



The Economics of Immigration

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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: 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

- **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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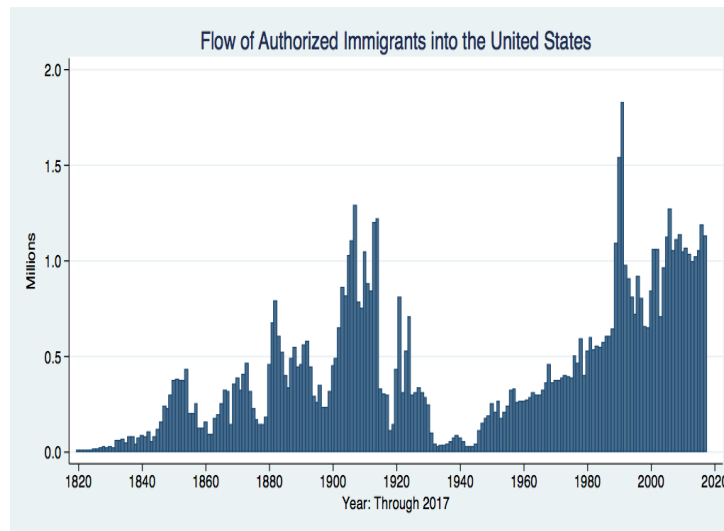
Outline

- History/Data of immigration to the US
- Economics of immigration



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Historical Trends in Authorized Immigration

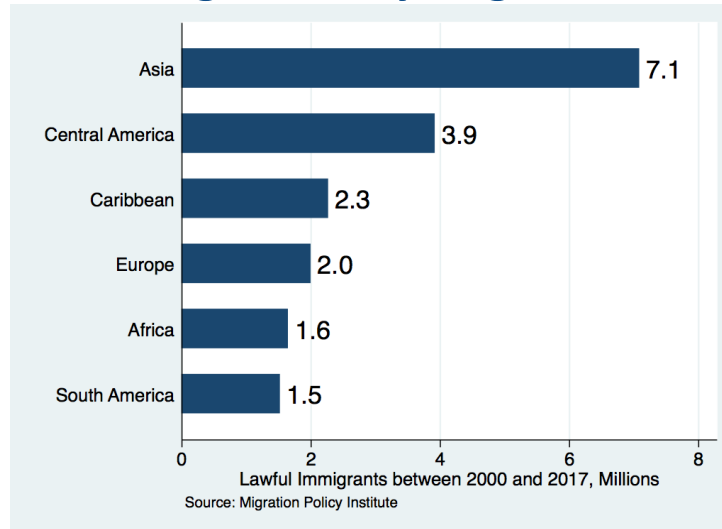


<https://www.libertyellisfoundation.org/immigration-timeline>

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Authorized Immigration by Region

