



The Economics of Immigration

Kirkwood Presbyterian Church
January 12, 2024

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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

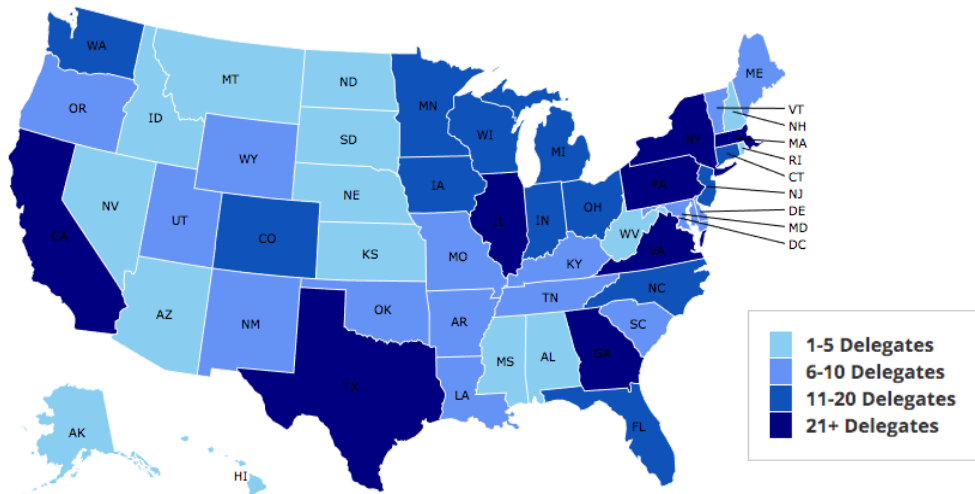


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Where Are We?

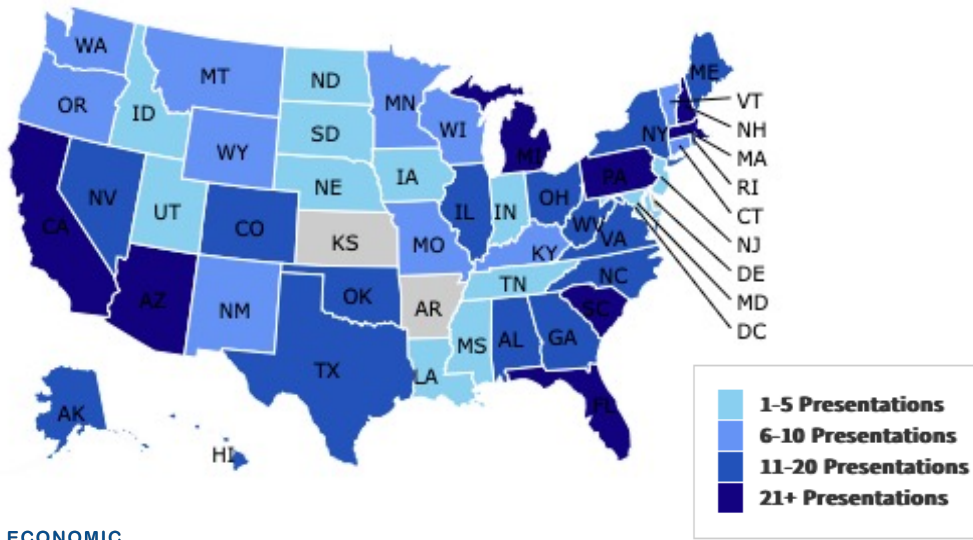


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Where Have We Presented? (1,240 Talks)



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Credits and Disclaimer

- **This slide deck was authored by:**
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 - Kirk Doran, Notre Dame
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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

- 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.

