

# Effect of immigration on the us economy



**ASSIGN  
BUSTER**

The United States is a nation of immigrants. The U. S. has an extensive history of taking in people from across the world and allowing them the opportunity to create better lives for themselves and their families. The successful integration of these individuals have contributed to economic vitality and a progressive, always developing culture. Immigrants work hard to fully engulf themselves and contribute to American society with hopes that their title will one day shift from immigrant to American. When granted an opportunity to embrace American citizenship and identity, these individuals prove to be valuable members of society. They bring about technological innovation, fulfill jobs that the average citizen does not want to do, and they even protect the United States by serving in its armed services. Immigration brings about much needed labor and economic benefits enriching everything from the United States' art, to technology and schooling. Despite this, they are usually met with backlash from those who fear that the United States that they know is changing too much for their liking. It is argued that certain ethnic immigrant groups cannot assimilate and bring nothing but financial problems to the United States. Is this fear really about economics or is it unwittingly a racially and culturally charged one? My research explores immigration's effect on the U. S. economy as well as the role of race in present news' discussions on immigration.

Most academic research shows that immigration has minimal long run effect on Americans' wages despite some policymakers blaming immigration for slowing U. S. wage growth since the 1970s. In fact, evidence suggests that immigration contributes to a better educated workforce, better matching of skills to jobs, and overall more economic productivity. From an economic

analysis standpoint, there is little support for the belief that the inflow of immigrant labor has reduced American's jobs and wages. Foreign labor has proven to have a net positive effect on the combined budgets of federal, state, and local governments. Despite the positive effects on budgets, not all taxpayers benefit equally. One could make the point that in places where there are large populations of less educated and low-income immigrants, the native-born residents bear the burden of their net costs. According to the University of Penn Wharton's Budget Model, " Native-born residents of states with large concentrations of less-educated immigrants may face larger tax burdens, as these immigrants pay less in taxes and are more likely to send children to public schools." But it has been shown that immigrants usually improve a government's fiscal situation by paying more taxes in the long run than they consume in the government provided services. This is due to the fact that immigrants spend their wages on things like homes and food which expands the domestic demand. This demand generates a need for more jobs to create and provide those things.

Overall, foreign born <sup>[1]</sup> workers complement the average American worker. They don't replace American born workers because immigrants are generally less skilled, so they tend to take on more manual, labor intensive work. If anything, they pose competition for each other. They are all competing for the same jobs in fields like construction and agriculture. " Immigrants in general — whether documented or undocumented — are net positive contributors to the federal budget. However, the fiscal impact varies widely at the state and local levels and is contingent on the characteristics of the

immigrant population — age, education, and skill level — living within each state (University of Penn Wharton’s Budget Model).”

On top of complementing the average American worker, immigrants are typically young. This decreases our nation’s age which reduces challenges when balancing pension, health and other benefits that older individuals tend to receive. According to the Population Reference Bureau, “ The percentage of the population ages 65 and older in the United States is projected to increase from 15 percent in 2018 to 22 percent in 2050. The percentage of the U. S. population under age 15 is projected to decrease from 19 percent in 2018 to 17 percent by 2050.” So, immigration will prove to be a great asset to the United States. Since immigrants are typically younger, they don’t impose big costs on federal non-defense spending like Medicare and Social Security, which older American citizens benefit from. Basically, immigration relatively reduces the average federal tax burden on U. S citizens. They may pay less in taxes in the federal, state and local level, but it isn’t like they gain from the benefits of such taxes to the same degree as native born citizens. They are generally less likely to receive public assistance and when they do, it isn’t in large quantities. Now, studies show that on the state and local levels, immigrations can prove to be a heavier tax burden. However, the long term effects heavily outweigh those short term costs. For example, a local school level may have to invest more in education for non-English speakers now, but those students have high potential to prove themselves to be assets to their communities.

