

# The Economics of Immigration

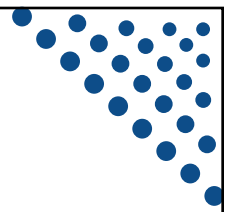
Diablo Valley League of Women Voters  
April 17, 2025

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National Economic Education Delegation



## Why Do People Migrate?



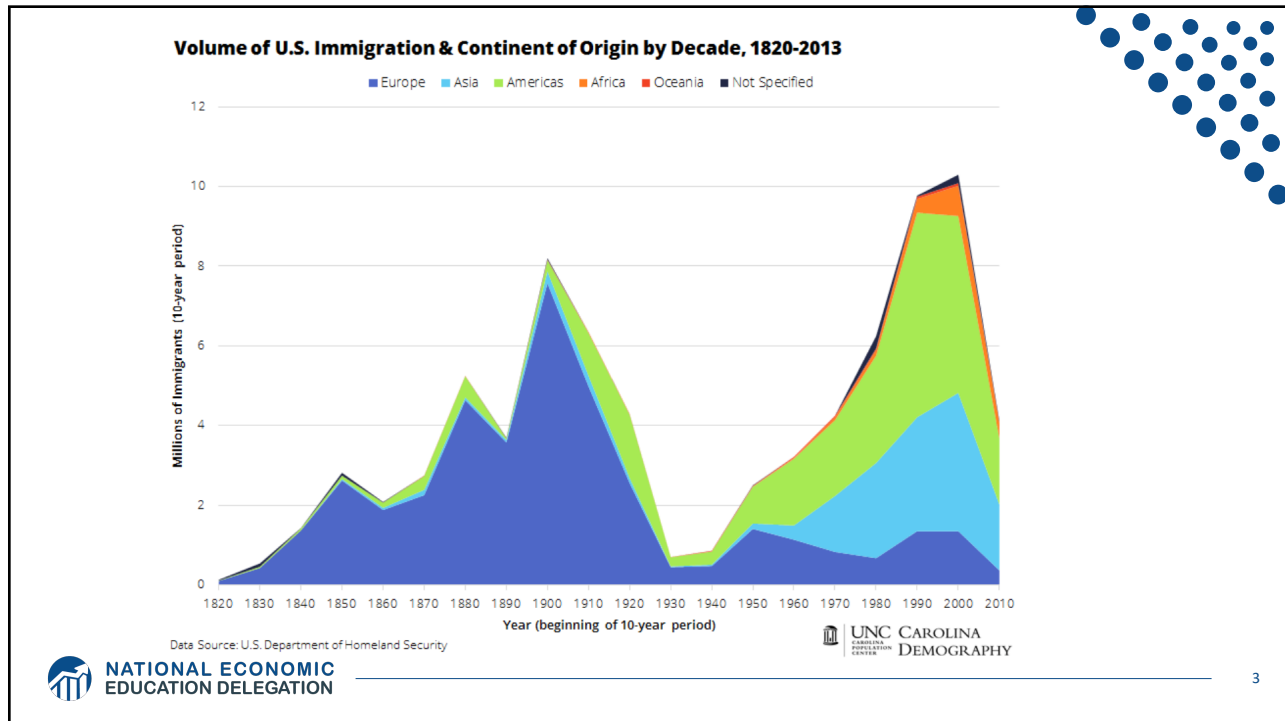
### • Push factors:

- 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.

