



**The Economics of Immigration**

Marin Academy  
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**Jon Haveman, Ph.D.**  
National Economic Education Delegation

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# Outline

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

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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?
  - 19%
- 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?**

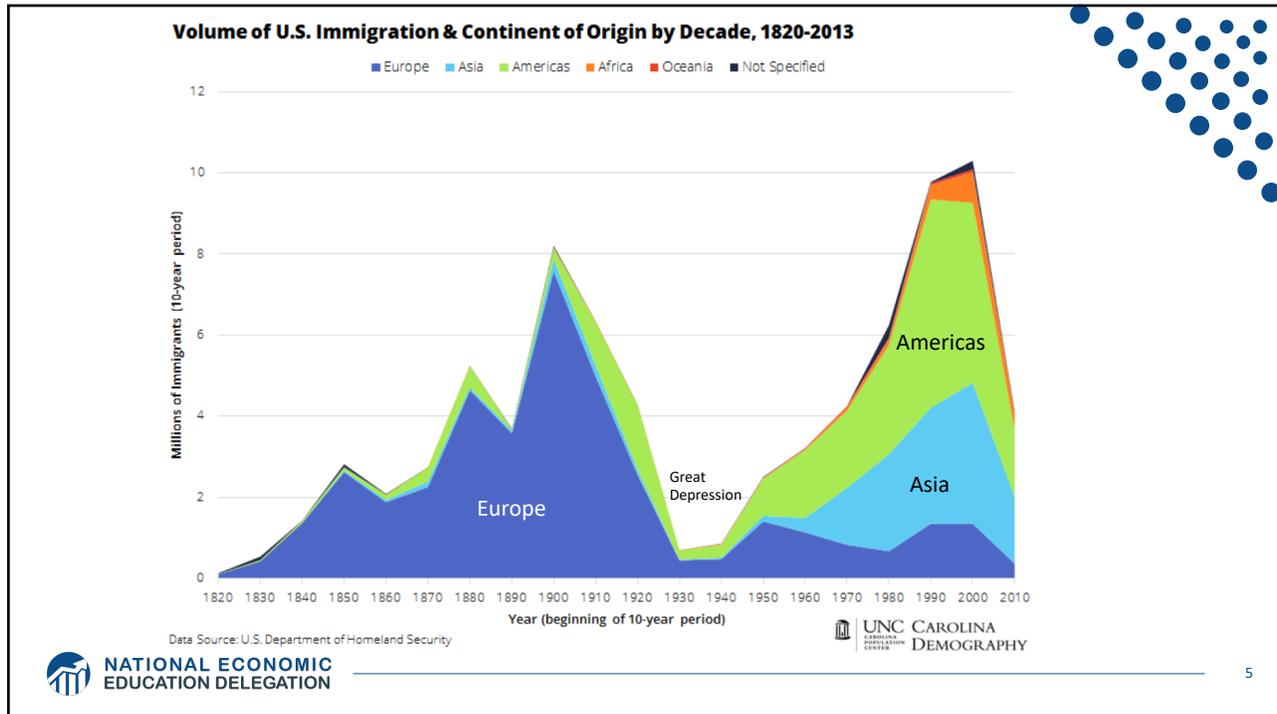


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Source: Freakonomics – How Much Do You Know About Immigration?

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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.
- **Family reunification**

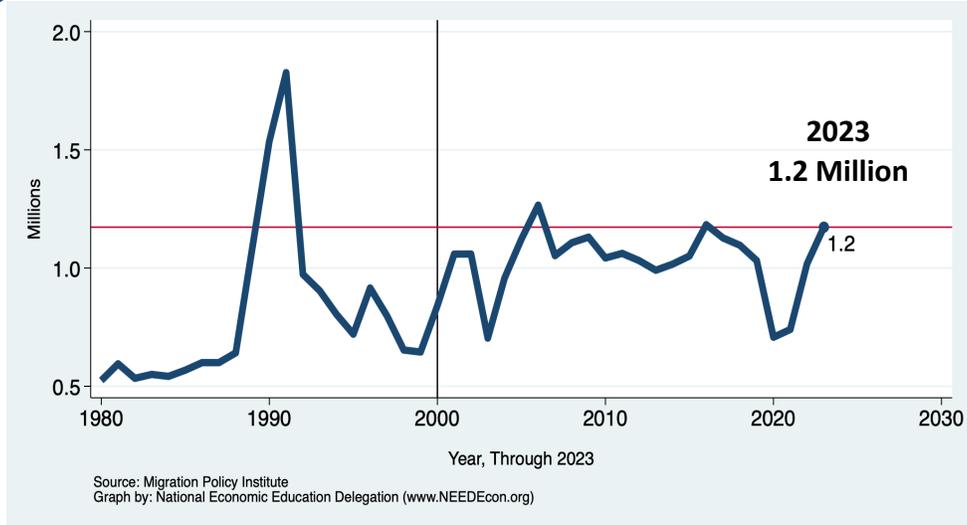
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Source: Gilder Lehrman Institute of American History.