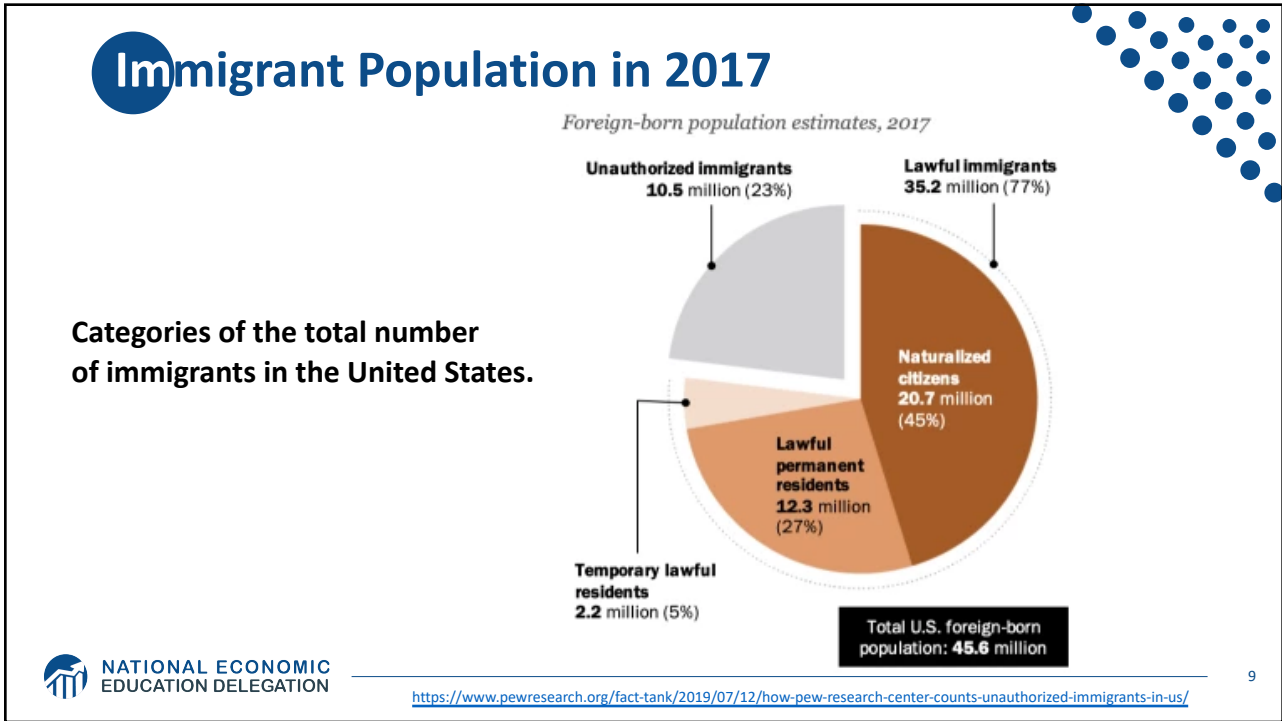


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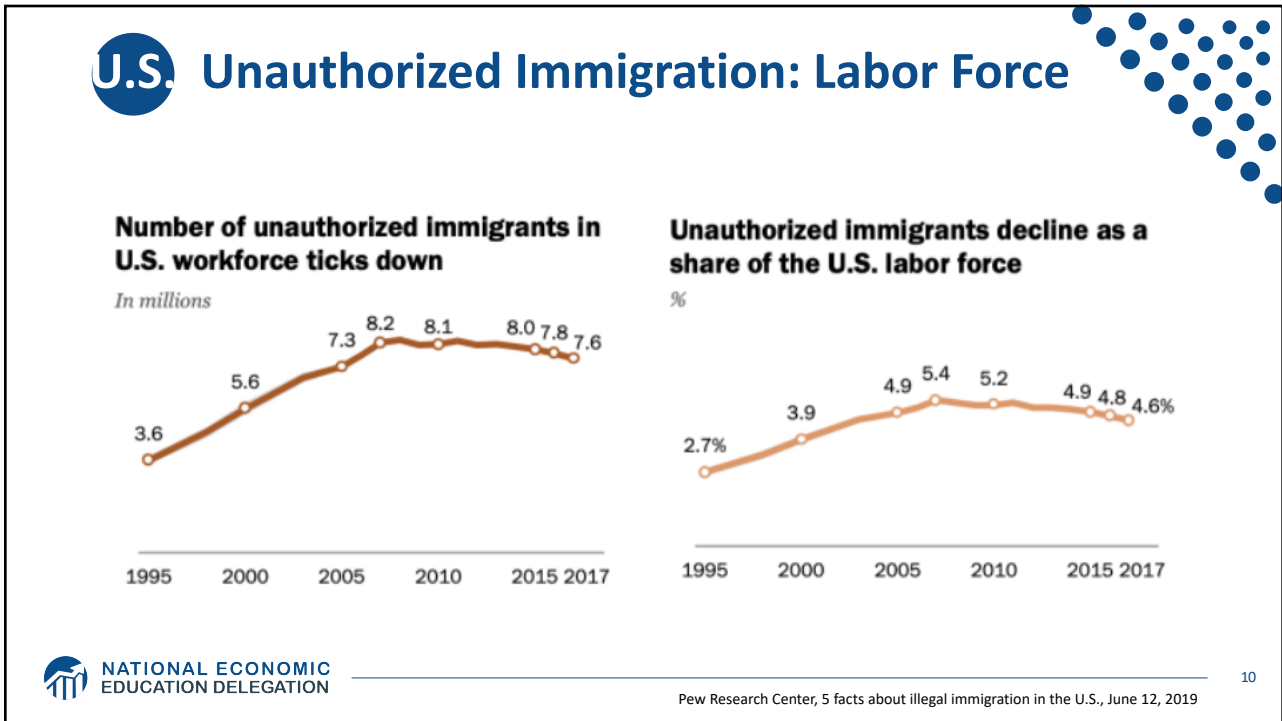
Number of Immigrants and their Share of the total U.S. Population, 1850 -2019