Whilst researching this topic, I came across an article by the Foundation for Economic Education and really enjoyed how the author, Horwitz, framed <https://assignbuster.com/effect-of-immigration-on-the-us-economy/>

immigration's impact on inequality. His comparison sparked me to create a scenario that is similar to his and I think will best show how immigration affects the United States from a different perspective. Let's say you start off with 4 athletes who run. They all have different times that they complete the run at, one takes 1 minute 30 seconds, another takes 1 minute and 45 seconds, the next takes 2 minutes, and the last one takes 2 minutes and 30 seconds. Two new athletes join the program and both take 3 minutes to complete the run. They are not used to running at the same level as the original runners and did not have the same training as the other athletes. The median time that it takes for the athletes to run increases, which does not reflect to well on the program. The program now has more athletes at the bottom of the distribution and the inequality amongst the skill level of their runners has increased. In this example, the original athletes represent the average American worker, and the two new athletes represent immigrants. I used the running time to represent their incomes. Overall, the median income (or running time) suffered and the inequality increased, but this does not mean that any of the original citizens (or runners) were worse off. I believe that this example efficiently illustrates that immigrants don't negatively affect the average citizen. Their opportunity to run shouldn't be taken away just because their statistics are not the same as the average American runner. Who's the say that with access to the same program and utilities that they won't prove themselves to be just as fast or faster than the next athlete?

This is important to consider because according to the University of Penn Wharton's Budget Model, as of June 2016, the United States is home to the

largest immigrant population in the world. That's a lot of people to take into consideration. In 2017, the U. S. was home to more than 44. 5 million immigrants, a historical high (Zong, Jie, et al). So if we were to tie in that example back in, then over time, all original runners should do better with the new athletes. With such a high number of immigrants currently in the United States, all American citizens should theoretically be better off. Basically, everyone benefits. The two new athletes now have a home that offers new ways for them to get better and in turn, they may challenge and push the original runners to be even better than before.

Now that I have highlighted foreign born workers' effect on the U. S. economy and the overwhelmingly positive effect that they have, I am going to segway into the discussion of race. Attached is a graph that depicts the countries and regions where most U. S. immigrants come from. This data was collected from the National Conference of State Legislatures (NCSL)'s "Snapshot of U. S Immigration 2019".

This graph shows that South or East Asians make up the largest population of immigrants in the United States. Yet in current news, Mexicans are the most talked about. This is easily due to Donald Trump and his want to take extreme measures like building a wall in between the United States and Mexico. It is safe to say that immigration is a big race/ethnicity game. Latinos in general are targeted by Trump as well as other racist Americans. Racism, not a lack of assimilation into U. S society is the real issue. There are centuries of discrimination and exclusion that have come to the surface when propagated by a president who normalizes hate language. The

standardizing of hatred has lead to a sharp increase in hate crimes and demands to erase their own culture and assimilate more are rising.

John Kelly, chief of staff for Donald Trump’s administration has stated that “ The vast majority of the people that move illegally into the United States are not bad people, “ they’re also not people that would easily assimilate into the United States, into our modern society...They don’t integrate well; they don’t have skills (The Economist).” In the U. S there is obviously an ingrained perception amongst many white citizens that all Latinos are foreign no matter how long they or their family has been in the country. This perception is intensified when you are a darker skinned Latinos. Hispanics arrive into the United States with lower levels of education as well as other skills. Those who use the lack of assimilation of Latinos as an excuse for rhetoric that people like John Kelly use fail to recognize the disparities that stem from a history of systemic discrimination, exclusion and racism. These factors have and continue to slow down the economic and social mobility of Latinos. They are often denied basic rights which stems from this long history that Latinos – specifically those of Mexican descent – face.

All of this does not nullify the fact that South and East Asians have also been recently been targeted as well. Michelle Chen notes in her article about Southeast Asian refugees that as of September 2018, “ ICE reported that an estimated 1, 900 Cambodian immigrants have pending deportation orders. About 1, 400 have criminal conviction, and the rest are undocumented for other reasons.” In many of these cases, these people’s past offenses were put behind them only to be brought to light again due to Trump’s anti-migrant campaign. This surge of deportation inarguably violates human

rights, constitutional principles and it spirals already vulnerable communities into crisis. A lot of these people have lived in the U. S. their entire lives, they have raised families, they have contributed to American society and “ paid their debts” if you will. Sending these people back to a place that they have no memory of and no family in – due to fleeing or perishing due to the mass genocide – is cruel. The United States once served as a sanctuary for these people who lived through hell and now has proven itself to be a “ land of permanent unsettlement” (Chen).

Of course, these statements do not speak for all American citizens, there are some who believe in allowing immigrants and refugees a shot at opportunity and betterment. In fact, some have even advocated for open door policies for illegal immigrants. For example, in 2016, New York’s mayor Bill de Blasio decided to help immigrants (Marshall). He granted them some protection from deportation by giving them quasi legal status. Which is basically giving those persons’ statuses protection under the law. This allows those who are foreign born to build their and their families lives in the United States. This is big considering that at the time there were 500, 000 undocumented immigrants living in New York City. Not only did de Blasio grant them quasi legal status, but he also provided municipal identification cards. One of the best parts about these cards were that they were not difficult to attain. Individuals just had to bring in a proof of residence and in turn they would receive a picture ID. This granted with perks like admission to museums, but most importantly, it gave them some sort of legitimacy. Which is so important considering how hard these individuals work for low wage jobs and virtually no rights.