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## Recent Trends in Authorized Immigration



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## History of US Immigration: 2011-2020

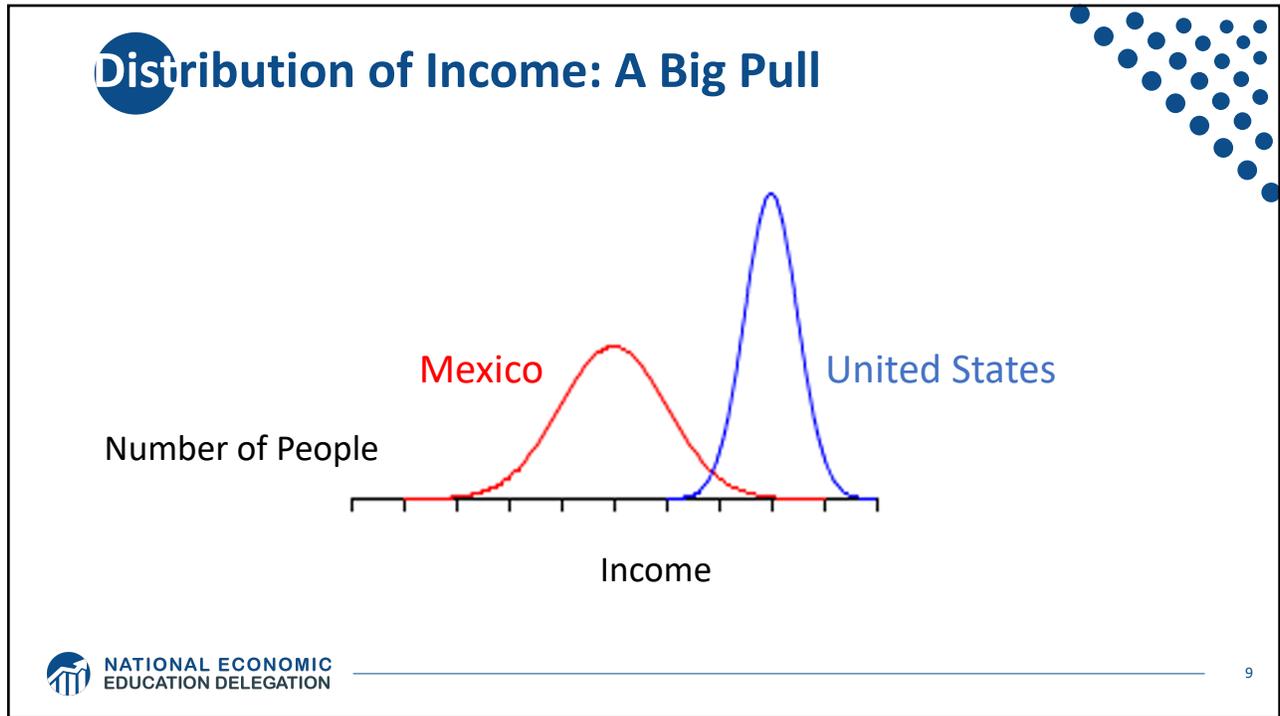
Sources (top 10)	2011-2020
Mexico	1,491,000
China	721,000
India	637,000
Philippines	505,000
Dominican Rep.	487,000
Cuba	473,000
Vietnam	334,000
El Salvador	215,000
South Korea	199,000
Jamaica	198,000

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

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

Immigration was **45%** of population growth.

