

## The Benefits of Immigration: Addressing Key Myths

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America's historical openness to immigration has enriched its culture, expanded economic opportunity, and enhanced its influence in the world. Immigrants complement native-born workers and raise general productivity through innovation and entrepreneurship. Immigrants continue to integrate successfully into American society.

America is a nation of immigrants. That is not a cliché but a simple fact. Almost all Americans today either immigrated themselves or descended from immigrants, whether from England and Germany in the colonial era, Ireland, Eastern Europe, and Scandinavia in the 19th and early 20th centuries, or Latin America and Asia in more recent decades. Today one out of every four people residing in the United States are either first- or second-generation immigrants. Immigration has enriched the United States throughout its history, economically as well as culturally and socially.

Contrary to what some of our leaders and pundits tell us, immigrants strengthen the US economy by filling key jobs in important industries, starting businesses, filing patents, creating new products, and keeping America demographically younger. A large majority of immigrants embrace America's culture of freedom and opportunity. Immigration is both a sign and a source of American dynamism. US immigration policy should move toward welcoming more hard-working immigrants to build a stronger US economy.

### **FACTS ABOUT IMMIGRATION**

Immigrants come to the United States because of the freedom and opportunity it offers. They come to work and build a better life for themselves and their families. Immigrants fill niches in the labor market, typically at the higher and lower ends of the skill spectrum, where the supply

of native-born workers tends to fall short of demand by US employers. Without immigrants our economy would be less productive and dynamic.

- Immigrants boost America’s economic growth and raise the general productivity of American workers by providing much-needed skills. Immigrant workers allow important sectors of the economy to expand, attracting investment and creating employment opportunities for native-born Americans. A recent study by the International Monetary Fund concluded, “Immigration significantly increases GDP per capita in advanced economies.”<sup>1</sup>
- Immigrants fuel entrepreneurship. Immigrants are more likely to start a business than native-born Americans, whether it’s a corner shop or high-tech startup.<sup>2</sup> Among startup companies that were valued at more than \$1 billion in 2016, half were founded by immigrants.<sup>3</sup> Among Fortune 500 companies, 40 percent were founded by immigrants or their children.<sup>4</sup>
- Immigrants generate new products, ideas, and innovation. Immigrants make up 17 percent of the US workforce, while filing one-third of the patents and accounting for more than one-third of US workers with a PhD in one of the STEM subjects of science, technology, engineering, and math.<sup>5</sup> One study found, “More than half of the high-skilled technology workers and entrepreneurs in Silicon Valley are foreign born.”<sup>6</sup>
- Without immigrants and their children, the United States would soon begin to experience demographic decline. The number of US-born workers with US-born parents is already declining and will shrink by eight million from 2015 to 2035.<sup>7</sup> Immigrants extend the sustainability of federal retirement programs by slowing the rise in the ratio of retirees to workers. Without a growing workforce, the US economy would begin to lose its dynamism and leadership role in the global economy.
- Three-quarters of immigrants in the United States reside here legally. The number of unauthorized immigrants has stabilized in recent years at 11 to 12 million.<sup>8</sup> Most illegal immigrants arriving today enter the country legally but then overstay their visas; thus, a wall on the US-Mexican border will not stop most illegal immigration.<sup>9</sup> The most cost-effective policy for reducing illegal immigration remains the expansion of opportunities for legal entry and work.

## FIVE MYTHS AND REALITIES OF IMMIGRATION

1. Myth: America is being flooded with mass immigration.

Reality: The rate of US immigration today is well below its historical average and below that of many other advanced nations.

- According to the Census Bureau, the number of foreign-born residents of the United States was 43.7 million in 2016, or 13.5 percent of the total US population. Although growing in recent decades, the immigrant share of the US population is still below its peak of nearly 15 percent in 1910.<sup>10</sup> In many other developed nations, such as Canada and Australia, the foreign-born are a much higher share of the population than in the United States.<sup>11</sup>
- More importantly, the rate of net migration to the United States today is far below what it has been in previous historical periods. The United States accepts about 1.1 million permanent legal immigrants per year, which is a high number in nominal terms but is historically modest as a share of the US population. The current annual US net migration rate (both legal and illegal, minus emigration), is 3.3 per 1,000 US residents.<sup>12</sup> That is less than half of the US migration rate in the peak years of the Great Atlantic Migration from 1880 to 1910 and below the historical US average since 1820 of 4.3 per 1,000.