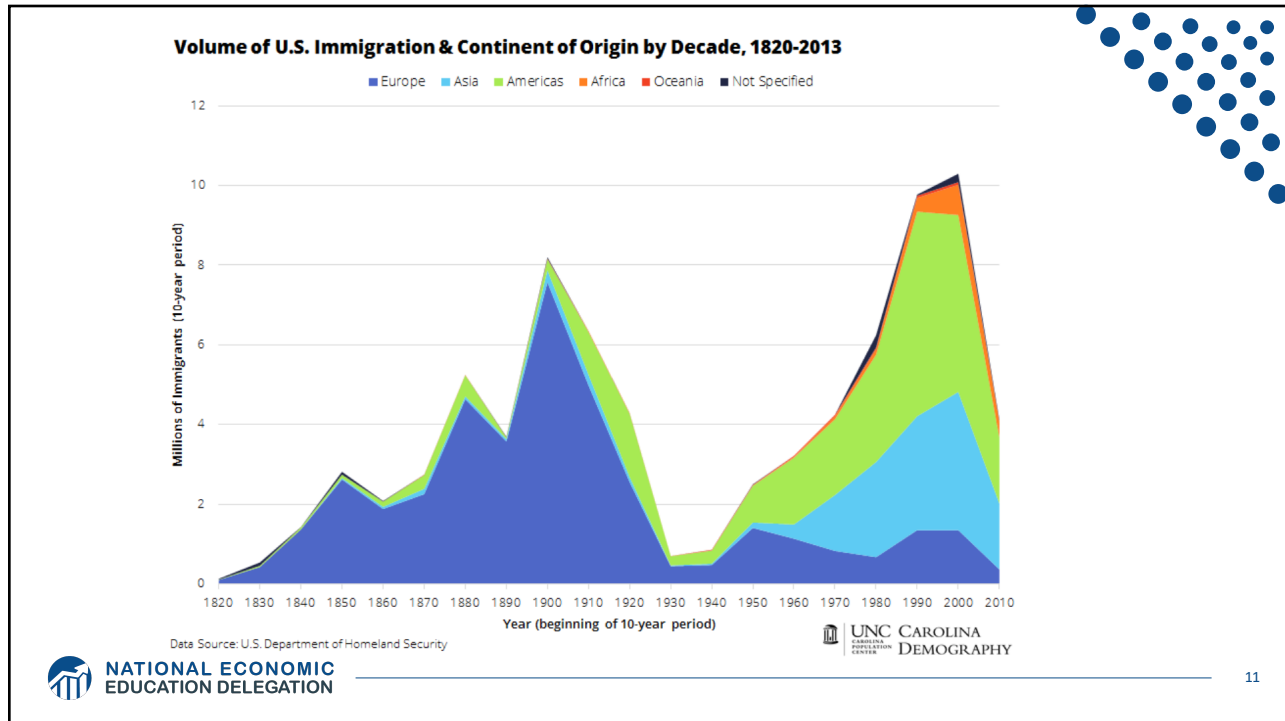


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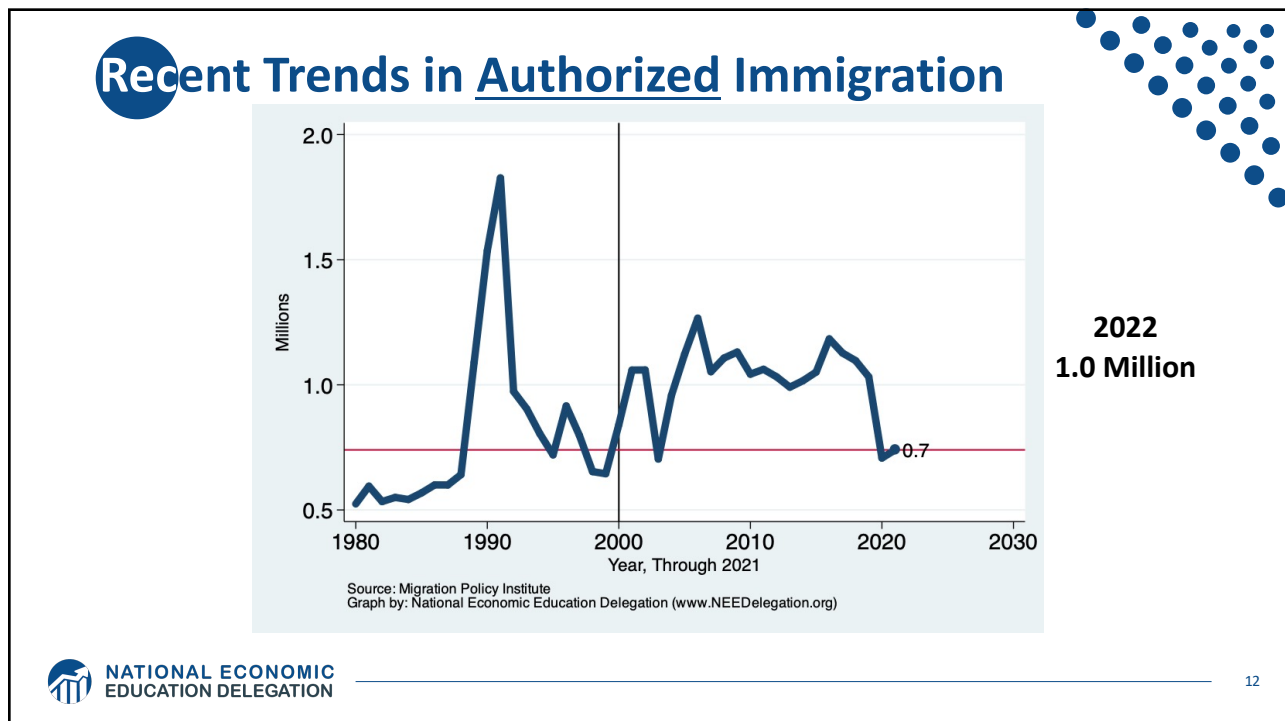
Source: Gilder Lehrman Institute of American History.

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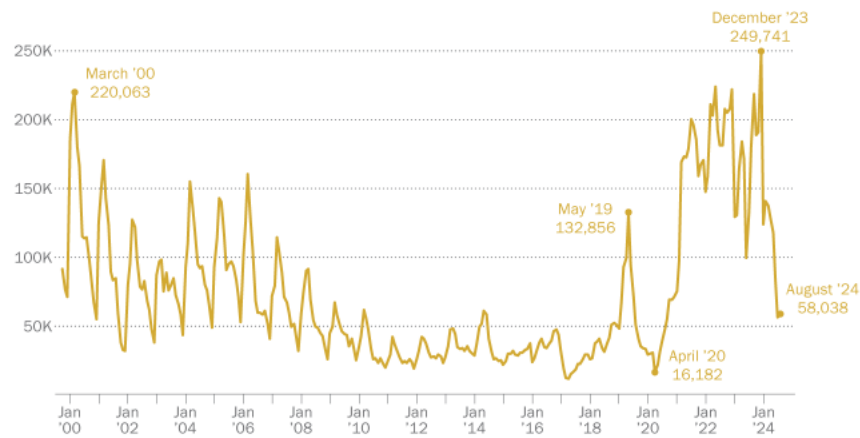
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UNauthorized Immigration

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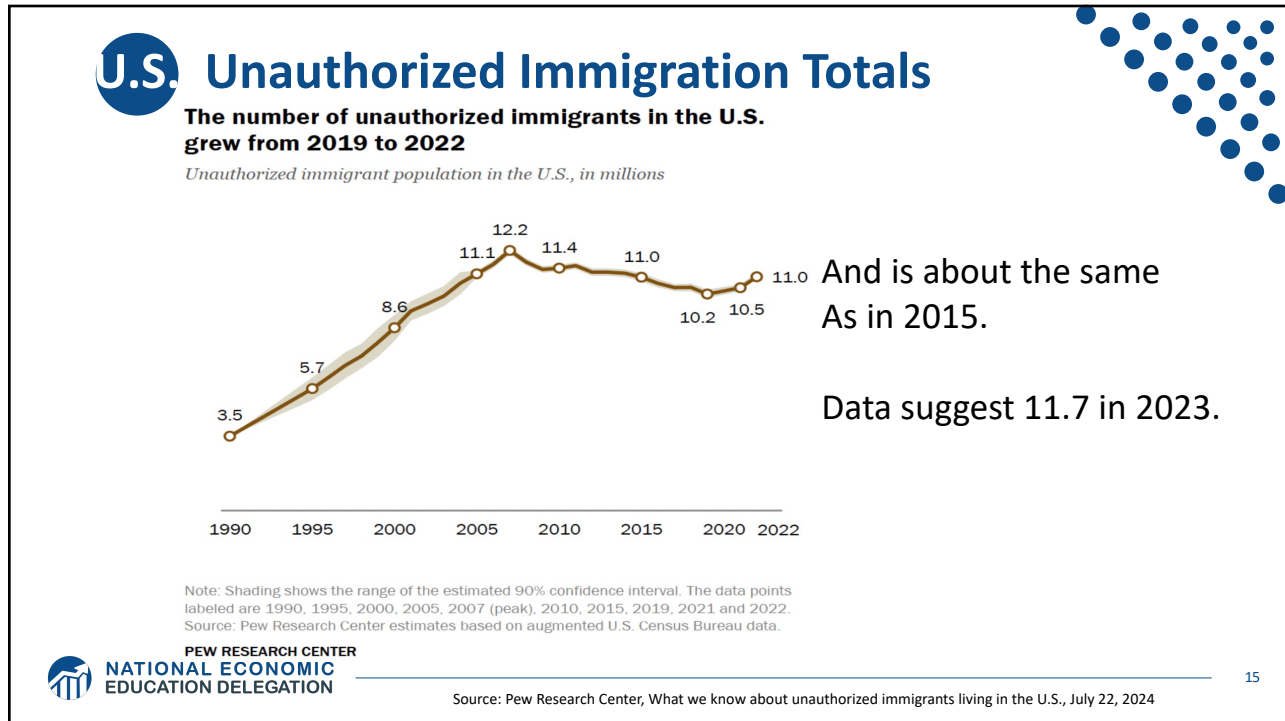
Encounters with migrants at the U.S.-Mexico border peaked in December 2023 but have plummeted since then

