

Osher Lifelong Learning Institute, Spring 2025

Contemporary Economic Policy

University of Minnesota

Host: Geoffrey Woglom, Ph.D.
Director, National Economic Education Delegation



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Course Outline

• Contemporary Economic Policy

- Week 1 (4/3): Economic Update (Geoffrey Woglom, Amherst College)
- Week 2 (4/10): Health Economics (Robert Rebelein, Vassar College)
- **Week 3 (4/17): Immigration (Jon Haveman, Exec Director, NEED)**
- Week 4 (4/24): The New Inequality (Geoffrey Woglom, Amherst College)
- Week 5 (5/1): Federal Debt and Deficits (Dmitriy Stolyarov U of Michigan)



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Submitting Questions

- Please submit questions in the chat.
 - I will try to handle them as they come up.
- We will do a verbal Q&A once the material has been presented.
- Slides will be available from the NEED website tomorrow (https://www.needecon.org/delivered_presentations.php).

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The Economics of Immigration

Jon Haveman, Ph.D.
National Economic Education Delegation



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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 U.S.**
- **Economics of immigration**
- **Recent immigration issues**



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Immigration Quiz

- What % of the U.S. population is not native-born?
 - 14%
- What % of the world's population is 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?

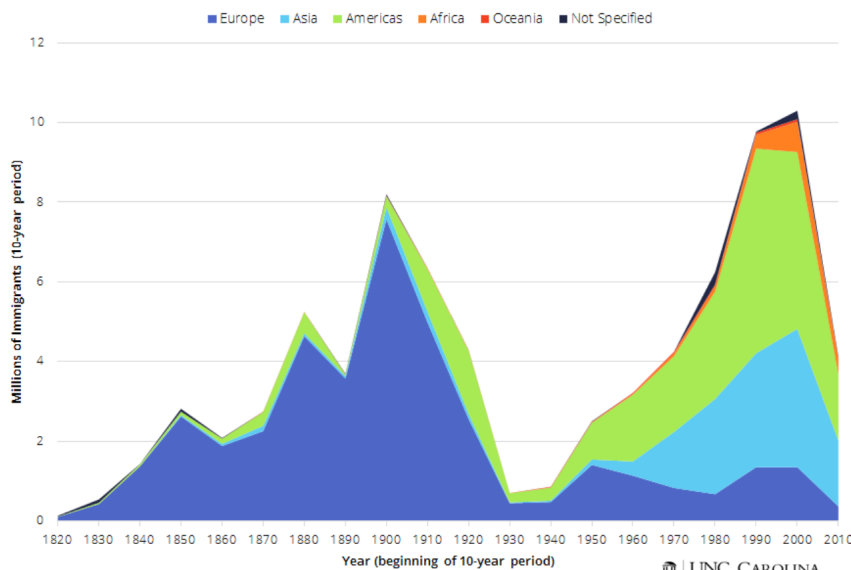
• Push factors:

- 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:

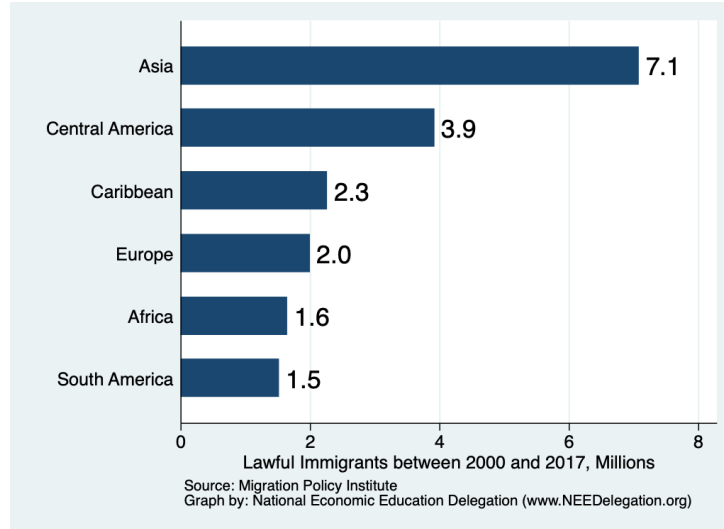
- Potential for economic prosperity (higher wages, job opportunities), physical security, political freedom, and religious liberty.

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



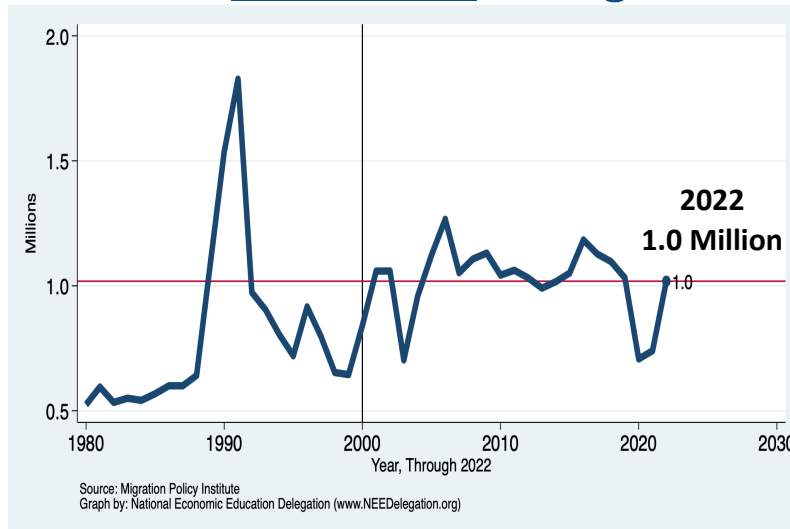
Data Source: U.S. Department of Homeland Security

Authorized Immigration by Region



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Recent Trends in Authorized Immigration



