



The Economics of Immigration

Loch Lomond Yacht Club
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National Economic Education Delegation



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1

1

Outline

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



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2

Immigration Quiz

- What % of the U.S. population are not native-born?
 - 14.5%
- 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 2024, 12% of Americans lived in poverty. What percent of immigrants lived in poverty?
 - 14%



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

3

3

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?
 - 19.3%
- Native-born Americans receive \$8k on average in government 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?

4

4

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.

5

5

The Migration Decision

- **Benefit of Migrating**
- **Benefit of Staying**
- **Cost of Migrating**



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6

The Dangers of Border Crossing

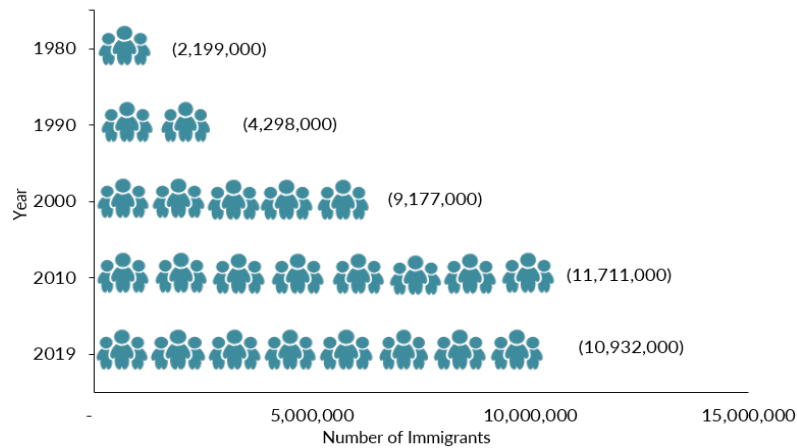


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Mexican-Born People in the US



About 11 million in mid-2023 (Latest data)

1 in 14 people born in Mexico currently lives in the US

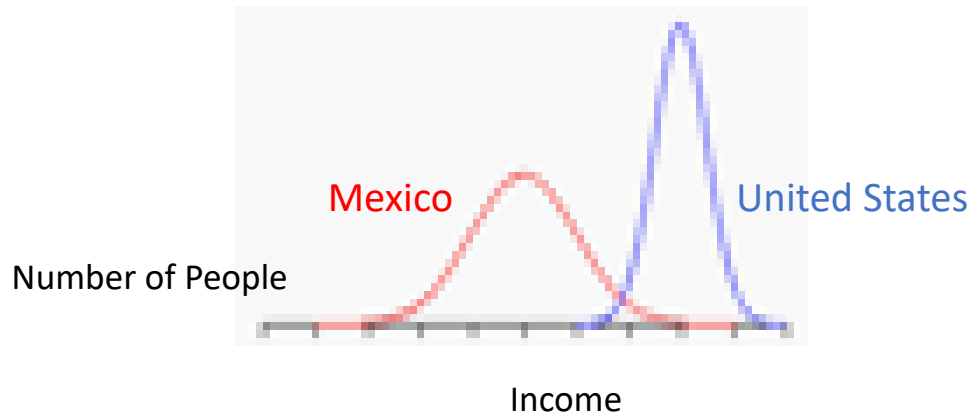


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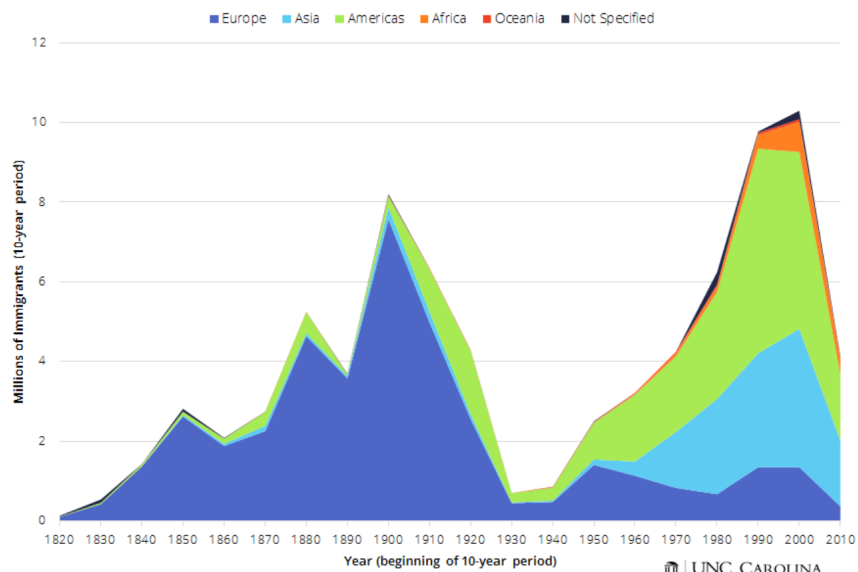
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Distribution of Income