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

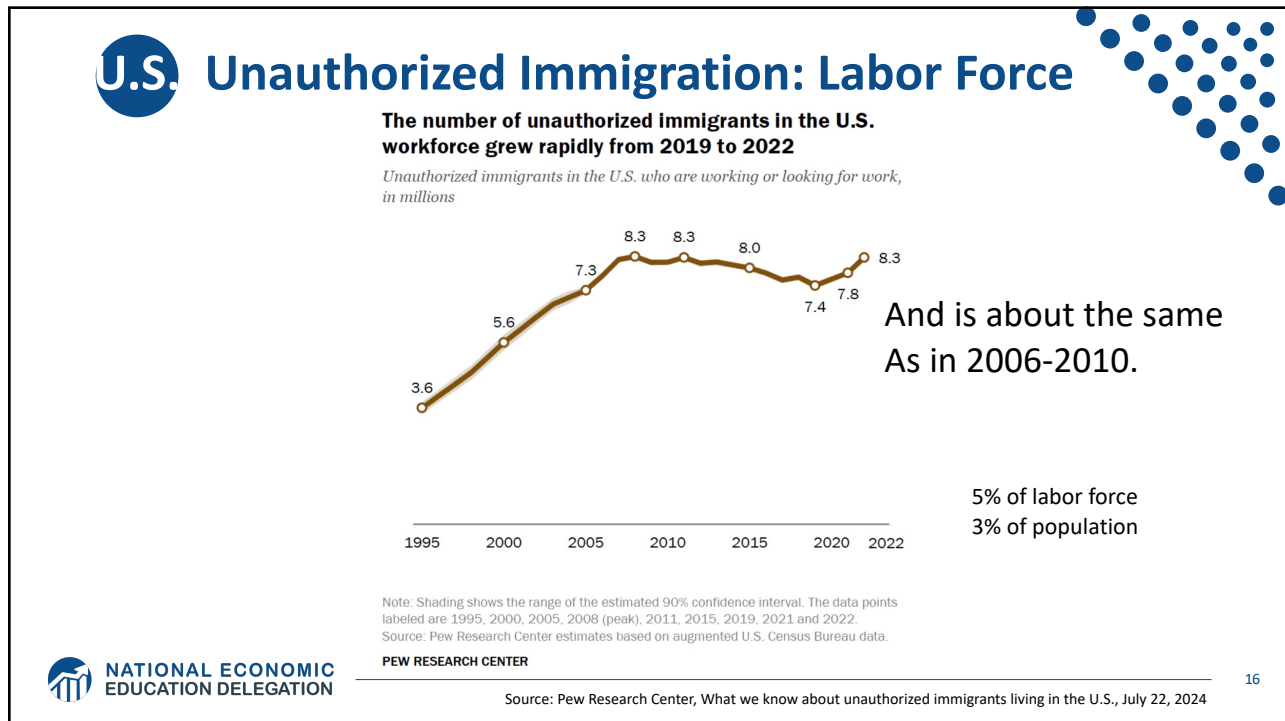


Note: Beginning in March 2020, monthly totals combine apprehensions and expulsions into a new category known as encounters. Monthly totals before March 2020 include apprehensions only. Some migrants are encountered more than once. Source: U.S. Customs and Border Protection.

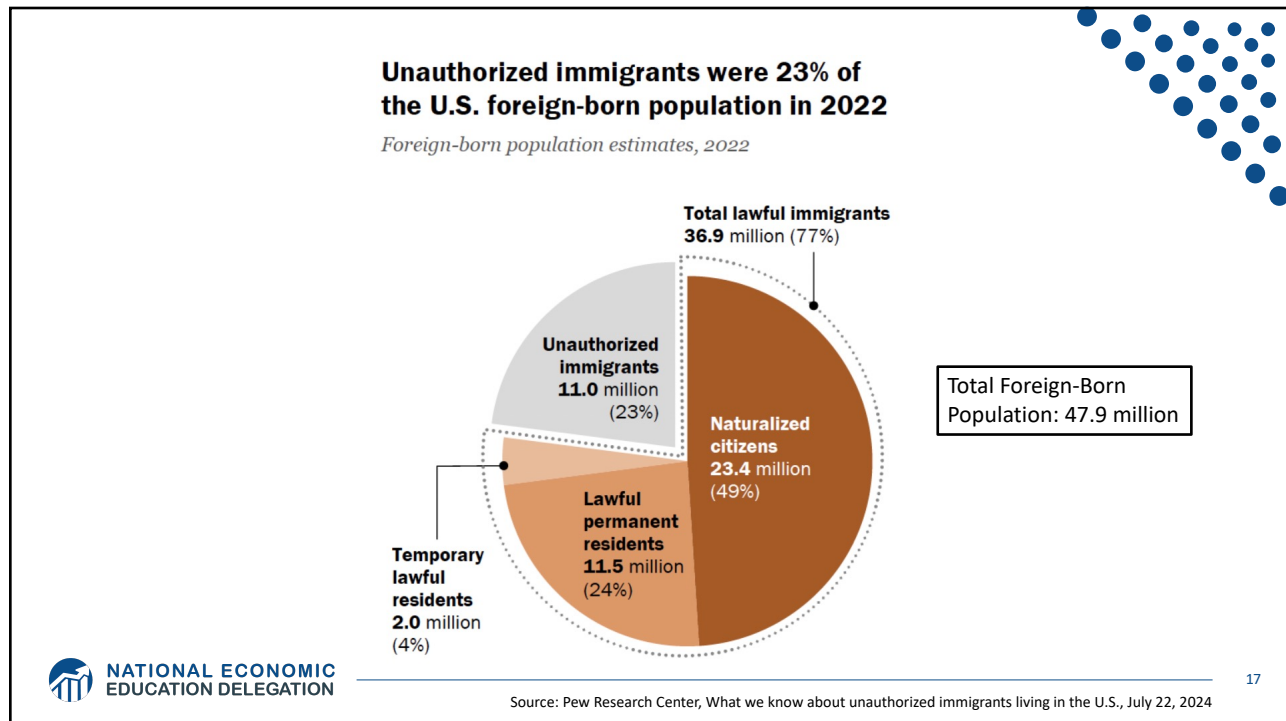
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Why Do We Care? Economic Implications

