Immigration
Economic Impact and Policy Implications

Joyce J. Chen
Agricultural, Environmental, & Development Economics

Economic Analysis of Key Presidential Election Issues

October 3, 2016
## TRUMP AND CLINTON ON THE ISSUES:

### IMMIGRATION

<table>
<thead>
<tr>
<th>DONALD TRUMP</th>
<th>HILLARY CLINTON</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wants to build a wall on Mexican-US border and make Mexico pay for it</td>
<td>• Says US-Mexican border is &quot;the most secure border we have ever had&quot;</td>
</tr>
<tr>
<td>• Initially proposed mass deportations for every person living in US illegally, but has since softened that position</td>
<td>• Supports comprehensive immigration reform with a path to citizenship</td>
</tr>
<tr>
<td>• Calls for “extreme vetting” of refugees seeking asylum and “total and complete shutdown” of Muslim immigration to the US</td>
<td>• Focused on detaining and deporting undocumented immigrations &quot;who pose a violent threat to public safety”</td>
</tr>
<tr>
<td></td>
<td>• Has pledged to welcome Syrian refugees and allow refugees and asylum seekers “a fair chance to tell their stories”</td>
</tr>
</tbody>
</table>

Economic Impact

• Immigration increases the supply of workers, but may compete and/or complement
  • Little evidence of impact on employment

• Location (and relocation) decisions of immigrants are highly sensitive to economic conditions
Economic Impact

• Benefit the economy as a whole via
  • Reduced prices of (certain) goods and services
  • Consumption of goods/services → higher profits, wages
  • Knowledge spillovers, innovation, entrepreneurship

• Immigrants – authorized and unauthorized – have increased the economy by 11% - $2 trillion
  • Immigrants account for 14.7% of total output but only 13% of total population
FIGURE 8-18 Net fiscal impact in 2012, per capita, including all levels of government, by age and immigrant generation

Source: The Economic and Fiscal Consequences of Immigration, Report by the National Academies of Sciences, Engineering, and Medicine, 2016.
Net Fiscal Impact, Individuals and Dependents, 2013

Natives
Ratios: Federal = 0.786; State/Local = 0.823; Total = 0.798

2nd Generation
Ratios: Federal = 0.725; State/Local = 0.826; Total = 0.757

1st Generation
Ratios: Federal = 0.729; State/Local = 0.614; Total = 0.684

Source: The Economic and Fiscal Consequences of Immigration, Report by the National Academies of Sciences, Engineering, and Medicine, 2016.
Consolidated federal, state, and local for immigrants and descendents, public goods excluded.

Source: The Economic and Fiscal Consequences of Immigration, Report by the National Academies of Sciences, Engineering, and Medicine, 2016.
Net Difference between State and Local Revenues and Expenditures, 2011-2013

<table>
<thead>
<tr>
<th></th>
<th>First Generation</th>
<th>Second Generation</th>
<th>Natives</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>-1,600</td>
<td>1,700</td>
<td>1,300</td>
</tr>
<tr>
<td>Ohio</td>
<td>450</td>
<td>3,650</td>
<td>1,500</td>
</tr>
<tr>
<td>Michigan</td>
<td>-250</td>
<td>2,550</td>
<td>800</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>-3,650</td>
<td>1,550</td>
<td>1,550</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>1,250</td>
<td>1,750</td>
<td>250</td>
</tr>
<tr>
<td>Indiana</td>
<td>150</td>
<td>1,750</td>
<td>1,050</td>
</tr>
</tbody>
</table>

Source: The Economic and Fiscal Consequences of Immigration, Report by the National Academies of Sciences, Engineering, and Medicine, 2016.
Costs of Clinton’s Policies

• Path to citizenship requires bureaucratic resources
  • Could be perceived as precedent for future amnesties

• Legal status may increase return and split migration

• Refugee settlement is costly
  • Refugees provide a net economic benefit
Costs of Trump’s Policies

• Mass deportation of 11 billion undocumented immigrants estimated to cost $200-400 billion
  • Cost of detection, round-up, detention, transport
  • Court backlog

• Border wall estimated at $10-26 billion
  • On-going patrol and maintenance costs
  • Trans-boundary water diversion