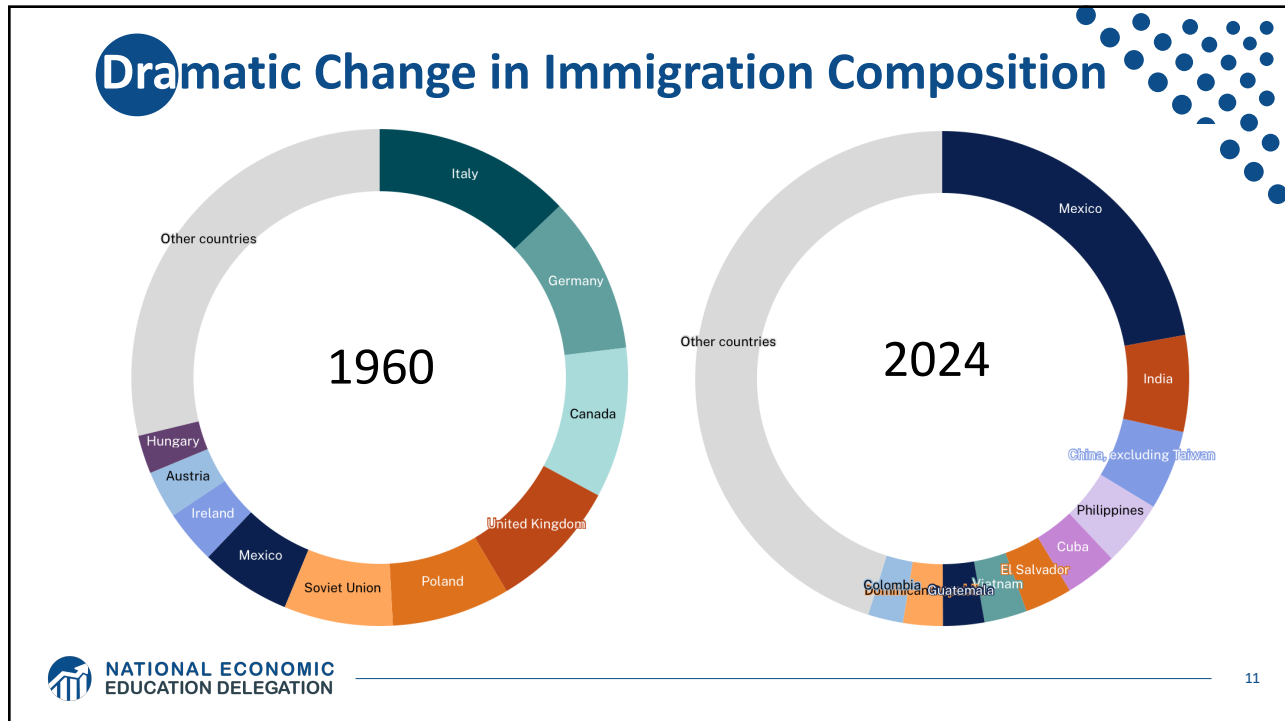
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Volume of U.S. Immigration & Continent of Origin by Decade, 1820-2013

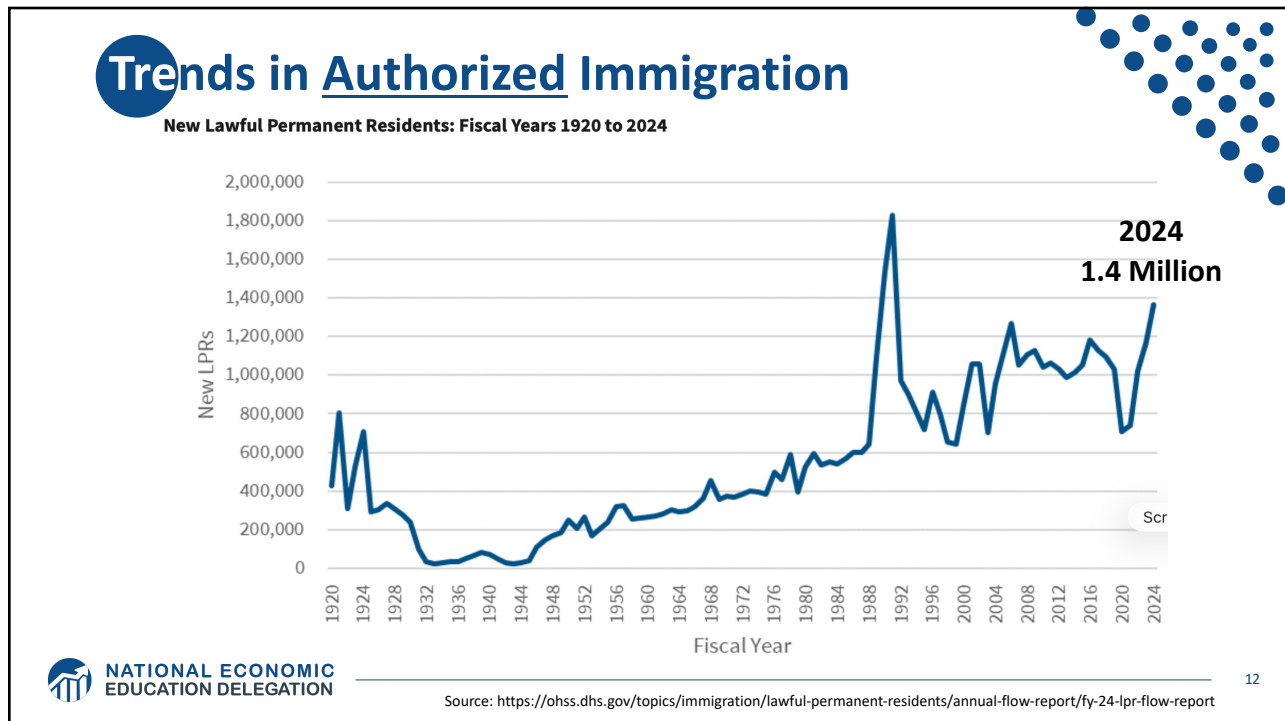


Data Source: U.S. Department of Homeland Security

10



11



12

NUMBER OF IMMIGRANTS BY TYPE OF ADMISSION: FISCAL YEAR 2024

Family-sponsored preferences	860,430	188,190
Immediate relatives of U.S. citizens		672,240
Employment-based preferences		171,120
Refugees		178,200
Diversity		49,890
Asylees		41,650
<u>Other</u>		<u>62,810</u>
TOTAL		1,364,090