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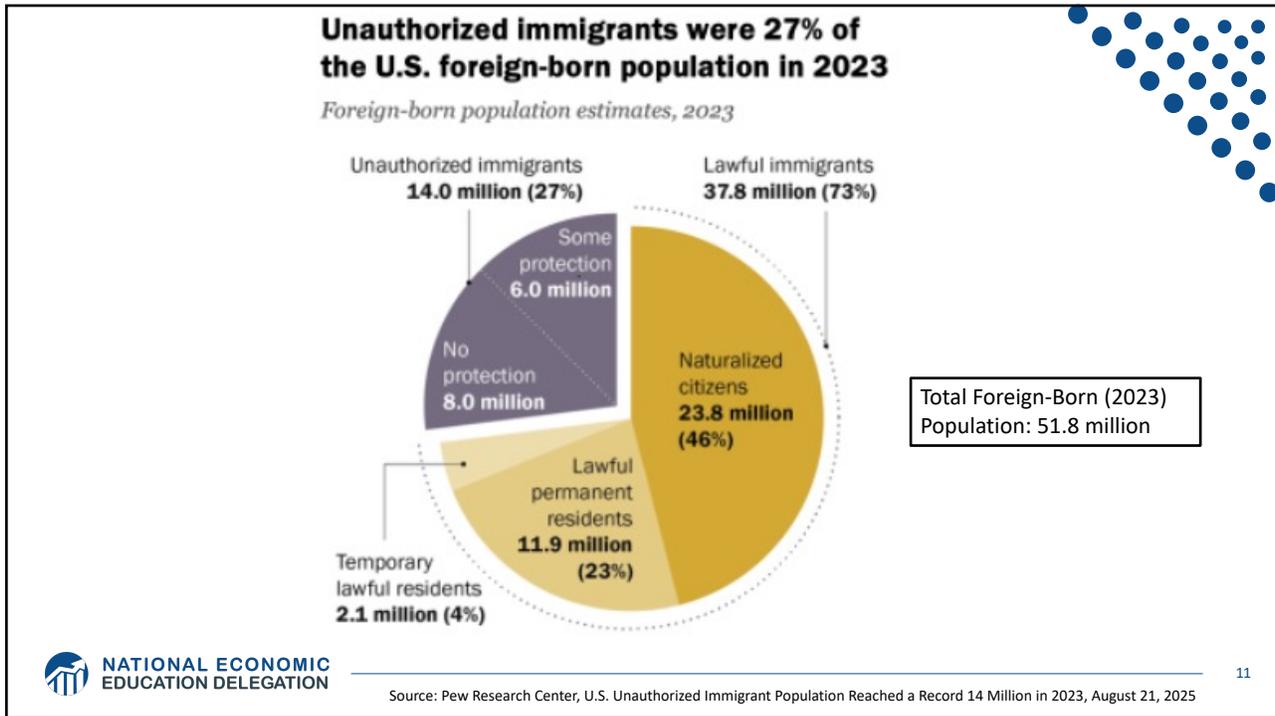
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# UNauthorized Immigration

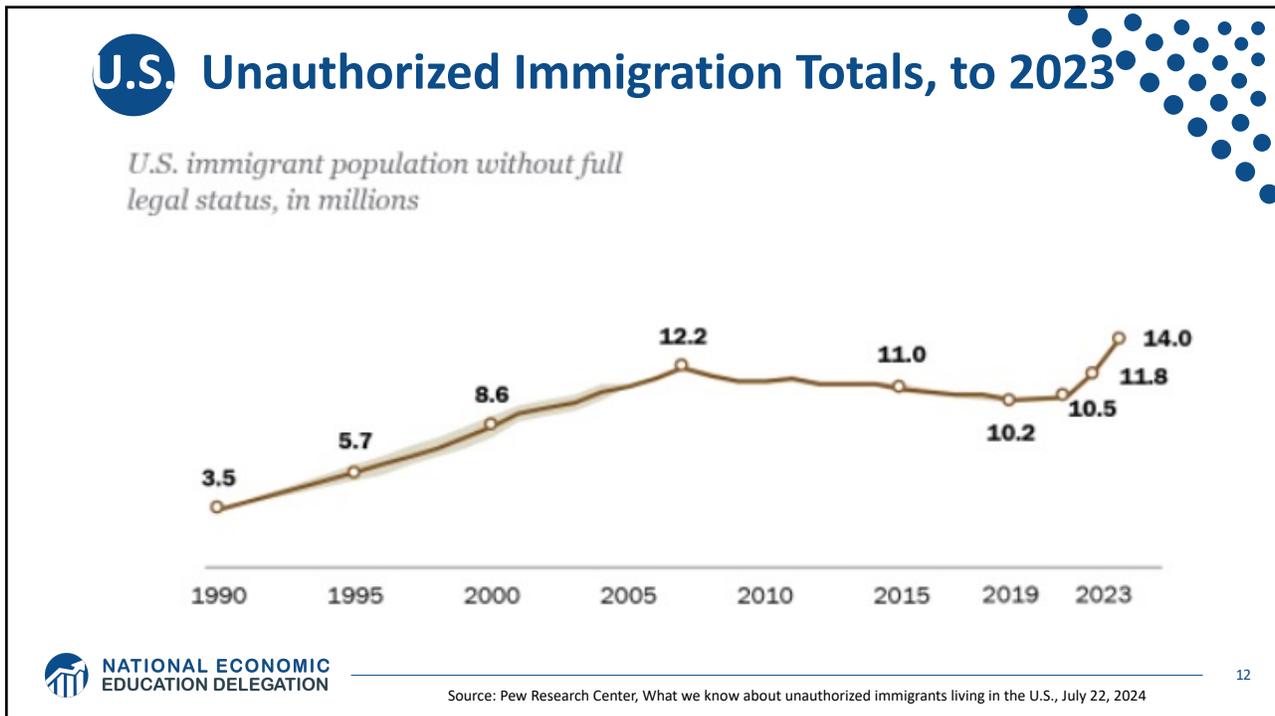
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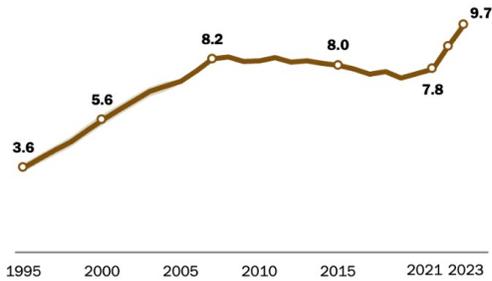