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

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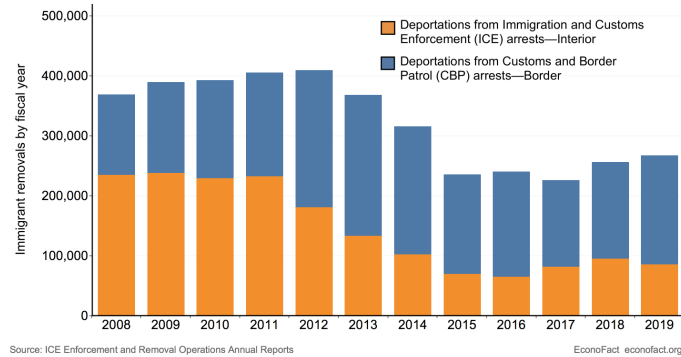
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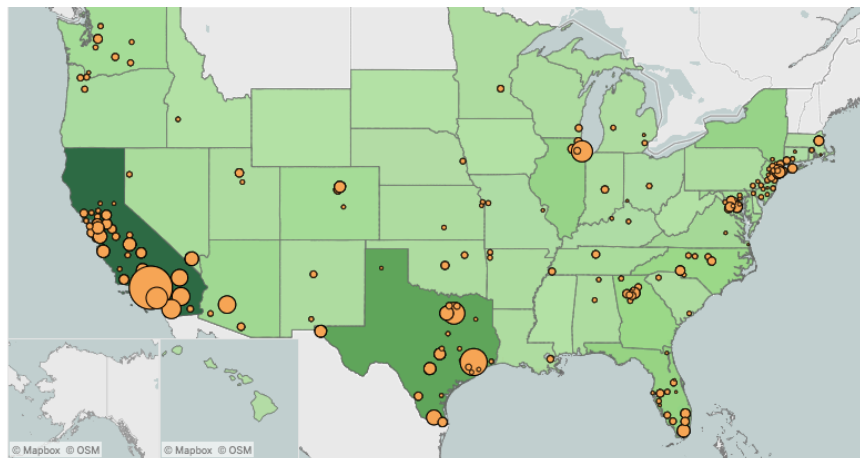
Immigrant Deportations

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: General Principles

- **Short run**
 - Harm likely to native-born workers who are similar to immigrants. (not generally found when economists look at data).
 - 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*, but may also increase overall productivity.
- **Note: The impact of different types of immigration by skills/education are different.**



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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.

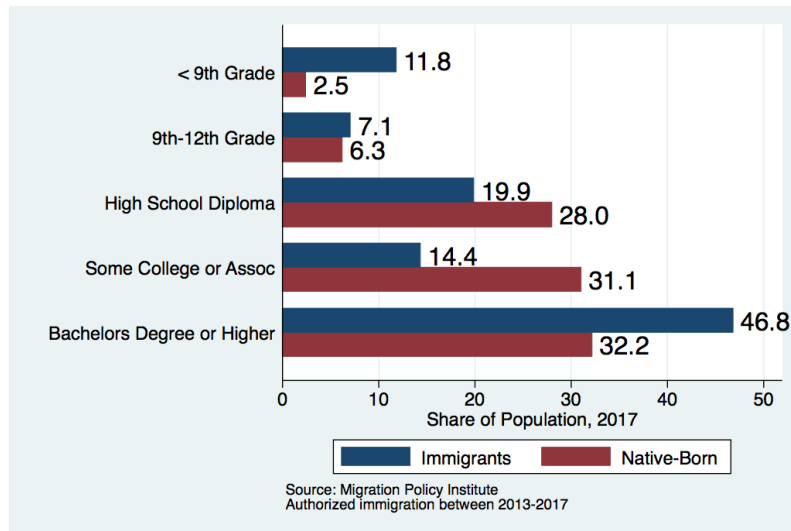
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Labor Market Implications: Evidence of Surplus