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Source: <https://ohss.dhs.gov/topics/immigration/lawful-permanent-residents/annual-flow-report/fy-24-lpr-flow-report>

13

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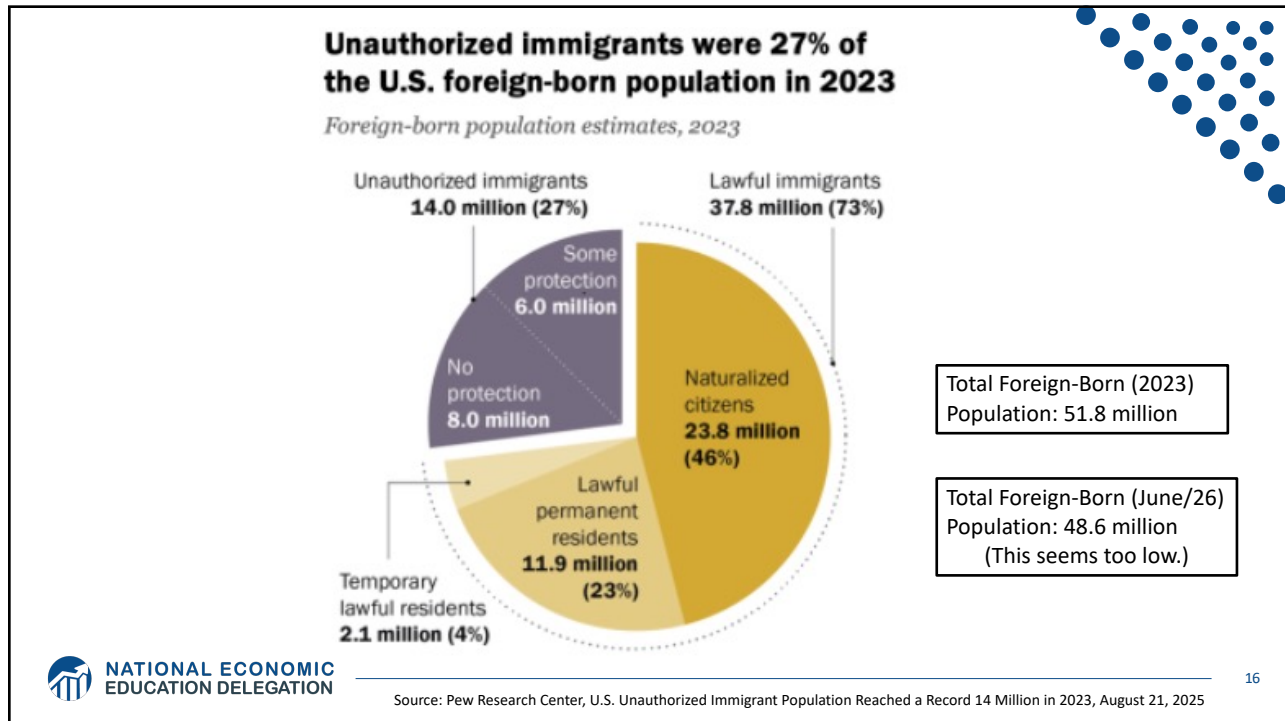
UNauthorized Immigration



