

Immigration and the U.S. Economy

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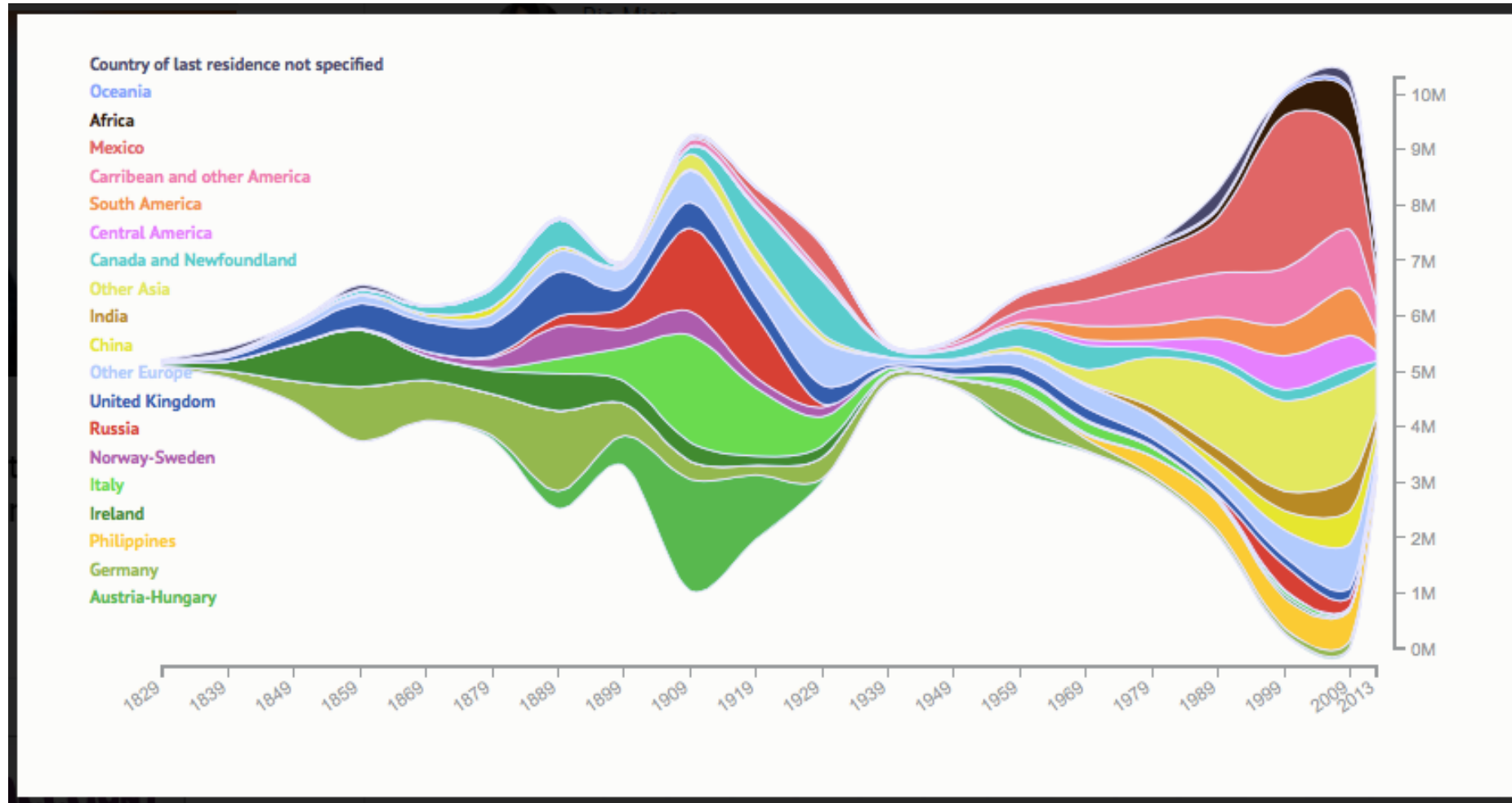
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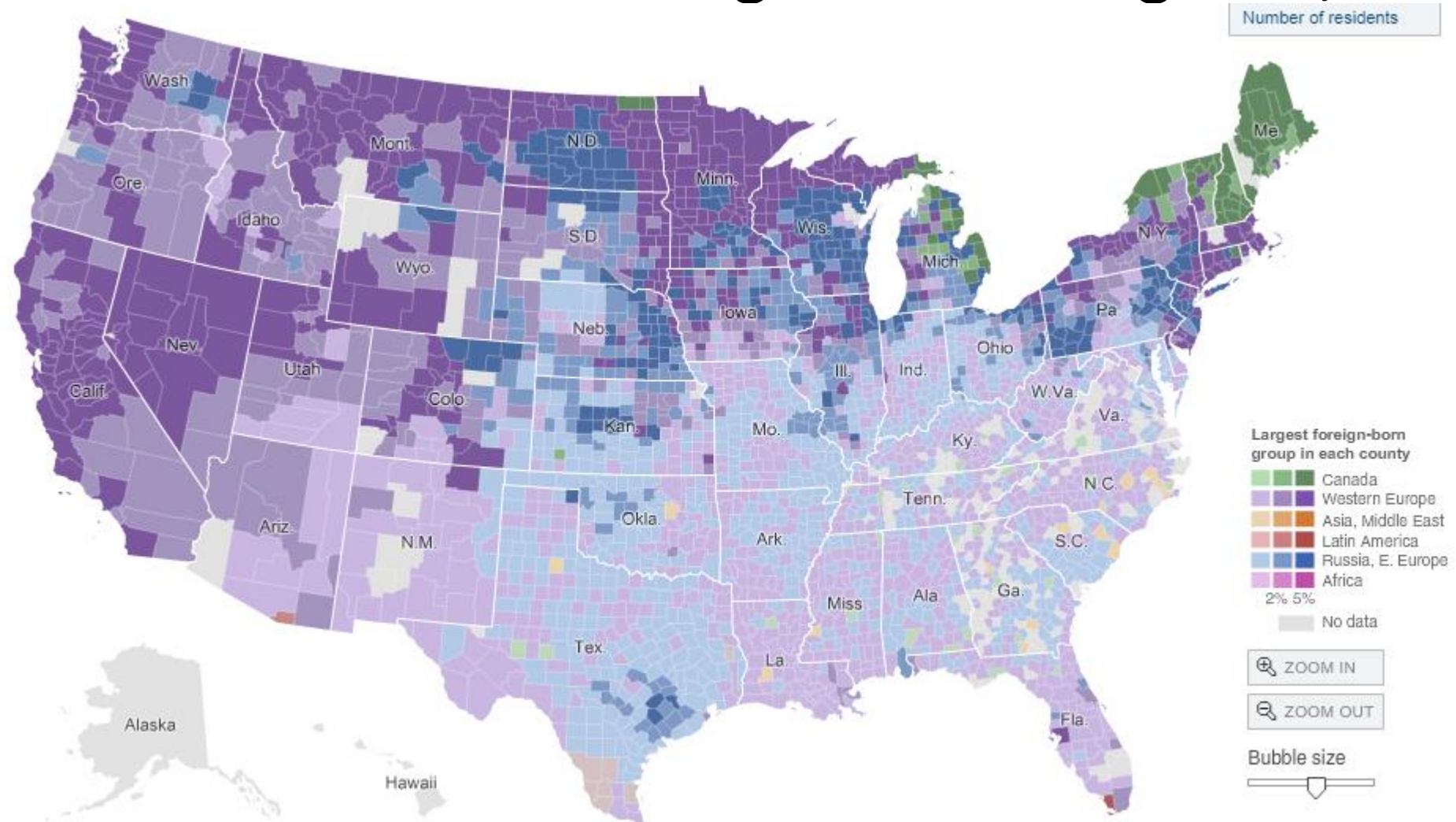


