The Economics of Immigration

Parkway United Church of Christ
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National Economic Education Delegation

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Outline

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

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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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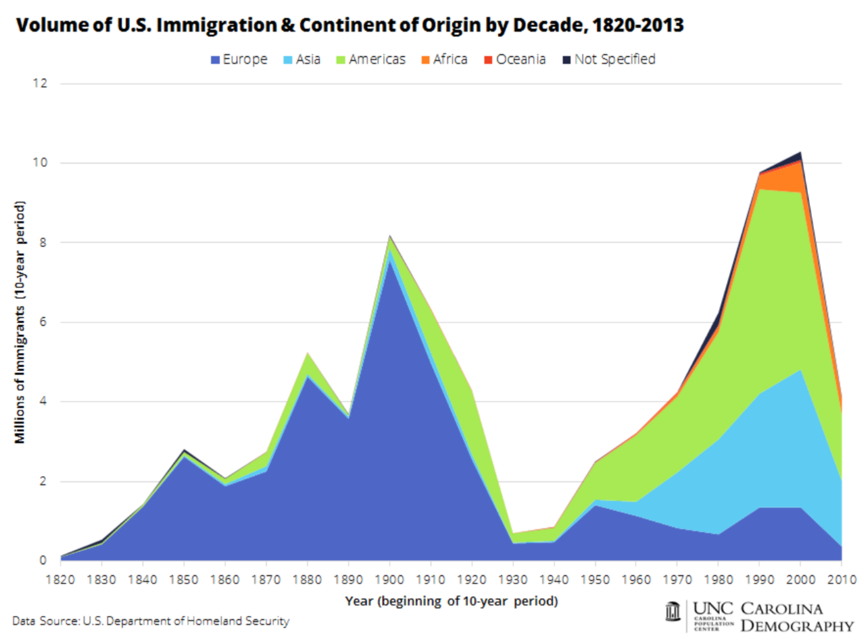

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Source: https://carolinademography.cpc.unc.edu/2015/04/27/u-s-immigration-flows-1820-2013/

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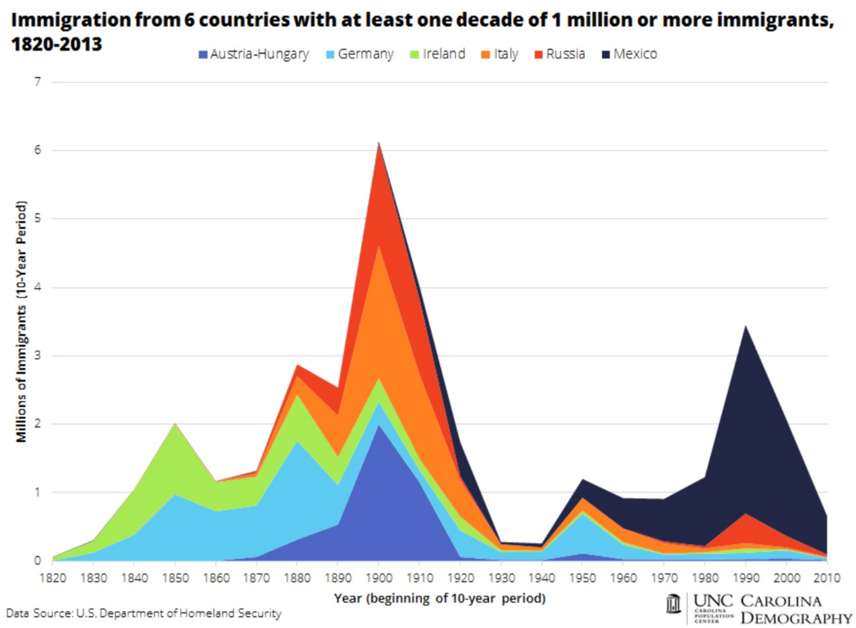

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Source: https://carolinademography.cpc.unc.edu/2015/04/27/u-s-immigration-flows-1820-2013/