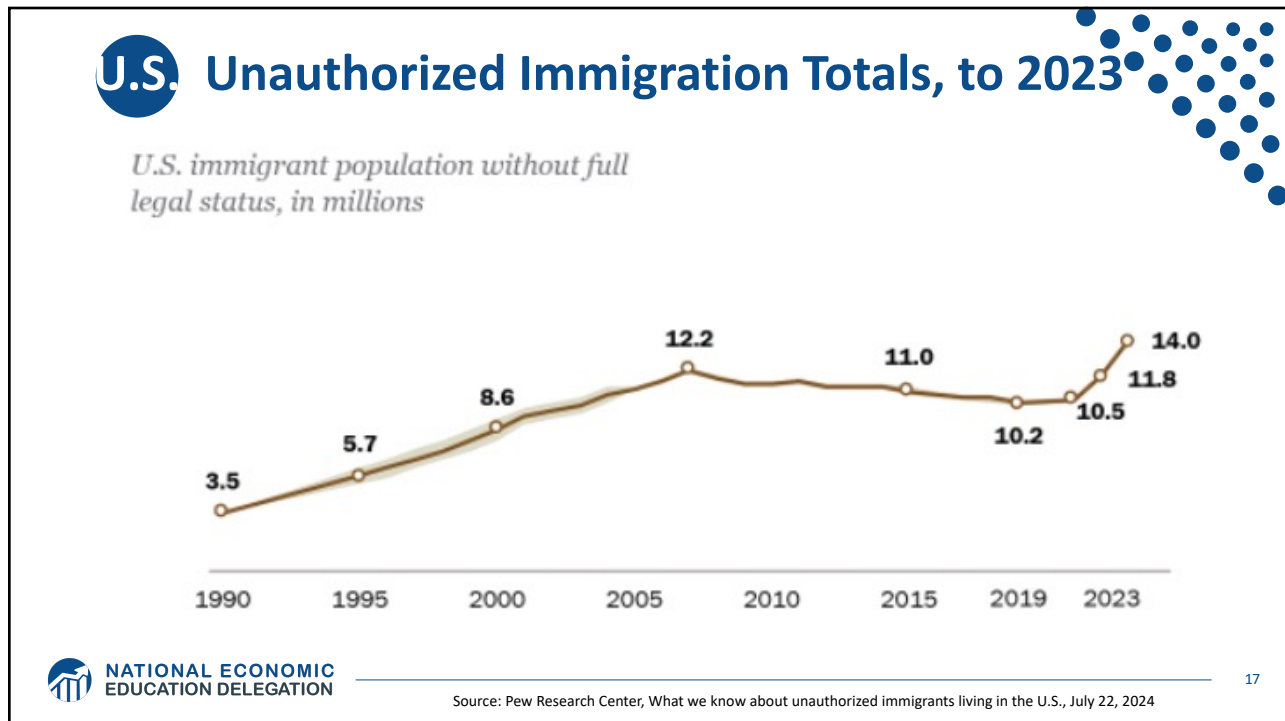
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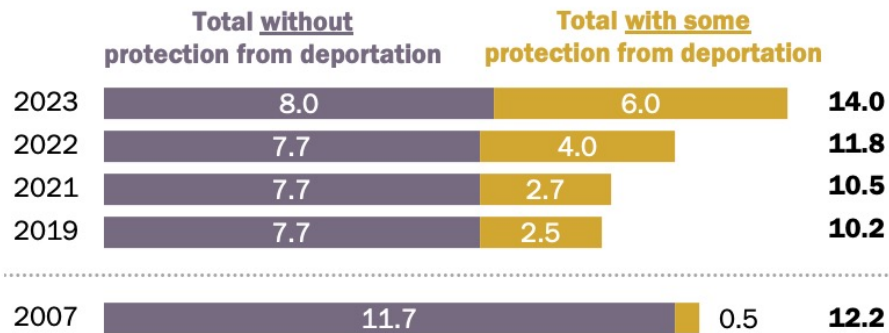


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The Growth is Largely...

... due to an increase of unauthorized immigrants with some protection from deportation

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



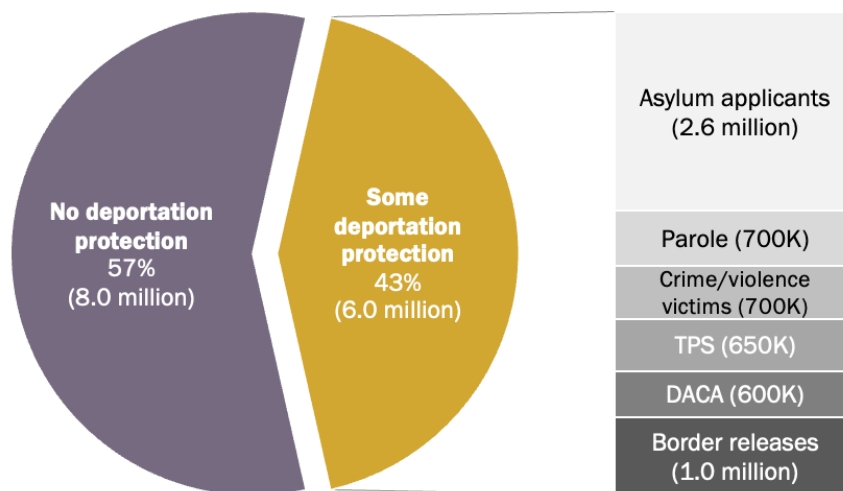
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<https://www.pewresearch.org/race-and-ethnicity/2025/08/21/u-s-unauthorized-immigrant-population-reached-a-record-14-million-in-2023/>