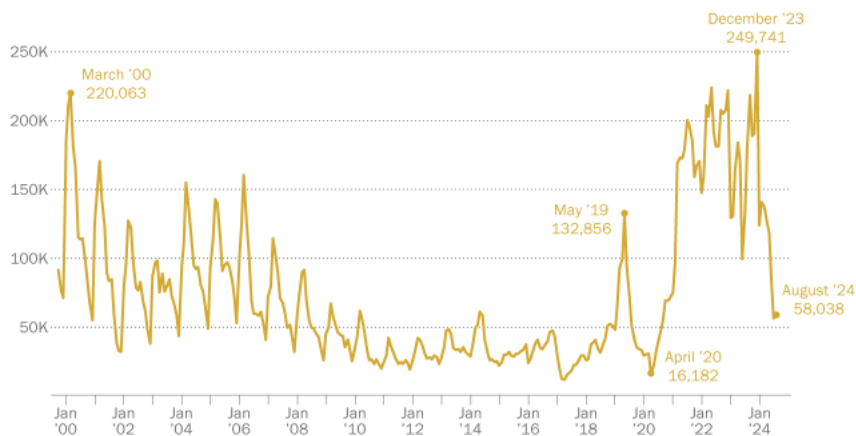
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UNauthorized Immigration

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

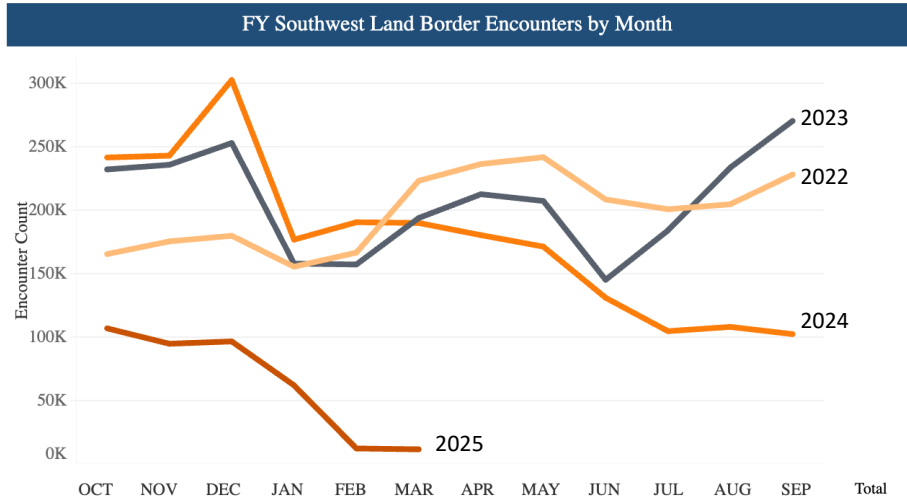
Monthly migrant encounters by U.S. Border Patrol at the U.S.-Mexico border



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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Recent Border Encounters

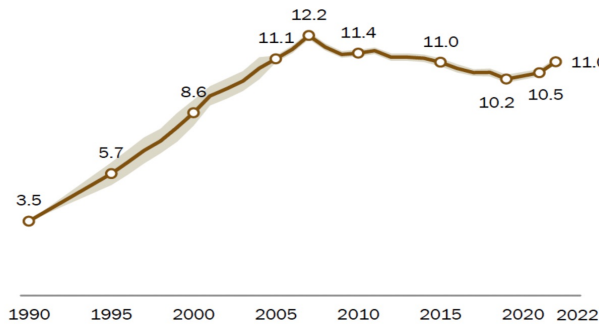


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U.S. Unauthorized Immigration Totals

The number of unauthorized immigrants in the U.S. grew from 2019 to 2022

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

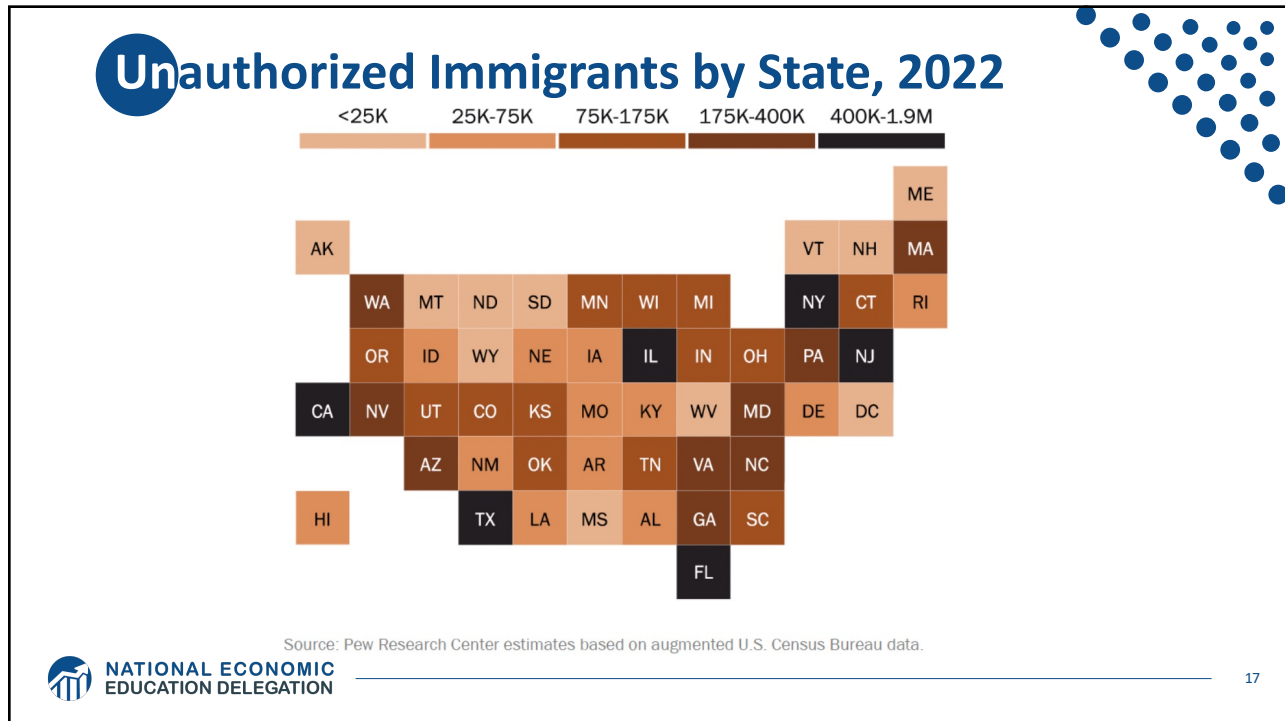


And is about the same as in 2015 and 2005.