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# U.S. Unauthorized Immigration: Labor Force

The number of unauthorized immigrants in the U.S. workforce grew from 2019 to 2023

Unauthorized immigrants in the U.S. civilian labor force, in millions



5% of labor force  
3% of population

Note: The civilian labor force includes those working or looking for work. Shading shows the range of the estimated 90% confidence interval. The data points labeled are 1995, 2000, 2007, 2015, 2021 and 2023.  
 Source: Pew Research Center estimates based on augmented U.S. Census Bureau data (PUMS).  
 "U.S. Unauthorized Immigrant Population Reached a Record 14 Million in 2023"

# Economics

## Why Do We Care? Economic Implications

- Conventional Wisdom Issues:
  - Labor markets: Wages and Jobs
  - Government Revenue and Spending
  - Crime



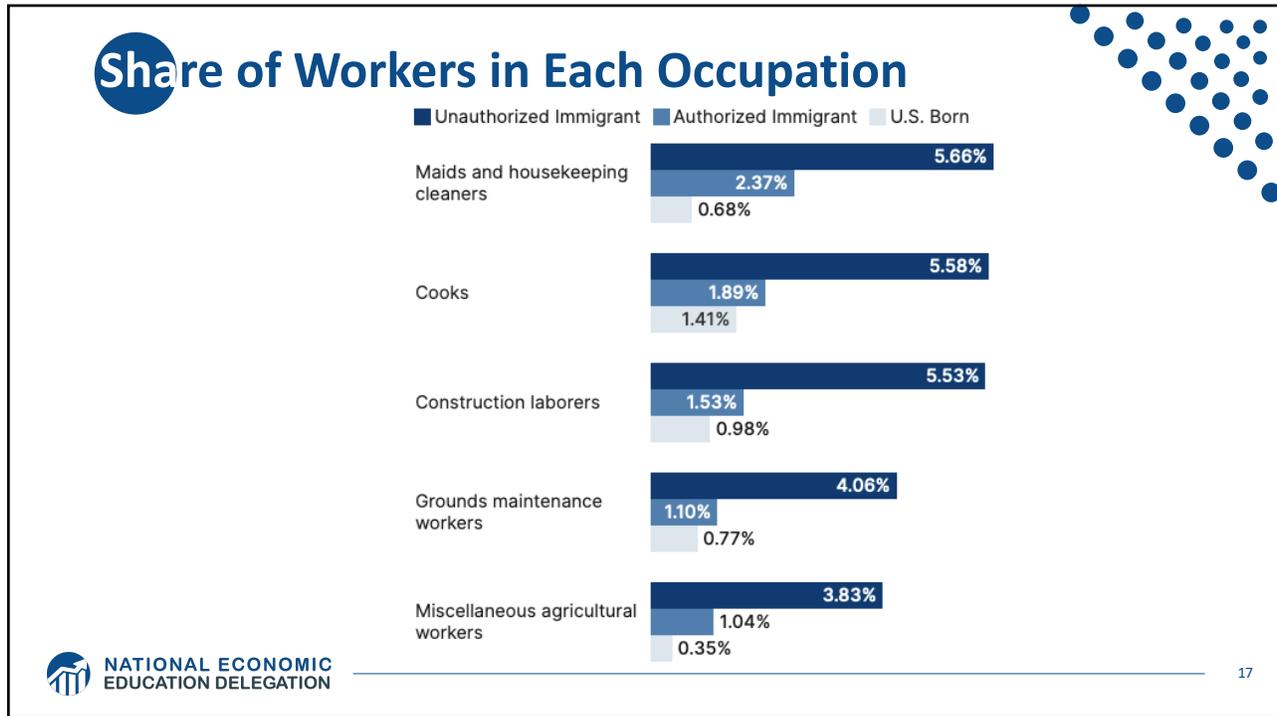
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## Jobs: Conventional Wisdom...Upended