Type of Immigrants	Surplus: % of GDP	
	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

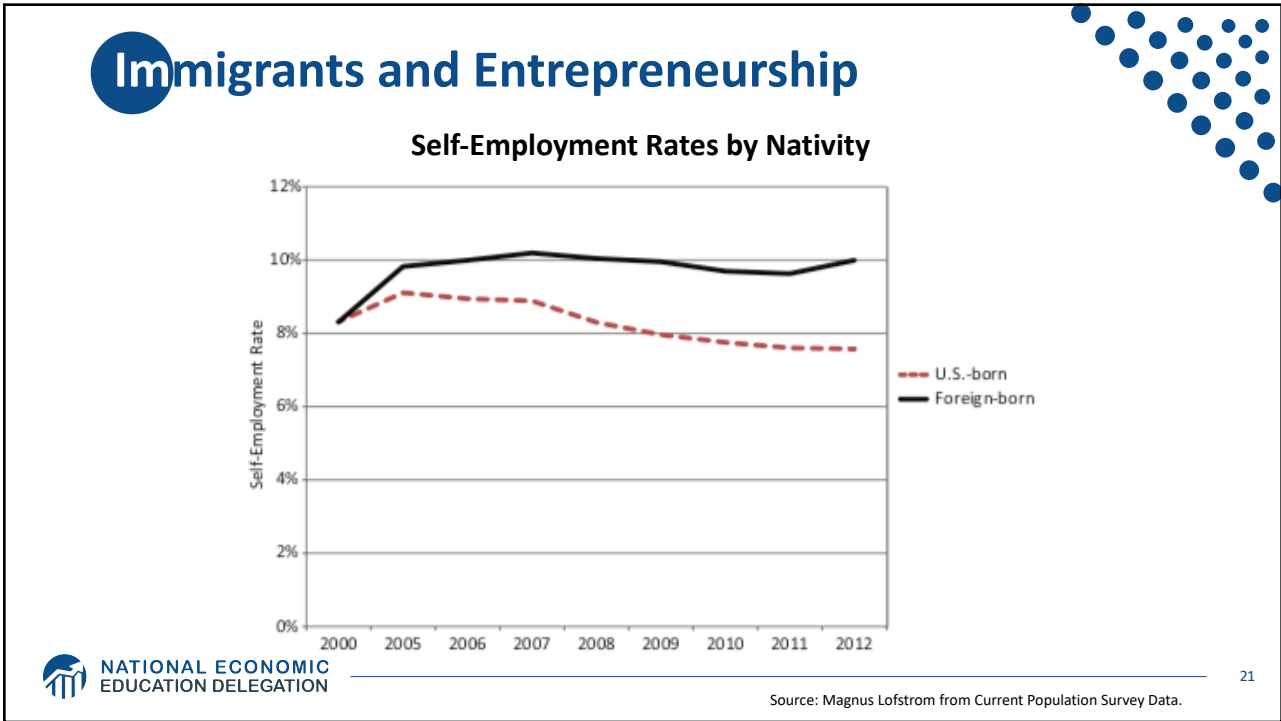


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Skilled Immigrants and Innovation