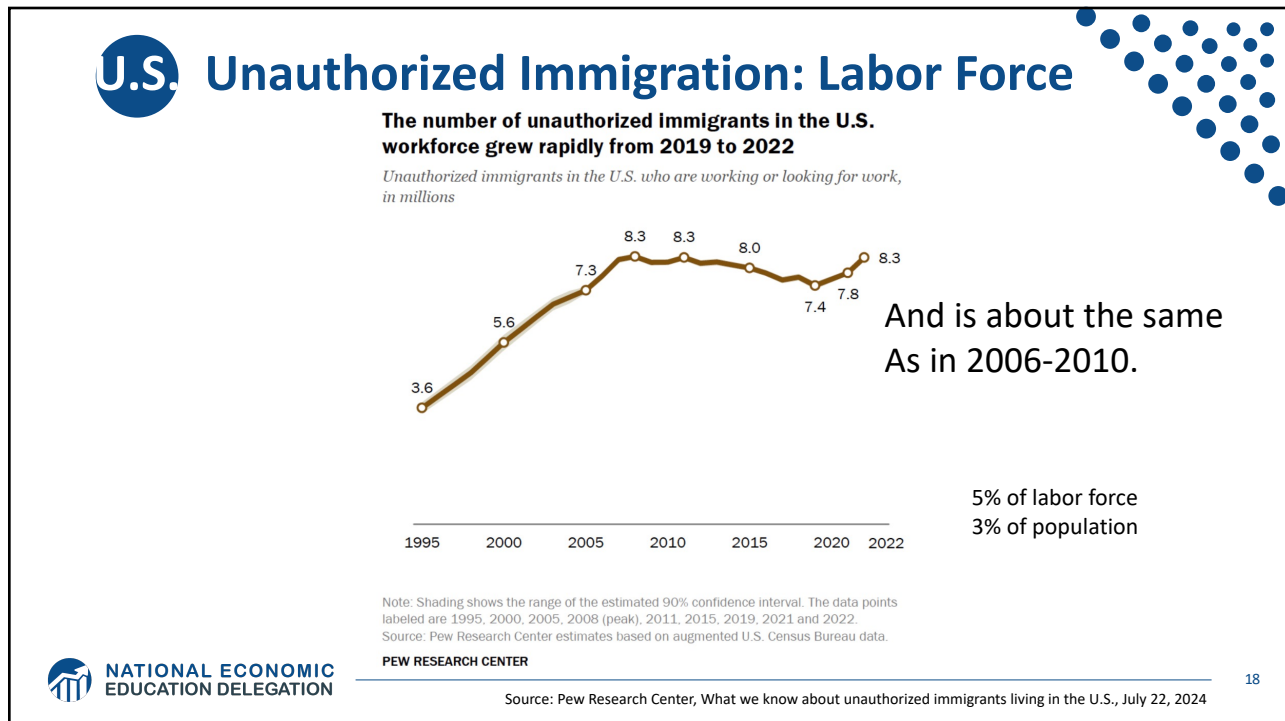
Data suggest 11.7 in 2023.

Note: Shading shows the range of the estimated 90% confidence interval. The data points labeled are 1990, 1995, 2000, 2005, 2007 (peak), 2010, 2015, 2019, 2021 and 2022. Source: Pew Research Center estimates based on augmented U.S. Census Bureau data.

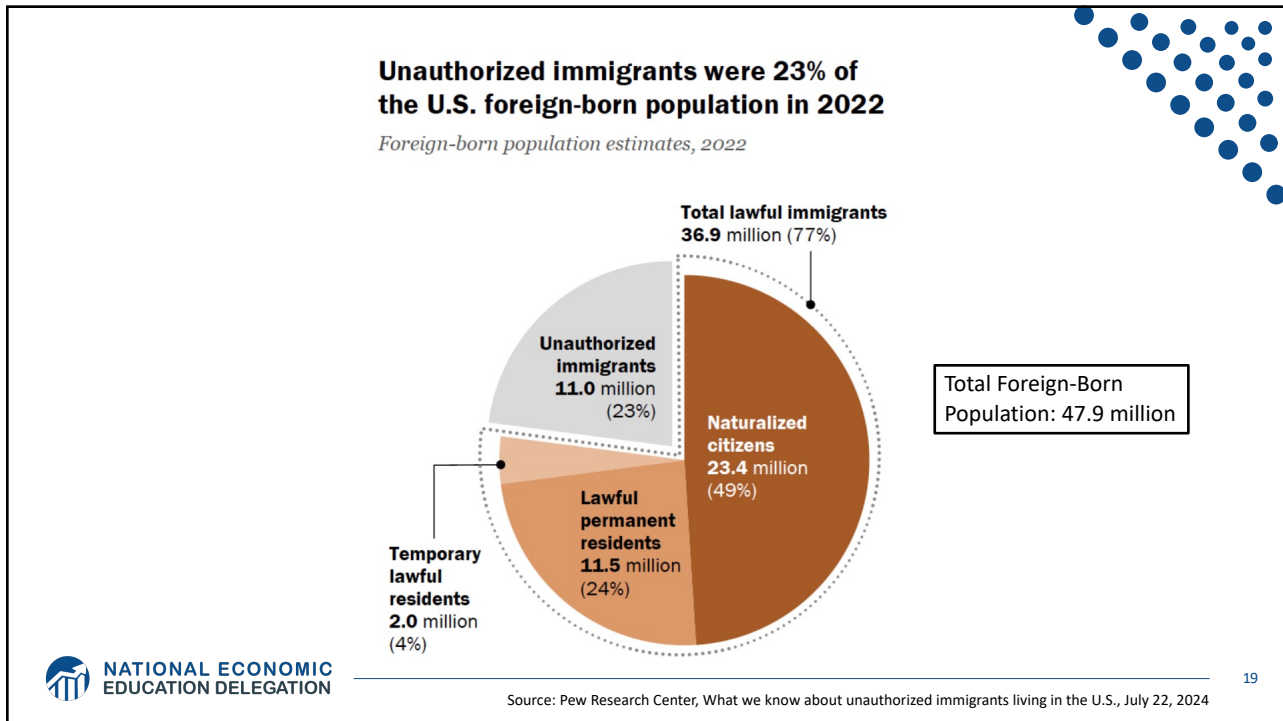
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Why Do We Care? Economic Implications