- 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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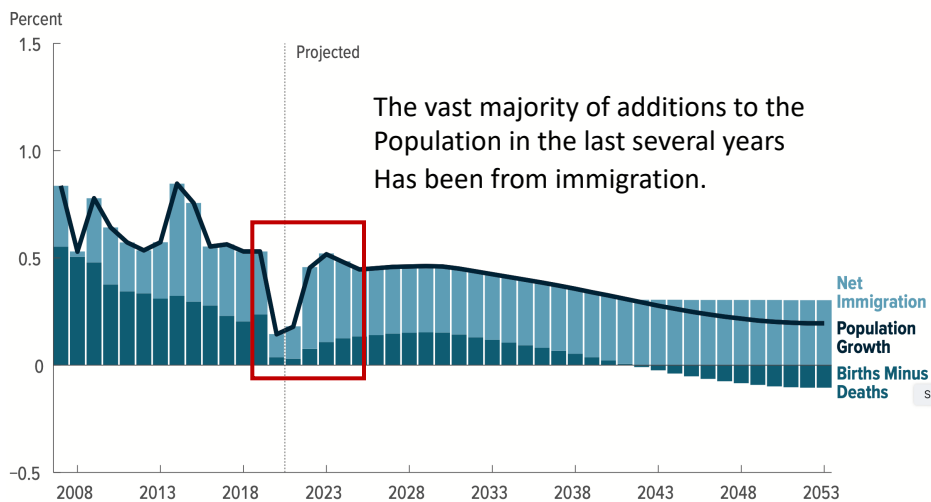
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GDP: How Does This Work?

- **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.

Is Immigration Saving the Day?

Population Growth and Its Underlying Factors



Jobs: Conventional Wisdom...Upended

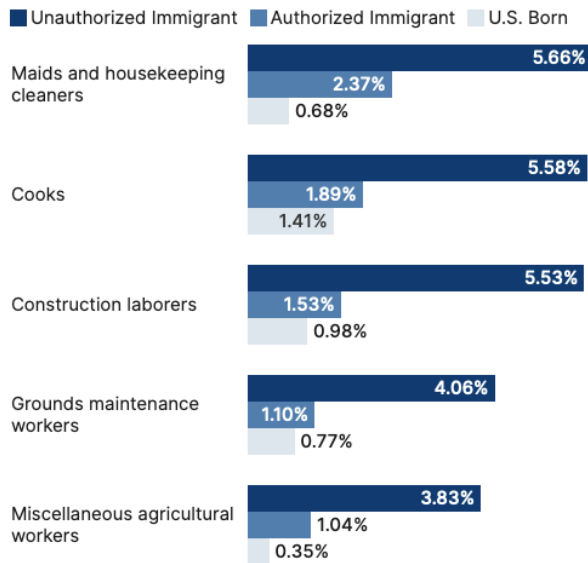
- **What is the conventional wisdom?**

- 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.

Share of Workers in Each Occupations



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.



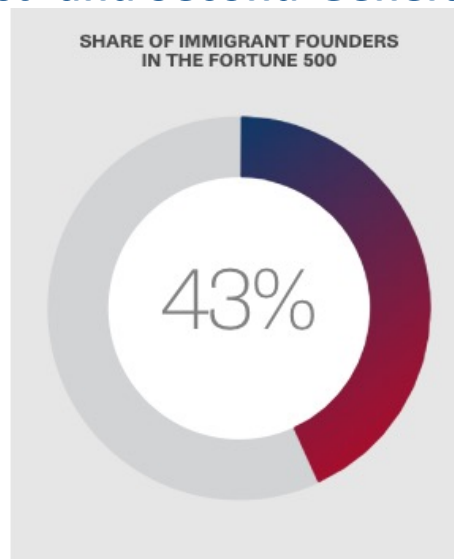
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Source: Hunt and Gauthier-Loiselle (2008).

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Fortune 500: First- and Second-Generation Founders



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Government Revenues and Expenditures

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Topics?

- **Basic Question:**

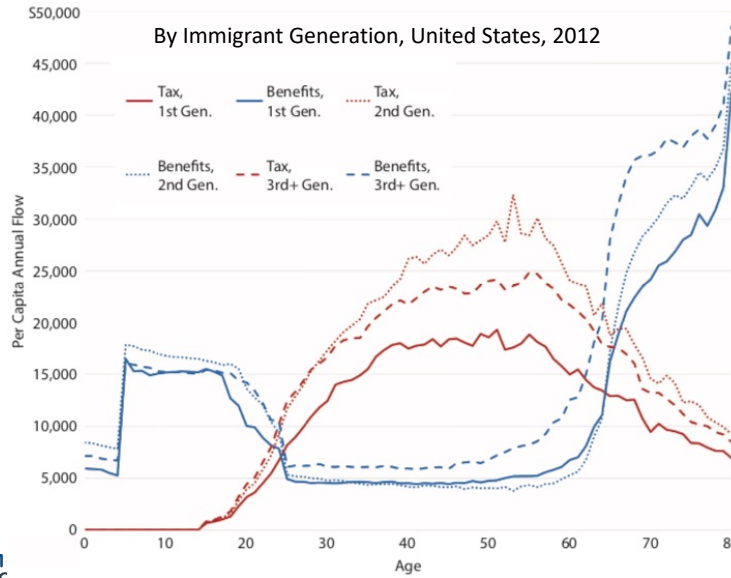
- Taxes (income, sales, and other) immigrants pay vs. government expenditures on public benefits and services they receive.

- **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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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.

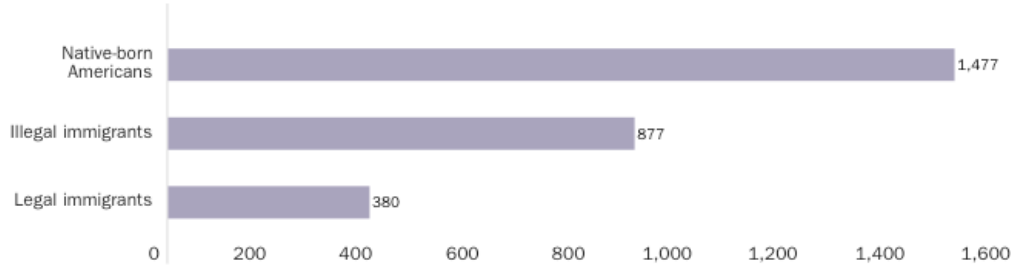
Let's Have a Look!



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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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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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Recent Immigration Issues

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



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.