This chart shows that refugees are the largest contributor to the workforce in the United States. U. S. efforts to resettle refugees fill important humanitarian goals while also proving to contribute major economic benefits to the country. As the New American Economy's report " From Struggle to Resilience – The Economic Impact of Refugees in America" states, " While refugee policy is often framed as a humanitarian or safety issue, it is often the economic impact of refugees that leaves the most enduring impression." Refugees pay billions in taxes every year and are twice as likely to start businesses than American born citizens. They show a profound interest in making long-term investments in the United States. So, this recent surge of deportation may prove itself to be a hindrance to the American economy.

Not to mention that fully enforcing current law towards all undocumented foreign born workers would wreak havoc on the labor force. Private sector employment would decline by 4 million to 6.8 million workers. Even though there are some unemployed native Americans, there would not be enough Americans to fill the gap that undocumented immigrants would leave if they were removed. This would cause the real private sector output to decrease by \$381.5 billion to \$623.2 billion (Gitis & Varas). Industries that benefit most from undocumented workers include construction, agriculture, and leisure and hospitality. Such losses would prove to be catastrophic to them and the United States economy.

There is this belief that illegal immigrants commit more crimes or acts of terrorism... and that simply is not true. Numerous studies have shown that undocumented immigrants are actually less likely to engage in criminal behavior and are less likely to be incarcerated than native-born American

citizens. Findings in a March 2017 study by the libertarian Cato Institute state that “ Illegal immigrants are 44 percent less likely to be incarcerated than natives. Legal immigrants are 69 percent less likely to be incarcerated than natives. Legal and illegal immigrants are underrepresented in the incarcerated population while natives are overrepresented.” This research is derived from the U. S. Census Bureau’s American Community Survey for immigrants who are incarcerated in the United States. The fact of the matter is that immigrants come to the United States in search of a better life for themselves and their families, why would they ever jeopardize that by getting in trouble with the police? Unauthorized immigrants are well aware that they can be deported at any time for unlawful presence.

In terms of crime trends, as the immigrant population increases, crime rates go down. There needs to be more data to understand how immigration and crime intersect, but there are many studies by scholars and partisan groups that support this claim. Walter A. Ewing is a senior researcher at the American Immigration Council and his report also supports this claim by referencing FBI data. Ewing’s report states that, “ Between 1990 and 2013, the foreign-born share of the U. S. population increased from 7. 9 percent to 13. 1 percent, and the number of unauthorized immigrants went up from 3. 5 million to 11. 2 million. At the same time, the violent crime rate (murder, rape and aggravated assault) decreased 48 percent and property crime rate fell 41 percent.” So, there is no way that the toxic rhetoric calling immigrants criminals is valid, when empirical research shows otherwise.

So, now we have discussed Latino and Asian immigrants, but what about the rest? Europe and Canada also bring in quite a few immigrants into the United

<https://assignbuster.com/effect-of-immigration-on-the-us-economy/>

States, if you refer back to Figure 1, most recently, 5, 620, 290 Canadians and Europeans have come to the United States. Is this number never mentioned because it is not as sizable as the number of their Latino counterparts? Perhaps. I am more inclined to believe that they aren't discussed because they fit in with the ideal picture of what an American citizen is. For one, Europeans as well as Canadians are typically white and speak English. However, statistics show that European immigrants are usually a lot older than the native as well as foreign-born population. With that comes education and experience, so they on average do really well wealth wise. Other than aging the average age of the U. S. population, there doesn't seem to be any big setbacks of having European or Canadian immigrants. Then again, evidence suggested the same for their Asian and Latino counterparts. I believe that this is because in general, it seems that Americans have more positive attitudes towards groups of foreign born individuals that have been visible for a century or longer. In turn, recent arrivals face a more negative attitude from Americans. This has heavy implications on things like how much health coverage select groups receive from the government. Data shows shocking results on this that reveal that European immigrants were not only more likely to have more health insurance coverage than foreign born population, but the native born population as well (Alperin & Batalova).