- 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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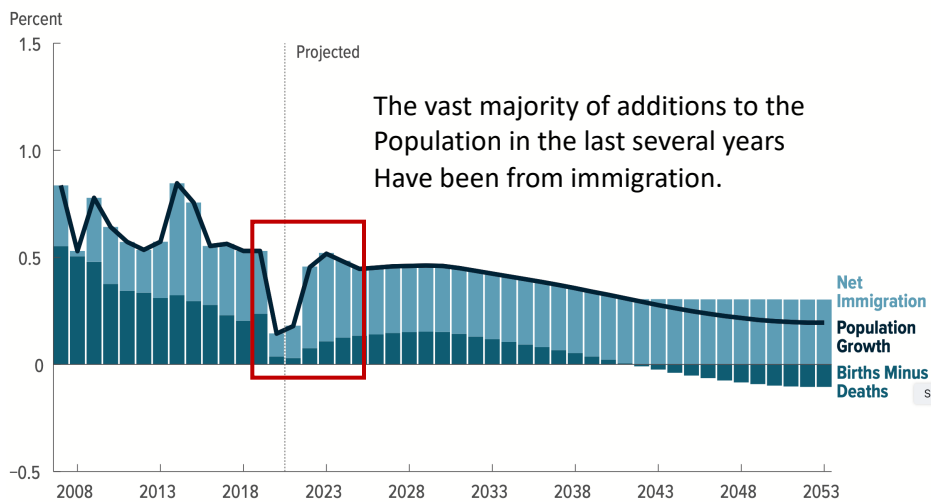
GDP: How Does This Work?

- **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**
 - 33.7 million foreign-born persons ages 16+ in the labor force in March/25.
 - 19.8% of the total US workforce.
- **Evidence**
 - Foreign-born workers added 11% to GDP (\$2 trillion) in 2016.

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Is Immigration Saving the Day?

Population Growth and Its Underlying Factors



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Jobs: Conventional Wisdom...Upended

- **What is the conventional wisdom?**

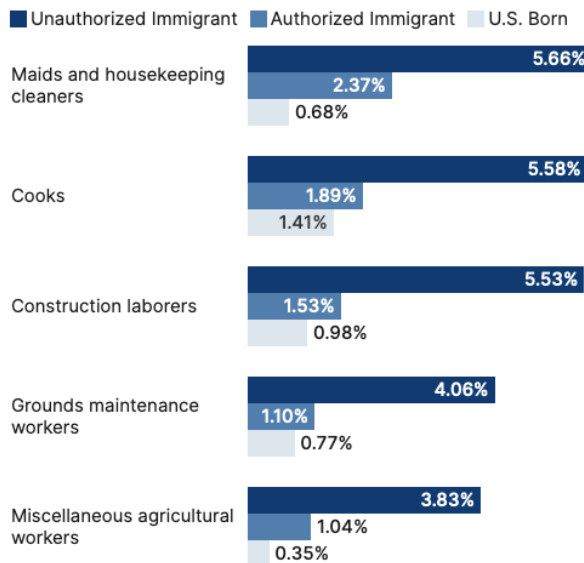
- Low-skilled immigrants come in and take jobs from low-skilled native-born individuals.
 - o 1-1 tradeoff.

- **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.

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Share of Workers in Each Occupations



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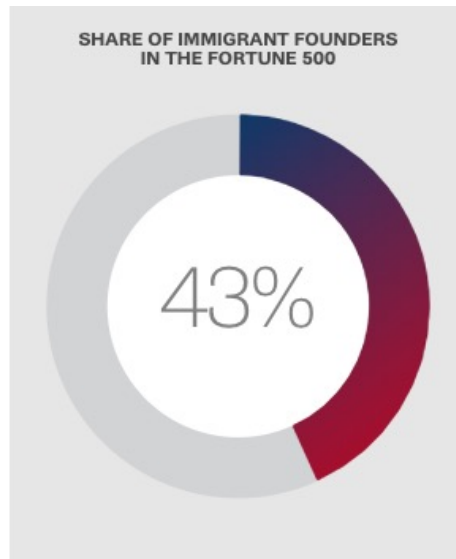
Skilled Immigrants and Innovation

- **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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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.