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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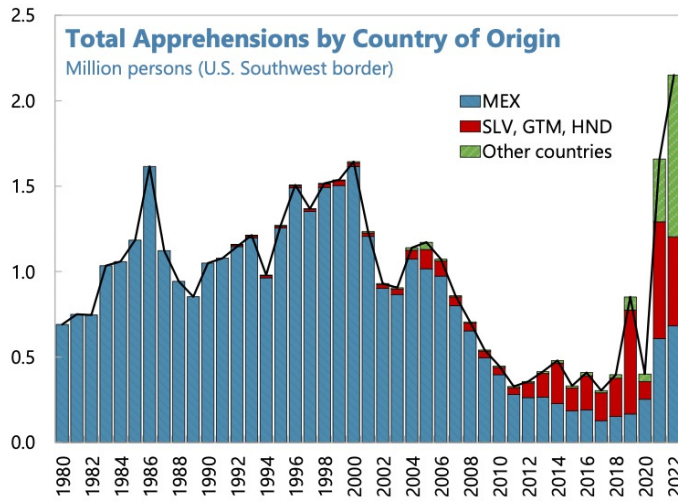
The Northern Triangle



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Northern Triangle Apprehensions

(Northern Triangle Countries in Red)



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

What's Going on in Springfield, Ohio?



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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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History of US Immigration

Source Countries	Pre-1790	Source Countries	1790-1820
African countries*	300,000	African countries*	85,000
England	300,000	Scotland-Ireland	50,000
Scotland-Ireland	100,000	England	45,000
Germany	100,000	France	40,000
Scotland	75,000	Germany	25,000

* Slave trade and clearly not voluntary or reflective of standard motivations for immigration.



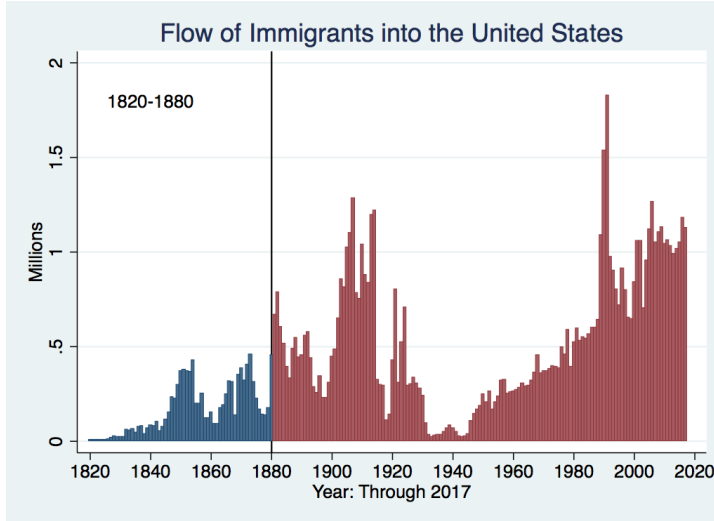
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Source: <https://www.libertyellisfoundation.org/immigration-timeline/>.

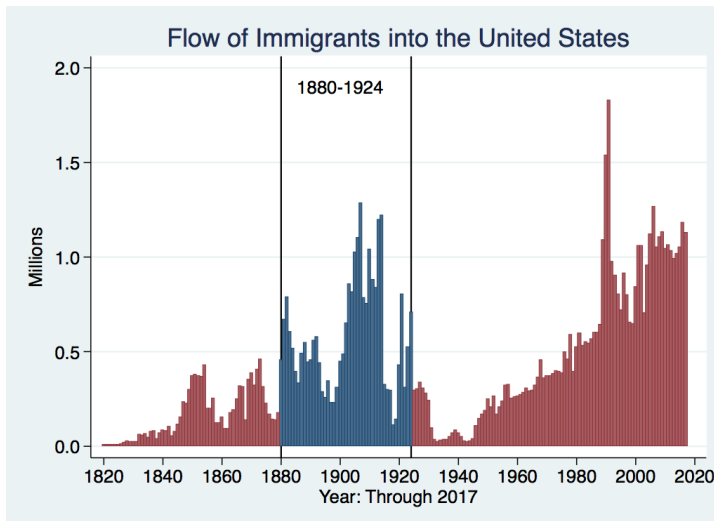
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History of US Immigration



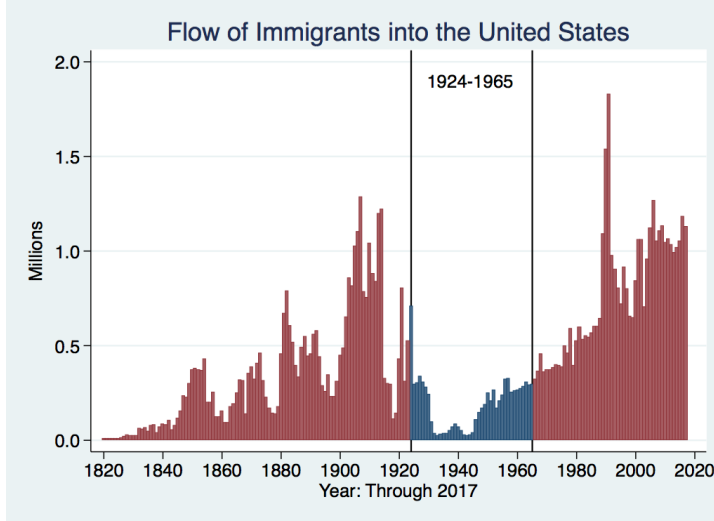
Source Countries	1820-1880
Germany	3,000,000
Ireland	2,800,000
Britain	2,000,000
Austro-Hungarian empire	1,000,000
Canada	750,000
China	230,000
African countries	50,000

History of US Immigration



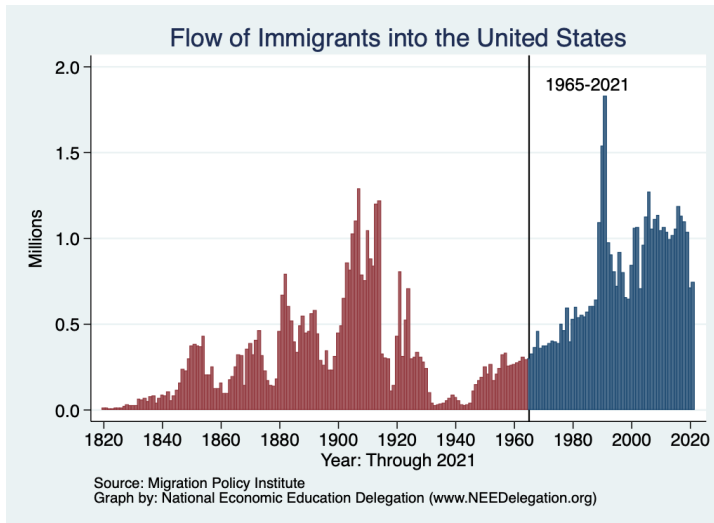
Source Countries	1880-1930
Italy	4,600,000
Austro-Hungarian empire	4,000,000
Russian empire	3,300,000
German empire	2,800,000
Britain	2,300,000
Canada	2,300,000
Ireland	1,700,000

