Are Less and More Educated



Source: Migration Policy Institute  
Authorized immigration between 2013-2017

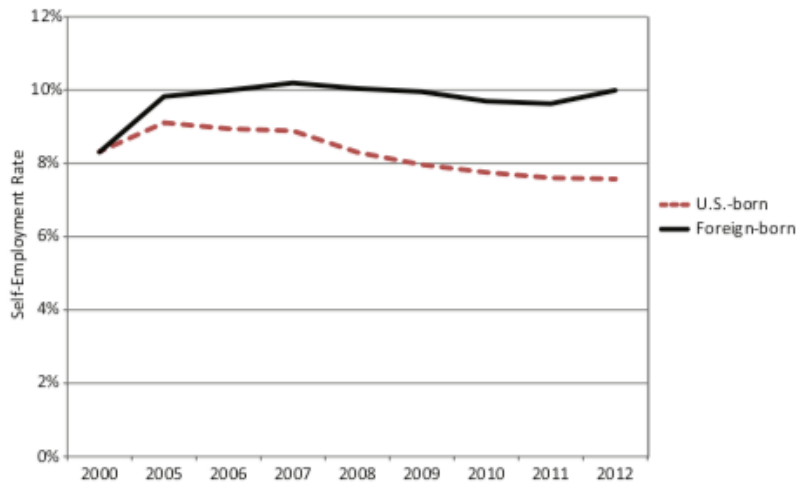
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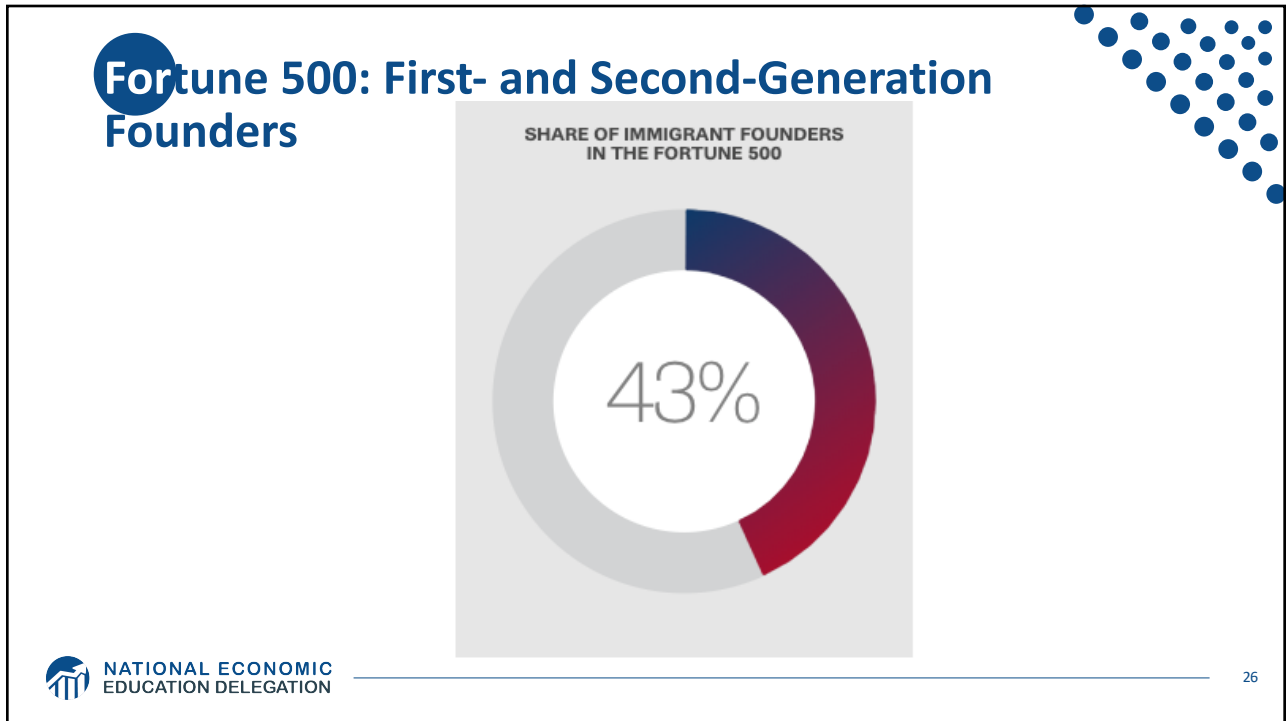
# Skilled Immigrants and Innovation