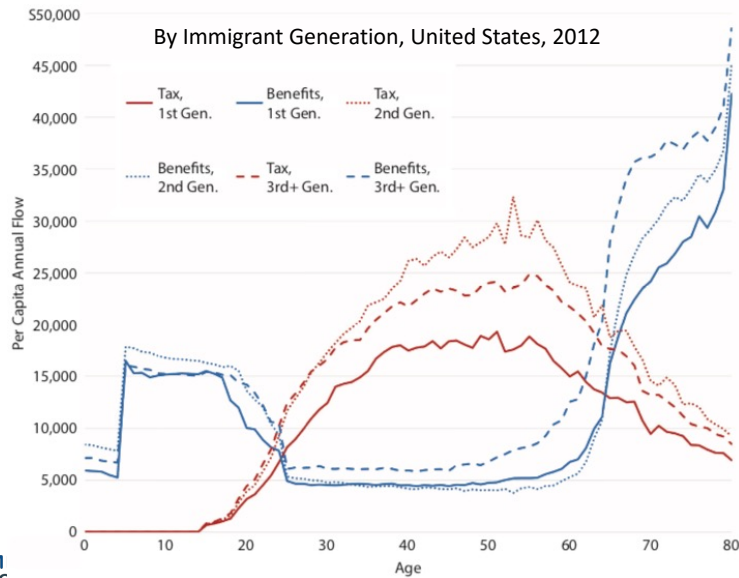
- **More complicated:**

- 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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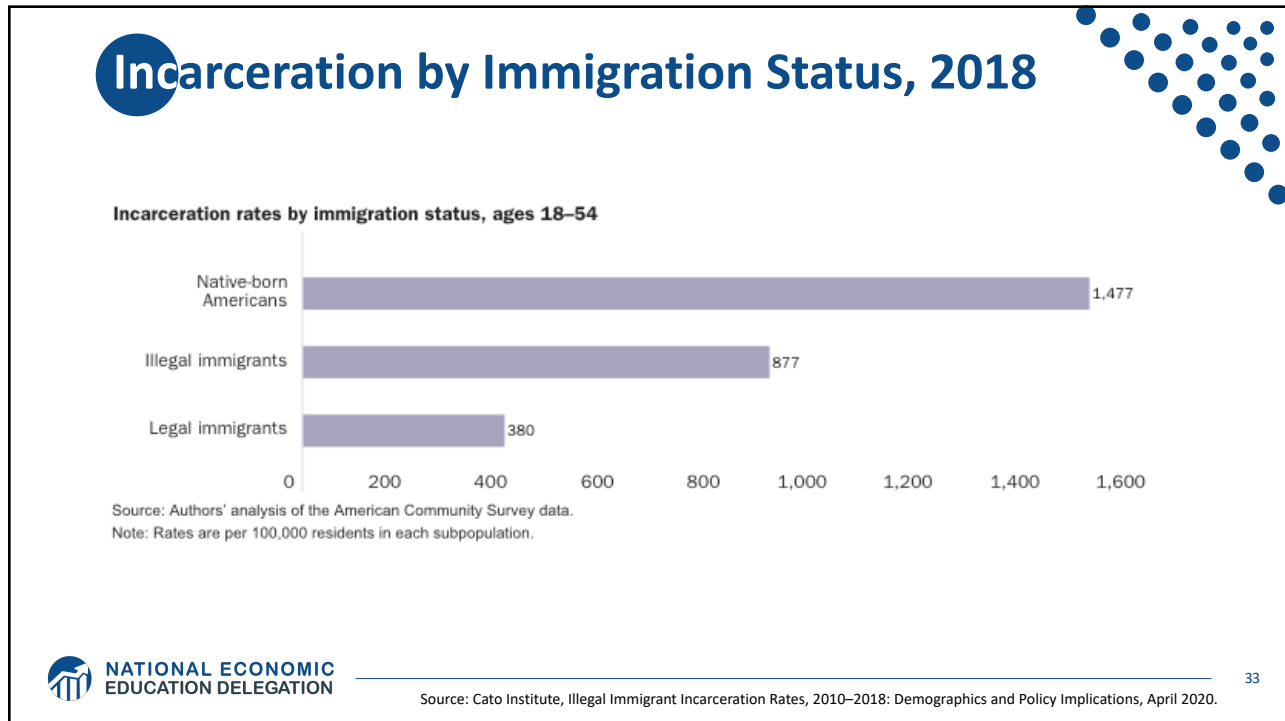
Immigrants and Crime Rates

- **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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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;
 - o 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



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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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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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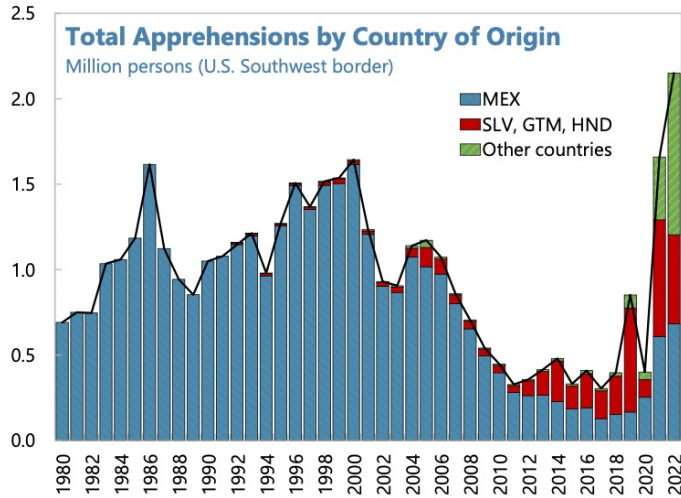
The Northern Triangle



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Northern Triangle Apprehensions

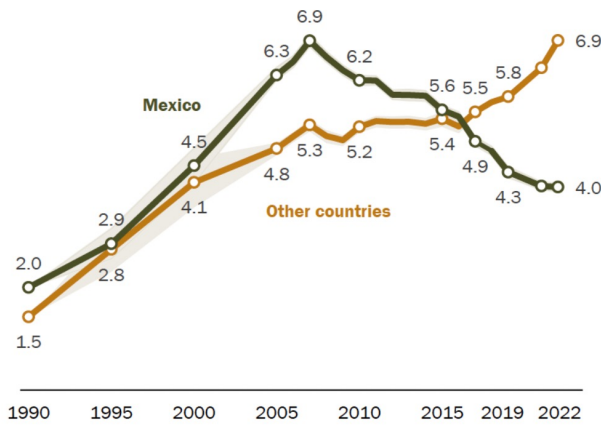
(Northern Triangle Countries in Red)



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Mexicans have been a minority of unauthorized immigrants since 2017 but are by far the largest group

U.S. unauthorized immigrant population by country of birth, in millions



Note: Shading shows the range of the estimated 90% confidence interval. The data points marked are 1990, 1995, 2000, 2005, 2007, 2010, 2015, 2017 (crossover), 2019, 2021 and 2022.

Source: Pew Research Center estimates based on augmented U.S. Census Bureau data.

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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?



Mass Deportations

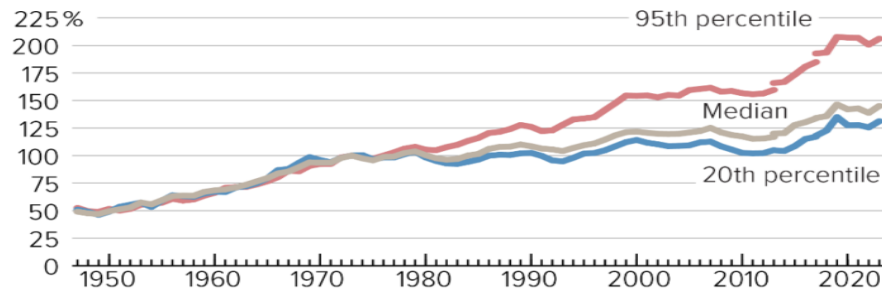
- **Immigrants work different jobs than do native-born workers.**
- **Immigrants contribute to the local economy.**
 - GDP losses of up to \$1.7 trillion annually.
- **Immigrants keep prices low: in particular, food!**
- **Deportations impact tax revenues.**
 - \$1,300 more in on average than out, annually.
 - 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.**

Next Week: The Abrupt Increase in Inequality

FIGURE 1

Income Gains Widely Shared in Early Postwar Decades — But Not Since Then

Real family income between 1947 and 2023, as a percentage of 1973 level



Note: Breaks indicate implementation of a redesigned questionnaire (2013) and an updated data processing system (2017).

Source: CBPP calculations based on U.S. Census Bureau Data

Thank you!

Any Questions?