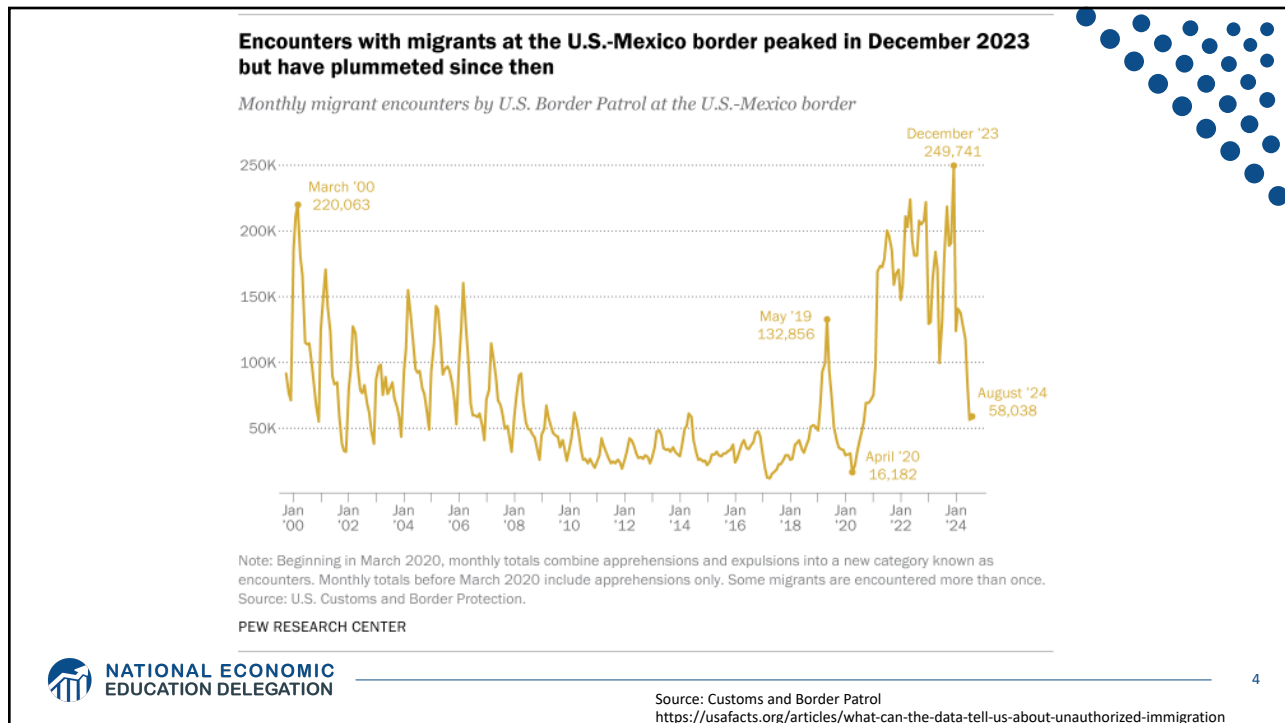
### • Pull factors:

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



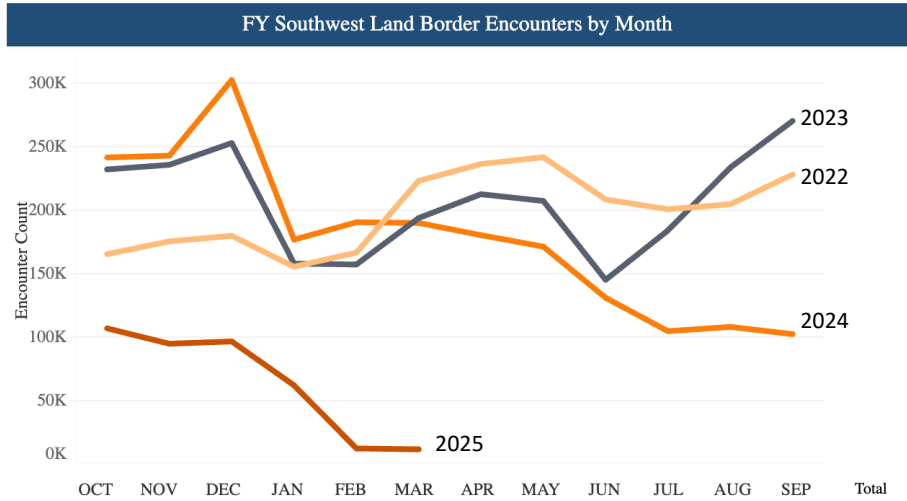


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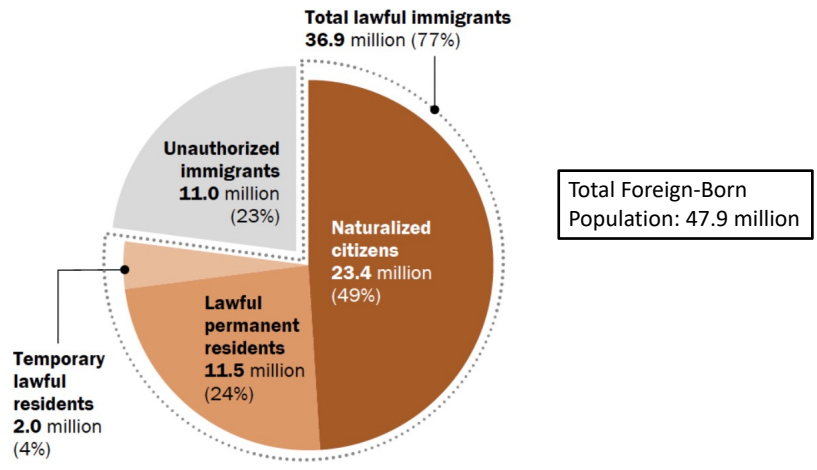
# Recent Border Encounters



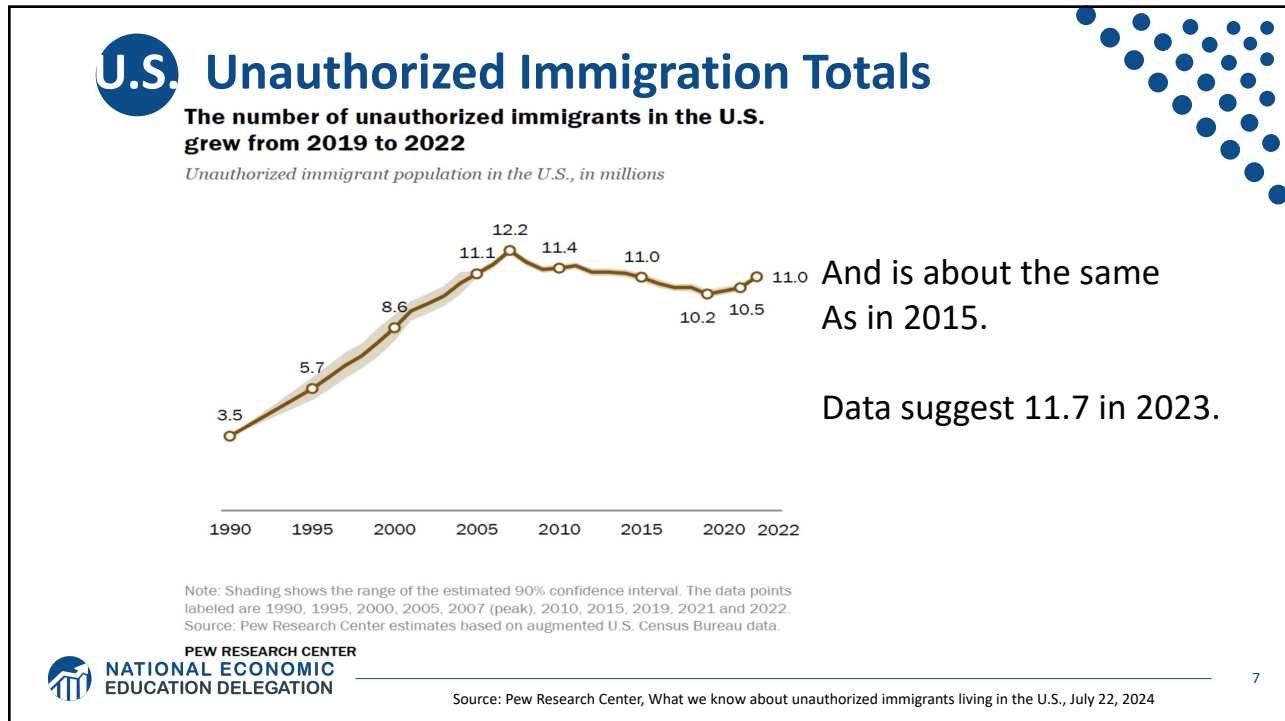
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## Unauthorized immigrants were 23% of the U.S. foreign-born population in 2022