- **1% increase in the share of the immigrant college graduate population**
  - 9-18% increase in patenting per capita
  - Increased immigration increases patenting by native-born population
  - Nonetheless, the effect is positive
- **In the 1990s**
  - Increased skilled immigration can account for one-third of increased patenting in that decade.
  - This translates into a 1.4-2.5% increase in GDP per capita by the end of the decade.

# Immigrants and Entrepreneurship

### Self-Employment Rates by Nativity





## Immigration and Inequality: Summary

- **Beginning in about 1970, the immigrant share of the US population increased dramatically.**
  - 5% in 1970 and 14% in 2016
- **Compared to the native born, immigrants:**
  - Comprise a larger share of less-educated workers (less than HS diploma)
  - Comprise a larger share of highly educated workers (advanced degree)
- **Immigration has likely increased income inequality.**
- **Its effect has likely been small.**
  - ~5% between 1980 and 2000
  - No reason to think it has been bigger since then



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## Government Revenues versus Expenditures

- **Basic Question:**
  - What are the 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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## What Do We Know?

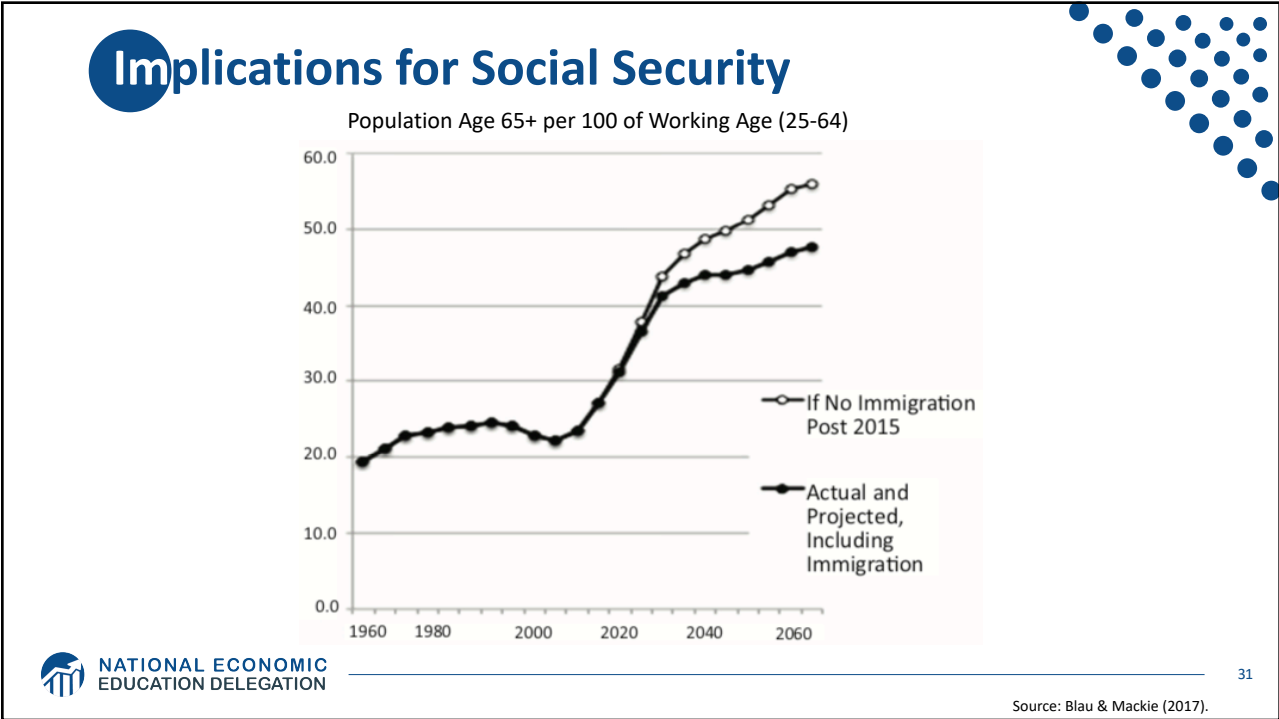
- **Immigrants who arrive while of working age:**
  - Are, on average, net contributors.
  - 21-year-old with a high school diploma: +\$126,000 over a lifetime
    - Though this value gradually declines with age at arrival.
    - Turns negative for arrivals of age 35+
- **Net contribution crucially depends on characteristics**
  - Age distribution, family composition, health status, fertility patterns
  - Temporary or permanent relocation
  - Employment in the legal labor market
  - Authorized or unauthorized