18

18

Types of Protected Status, 2023

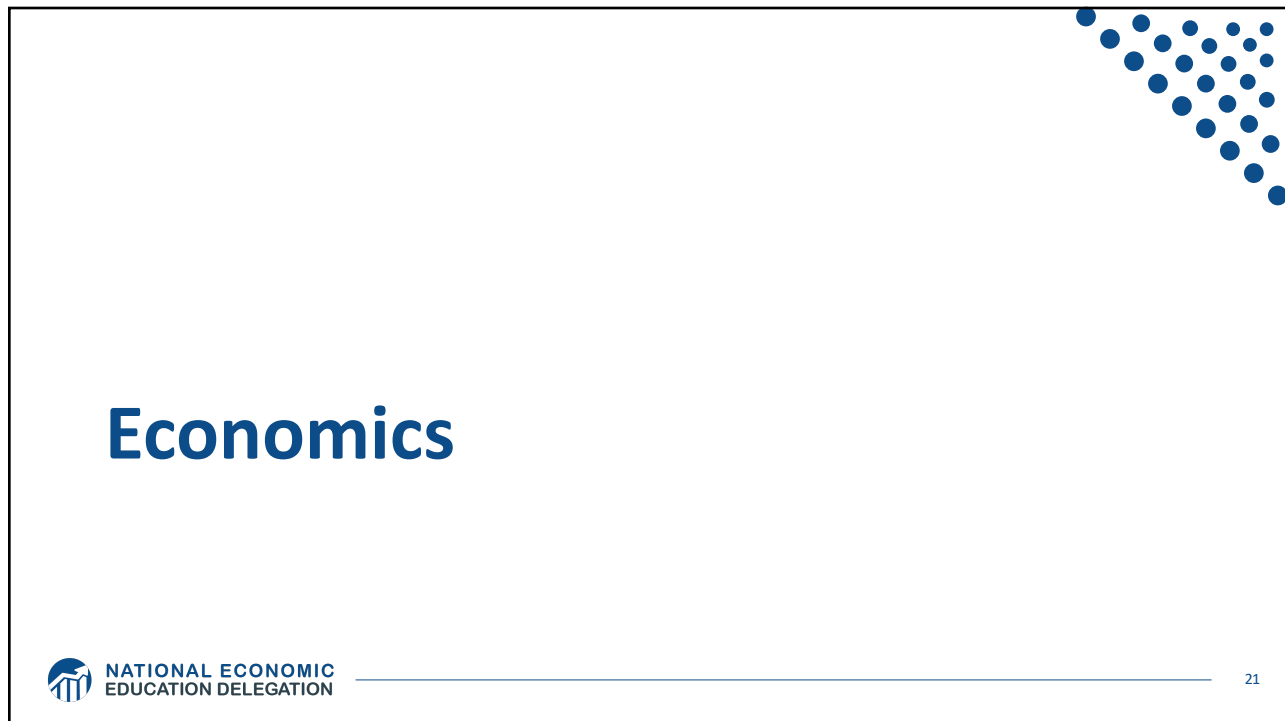
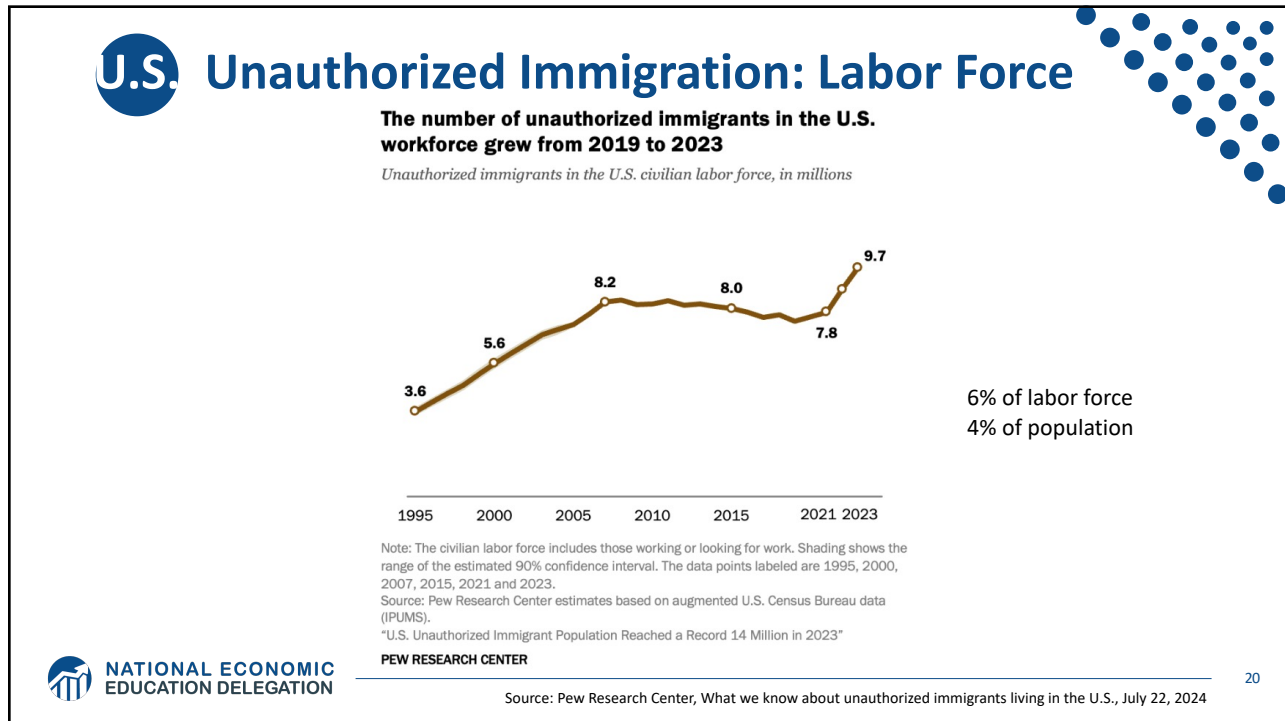


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<https://www.pewresearch.org/race-and-ethnicity/2025/08/21/u-s-unauthorized-immigrant-population-reached-a-record-14-million-in-2023/>

19

19



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
 - 31.9 million foreign-born persons ages 16+ in the labor force in June/26.
 - o Down from 33.7 million in March/25.
 - 18.8% of the total US workforce.
 - o Down from 19.7 in March/25.
- Evidence
 - Immigrants added 11% to GDP (\$2 trillion) in 2016.