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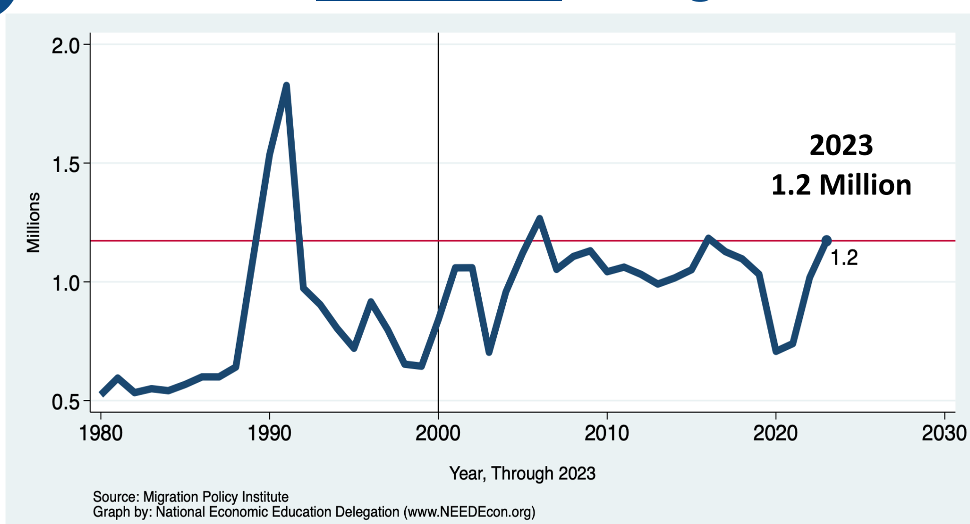
Recent Trends in Authorized Immigration



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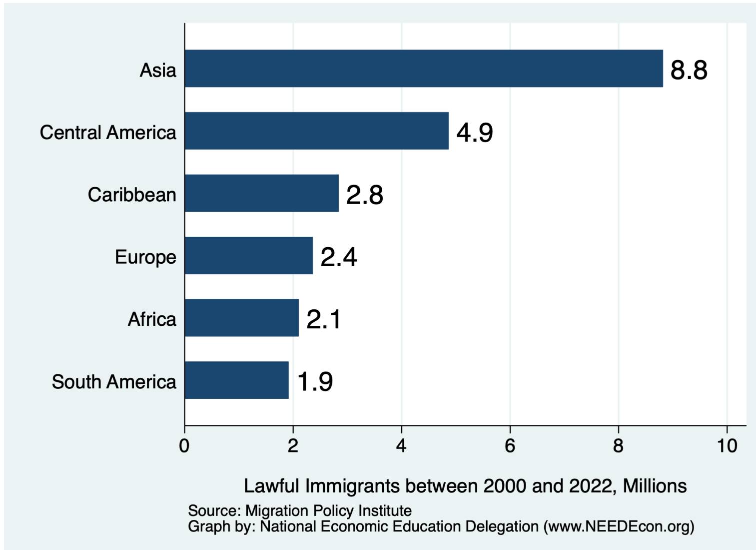
Authorized Immigration by Region (2000-2022)



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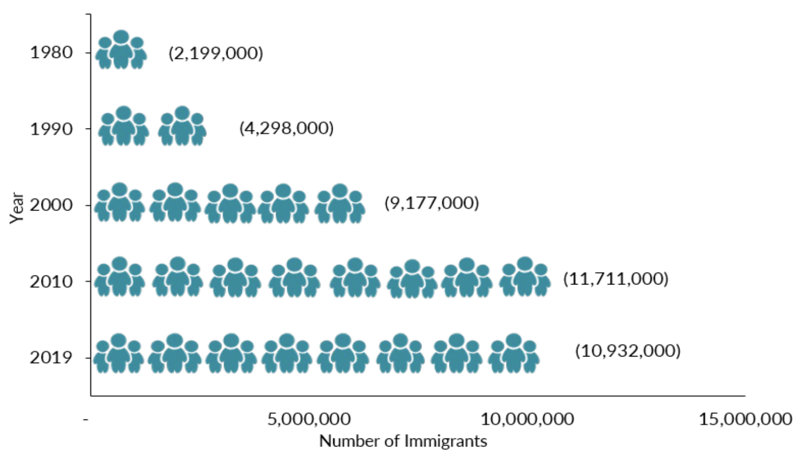
Mexican-Born People in the US



About 11 million in mid-2023 (Latest data)

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

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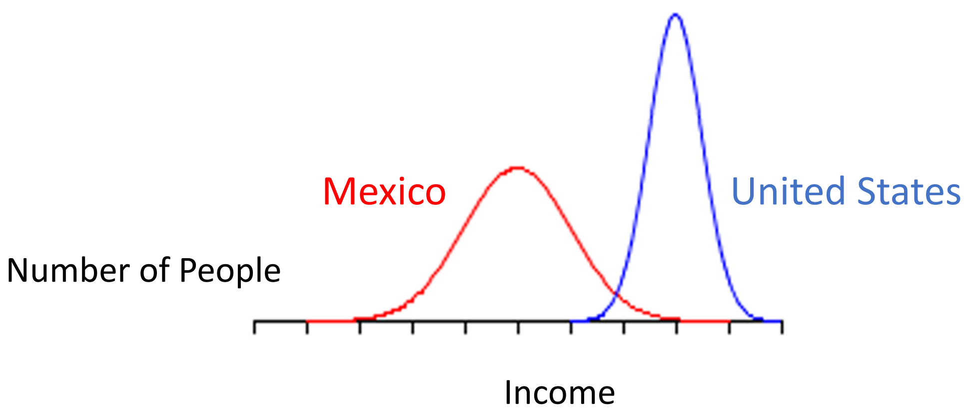
Distribution of Income