History of US Immigration



Source Countries	1930-1965
Germany	940,000
Canada	900,000
Mexico	610,000
Britain	480,000
Italy	390,000
Caribbean/ West Indies	310,000

History of US Immigration: 1965-2017



Source Country	1965-2017
Mexico	4,300,000
Philippines	1,400,000
South Korea	760,000
Dominican Republic	750,000
India	740,000
Cuba	700,000
Vietnam	700,000
Canada	650,000

Source: Migration Policy Institute
Graph by: National Economic Education Delegation (www.NEEDelegation.org)

History of US Immigration: 2011-2020

Sources (top 10)	2011-2020
Mexico	1,491,000
China	721,000
India	637,000
Philippines	505,000
Dominican Rep.	487,000
Cuba	473,000
Vietnam	334,000
El Salvador	215,000
South Korea	199,000
Jamaica	198,000

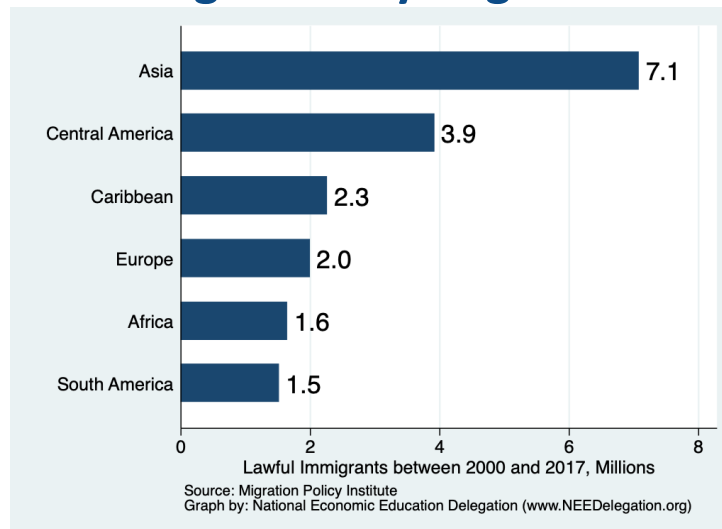
Total immigrant inflow, 2011-2020 = 10,125,000

US population growth, 2011-2020 = 22,700,000

Typical year during decade...

- US population increased by 2.27 million (0.74%)
- Native births contributed approx. 1.35 million (0.44%)
- Immigration contributed approx. 920,000 (0.30%)

Authorized Immigration by Region



Total and Average Annual Immigrant Arrivals, 1820-2015

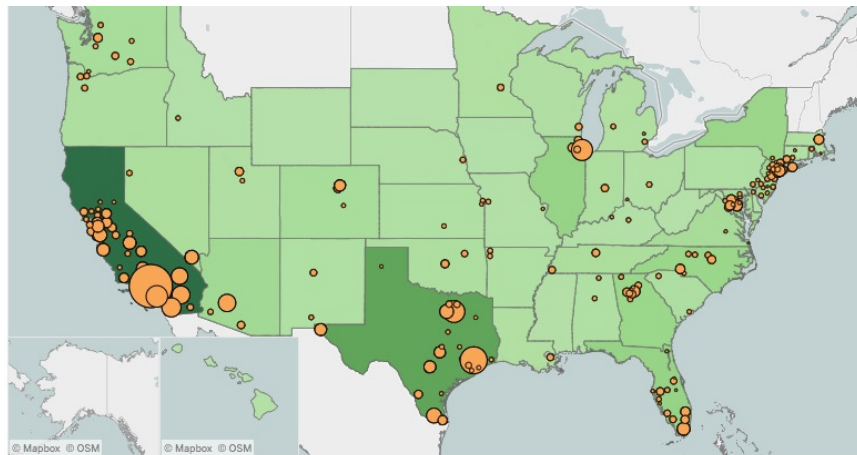
Area/Region	1820-1874	1875-1920	1921-1967	1968-2015	1820-2015
All countries	8,876,433	24,745,460	10,321,482	36,732,378	80,675,753
Africa	0.0%	0.1%	0.4%	5.0%	2.4%
Asia	1.8%	2.6%	4.9%	31.2%	15.8%
Central Asia	.	.	.	0.4%	0.2%
Eastern Asia	1.7%	1.8%	2.1%	9.8%	5.5%
Southeastern Asia	.	.	0.5%	12.7%	5.9%
Southern Asia	0.0%	0.0%	0.1%	7.7%	3.5%
Western Asia	0.0%	0.8%	0.2%	0.4%	0.4%
Europe	90.1%	88.1%	53.8%	11.9%	49.2%
Central Europe	0.4%	16.3%	4.1%	0.1%	5.6%
Eastern Europe	0.3%	15.0%	5.1%	4.4%	7.3%
Northern Europe	57.0%	26.2%	19.1%	2.7%	18.0%
Southern Europe	1.0%	19.6%	12.2%	3.1%	9.1%
Western Europe	31.5%	10.9%	13.4%	1.7%	9.3%
Latin America and the Caribbean	1.0%	2.7%	21.9%	44.4%	24.0%
Caribbean	0.6%	1.2%	4.7%	12.7%	6.8%
Central America	0.2%	1.1%	11.2%	24.5%	12.9%
South America	.	.	.	7.0%	3.2%
Middle East	.	.	.	5.0%	2.3%
Northern America	4.8%	6.2%	18.4%	1.9%	5.7%
Oceania	0.0%	0.2%	0.5%	0.5%	0.4%
Australia and New Zealand	0.0%	0.2%	0.5%	0.3%	0.3%
Melanesia	.	.	.	0.1%	0.1%
Micronesia	.	.	.	0.0%	0.0%
Polynesia	.	.	.	0.1%	0.0%
Pacific Islands, other	0.0%	0.0%	0.1%	0.0%	0.0%



Sources: US Statistical Abstract (various years), US INS (various years), and US DHS (various years)

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Unauthorized Immigration: 2012-2016