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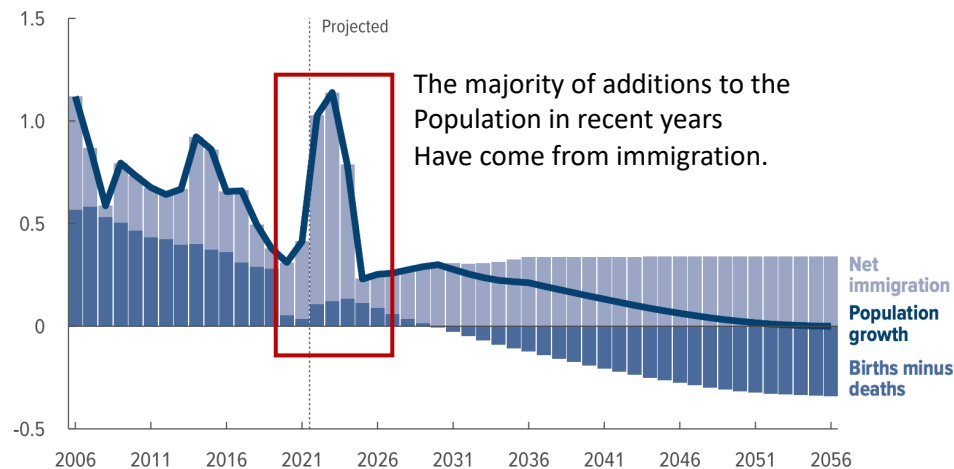
Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/>)
National Academies of Sciences, Engineering, and Medicine (2017) "The Economic and Fiscal Consequences of Immigration".

23

23

Is Immigration Saving the Day?

Population Growth and Contributing Factors
Percent



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Source: CBO – The Demographic Outlook, 2026-2056

24

24

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.
 - o They create opportunities for high-skilled native-born workers.
- Low-skilled immigrants take jobs that native-born don't want.

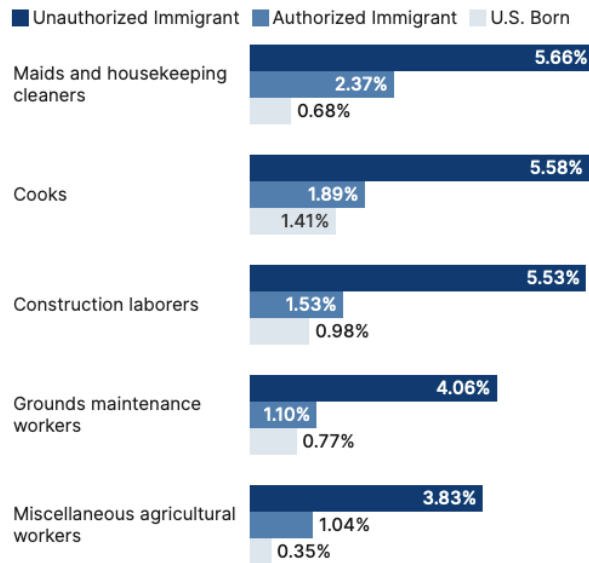


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Share of Workers in Each Occupations



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26

Pathway of Wage and Employment Effects

Inflows of Low-Skilled Immigrants



Previous Immigrants



Disadvantaged Minorities



Native-born HS Dropouts



Order of Impact

Impact is negative,
But is smaller
at each step.

Positive influence on wages and employment of other workers.



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27

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.
- **In the 1990s:**
 - Increased skilled immigration accounts 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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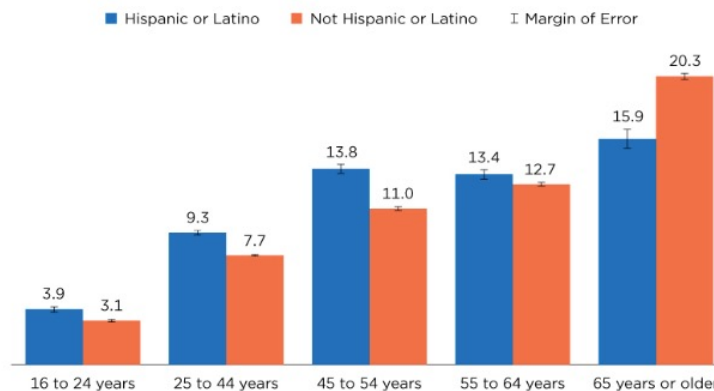
Source: Hunt and Gauthier-Loiselle (2008).

28

28

Immigrants and Entrepreneurship

Share of Self-Employed Workers by Age and Ethnicity: 2023
(In percent)



Note: Includes civilian labor force population 16 years and over that worked in the past 12 months. For more information about the American Community Survey (ACS), refer to www.census.gov/programs-surveys/acs/.
Source: 2023 American Community Survey 1-year estimates.



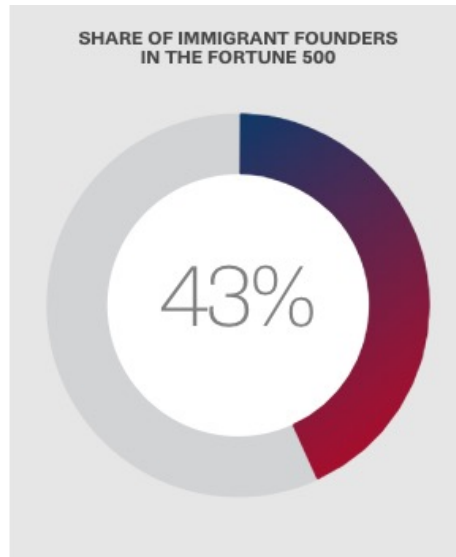
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Source: Magnus Lofstrom from Current Population Survey Data.