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UNauthorized Immigration

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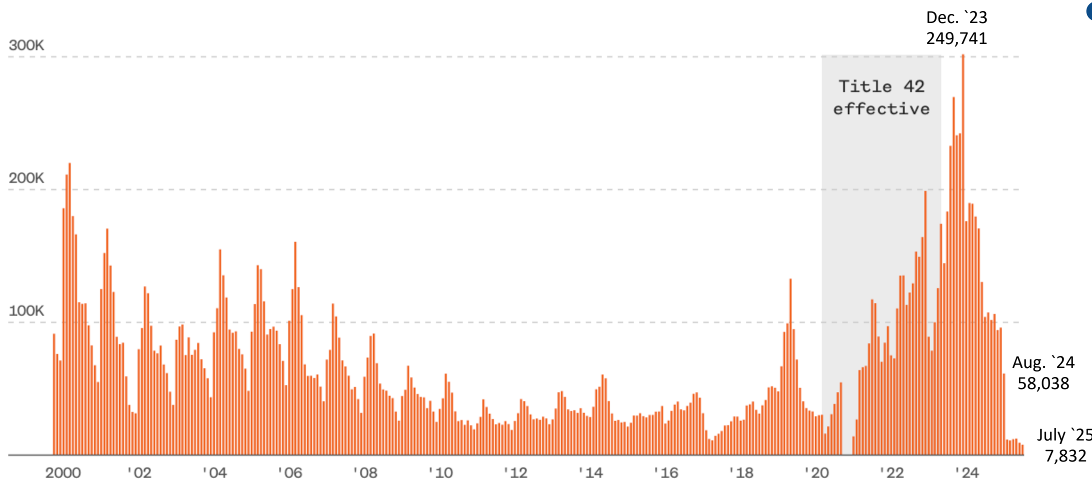
Encounters w/Migrants at the U.S.-Mexico Border



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Source: https://www.nbcnews.com/data-graphics/us-immigration-tracker-follow-arrests-detentions-border-crossings-rcna189148

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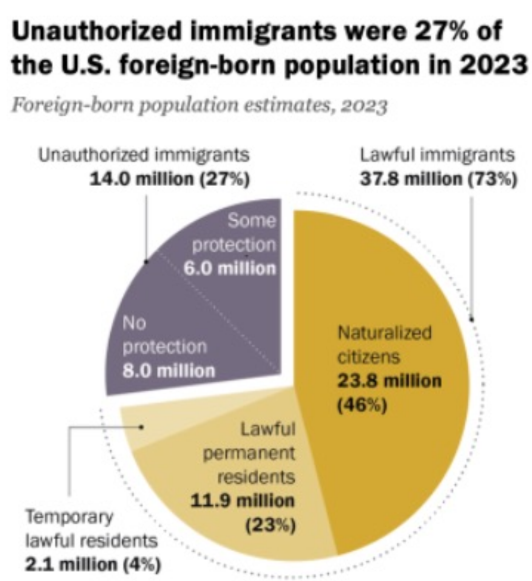

Total Foreign-Born (2023)
Population: 51.8 million

Total Foreign-Born (Aug/25)
Population: 48.5 million
(This seems too low.)

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Source: Pew Research Center, U.S. Unauthorized Immigrant Population Reached a Record 14 Million in 2023, August 21, 2025

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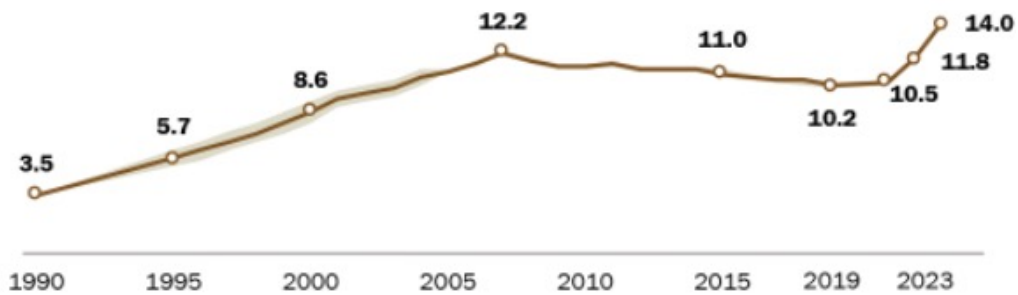
U.S. Unauthorized Immigration Totals, to 2023