## Implications for Major Federal Programs

- **Documented immigrants are less likely to use Social Security and Medicare.**
- **Unauthorized immigrants are ineligible.**
  - They will (may) 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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## Bottom Line/Consensus of Estimates

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

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# Immigrants and Crime Rates

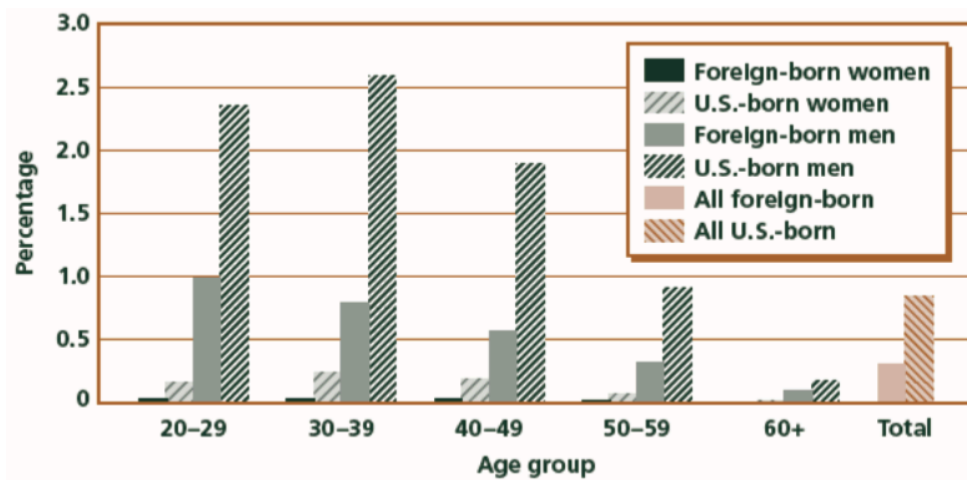
## • Conventional wisdom:

- 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.

# Crime: Incarceration Rates in California



## Summary

- Immigration should be thought of as increasing the population of the United States.
- This brings economic growth and opportunity, just as does increasing the native-born population.
- 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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## About Conventional Wisdom

- **Native-born unskilled workers**
  - There is some negative impact on their wages.
  - But who wins and loses depend on the skill mix of immigrants;
    - o when this skill mix changes, so do its effects.
- **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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**Thank you!**

# Any Questions?

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# Policy Questions

**What about DACA (deferred action on childhood arrivals)?**

**What about the border wall?**



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## Available NEED Topics Include:

- US Economy
- Economic Inequality
- Climate Change
- US Social Policy
- Trade and Globalization
- Economic Mobility
- Trade Wars
- Housing Policy
- Federal Budgets
- Federal Debt
- 2017 Tax Law
- Autonomous Vehicles