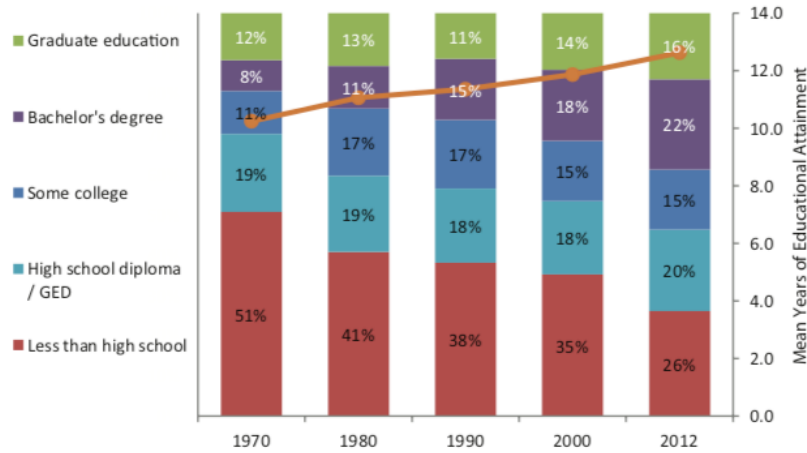
<https://www.migrationpolicy.org/programs/data-hub/charts/unauthorized-immigrant-populations-country-and-region-top-state-and-county>

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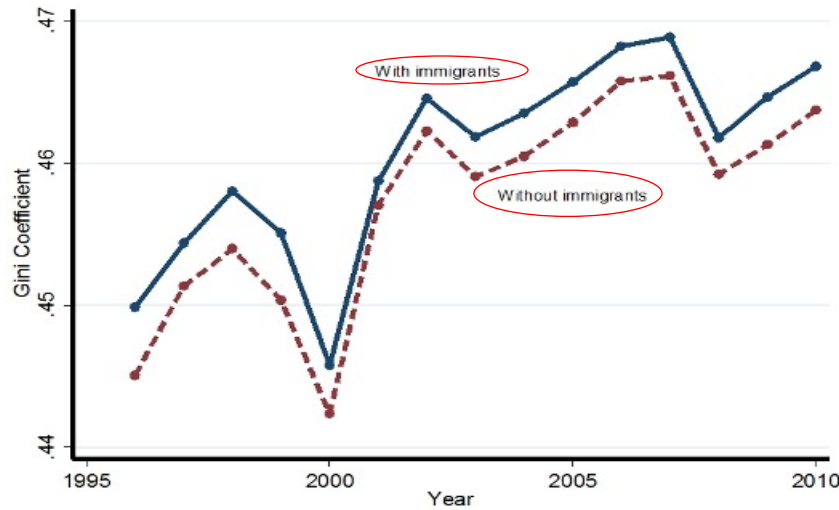
Pattern of Immigration

Educational Attainment of Recent Immigrants – Last 5 Decades



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Immigration and Inequality



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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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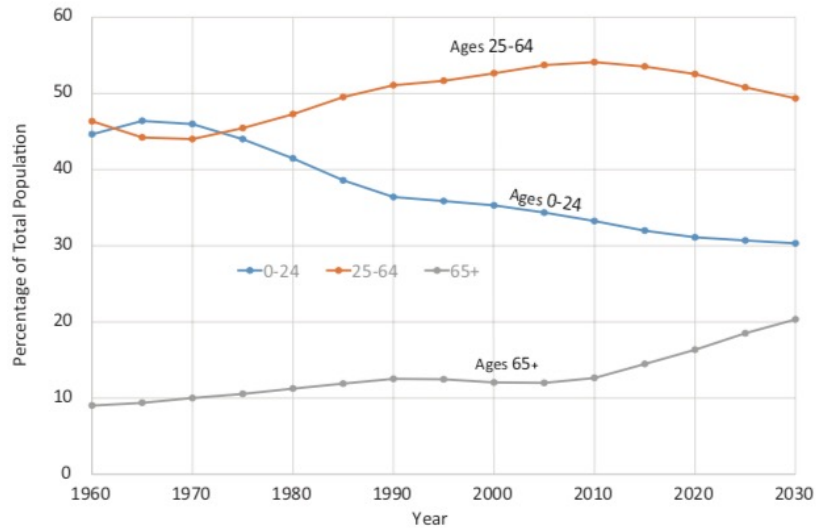
Implications for Major Federal Programs

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- **Medicaid: not available to legal residents for the first five years.**
- **Provide a source of revenue for an aging population.**



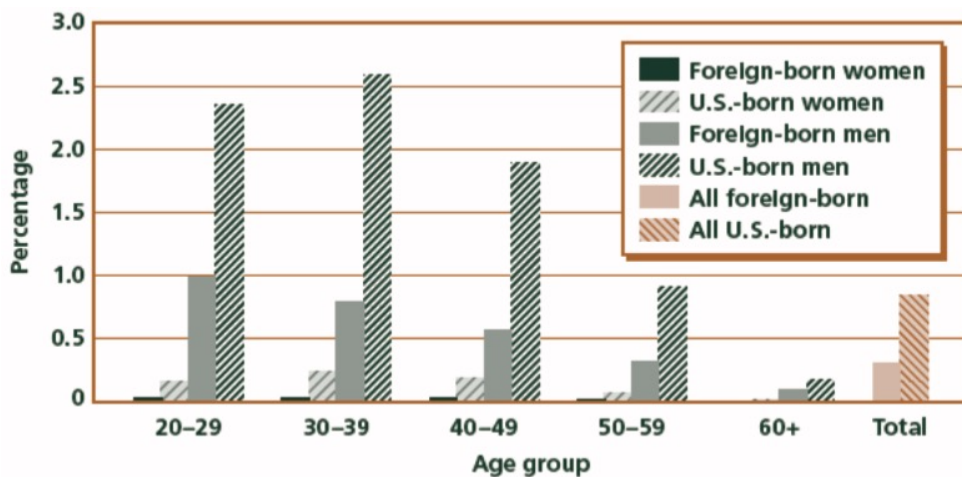
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The Aging US Population