The last 200 years of U.S. Immigration in one chart



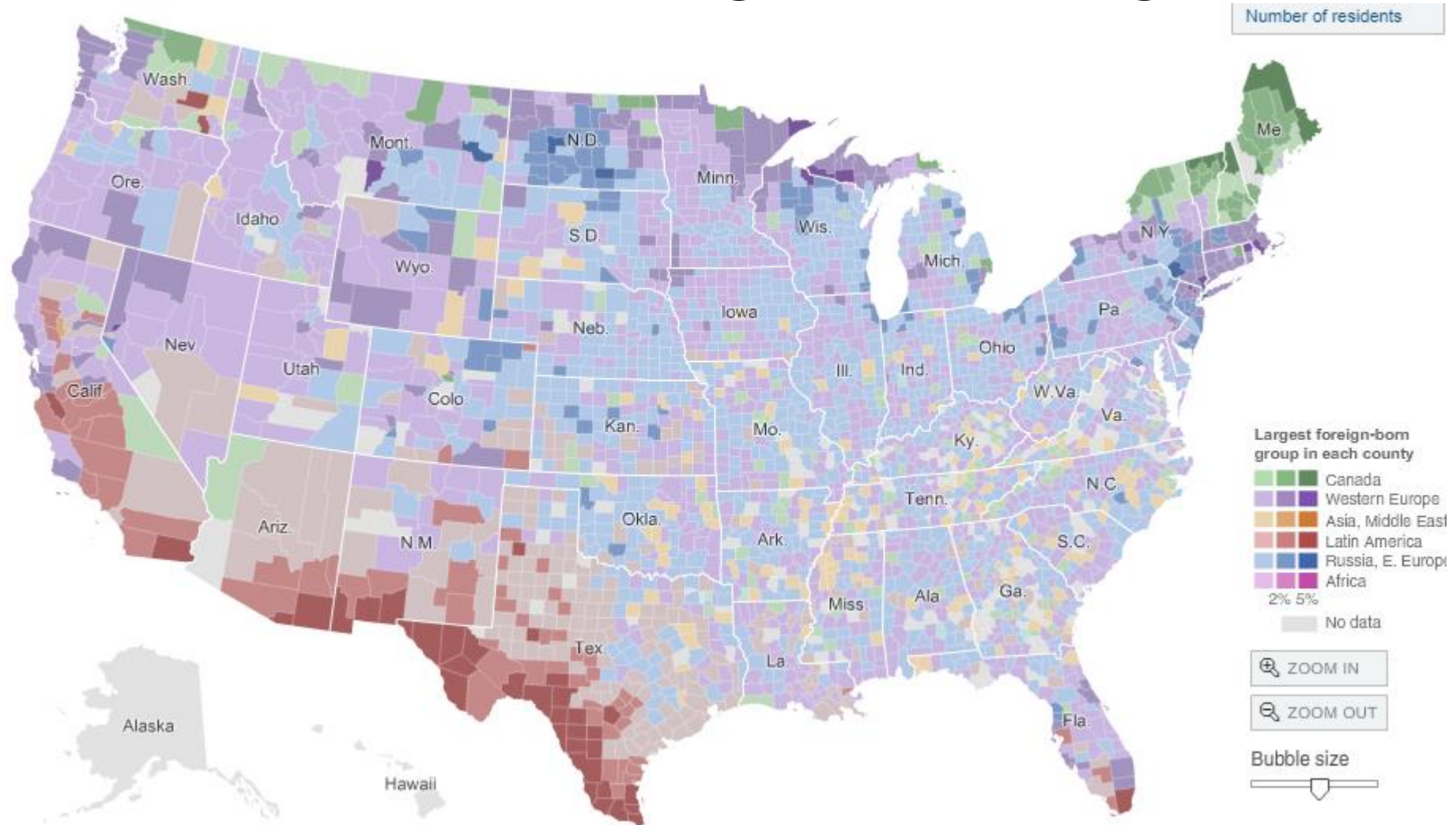
Source: [U.S. Department of Homeland Security, Yearbook of Immigration Statistics](#)

National distribution of foreign-born immigrants, 1930



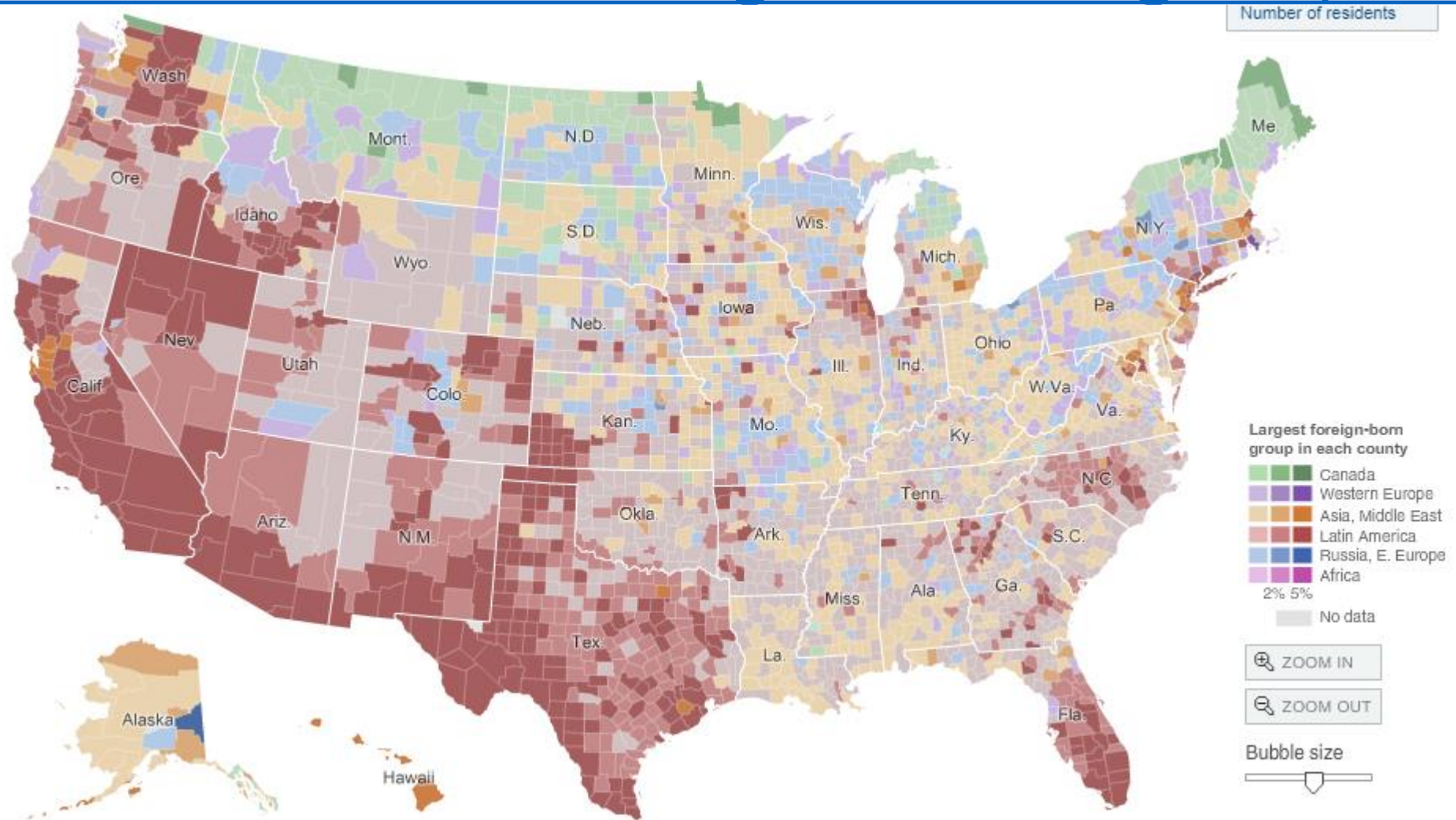
Source: Social Explorer, Minnesota Population Center, U.S. Census Bureau