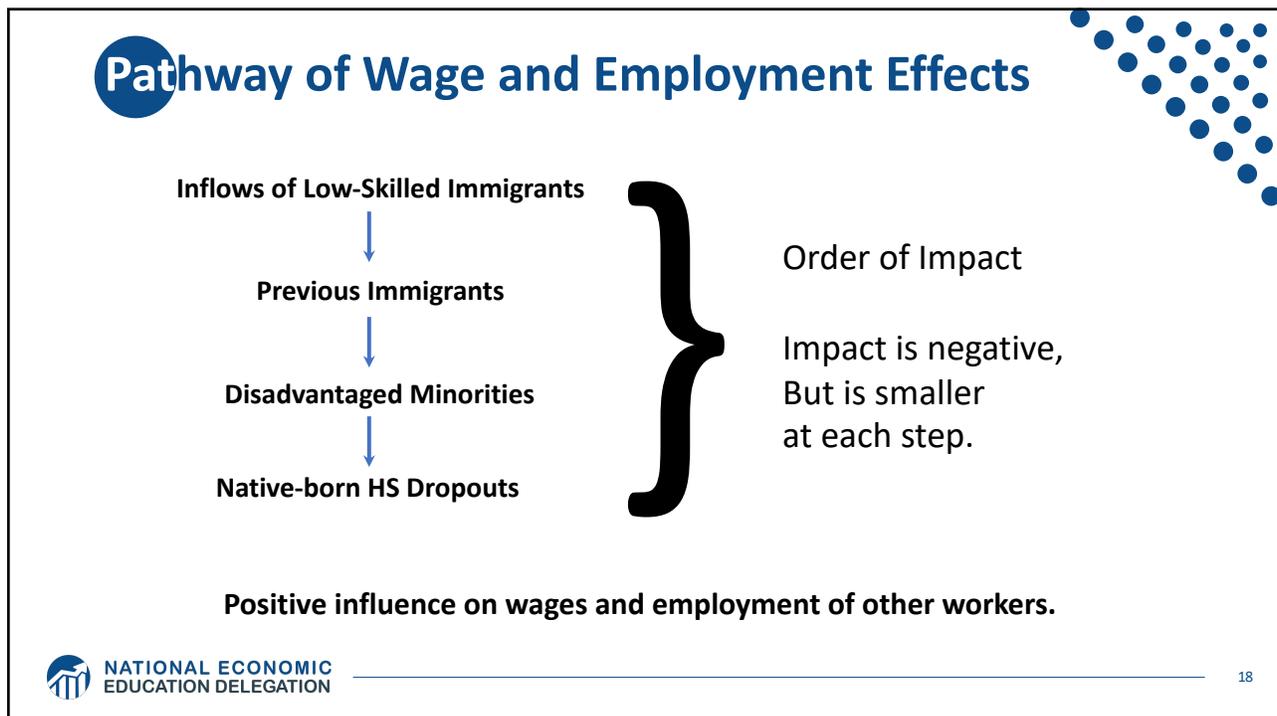
- What is the conventional wisdom?
  - Low-skilled immigrants come in and take jobs from low-skilled native-born individuals.
    - 1-1 tradeoff.
- What does new research show?
  - Low-skilled immigrants contribute positively to the economy.
    - Every 100 low-skilled immigrants: **create 9 jobs** for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



