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Immigrants Benefit the Community and Economy

BY JENNY MINIER, PH.D.

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Immigration has historically been a defining characteristic of the United States, and it remains one of the country's most significant economic advantages. Deferred Action for Childhood Arrivals (DACA) was implemented by President Obama to grant temporary legal status to undocumented immigrants who were brought to the U.S. as children, as long as they are enrolled in school or working. Given President Trump's recent comments about ending the DACA program, Congress must work on a policy solution that will allow the nearly 800,000 "Dreamers" currently enrolled in DACA to remain legally in the U.S. There are both moral and economic reasons to do so.

Other aspects of immigration reform are also currently being considered, including changes to several types of work visas and temporary protected status for individuals who do not qualify for refugee status. Any immigration reform must fully account for the economic benefits of immigration, and must not overstate the costs. A recent letter signed by nearly 1,500 economists¹ cited the benefits of immigration as the following: increasing the number of entrepreneurs; bringing young workers who help offset the retirement of the baby boomers; increasing the flexibility and productivity of our workforce; and increasing the number of workers in STEM (science, technology, engineering, and math) fields that create jobs and increase American productivity. These benefits to immigration are significant, and outweigh the costs, particularly when combined with effective policies to increase the productivity of American-born workers.² This is particularly true of the Dreamers affected by DACA; they are young, enrolled in school or working, and cannot have been convicted of a felony or certain misdemeanors.

FEDERAL ENTREPRENEURSHIP AND STEM FIELDS:

The American system of higher education is consistently recognized as the best in the world³; this reputation

depends on the ability of U.S. colleges and universities being able to hire the best faculty members and attract the best students from a global market. In 2016, all six American Nobel Prize laureates in economics and sciences were immigrants; immigrants are heavily over-represented in American Nobel laureates in chemistry, medicine, and physics, receiving 40% of American Nobel prizes (31 of 78 prizes) while making up only 13.5% of the population (per Census American Community Survey). The strength of the American higher education system attracts many of the world's most promising students, particularly for graduate school. In 2013, 39% of all U.S. Ph.D.s in STEM fields were awarded to international students. There are significant spillover effects into the private sector: more than 40% of Fortune 500 companies, including American icons like Apple, Budweiser, Google, and McDonald's, were founded by immigrants or the children of immigrants. A recent National Foundation for American Policy study found that over half of the 87 technology startups valued at over \$1 billion were co-founded by immigrants, and on average, these companies had created 760 new jobs.⁴

In addition, immigrants are increasingly well-educated when they arrive; the Migration Policy Institute found that 48% of immigrants to the U.S. over the age of 25 during the period 2011-2015 were college graduates, a significant increase from the 27% college graduation rate of immigrants arriving 1985-90. This compares to a 2015 college graduation rate among U.S.-born of 31%.⁵

Health care is another industry that could be seriously affected by restrictive immigration policies: the American Medical Association estimates that 25% of physicians practicing in the U.S. were born in another country. Many foreign-born physicians accept jobs that there are not American-born doctors willing to take, in primary care and general practice, and in rural and underserved areas of the country. There are over 7,000 doctors from the six countries targeted by the revised Executive Order on

immigration⁶, concentrated in Appalachia, Michigan, and Ohio, and it is estimated that they provide a total of 14 million doctor visits per year, and over 2 million in areas with physician shortages.⁷

AGE DISTRIBUTION: Immigrants who come to the U.S. to study or work, even temporarily, pay taxes (even workers being paid under the table pay sales taxes), despite often not being eligible to access all government benefits. Unlike other immigrants, refugees receive resettlement assistance and are eligible for many government assistance programs; however, a recent economics working paper estimates that a refugee pays \$21,000 more in taxes than they receive in benefits, on average, over their first 20 years in the U.S.⁸ As the baby boom generation retires, there are fewer workers supporting the young and the retired; younger, working-age immigrants can help fill this gap. A larger workforce minimizes the tax burden on all workers, and allows for additional government support for young and retired Americans, reducing inequality and improving many lives.

FLEXIBILITY AND PRODUCTIVITY: Many immigrants are hired, legally and illegally, in industries such as construction and agriculture, where jobs are often temporary or seasonal. Recent immigrants tend to be more mobile than the native-born population, willing to move to areas with more job openings. The overall effect of immigration on less-educated American workers is widely studied but remains unclear; perhaps one reason that a stronger effect is not found is that many immigrants work in jobs that Americans are unwilling to take at current wages.⁹ The flexibility of immigrant workers helps sustain the productivity of the American economy. A strong education system that prepares American workers to be competitive in all fields, and to be flexible in adapting to future economic changes, combined with retraining opportunities for current workers, would allow all of us to benefit from a strong economy.

OVERALL: National security and employment are definitely important concerns, but broad restrictions on immigration are not an effective way of addressing them. An Iranian doctor practicing in Whitesburg is unlikely to have terrorist intent, and a Guatemalan hired to work at Churchill Downs after weeks of local ads went unanswered is unlikely to be taking a job from an

American. A Dreamer who has grown up in the U.S. and is currently enrolled in college here is a great asset to our country, not a priority for deportation. Any immigration reform must recognize the many ways in which immigrants enhance the American economy, and must allow them to continue to do so.

END NOTES

1. <http://www.newamericaneconomy.org/feature/an-open-letter-from-1470-economists-on-immigration/>
2. The Migration Policy Institute (<http://www.migrationpolicy.org>), an independent, non-partisan, non-profit think tank focused on migration issues, is an excellent resource.
3. For one example of many, see <http://www.universitas21.com/news/details/245/2017-u21-ranking-of-national-higher-education-systems>
4. <http://nfap.com/wp-content/uploads/2016/03/Immigrants-and-Billion-Dollar-Startups.NFAP-Policy-Brief.March-2016.pdf>
5. <http://www.migrationpolicy.org/research/new-brain-gain-rising-human-capital-among-recent-immigrants-united-states>
6. <https://immigrantdoctors.org/>
7. <http://www.migrationpolicy.org/article/foreign-born-health-care-workers-united-states> provides more detailed statistics on the role that foreign-born health care workers play in the U.S.
8. William N. Evans and Daniel Fitzgerald, “The Economic and Social Outcomes of Refugees in the United States: Evidence from the ACS,” NBER Working Paper no. 23498, June 2017. <http://www.nber.org/papers/w23498>.
9. Another possibility is that immigration reallocates low-skilled native-born workers: that is, rather than replacing native-born workers, immigration causes them to shift toward other jobs. The economists Giovanni Peri and Chad Sparber find evidence of this, in particular that immigration leads native-born workers to transition into jobs requiring more communication (i.e., English) skills, and the higher wages associated with these jobs reduce any negative effect of immigrants’ on native-born workers’ wages. (“Task Specialization, Immigration, and Wages,” American Economic Journal: Applied Economics 2009, volume 1, pp. 135-69.)

ABOUT THE AUTHOR



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