National distribution of foreign-born immigrants, 1970



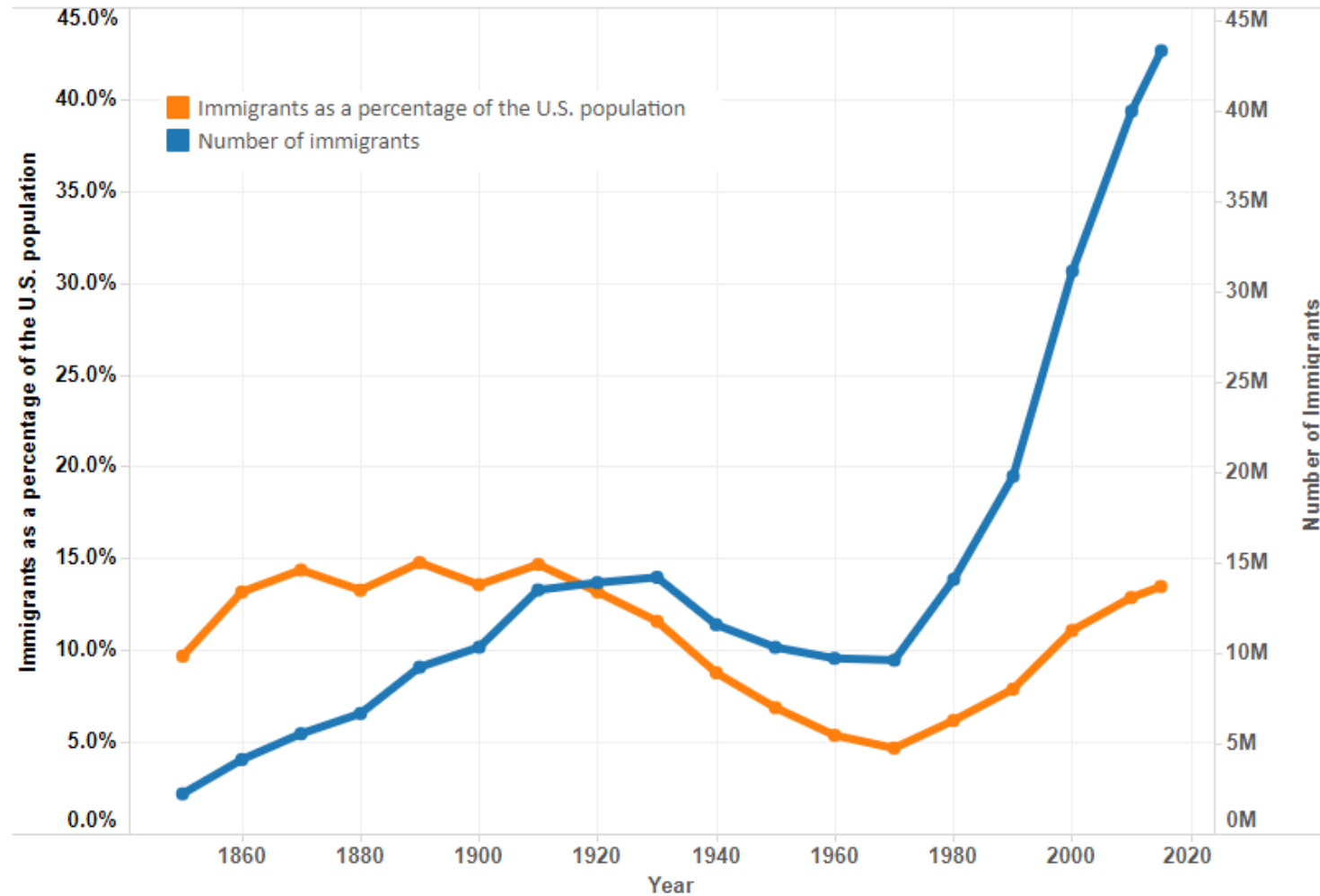
Source: Social Explorer, Minnesota Population Center, U.S. Census Bureau

National distribution of foreign-born immigrants, 2000



Source: Social Explorer, Minnesota Population Center, U.S. Census Bureau

Number of immigrants and share of total U.S. population, 1850-2015



Source: Migration Policy Institute, Migration Data Hub

U.S. population by nativity and citizenship

STATISTICAL PORTRAIT OF THE FOREIGN-BORN POPULATION IN THE UNITED STATES, 2014

Population, by Nativity and Citizenship Status: 2014

Universe: 2014 resident population

| | Population | Percent |
|---------------------|--------------------|--------------|
| U.S. born | 276,621,307 | 86.8 |
| Foreign born | 42,235,749 | 13.2 |
| Citizen | 19,972,388 | 6.3 |
| Non-citizen | 22,263,361 | 7.0 |
| Total | 318,857,056 | 100.0 |

Source: Pew Research Center tabulations of 2014 American Community Survey (1% IPUMS)

From where does the U.S. foreign population come?

STATISTICAL PORTRAIT OF THE FOREIGN-BORN POPULATION IN THE UNITED STATES, 2014

Foreign Born, by Region of Birth: 2014

Universe: 2014 foreign-born resident population

| | Population | Percent |
|---------------------|-------------------|--------------|
| Mexico | 11,710,013 | 27.7 |
| South and East Asia | 11,144,850 | 26.4 |
| Europe/Canada | 5,762,207 | 13.6 |
| Caribbean | 3,985,206 | 9.4 |
| Central America | 3,300,921 | 7.8 |
| South America | 2,827,502 | 6.7 |
| Middle East | 1,674,829 | 4.0 |
| Sub-Saharan Africa | 1,586,357 | 3.8 |
| All other | 243,864 | 0.6 |
| Total | 42,235,749 | 100.0 |

Note: Middle East consists of Afghanistan, Iran, Iraq, Israel/Palestine, Jordan, Kuwait, Lebanon, Saudi Arabia, Syria, Turkey, Yemen, Algeria, Egypt, Morocco and Sudan.

Source: Pew Research Center tabulations of 2014 American Community Survey (1% IPUMS)

Focus on Mexico: What are the trends?

Demographic Characteristics of Mexican Immigrants, 1990 and 2013

%, unless otherwise noted

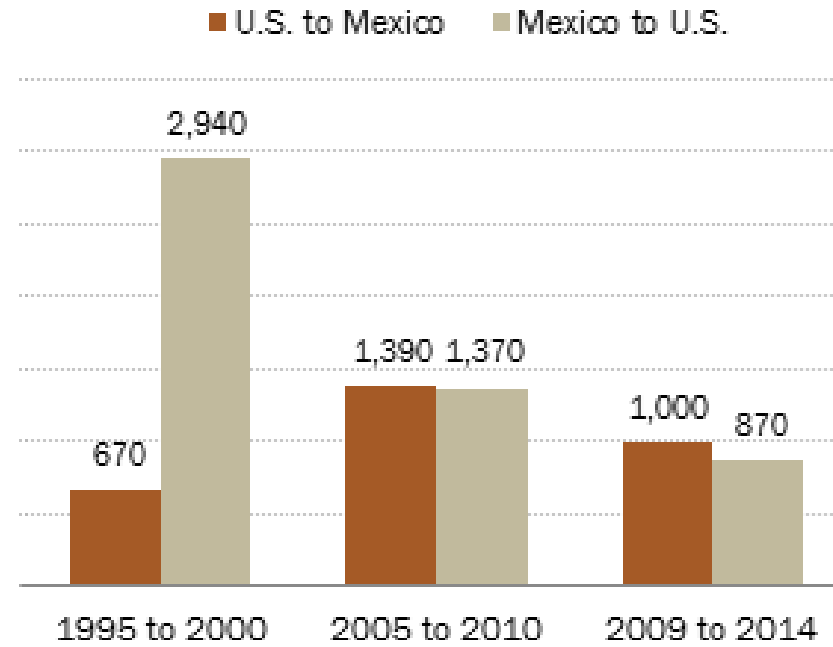
| | 1990 | 2013 | Change, 1990-2013 |
|--|------|------|-------------------|
| Total <i>(in millions)</i> | | | |
| | 4.3 | 11.6 | +7.3 |
| Gender | | | |
| Male | 55 | 53 | -2 |
| Female | 45 | 47 | +2 |
| Median age <i>(in years)</i> | | | |
| | 29 | 39 | +10 |
| Age groups | | | |
| Younger than 18 | 15 | 6 | -9 |
| 18 to 29 | 35 | 19 | -16 |
| 30 to 39 | 24 | 26 | +2 |
| 40 to 49 | 13 | 24 | +11 |
| 50 to 64 | 9 | 18 | +9 |
| 65 or older | 5 | 7 | +3 |
| Educational attainment <i>(ages 25 and older)</i> | | | |
| Less than high school diploma | 76 | 58 | -18 |
| High school diploma | 12 | 24 | +13 |
| Some college or more | 13 | 18 | +5 |

Source: Pew Research Center.

Focus on Mexico: What are the trends?