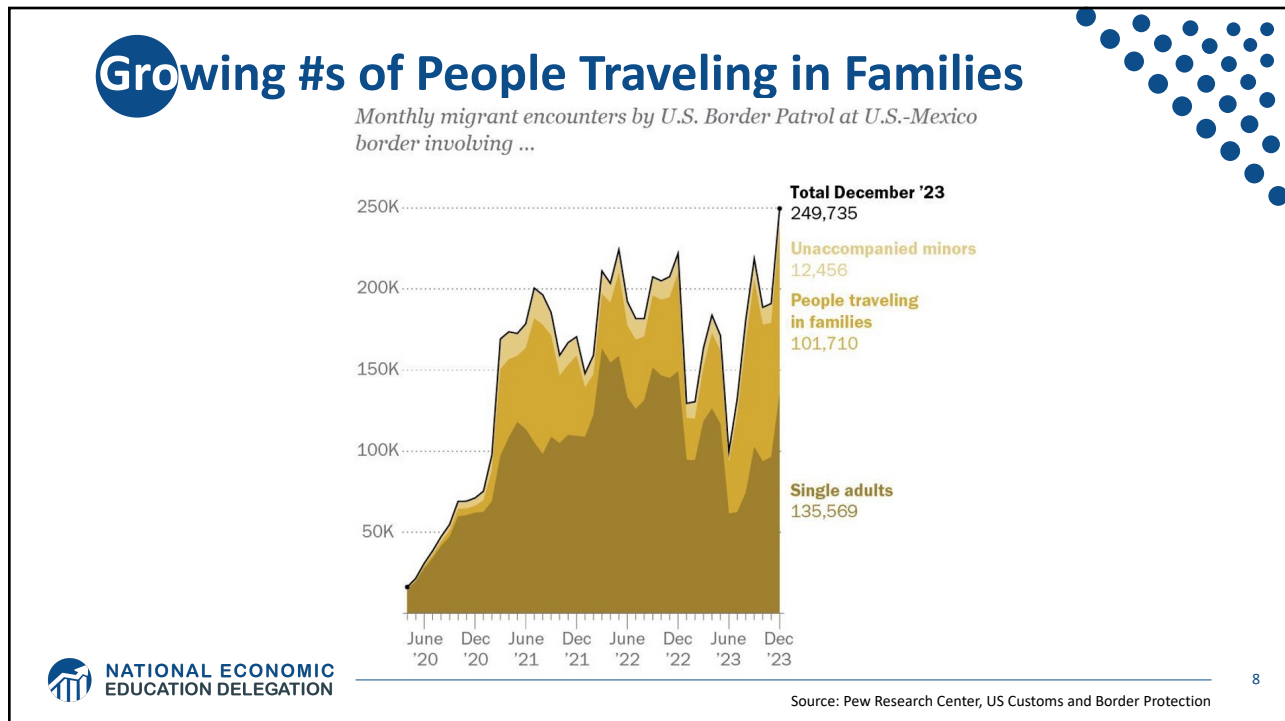
Foreign-born population estimates, 2022



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## 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**