It is safe to conclude both economics and race play a huge role in the discussion of immigration in the United States. Economics is more widely recognized while race is ignored. It should be the other way around considering empirical evidence gives American citizens no financial backing

against immigrants or their immigration into the United States. In fact, I will reiterate that findings show that immigration brings about economic vitality and a vibrancy to American society like no other. Foreign born workers make up quite a bulk of the U. S. workforce, but not necessarily at the expense of native born workers. They bring about entrepreneurship and contribute to the youthfulness of the nation. Immigrants support the aging Americans without receiving hardly anything in return. In terms of the bigger picture in the long run, there is no point in disliking immigrants coming into the United States. The only thing perpetuating this disapproval seems to stem from ignorance, propaganda, and hate speech towards ethnic groups coming over. It is not fair to believe in the American Dream and not allow everybody to access that opportunity. Especially when it so clearly disproportionately affects persons of color. It is really baffling how the United States offers little rights to those who are undocumented or those who want to come into the country, yet Americans expect the right of passage to anywhere in the world that they crave. American citizens want the right to leave their own country as they please. They want to be able to be allowed free movement of labor, ideas, and technology. They also expect the right to make decisions about where they can use their labor and capital as well as how they do so. It is very instigative to expect these things and not want to allow others the same leniency. Immigration in a way serves as social engineering, you are building the population of the future. The United States should not be tailored towards a white population because it has never been a white country. It was the Native Americans home first that was then built upon African American backs. From there, many different types of people immigrated in hopes for more opportunities for themselves as well as their kin. So even though it has

<https://assignbuster.com/effect-of-immigration-on-the-us-economy/>

been concluded that race does serve a big role in immigration discussions, it really should not. Especially since at the end of the day, the United States was founded as and still is a nation of immigrants.

#### Works Cited:

- Alperin, Jeanne Batalova Elijah, and Jeanne Batalova. “ European Immigrants in the United States.” *Migrationpolicy.org* , Migration Policy Institute, 1 Aug. 2018.
- Boundless Sociology. “ Race and Ethnicity in the U. S.” *Lumen Learning* .
- Chen, Michelle. “ Southeast Asian Refugees Are the Latest Victims of Trump’s Deportation Crackdown.” *The Nation* , 3 Jan. 2019.
- “ From Struggle to Resilience: The Economic Impact of Refugees in America.” *Research.newamericaneconomy.org* , New American Economy, June 2017.
- Gamboa, Suzanne. “ Racism, Not a Lack of Assimilation, Is the Real Problem Facing Latinos in America.” *NBCNews.com* , NBCUniversal News Group, 26 Feb. 2019, 8: 41am.
- Gitis, Ben, and Jacqueline Varas. “ The Labor and Output Declines from Removing All Undocumented Immigrants.” *AAF* , American Action Forum, 5 May 2016.
- Horwitz, Steven. “ How Does Immigration Impact Inequality? | Steven Horwitz.” *FEE* , Foundation for Economic Education, 9 Apr. 2017.
- “ Immigrants and the Wage Gap.” *The Economist* , The Economist Newspaper, 30 July 2018.

- “ Immigrants as Economic Contributors: Refugees Are a Fiscal Success Story for America.” *Immigrationforum. org* , National Immigration Forum, 14 June 2018.
- Landgrave, Michelangelo, and Alex Nowrasteh. “ Criminal Immigrants in 2017: Their Numbers, Demographics, and Countries of Origin.” *Latino Public Policy Foundation* , 4 Mar. 2019.
- Marshall, Alex. “ Immigration and Income Inequality.” *Governing* , Jan. 2016.
- Nichols, Chris. “ Are Undocumented Immigrants Less Likely to Commit Crime?” *Politifact* , 3 Aug. 2017, 4: 04pm.
- Pimienti, Maria. “ Snapshot of U. S. Immigration 2019.” *Ncsl. org* , National Conference of State Legislatures, 25 Mar. 2019.
- PPI, Wharton. “ The Effects of Immigration on the United States’ Economy.” *Penn Wharton Budget Model* , Penn Wharton Budget Model, 27 June 2016.
- ““ The Integration of Immigrants into American Society’ at NAP. edu.” Edited by Mary C Waters and Marisa Gerstein Pineau, *National Academies Of Sciences, Engineering*.
- Zong, Jie, et al. “ Frequently Requested Statistics on Immigrants and Immigration in the United States.” *Migrationpolicy. org* , 15 Apr. 2019.

---

[1] I will be using “ foreign born” interchangeably with “ immigrant” throughout this paper to refer to any persons who did not have U. S citizenship at birth.