Net Migration From Mexico Below Zero After the Great Recession

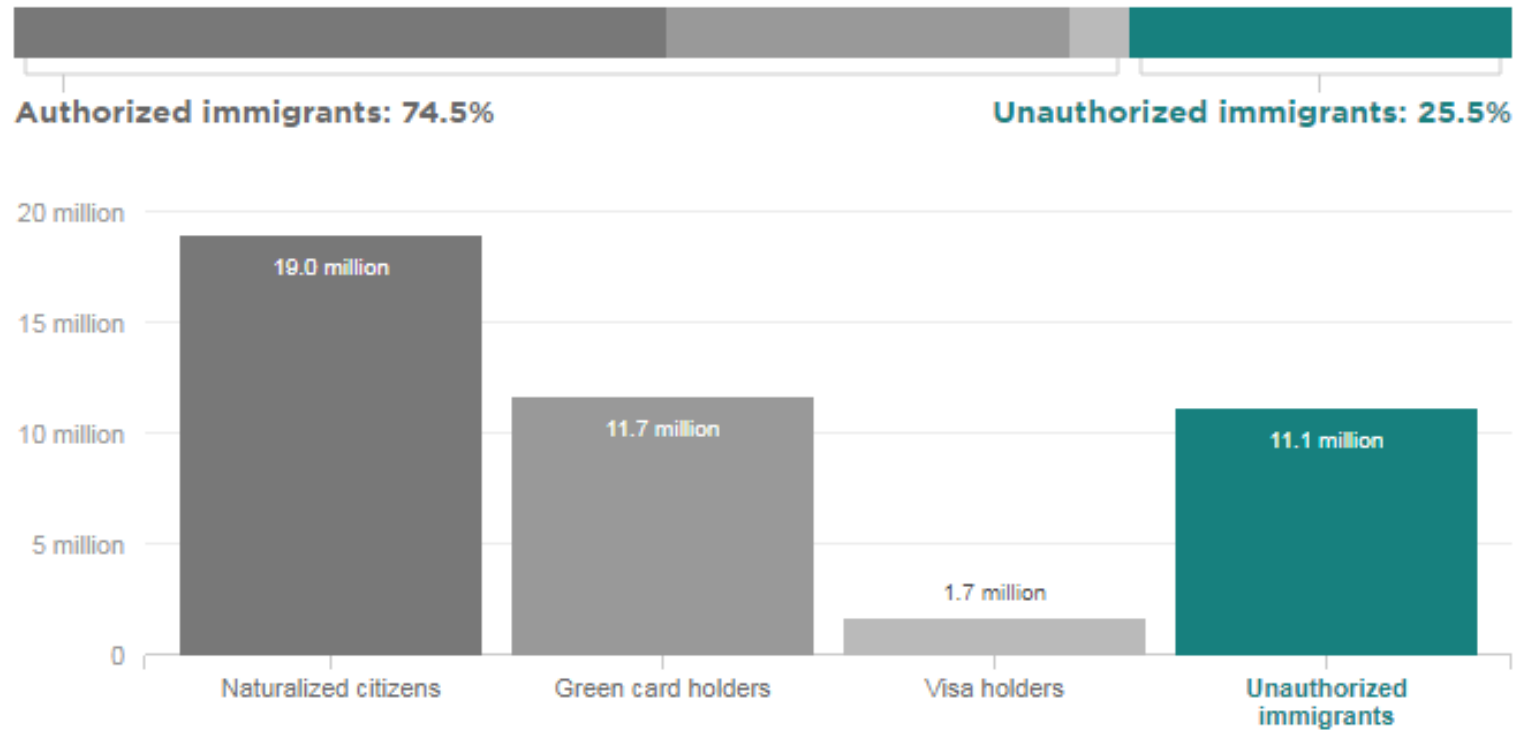
In thousands



Source: Pew Research Center.

Unauthorized immigration: How big is the issue?

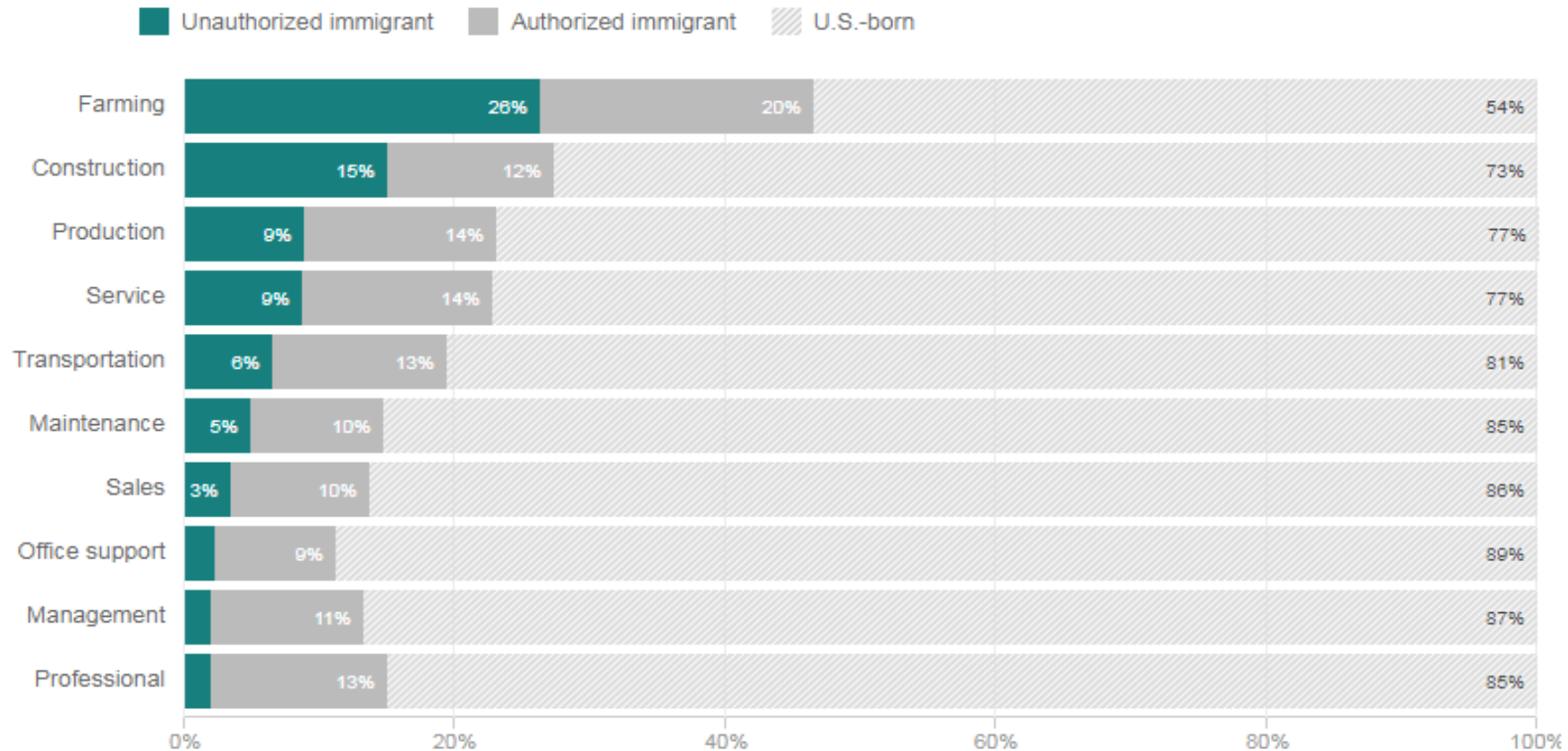
Unauthorized immigrants make up about a quarter of the foreign-born U.S. population, according to 2014 estimates.



Source: *Pew Research Center*

Unauthorized immigration: Where do they work?

Farming especially relies on immigrant labor: **Unauthorized** immigrants make up a quarter of the industry's workforce, and authorized immigrants another 20 percent.

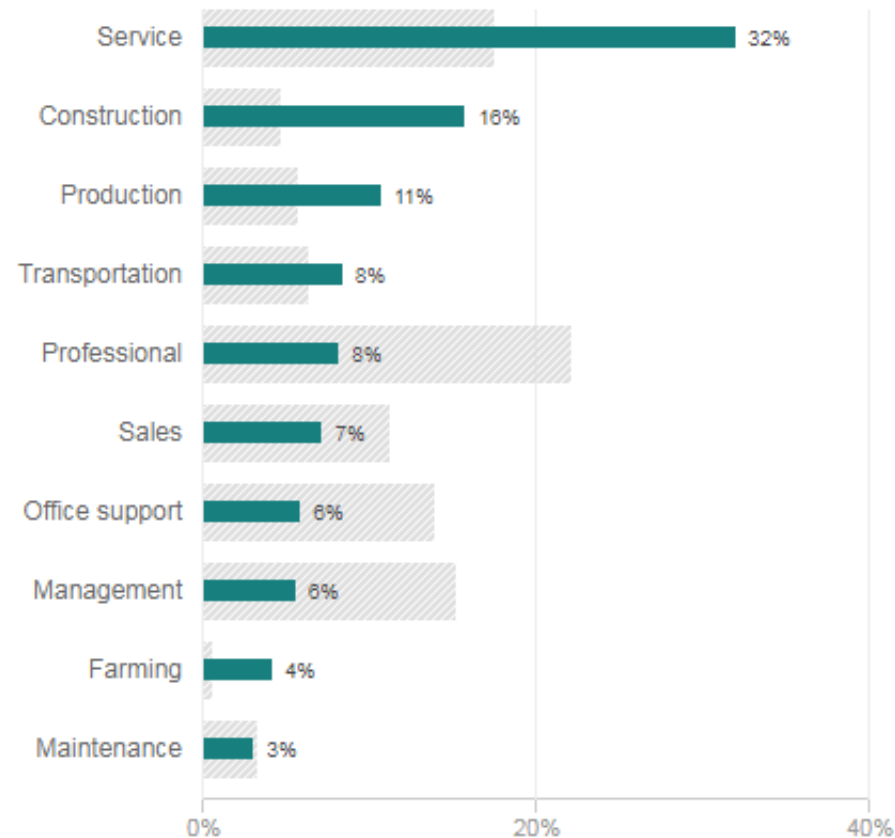


Note: Figures shown are estimates for 2014.