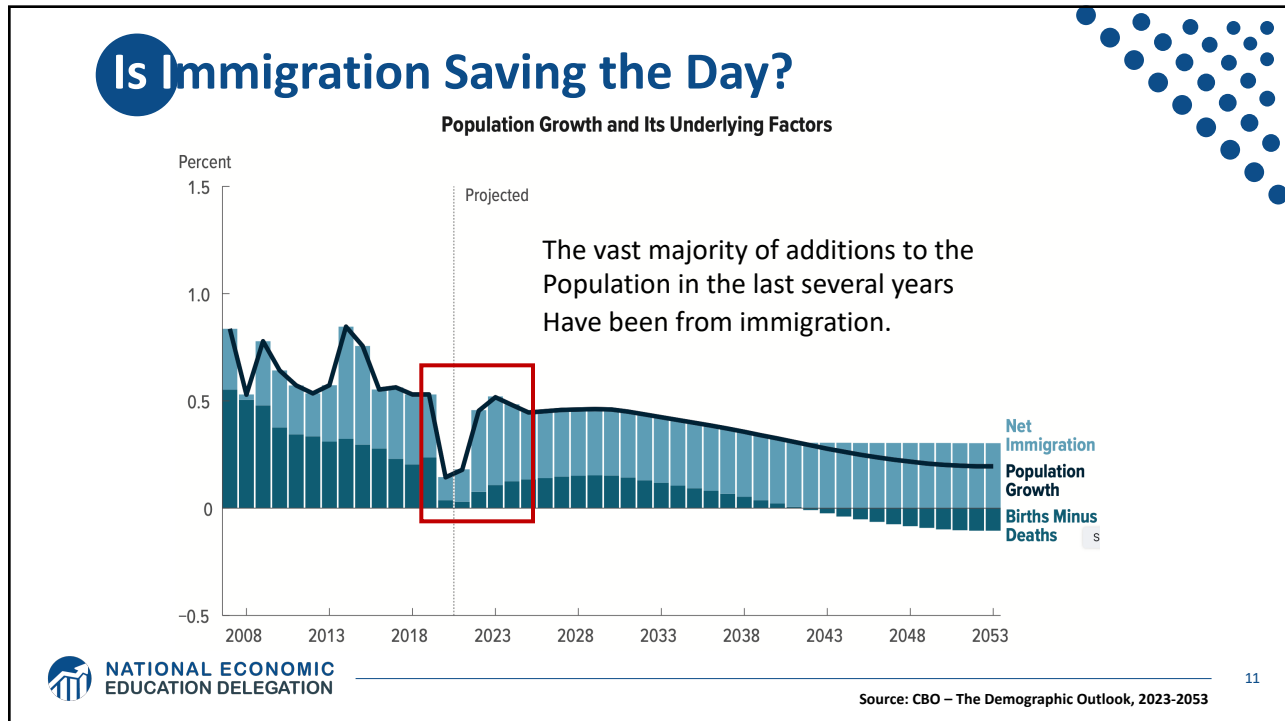
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## GDP: How Does This Work?