29

29

Fortune 500: First- and Second-Generation Founders



30

***Seven** of the 10 most valuable and recognizable brands in the world were launched by immigrants or children of immigrants.*



31

Government Revenues and Expenditures



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32

32

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.

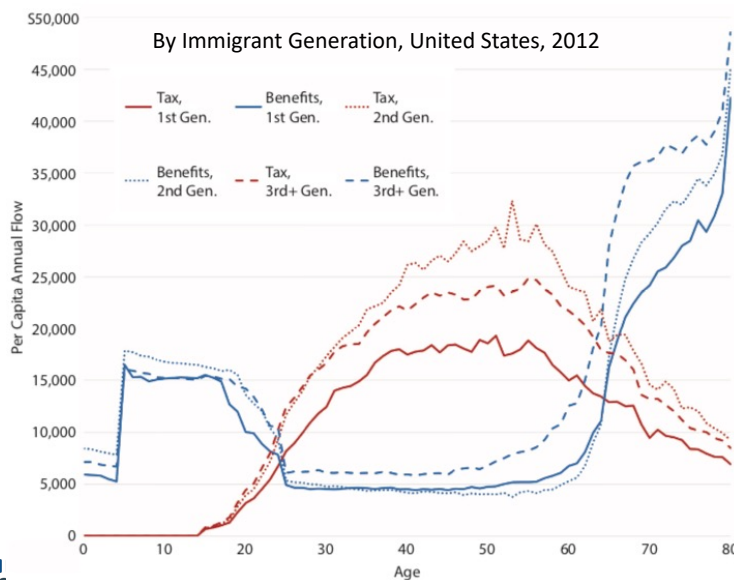


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33

Age-Specific Taxes and Benefits



34

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



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35

Bottom Line/Consensus of Estimates

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



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36

36

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.

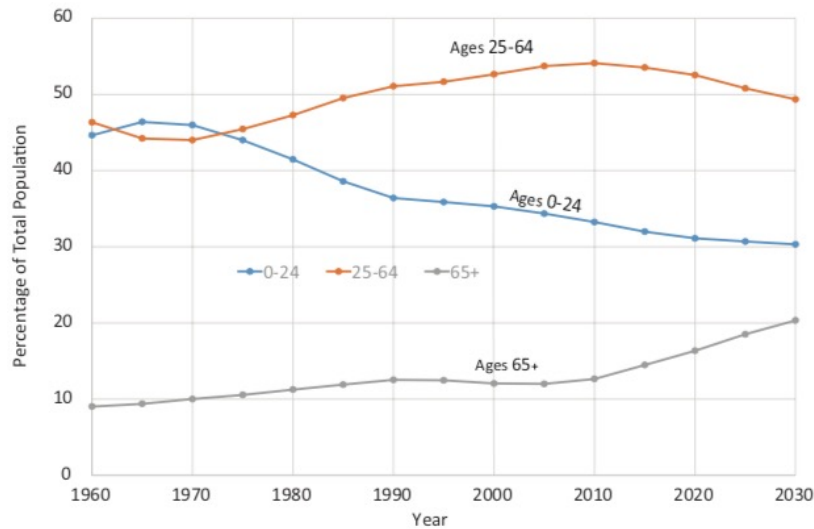


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37

37

The Aging US Population



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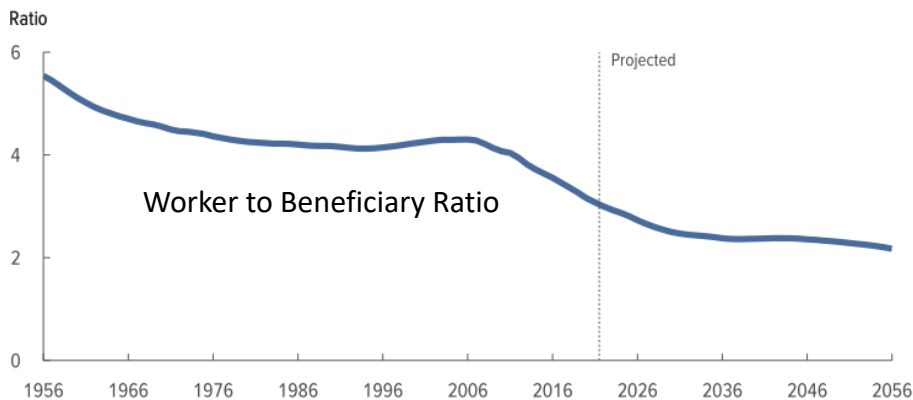
38

Source: Blau & Mackie (2017), p. 63.

38

Implications for Social Security

The Population Ages 25 to 64 Relative to the Population Age 65 or Older



Worker to Beneficiary Ratio

Projected

This year, there will be 2.7 people ages 25 to 64 for every person age 65 or older, CBO projects. Over the next three decades, that ratio is projected to decline to 2.2 to 1.



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Source: CBO – The Demographic Outlook, 2026-2056

39

Non - Economic Implications

Patterns of Integration

- Education
- Employment and Earnings
- Occupations
- Poverty
- Residential Integration
- Language
- Health
- Family Patterns

The Big Misconception: Crime



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Source: *The Integration of Immigrants into American Society* (2015).