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 Jon D. Haveman, Ph.D.
 Jon@NEEDEcon.org

Contact NEED: info@needecon.org

Submit a testimonial: www.NEEDEcon.org/testimonials.php

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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

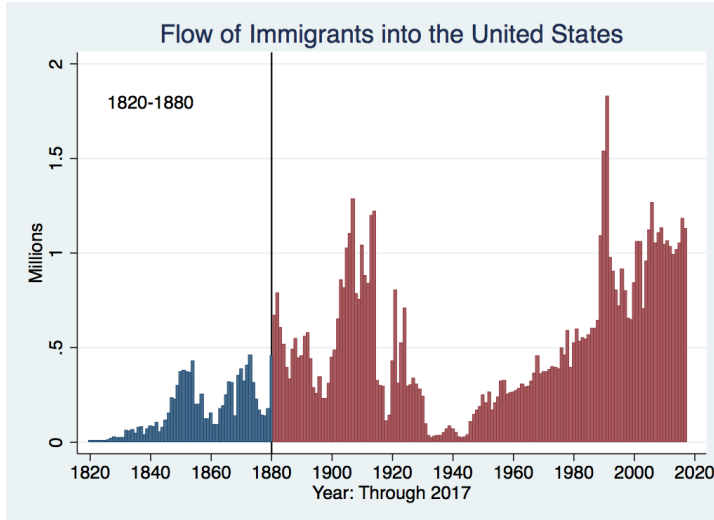
* Slave trade and clearly not voluntary or reflective of standard motivations for immigration.

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

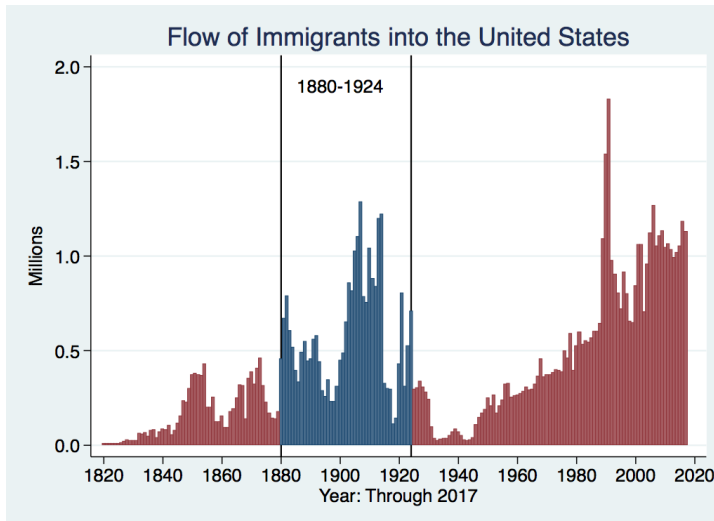
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History of US Immigration



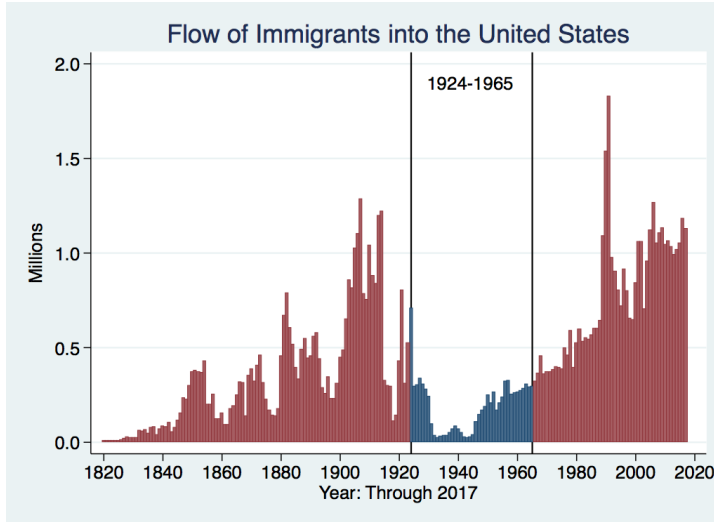
Source Countries	1820-1880
Germany	3,000,000
Ireland	2,800,000
Britain	2,000,000
Austro-Hungarian empire	1,000,000
Canada	750,000
China	230,000
African countries	50,000

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

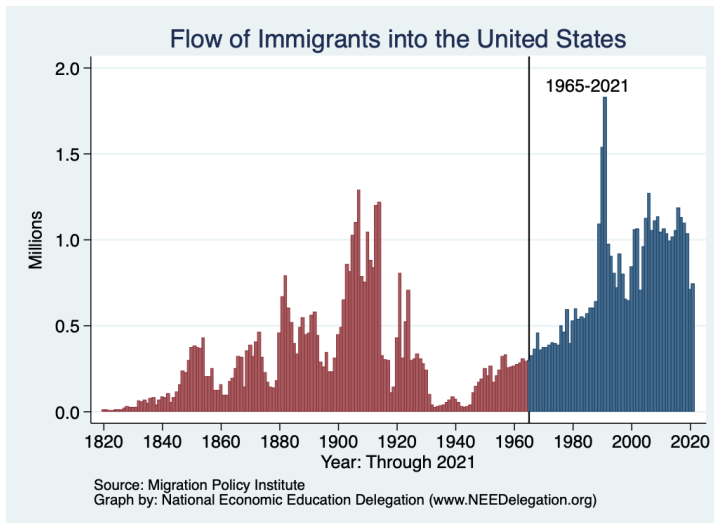
History of US Immigration



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

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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)

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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

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%)



Sources: UN Population Division (2010 and 2020 immigrant stocks), US DHS (2010-2020 immigrant inflows), US Census (population values).