- **What determines the size of an economy?**
  - Physical capital
  - Technology/productivity
  - The number of workers
    - 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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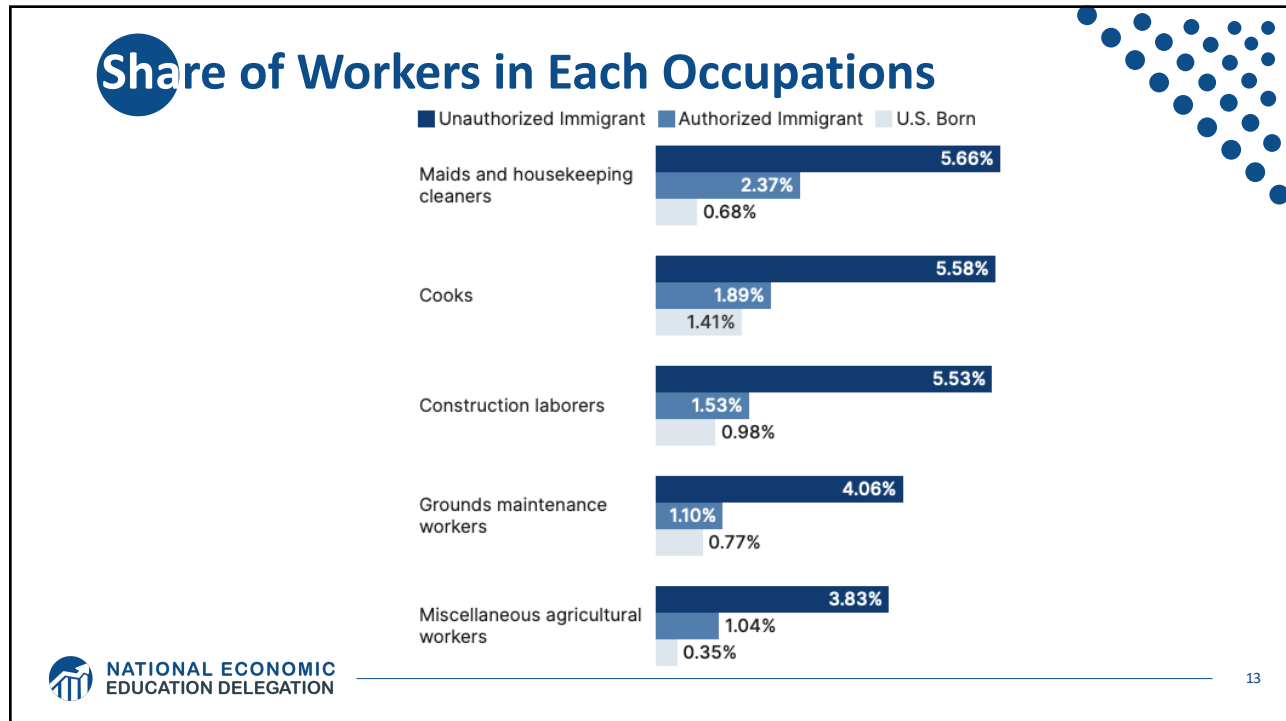
## Jobs: Conventional Wisdom...Upended

- **What is the conventional wisdom?**
  - Low-skilled immigrants come in and take jobs from low-skilled native-born individuals.
    - 1-1 tradeoff.
- **What does new research show?**
  - Low-skilled immigrants contribute positively to the economy.
    - Every 100 low-skilled immigrants: create 9 jobs for low-skilled native-born.
    - They create opportunities for low-skilled native-born workers.
  - Low-skilled immigrants take jobs that native-born don't want.

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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.

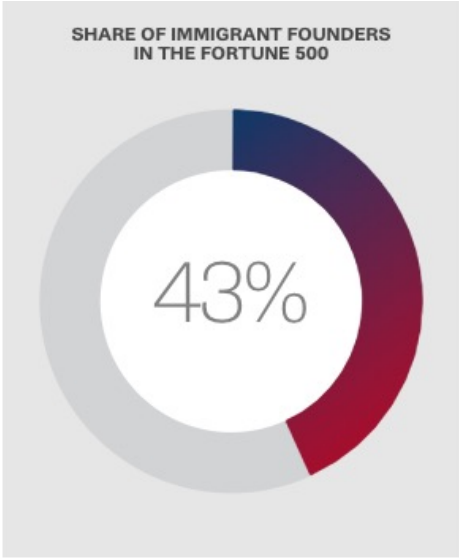
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Source: Hunt and Gauthier-Loiselle (2008).

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# Fortune 500: First- and Second-Generation Founders



SHARE OF IMMIGRANT FOUNDERS  
IN THE FORTUNE 500

43%

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The slide features a donut chart with a dark blue segment representing 43% of the total. The chart is set against a light gray background. The text 'SHARE OF IMMIGRANT FOUNDERS IN THE FORTUNE 500' is positioned above the chart, and '43%' is displayed in the center. The slide title is 'Fortune 500: First- and Second-Generation Founders'. The logo for the National Economic Education Delegation is in the bottom left, and the number '15' is in the bottom right. A decorative pattern of blue dots is in the top right corner.