U.S. immigrant population without full legal status, in millions



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Source: Pew Research Center, What we know about unauthorized immigrants living in the U.S., July 22, 2024

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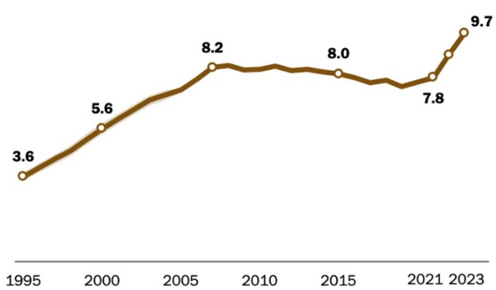
U.S. Unauthorized Immigration: Labor Force

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 (IPUMS).
"U.S. Unauthorized Immigrant Population Reached a Record 14 Million in 2023"

PEW RESEARCH CENTER

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Source: Pew Research Center, What we know about unauthorized immigrants living in the U.S., July 22, 2024

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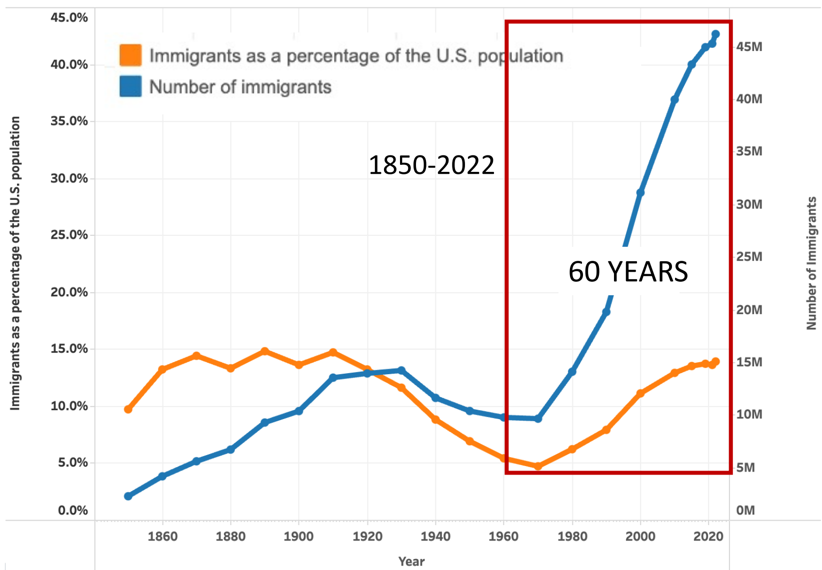
U.S. Immigrant Population and Share over Time



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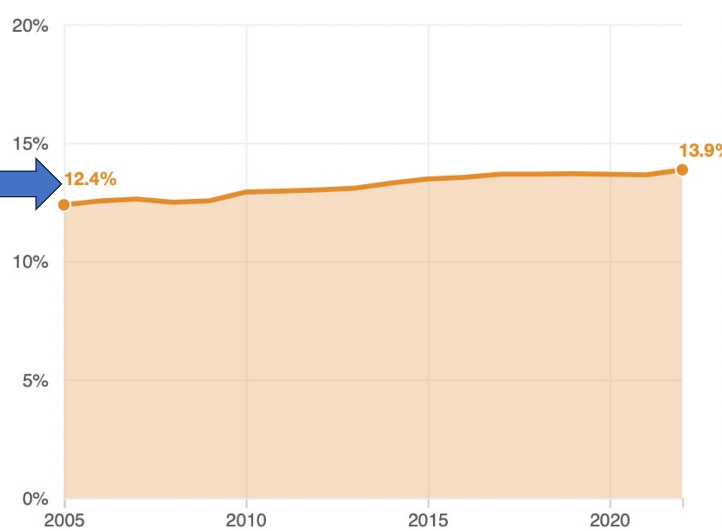
Immigrant Share of US Population

12.4 %



13.9 %

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Economics

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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**
  - 32.2 million foreign-born persons ages 16+ in the labor force in Aug/25.
  - 18.8% of the total US workforce.
- **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".