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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%

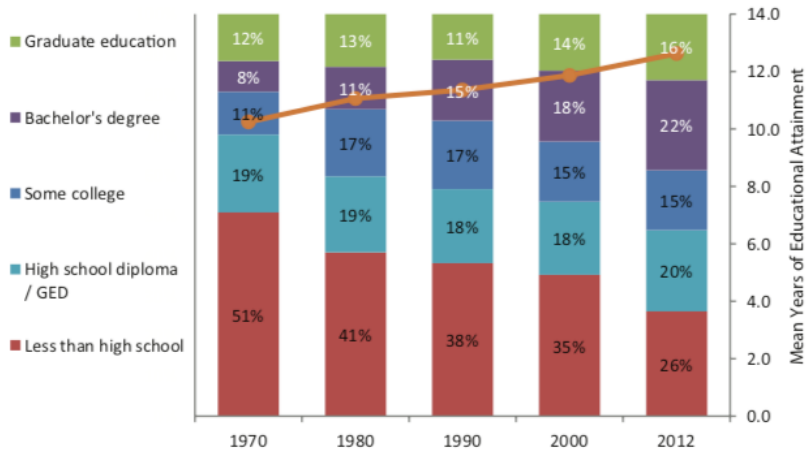


Sources: US Statistical Abstract (various years), US INS (various years), and US DHS (various years)

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Pattern of Immigration

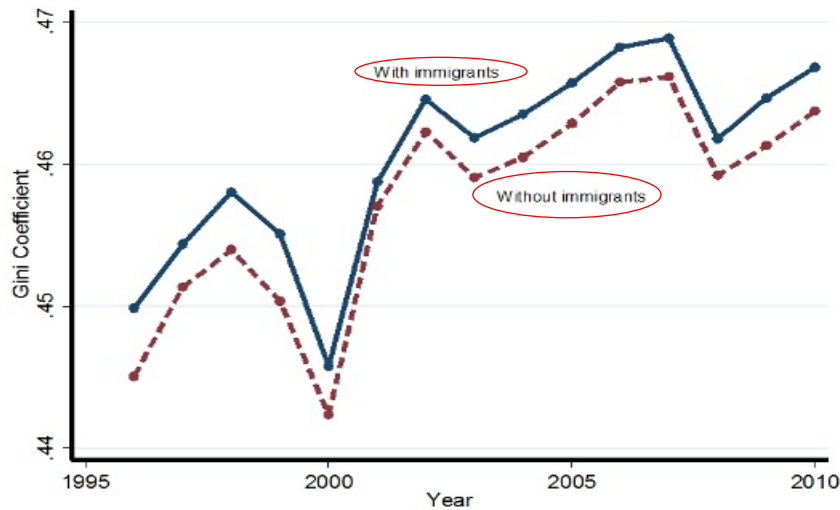
Educational Attainment of Recent Immigrants – Last 5 Decades



Source: Blau & Mackie (2017), p. 88.

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Immigration and Inequality



Source: Ping Xu, James C. Garand, and Ling Zhu, "How immigration makes income inequality worse in the U.S." (October 2015), Figure 1.

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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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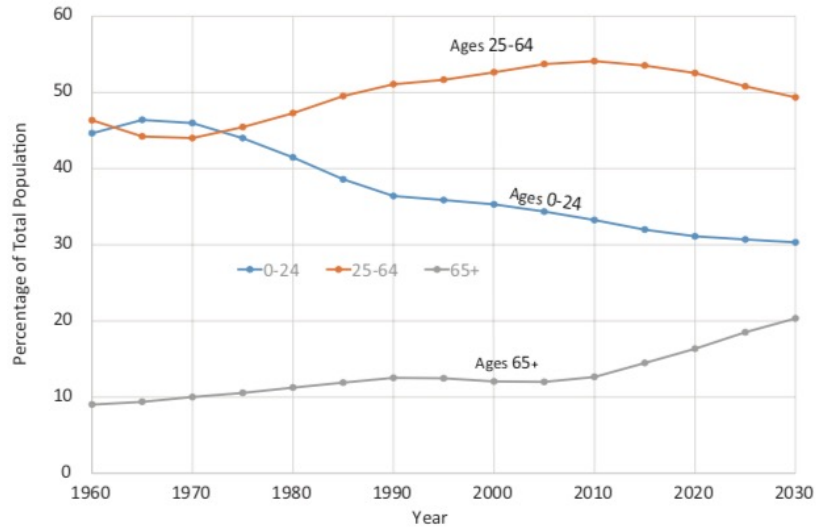
Implications for Major Federal Programs

- **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.**



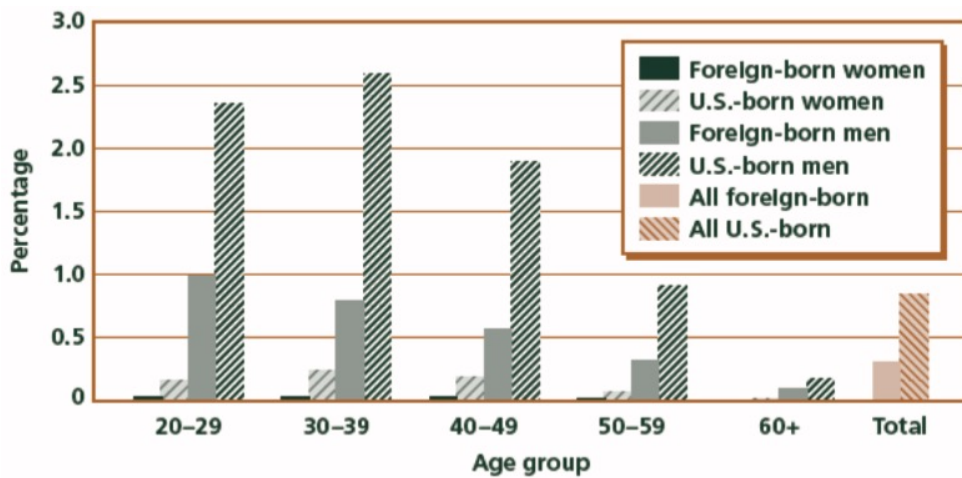
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The Aging US Population