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# Government Revenues and Expenditures

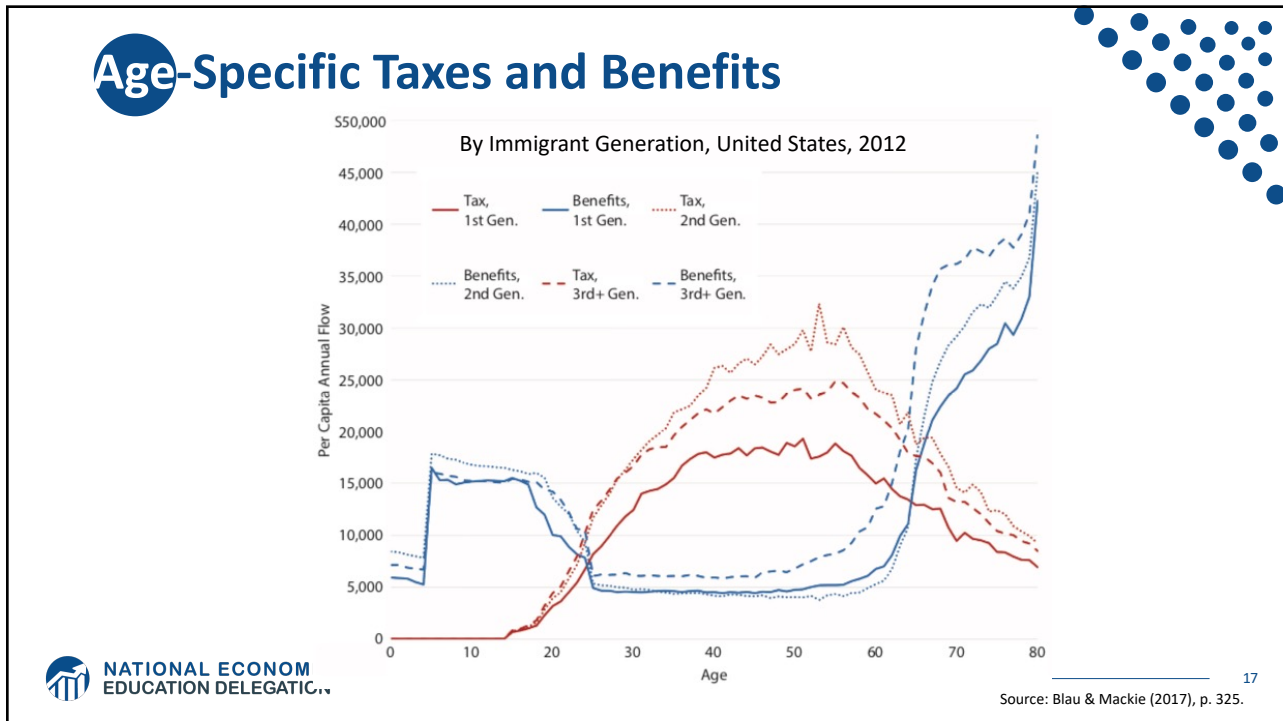
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The slide features the title 'Government Revenues and Expenditures' in a large, bold, blue font. The logo for the National Economic Education Delegation is in the bottom left, and the number '16' is in the bottom right. A decorative pattern of blue dots is in the top right corner.

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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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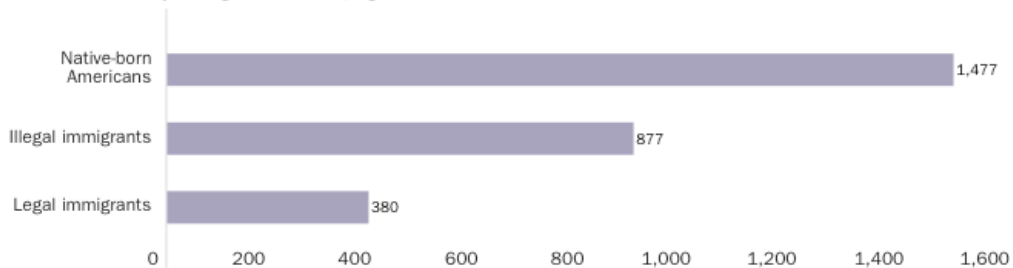
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## Implications for Major Federal Programs

- 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.

## 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.

## 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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## 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;
    - 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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## 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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