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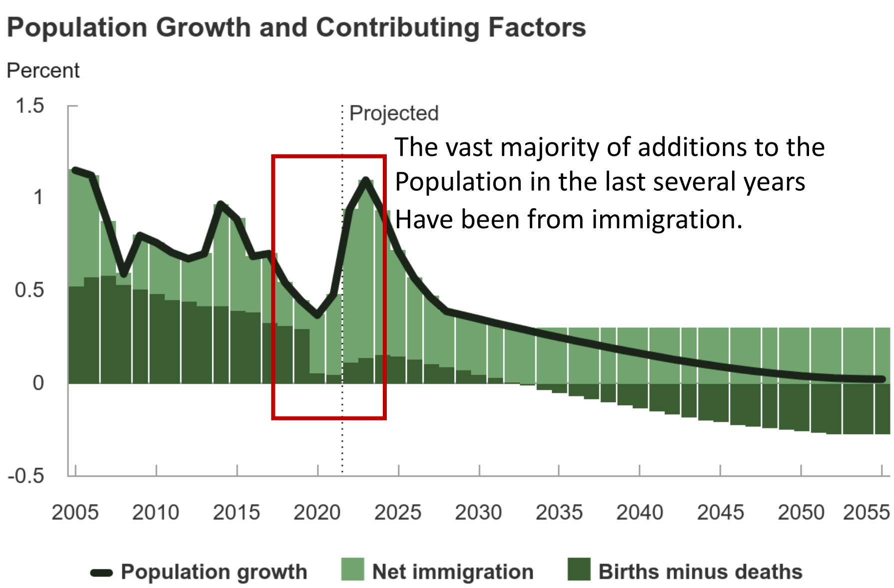
Is Immigration Saving the Day?



The vast majority of additions to the Population in the last several years Have been from immigration.

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Source: https://carolinademography.cpc.unc.edu/2025/04/... Source: CBO, The Demographic Outlook, 2025-2055

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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.
  - Low-skilled immigrants take jobs that native-born don't want.

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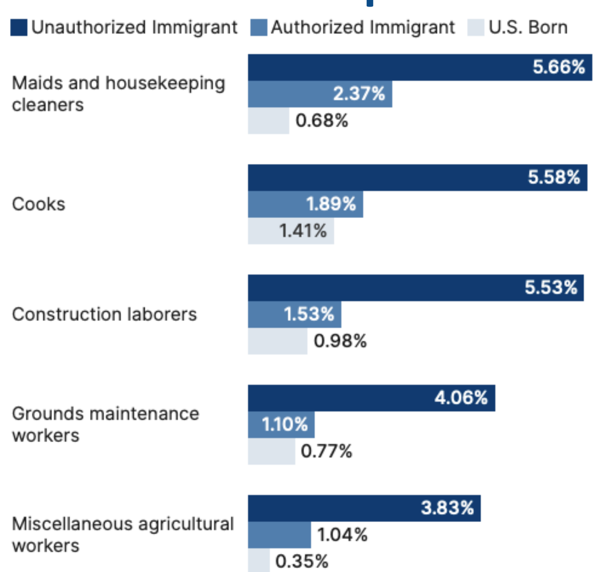
Share of Workers in Each Occupations



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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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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 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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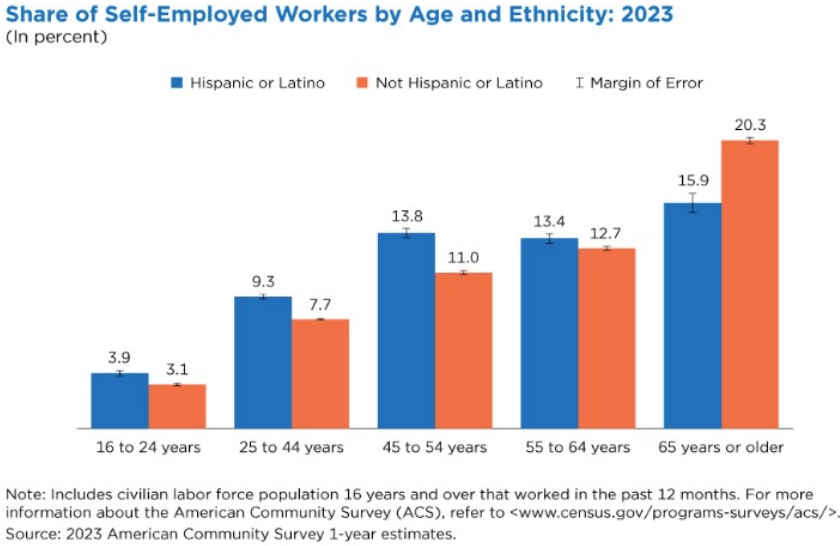
Immigrants and Entrepreneurship



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Source: Magnus Lofstrom from Current Population Survey Data.