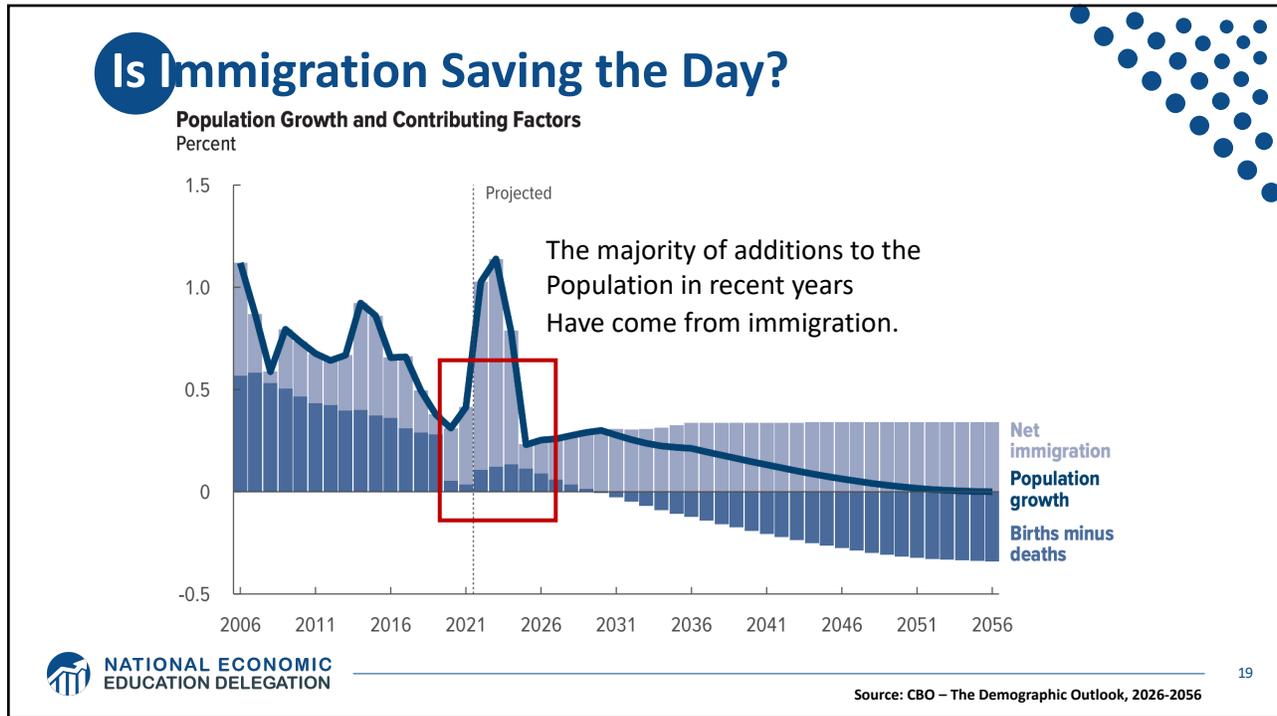
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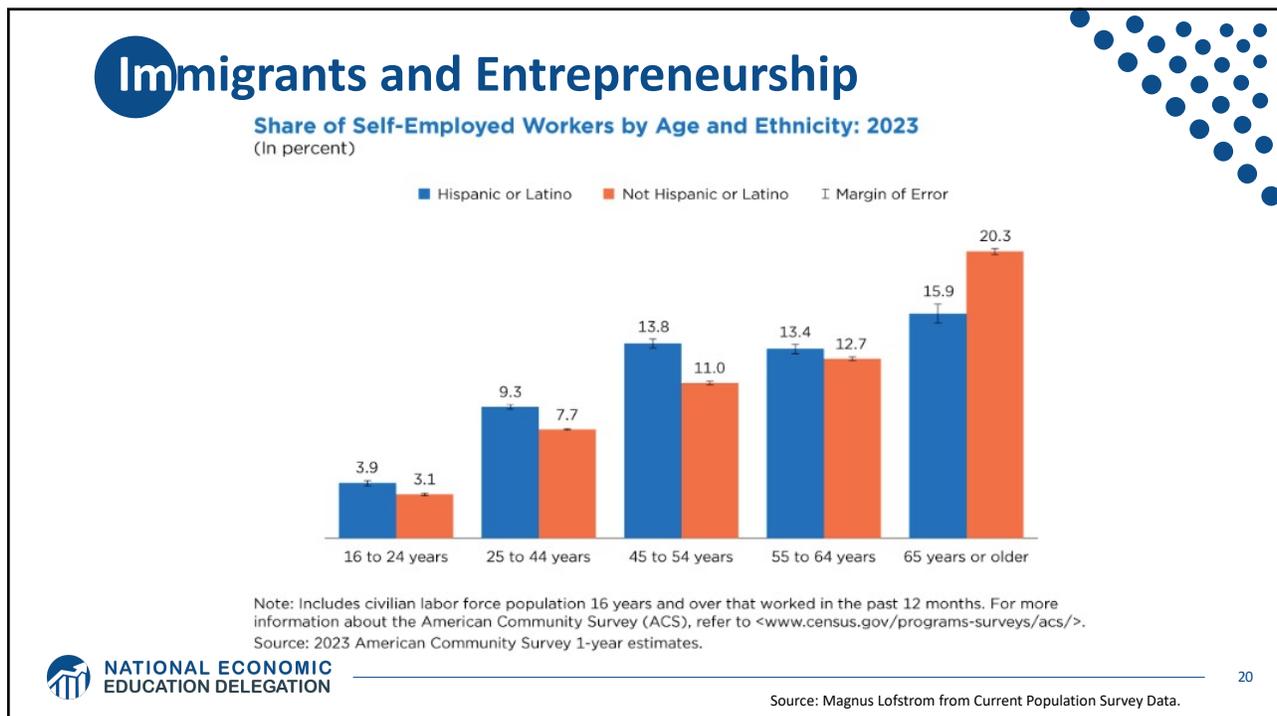
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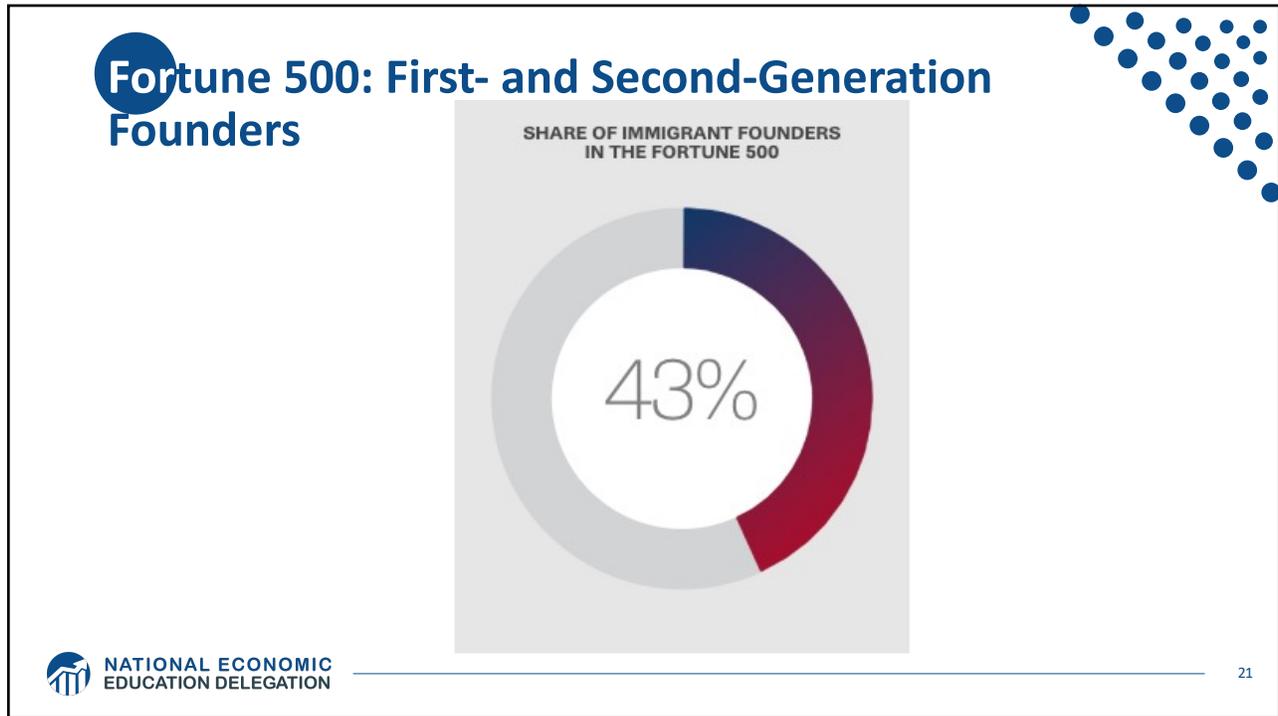
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*Seven of the 10 most valuable and recognizable brands in the world were launched by immigrants or children of immigrants.*