40

40

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!



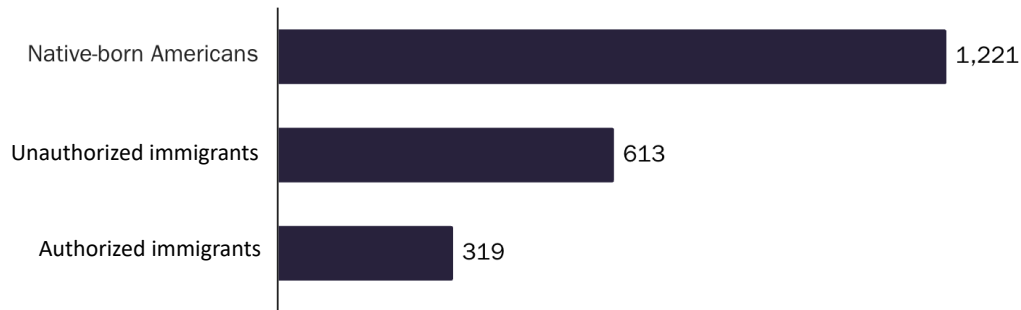
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41

41

Incarceration by Immigration Status, 2023

Incarceration rates by immigration status in 2023, 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, 2010–2023

42

42

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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43

43

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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44

44

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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45

45

Recent Immigration Issues

- DACA
- Temporary Protected Status
- Mass Deportations



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46

46

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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47

DACA Statistics

- **There have been 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 people live with a DACA individual.**
 - 300,000 dependent children.
- **Tax revenues:**
 - \$6.2 billion federal, \$3.3 billion state.



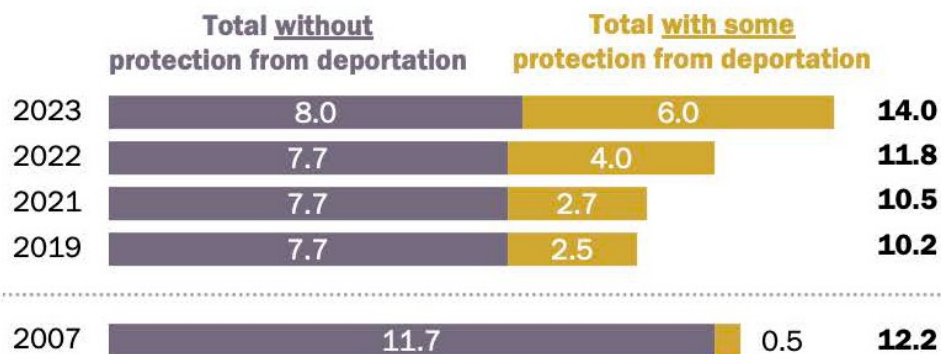
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48

48

Undocumented Immigrants and TPS

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



Source: Pew Foundation



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49

Asylees and Refugees

- Refugees are usually outside the United States when they are screened for resettlement in US.
- Asylum seekers submit their applications while physically present in the United States or at a U.S. port of entry.
- Both groups have a pathway to permanent status.

Reason to grant – (US & UNCOR) unable to return because of persecution or a well-founded fear of persecution based on: **race, religion, nationality, membership in a particular social group, or political opinion. (Not economic hardship!)**



Temporary Protected Status (TPS)

- The Secretary of Homeland Security can grant.
- Can be granted to foreign-born persons who can't return to home country safely due to their country unable to handle their return.
- **Acceptable reasons:**
 - Conflict
 - Epidemic
 - Hurricane or earthquake
 - Other temporary conditions
- **Temporary status but can be extended.**
- **Can work and travel within the United States.**
- **May be eligible for welfare such as TANF, SNAP, Medicaid.**
- **No pathway to permanent status.**



TPS As of March 31, 2025

Country	Individuals
Venezuela	605,015
Haiti	330,735
El Salvador	170,125
Ukraine	101,150
Honduras	51,225
Other	39,150
Total	1,297,635

52

TPS As of March 2026

Country	Individuals - 2025 Totals
Venezuela	605,015
Haiti ???	330,735
El Salvador	170,125
Ukraine	101,150
Honduras	51,225
Other	39,150
Total	1,297,635 ~600,000

53

Current TPS Status

In Effect	Ended but Suspended by Court Order
El Salvador	Burma
Lebanon	Ethiopia
Sudan	Haiti
Ukraine	Somalia
	South Sudan
	Syria
	Yemen

54

(Minimally) Extended Expiration Dates

Updated TPS Expiration Dates by Country



55

Notes on TPS Individuals

- **Very high labor force participation.**
- **Working in critical industries:**
 - 830,000 TPS holders are working
 - 130,000 in construction,
 - 130,000 in wholesale and retail trade,
 - 120,000 in leisure and hospitality,
 - 110,000 in transportation, warehousing and utilities,
 - 110,000 in business services, and
 - 85,000 in manufacturing.
- **They contribute \$29 Billion to the U.S. economy.**
- **And they pay taxes:**
 - \$7.8 billion in federal, state, and local income taxes.
 - \$690 million in social security taxes.



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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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57

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 may lower the wages of some low-skilled workers, but...
 - also increases labor force participation among highly-skilled workers, and
 - Increases economic opportunity for many low-skilled workers.



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Thank you!

Any Questions?

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59

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