Source: Pew Research Center.

Unauthorized immigration: Where do they work?

Nearly a third of **unauthorized** immigrants work in the service industry (compared with 18 percent of **U.S.-born** workers).

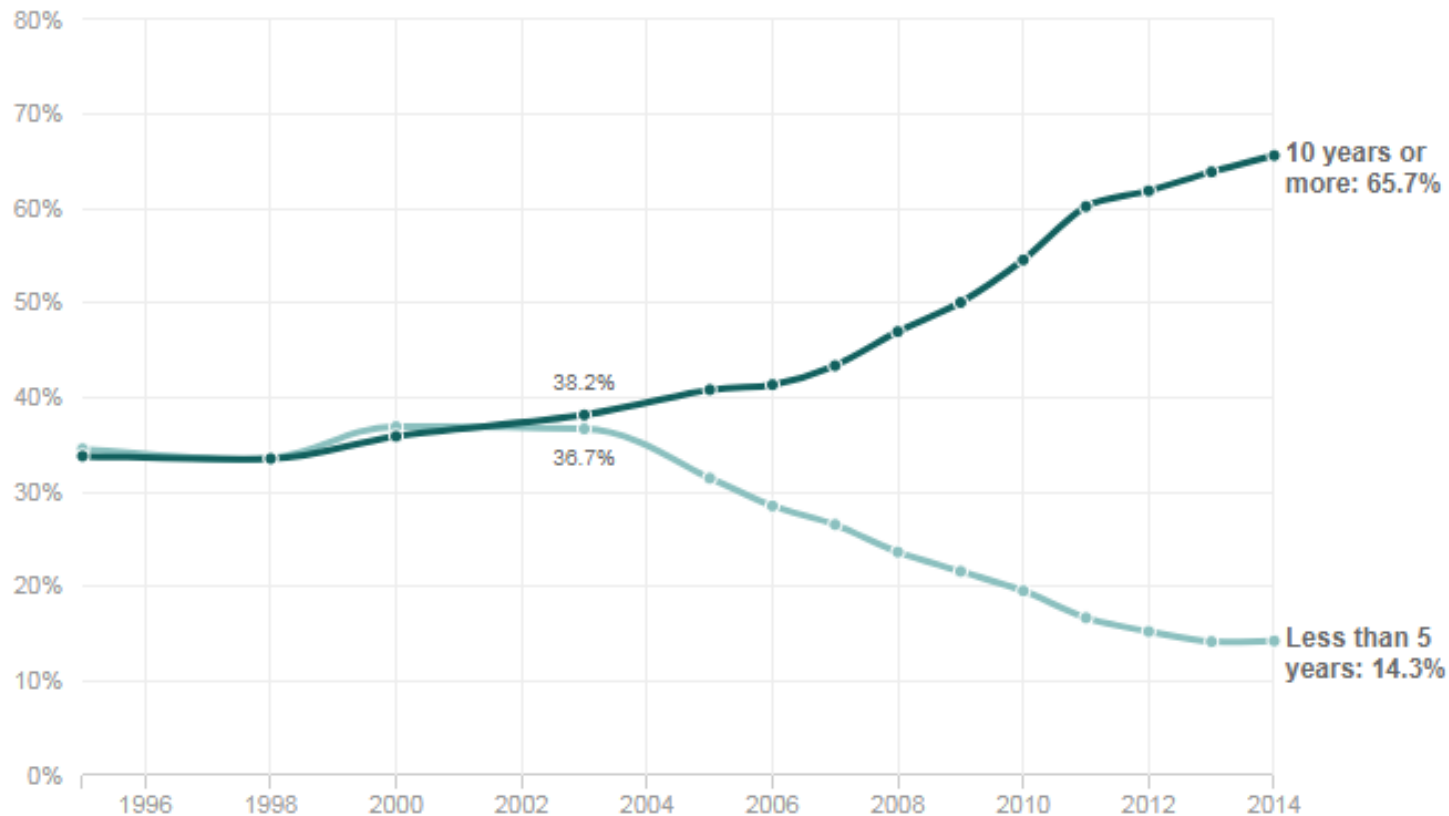


Source: Pew Research Center.

Unauthorized immigration: How big is the issue?

Most adult unauthorized immigrants have been in the U.S. for a long time.

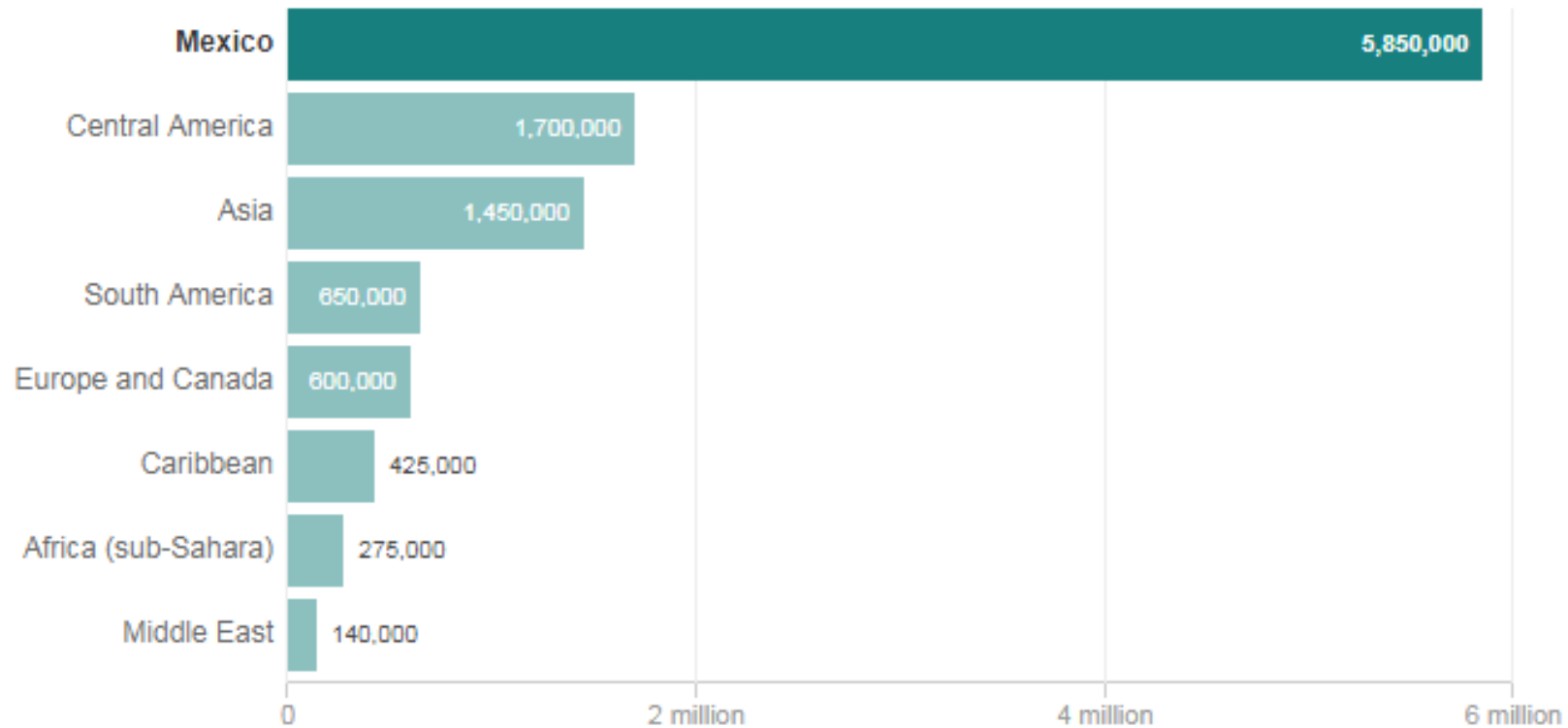
Share of adult unauthorized immigrants, by duration of U.S. residence



Source: *Pew Research Center*

Unauthorized immigration: Where are they from?

People born in **Mexico** make up the bulk of the unauthorized immigrant population¹...



Source: Pew Research Center.