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Detailed description: A collection of ten brand logos arranged in two rows. The top row includes Apple, AT&T, Google, GE, and IBM. The bottom row includes Marlboro, McDonald's, China Mobile (中国移动通信 CHINA MOBILE), Coca-Cola, and Microsoft. The National Economic Education Delegation logo is in the bottom left corner, and the number '22' is in the bottom right corner.

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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**
  - 32.7 million foreign-born persons ages 16+ in the labor force in Feb/26.
  - 19% of the total US workforce (14% of population).
- **Evidence**
  - Immigrants added 11% to GDP (\$2 trillion) in 2016.



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## Government Revenues and Expenditures



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# Questions?

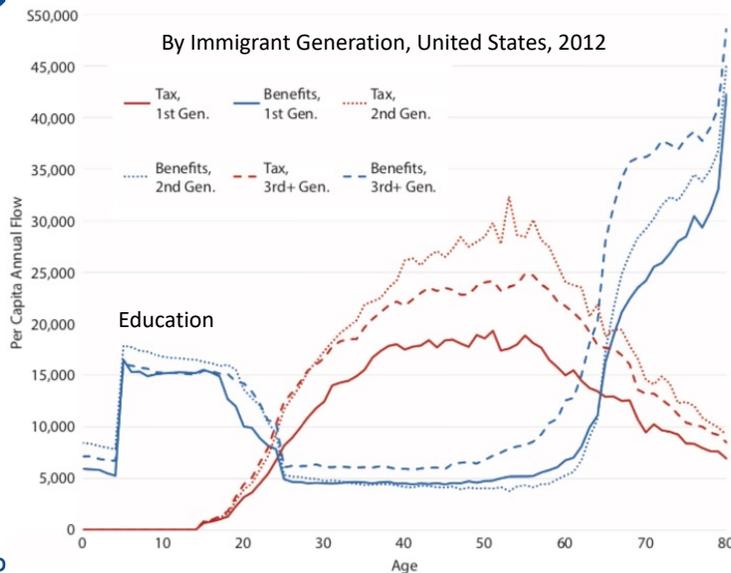
- **Basic question:**

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

- **More complicated question:**

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

# Age-Specific Taxes and Benefits



21-year-old with a high school diploma: +\$126,000 over a lifetime

## Bottom Line/Consensus of Estimates

- **Federal level:** fiscal impact is generally **positive**.
- **State and local level:** typically **negative** fiscal impact.
- **Overall:** \$1,300 more in on average than out.



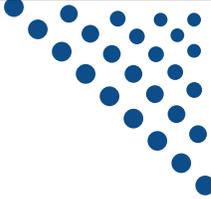
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## Implications for Major Federal Programs

- **DOCUMENTED** immigrants are less likely to receive Social Security and Medicare benefits than are native-born individuals.
- **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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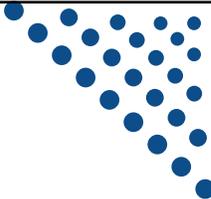


# Crime

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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!

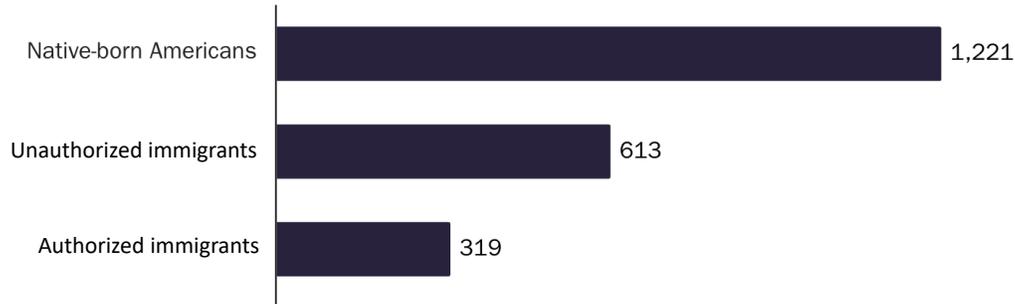
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## Incarceration by Immigration Status, 2023

### 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

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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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## About Conventional Wisdom

- **Native-born unskilled workers**
  - Some may experience negative impact on their wages.
  - But opportunities are also created for many others.
- **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.
  - **Overall:** net benefit to governments.
- **Crime**
  - Immigrants, both authorized and unauthorized, commit crimes at much lower rates than do native-born residents.



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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 may lower the wages of some low-skilled workers.
    - But it creates opportunities for others.
  - Increases the availability of and lowers prices of goods produced using low-skilled workers.
  - It also increases labor force participation among highly-skilled workers.



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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.**