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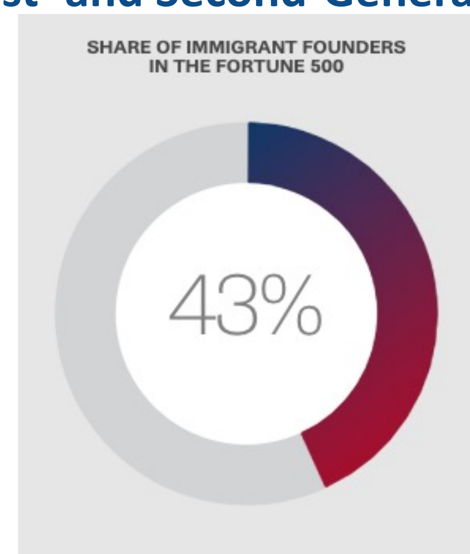
Fortune 500: First- and Second-Generation Founders



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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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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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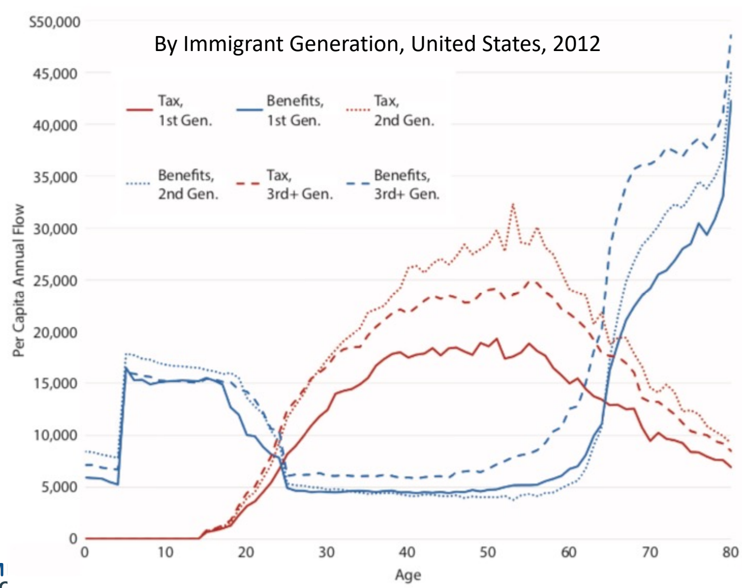
Age-Specific Taxes and Benefits



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Source: Blau & Mackie (2017), p. 325.

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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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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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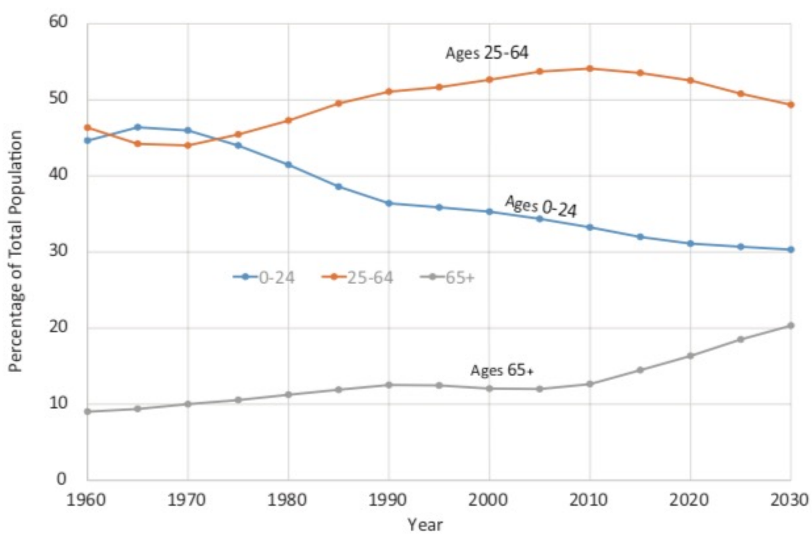
The Aging US Population