Unauthorized immigration: The Mexican share is declining

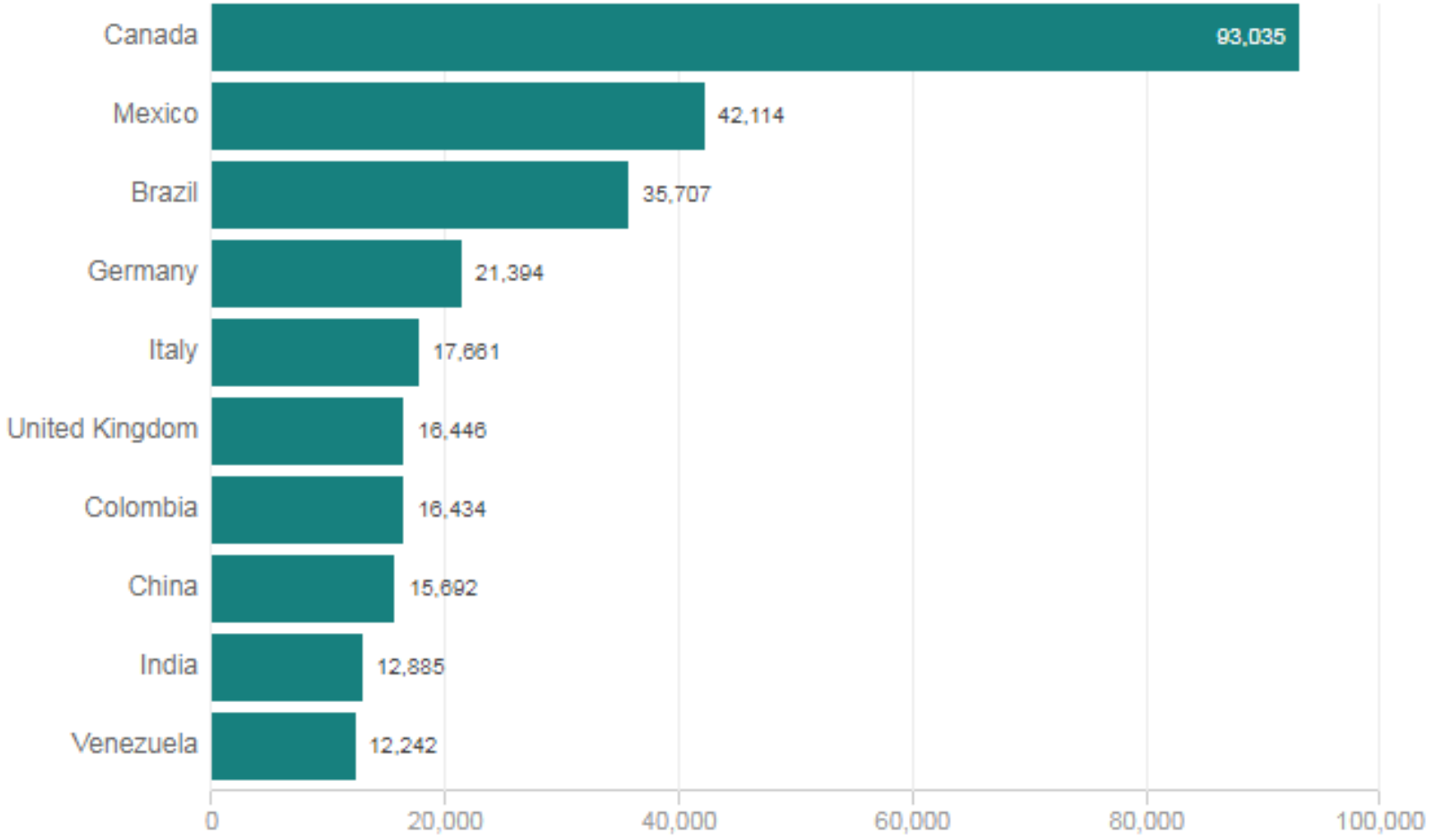
Pew Research Center estimates that between 2009 and 2014, the unauthorized population from **Mexico** and **South America** decreased, while the population from **other regions**² increased.



Source: Pew Research Center.

The top 10 countries whose people overstay their visas

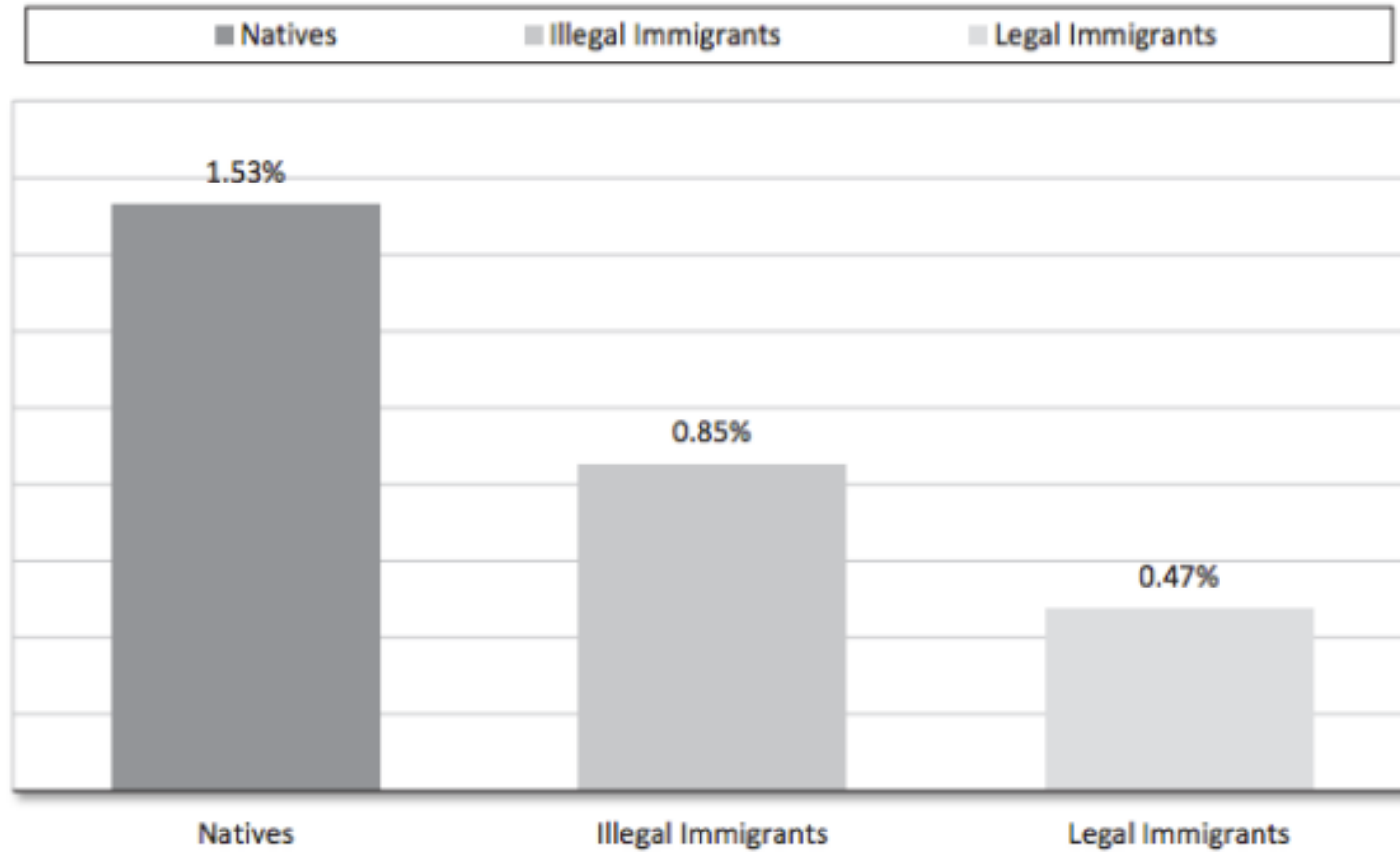
Top 10 countries for visa overstays in FY 2015



Source: Pew Research Center.

Unauthorized immigration: How many are criminals?