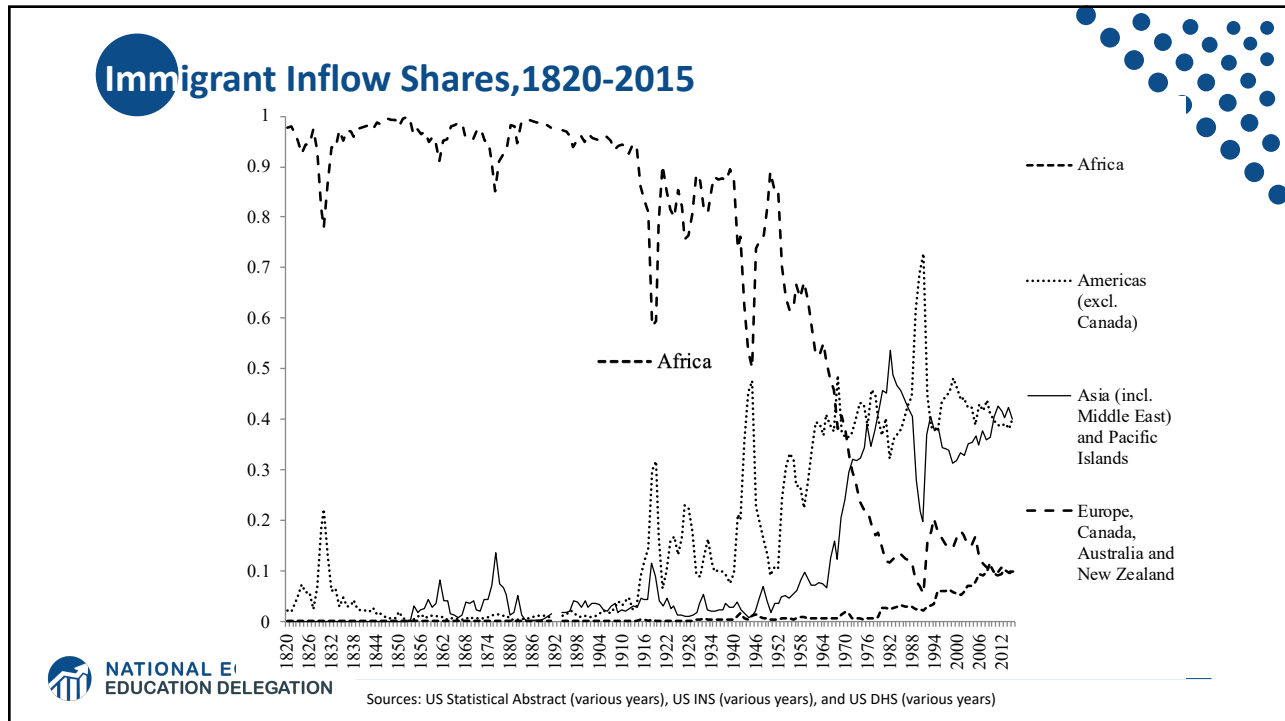


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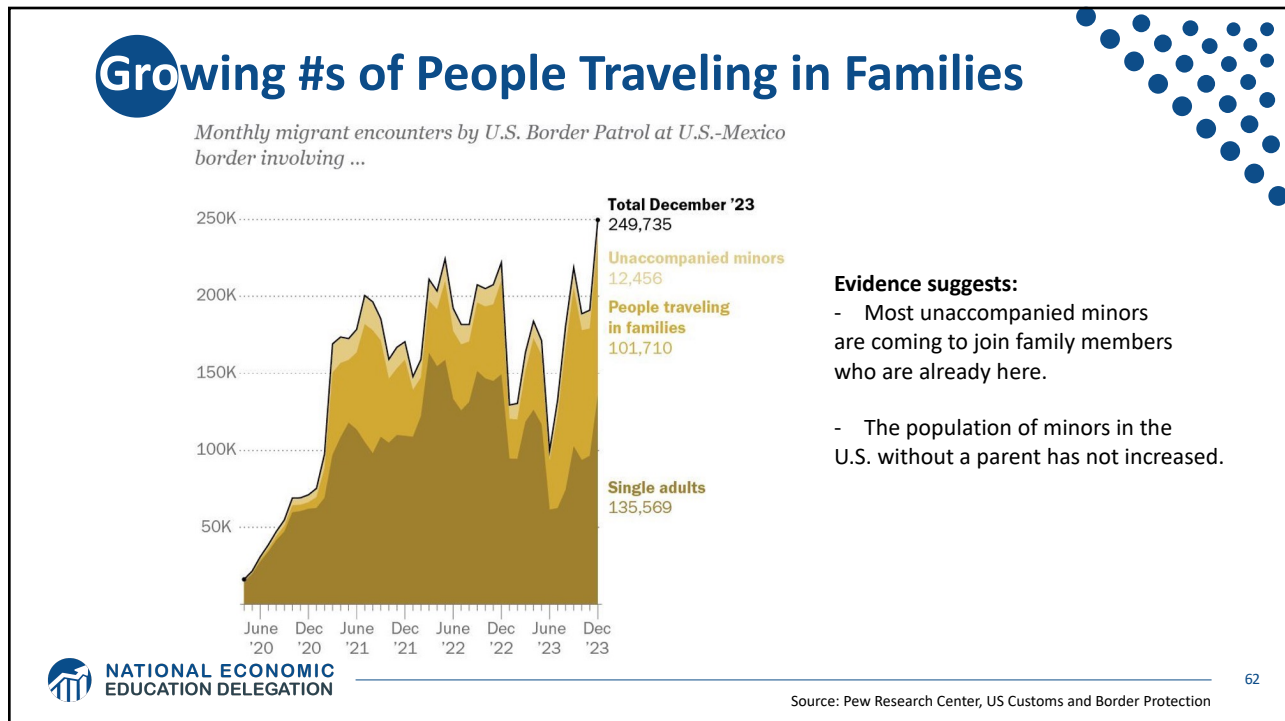
Crime: Incarceration Rates in California



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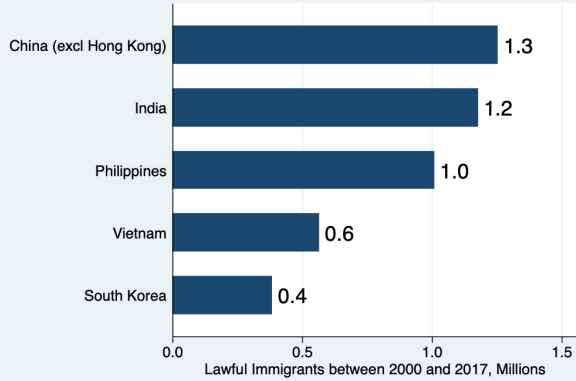


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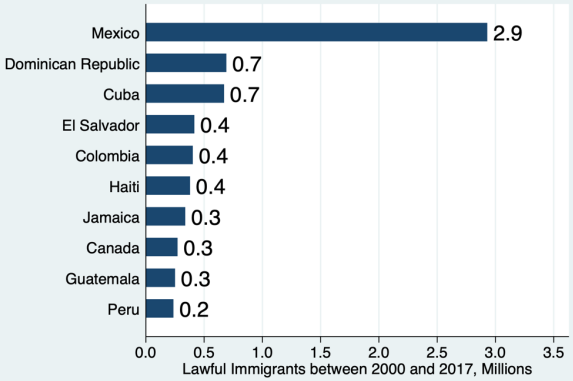


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Authorized Immigration by Source



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)