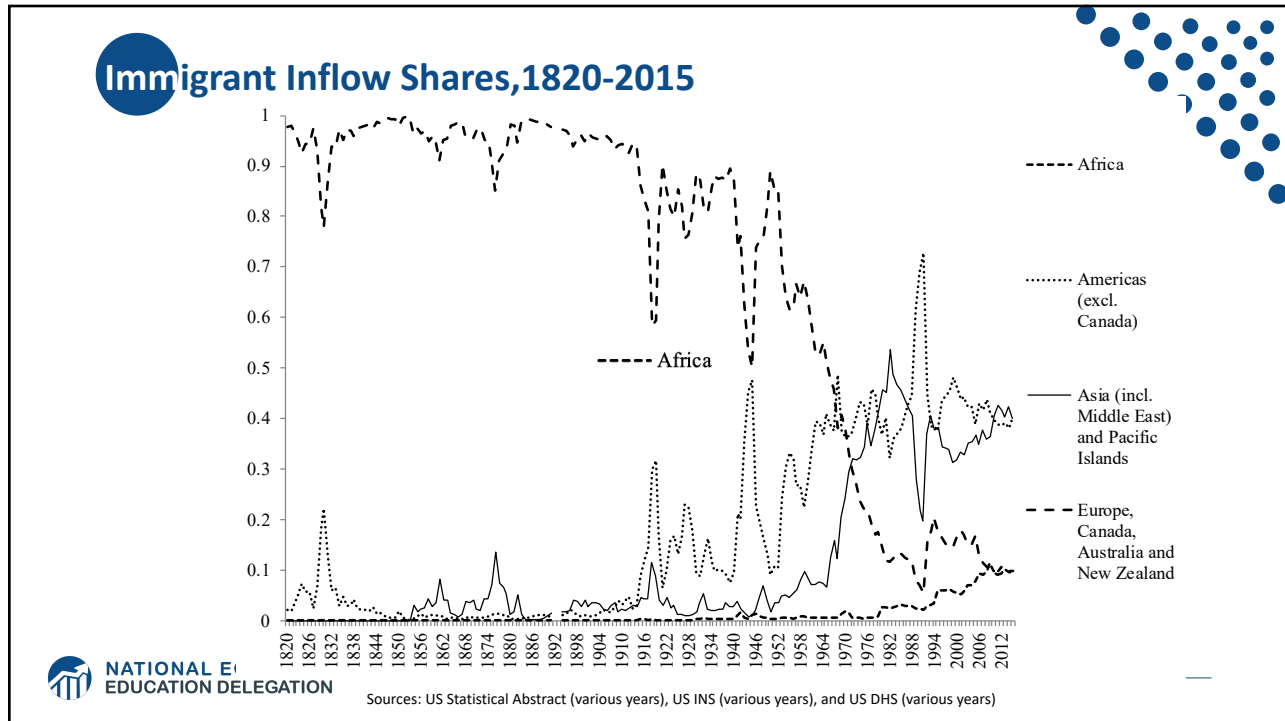


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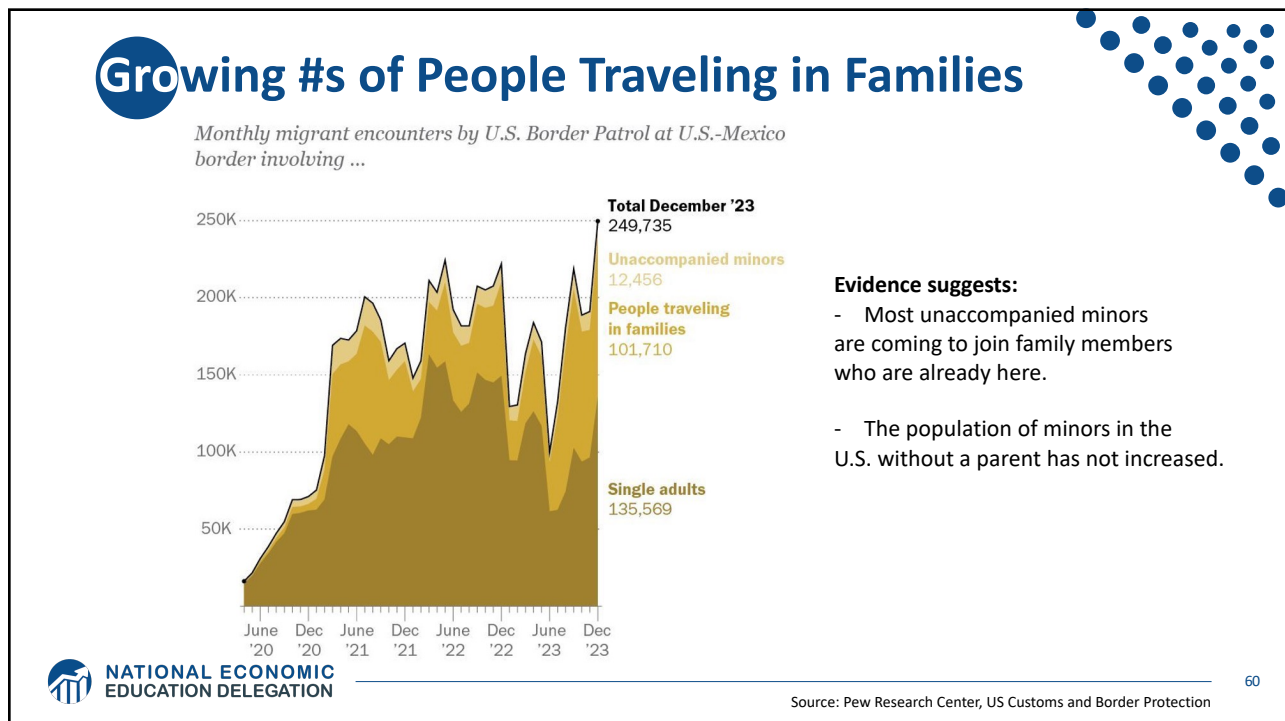
Crime: Incarceration Rates in California



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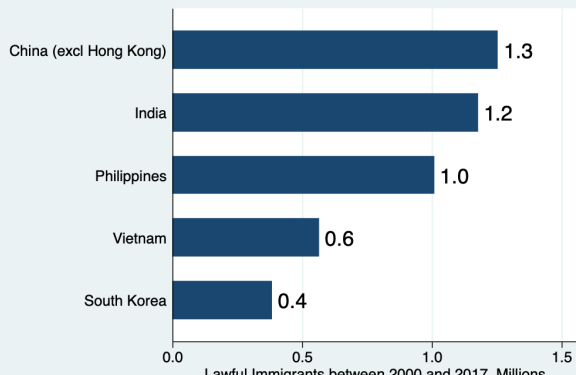


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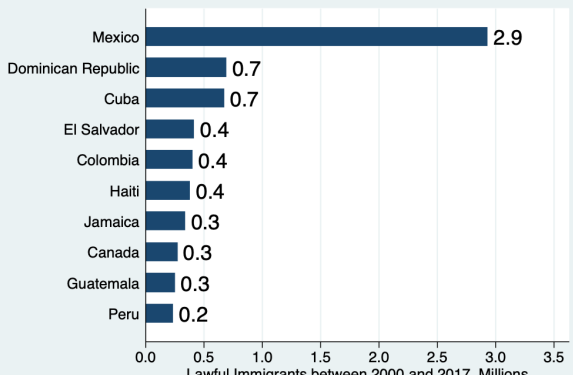


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Authorized Immigration by Source



Source: Migration Policy Institute
Graph by: National Economic Education Delegation (www.NEEDelegation.org)



Source: Migration Policy Institute
Graph by: National Economic Education Delegation (www.NEEDelegation.org)