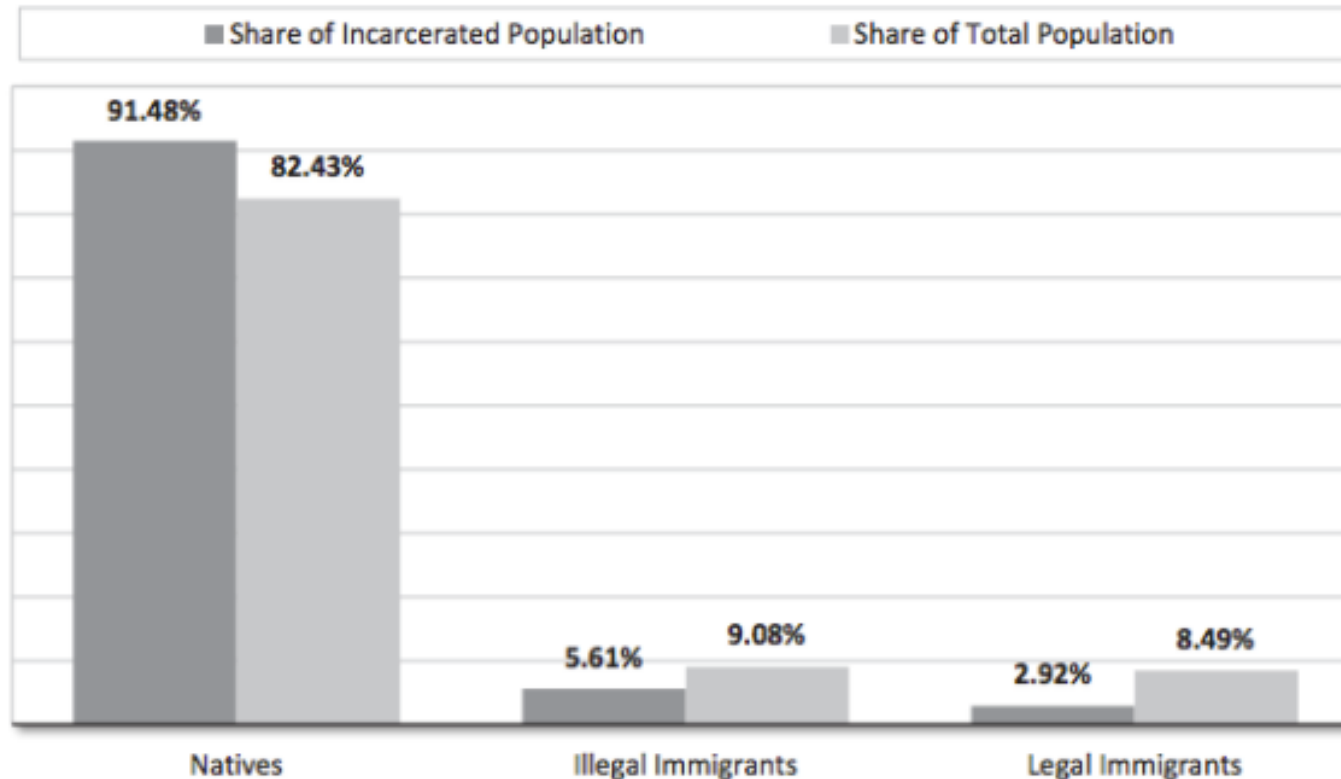
Incarceration Rates by Immigration Status, Ages 18-54



Source: CATO Institute Policy Brief, March 2017

Unauthorized immigration: How many are criminals?

Share of Total Population Compared to Share of Incarcerated Population, Ages 18-54

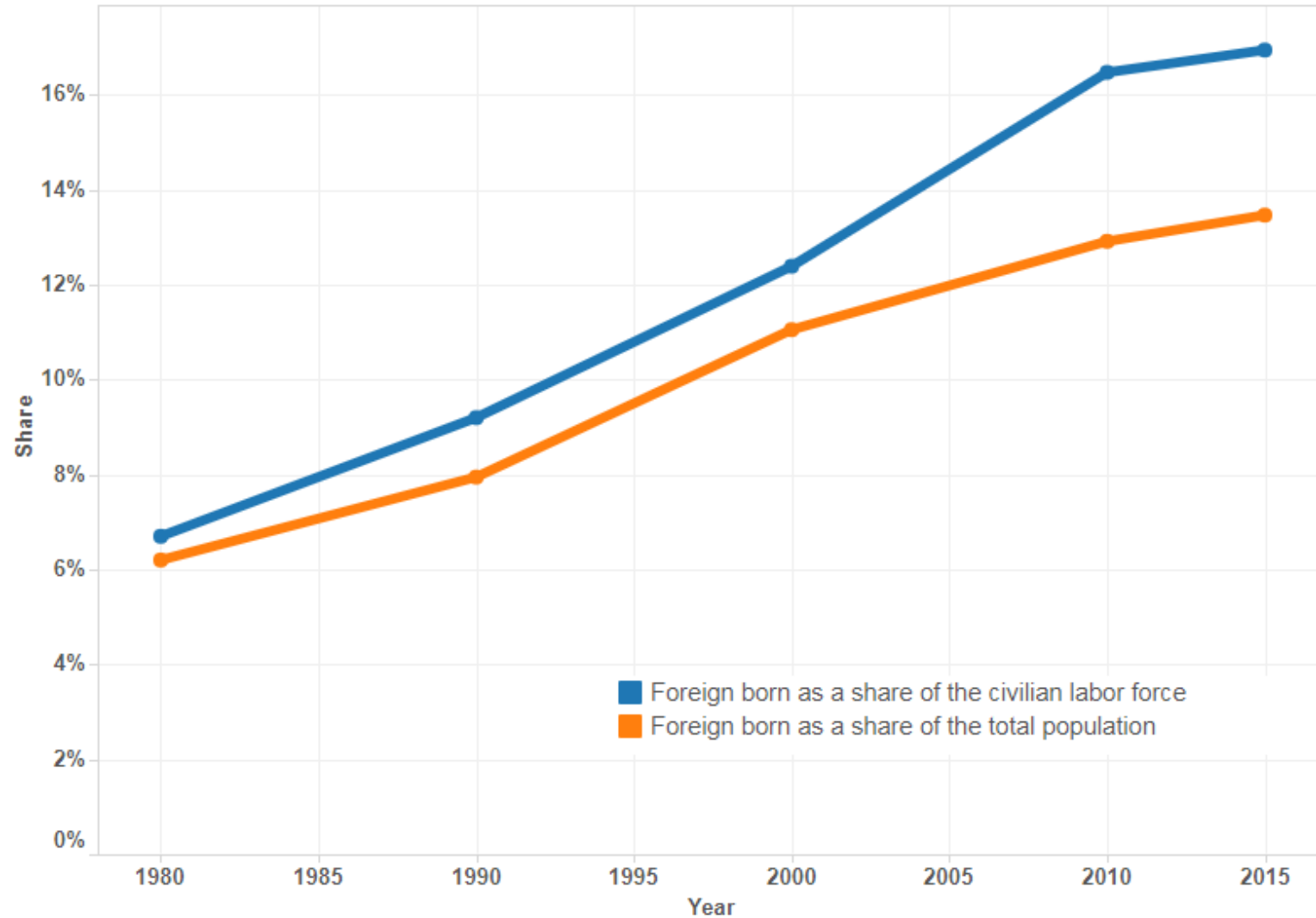


If natives incarcerated at same rate as Illegals, 893,000 fewer natives would be in prison.

If natives incarcerated at same rate as legal immigrants, 1,400,000 fewer natives would be in prison.

Source: CATO Institute Policy Brief, March 2017

Immigrant share of U.S. population and civilian labor force, 1980-2015



Source: Migration Policy Institute, Migration Data Hub

Economics: What type of person migrates to the U.S.?

Two groups have a much higher propensity to migrate to rich countries

1. Highly educated university graduates

- Emigration rates 4 to 5 times greater than non-university educated
- Rates are 10 to 12 times greater in poor countries

2. Young people

- Individuals between ages 20 and 40 have highest propensity to migrate
- Those over 45 have the lowest.
- In the U.S., young workers with little education looking for manual labor jobs

The economic effects of these demographics

- Supply and demand
 - An increase in labor supply → lowers wages as more workers compete for a fixed number of jobs
 - → Immigrant workers “crowd out” domestic workers
 - This is the most common political argument for migrant restrictions and deportation
- An important caveat to this conclusion: “Other things the same”
 - But other things are not the same, and there is evidence to support this.
 - Unfortunately, this evidence of other things, which makes immigration more valuable, is rarely mentioned in the political arena.

So what other changes occur when immigrants enter the labor force?

Investment

- More available workers → firms invest to expand productive capacity
 - → more capital per worker
 - → greater productivity and profitability
- Capital/worker was much higher at the peak of immigration in 2007 than it was when immigration boom began in 1990.
 - So immigrants did not “crowd out” domestic workers.
 - They increased the size and the number of firms through investment.

So what other changes occur when immigrants enter the labor force?

Specialization and Job Upgrades

- **Among less educated workers:** Recent study by two economists (UC-Davis, Colgate U.) show that
 - Immigrants take jobs that require less language skills (farm workers, roofers, etc.)
 - Domestic low-skilled workers then get better jobs that require more English skills (construction supervisors, clerks, farm supervisors, etc.)
 - Referred to as “complementary workers” because demand for them rises with more immigration
 - So immigrants create more “specialization,” which makes all workers more productive.
 - Research shows that the workers who are “crowded out” are mostly previous immigrants, not native born workers

So what other changes occur when immigrants enter the labor force?