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

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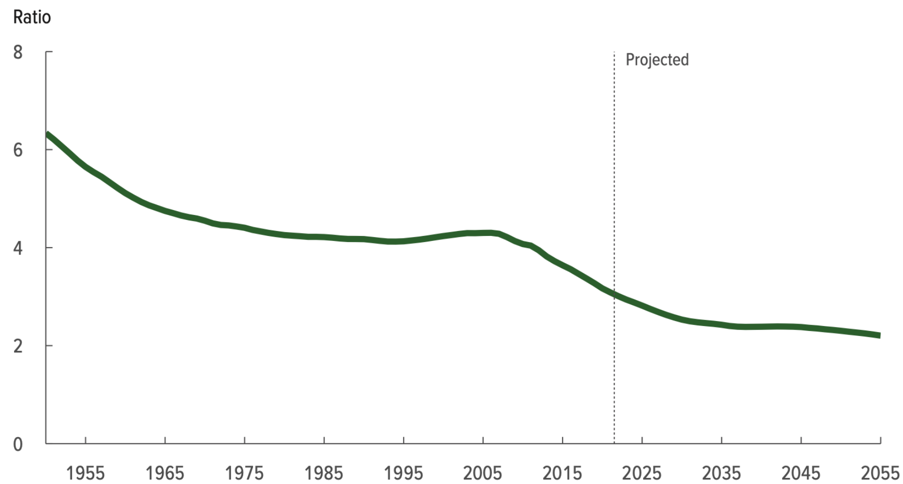
Implications for Social Security

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



The ratio of people ages 25 to 64 to people age 65 or older will be 2.8 to 1 in 2025, CBO projects. That ratio is projected to decline to 2.2 to 1 by 2055.

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Source: Blau & Mackie (2017).

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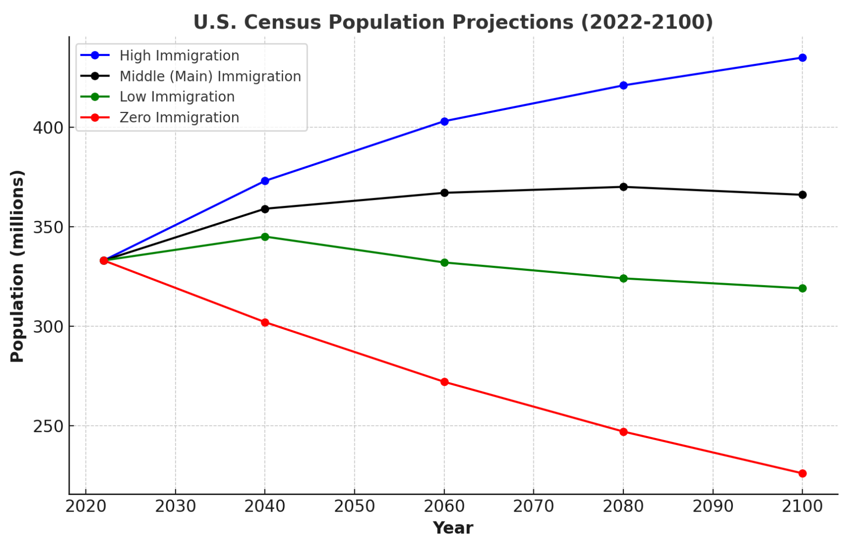
Is Immigration Saving the Day?



100 Million Lower in 2100

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Source: CBO – The Demographic Outlook, 2023-2053

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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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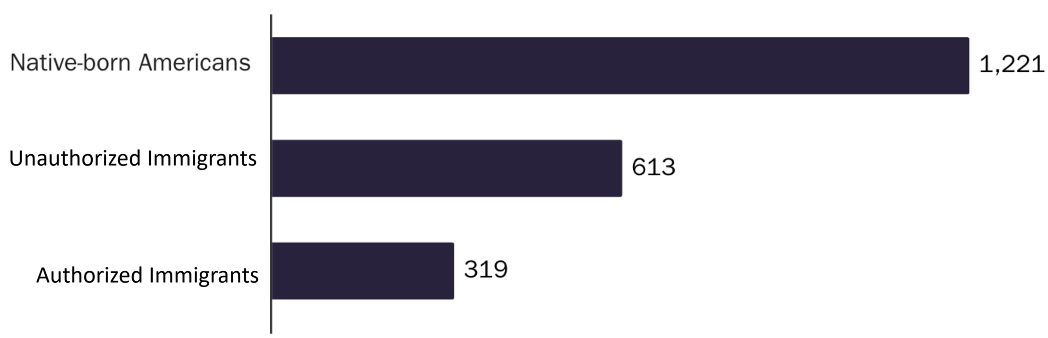
Incarceration by Immigration Status, 2023

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.

Source: Cato Institute, https://www.cato.org/policy-analysis/illegal-immigrant-incarceration-rates-2010-2023#incarcerations

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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.
- **Unauthorized immigrants do increase the supply of low-skilled workers.**
  - This may lower the wages of SOME low-skilled workers.
  - But also increases labor force participation among highly skilled workers.