- **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
 - Additional source of immigrant surplus
- **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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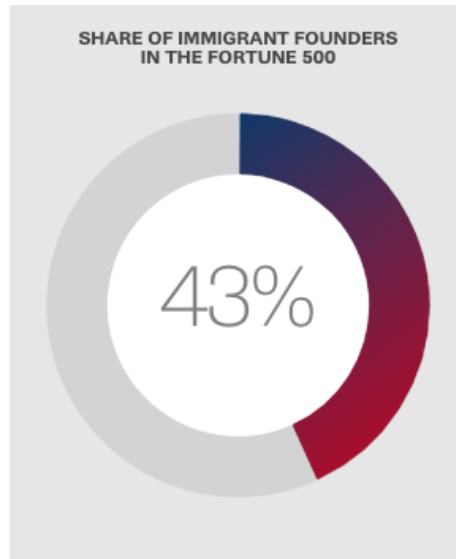


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Fortune 500: First- and Second-Generation Founders



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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



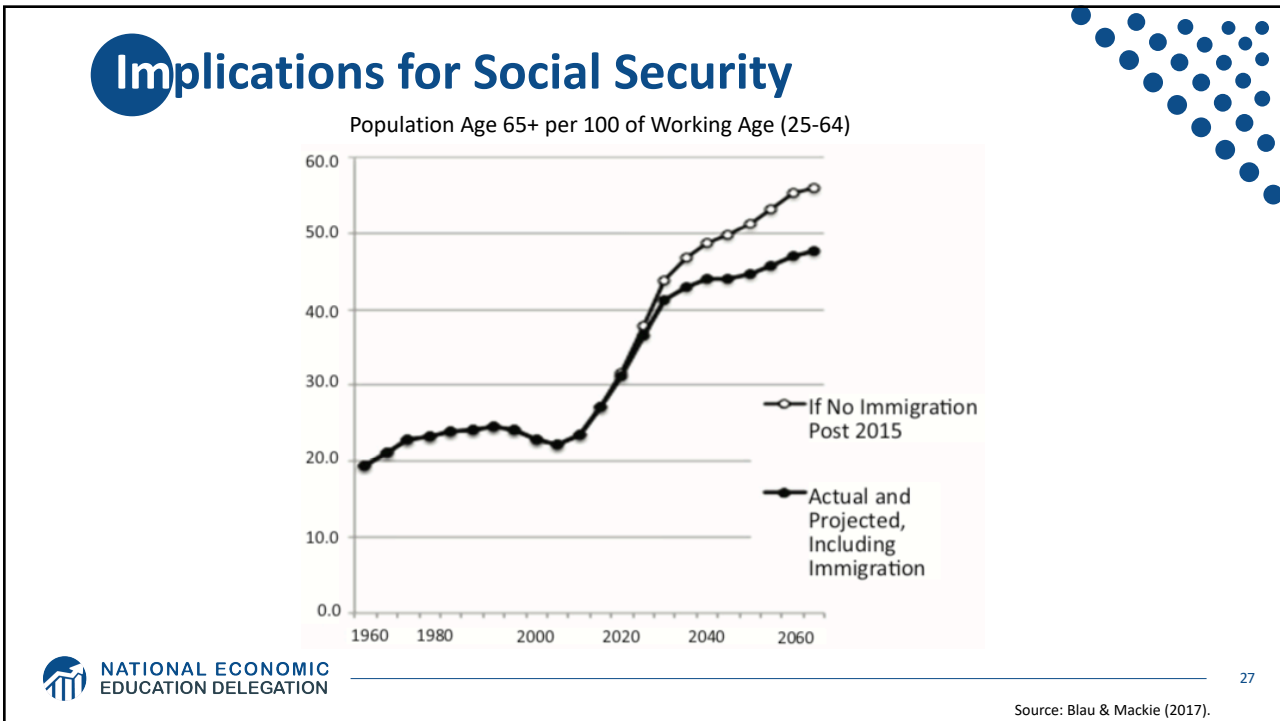
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Implications for Major Federal Programs

- **Documented immigrants are less likely to use Social Security and Medicare.**
- **Unauthorized immigrants are ineligible.**
 - They 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.



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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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Thank you!

Any Questions?

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