Immigrant mobility

- Immigrants are more willing than domestic workers to move to find a job.
- Smooths out local economic booms and busts
- Migration from declining areas keeps wages from falling there
- Migration to booming areas contributes to economic growth
- Combined with the “specialization” already mentioned, this mobility reinforces the productivity growth.

The Immigration Surplus

- The greater productive capacity raises U.S. GDP
 - This means immigration → higher income for the native born
 - This is the Immigration Surplus
 - Typically 0.2 to 0.4 percent of GDP, or \$36 to \$72 billion per year
- **Overall, evidence shows the benefits of immigration to the U.S. economy outweigh the costs**
 - Texas celebrates its growth due to immigration from other states
 - Why not celebrate the same phenomenon due to immigration from outside the U.S.?
- Same arguments apply to international trade

Source: Pia Orrenius, Senior Economist, Federal Reserve Bank of Dallas, writing for the **George W. Bush Institute**

So what other changes occur when immigrants enter the labor force?

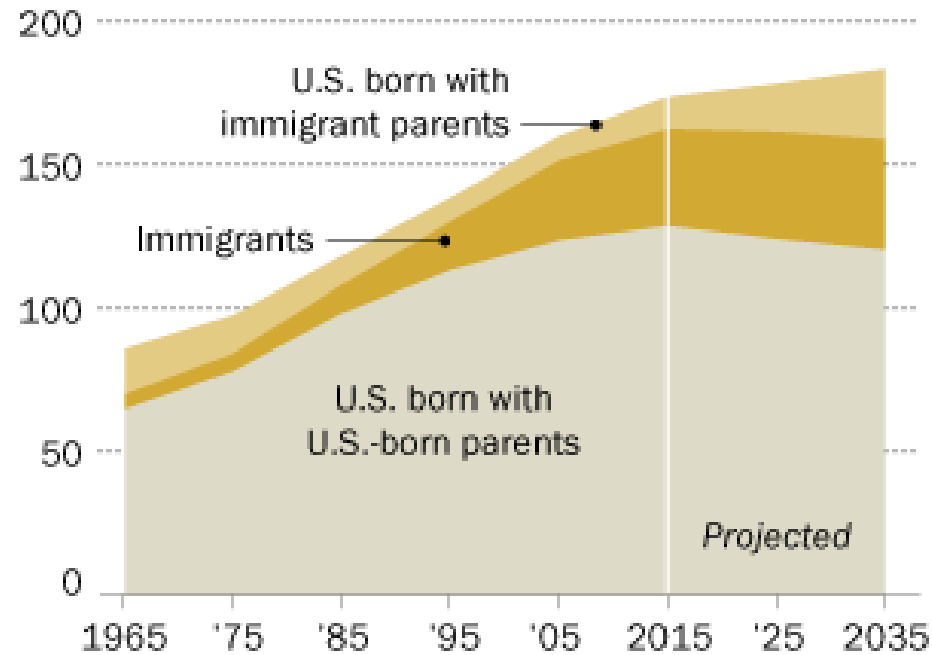
Among more educated workers:

- 25% of U.S.-based Nobel laureates from the last 50 years were foreign-born.
- Economists have shown that highly educated immigrants account for about 33% of all U.S. innovation.
 - Immigration by STEM workers explain about 30% of all productivity growth in U.S. cities.
 - This growth has raised U.S. per capita income (for everyone) by 8% in the past 20 years.
- In 2006 alone, immigrants founded 25% of all new tech companies with more than \$1 million in annual sales.

U.S. will need immigration for the future health of the economy

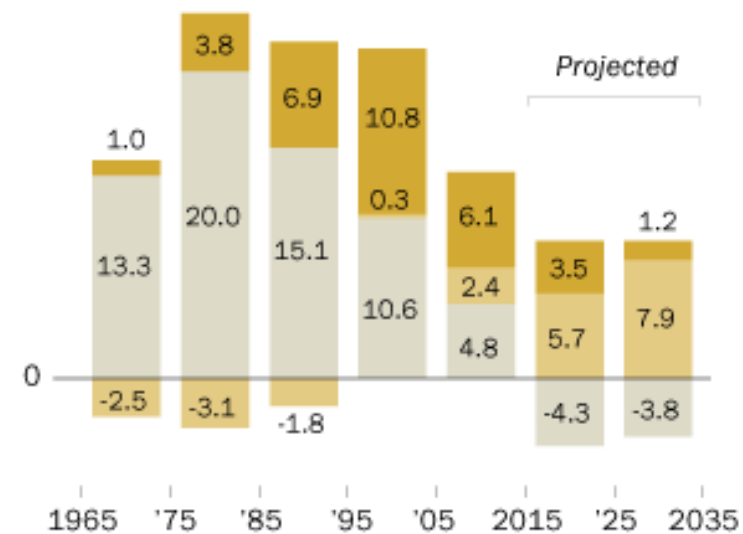
Immigrants and their U.S.-born children expected to drive growth in U.S. working-age population

Working-age population (25-64), in millions



Net change in working-age population (25-64) by decade, in millions

● Immigrants ● U.S. born with immigrant parents ● U.S. born with U.S.-born parents



Note: Numbers for 2015 onward are projections.
 Source: Pew Research Center estimates for 1965-2015 based on adjusted census data; Pew Research Center projections for 2015-2035.

Why is this important?

1990s

- Baby boomers, 33% of U.S. population, were in their economically productive years.

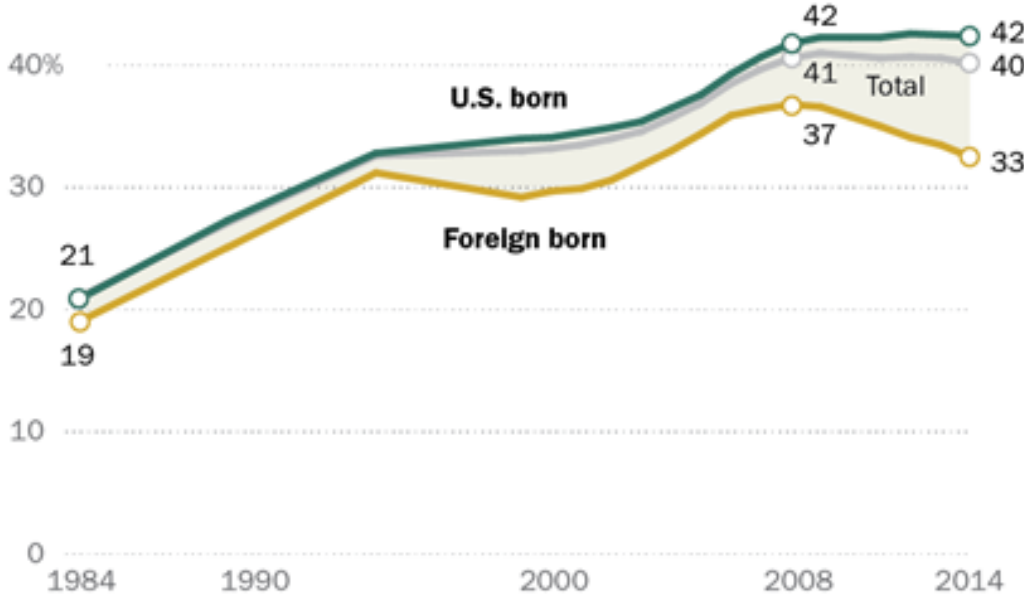
2020

- Baby Boomers will dominate the retirement population
 - U.S. population aged 65-74 is projected to grow 74%
 - U.S. population under age 65 will grow only 24%
- U.S. will need more workers in productive years to take care of the large number of elderly.
 - Trends predict that will only come through immigration.

Trends: Family values

As births outside of marriage decline among the foreign born, the gap between immigrant and U.S.-born moms widens

% of U.S. births to mothers who are unmarried, by mother's nativity



Source: Pew Research Center analysis of National Center for Health Statistics data.
"Births outside of marriage decline for immigrant women"

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A few final observations on immigrants and the economy

- 83% of the finalists in the 2016 Intel Science Talent Search (often called the “junior Nobel Prize”) were children of immigrants
 - Source: National Foundation for American Policy
- Over 90% of graduate students in electrical engineering at top U.S. programs in 2013 were international students.
 - Source: Inside Higher Ed
- Immigrants start businesses at double the rate of nonimmigrants
 - Source: Inc. Magazine, Feb 2017
- For those who worry about “American values,” 83% of undocumented immigrants identify as Christian, compared to only 70.6% of U.S. born citizens
 - Source: Pew Research Center