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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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About Conventional Wisdom

- **Native-born unskilled workers**
  - There may be some negative impact on their wages.
  - But who wins and loses depends on the skill mix of immigrants.
- **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

- The Northern Triangle
- Mass Deportations
- H1B Visas

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The Northern Triangle

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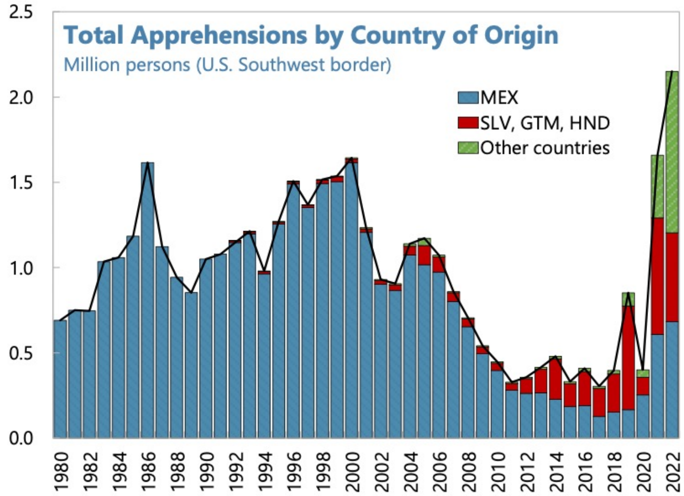
Northern Triangle Apprehensions

(Northern Triangle Countries in Red)



Also:
- Venezuela
- Haiti
- Cuba

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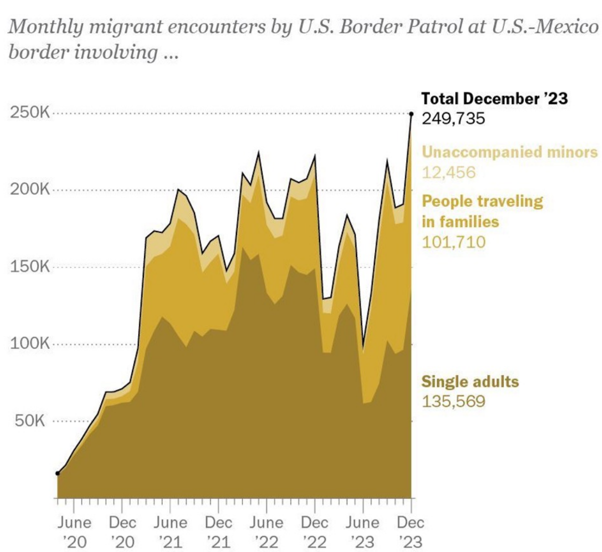
Growing #s of People Traveling in Families



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Source: Pew Research Center, US Customs and Border Protection

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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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Migrants in ICE Detention

Data current through Sept. 11, 2025

58,381

29.4% with criminal convictions

25.5% with pending criminal charges

45.8% listed as "other immigration violator"

11.1% fast-tracked for deportation

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Source: https://www.nbcnews.com/data-graphics/us-immigration-tracker-follow-arrests-detentions-border-crossings-rcna189148

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H1B Visas

- **What are they?**
  - Visas for immigrants with specialized labor:
    - 65,000 per year.
  - Visas for immigrants with a master's degree from a U.S. university:
    - 20,000 per year.
- **Details**
  - They are valid for 3 years, with extension possible up to 6 years.
  - There is almost always more demand for visas than there is supply.
    - Lottery is then used to allocate the visas.

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H1B Visas

- **Pros**
  - Companies have an easier time finding appropriate workers.
  - Immigrants are sometimes complementary to U.S. workers.
    - Creating job opportunities for U.S. workers.
  - Immigrants spend in the U.S., stimulating the economy.
- **Cons**
  - Immigrant H1B holders sometimes take jobs from skilled American workers.

- **Overall: the program expands the number of immigrants that are here in an authorized way. This may be helpful to the economy.**

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H1B Visas: $100,000 fee? (Was: $2,000 to $5,000)

- **Pros**
  - Perhaps less use of H1B visas to exploit foreign workers.
    - May benefit U.S. workers.
  - Prioritized the highest-skilled immigrants.
  - Source of funds for immigration services.
- **Cons**
  - Many fewer applications, which will lower U.S. economic activity.
    - Inaccessible to many small businesses.
  - Economic disruption.
- **Overall: That depends.**

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Thank you!

Any Questions?

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