2. Myth: Immigrants depress wages and take jobs from Americans.

Reality: There is no evidence that immigrants cause higher unemployment among Americans or depress average wages.

- Immigrants typically complement American workers rather than compete directly with them for jobs. As immigrants supply labor, they also increase demand for housing and other goods and services, creating employment opportunities for native-born workers. This is why, over time, there is no correlation between immigration and the general unemployment rate. In fact, the number of jobs and the size of the workforce tend to grow together.
- For those same reasons, empirical studies have found that immigration has only a small and generally positive impact on average wages. A study cited in the 2017 National Academy of Sciences report on the economic consequences of immigration found that the only native demographic group negatively impacted is adults without a high school diploma.<sup>13</sup> The wage impact on this group is small, in the range of 1 to 2 percent, and the size of this group has declined to less than 10 percent of the working-age population. Evidence also shows that as immigrants move in, native-born Americans tend to stay in school longer and upgrade their education, raising their productivity and wages.<sup>14</sup> For more than 90 percent of American workers, immigration either raises wages or has no impact.

3. Myth: Immigrants increase the danger of crime and terrorism.

Reality: Immigrants are less likely to commit crimes or to be incarcerated than native-born Americans. The risks from immigrant terrorism are relatively low compared to other dangers.

- Immigrants are less prone to crime for a number of reasons. After surveying the available evidence, a major 2015 study on immigrant integration by the National Academy of Sciences concluded, “Far from immigration increasing crime rates, studies demonstrate that immigrants and immigration are associated inversely with crime. Immigrants are less likely than the native born to commit crimes, and neighborhoods with greater concentrations of immigrants have much lower rates of crime and violence than comparable nonimmigrant neighborhoods.”<sup>15</sup>
- Foreign-born terrorists have committed deadly attacks on US soil, most tragically on September 11, 2001. But the terrorists responsible for the deaths that day were temporary visitors in the United States on nonimmigrant tourist and student visas. Terrorist acts by permanent immigrants are much less of a threat. According to research by Alex Nowrasteh of the Cato Institute, from 1975 to 2017, “the chance of being murdered in a terrorist attack committed by a chain immigrant or a diversity visa recipient was about 1 in 723 million per year,” a risk far lower than death by domestic homicide.<sup>16</sup>

4. Myth: Immigrants impose a fiscal burden on US taxpayers.

Reality: Most immigrants pay more in taxes over their lifetimes than they consume in government benefits.

- Immigrants on average are net contributors to government. Immigrants tend to produce more of a fiscal surplus, or less of a deficit, than similarly educated native-born Americans because they are eligible for fewer government benefit programs. The children of immigrants are also more beneficial for government budgets than the children of native-born Americans because they tend to achieve higher levels of education, earnings, and tax paying.
- Higher-skilled immigrants are especially beneficial to government finances. According to the 2017 National Academy of Sciences report, an immigrant arriving in the United States at age 25 with a four-year college degree will, over his or her lifetime, pay \$514,000 more in taxes than government services consumed (at net present value). An immigrant with an advanced degree will pay a surplus of almost \$1 million. Immigrants without a high school diploma impose a lifetime cost on government of \$109,000, but the cost is much smaller than that of a native-born adult without a high school diploma.<sup>17</sup>

5. Myth: Immigrants are no longer assimilating into American culture.

Reality: As with immigrant waves before them, today's immigrants and their children are learning English and assimilating into American society.

- Immigrants are acquiring proficiency in English at comparable rates to immigrants in the past. Second- and third-generation immigrants are overwhelmingly fluent in English. As the 2015 National Academy of Sciences report concluded, "Today's immigrants are learning English at the same rate or faster than earlier immigrant waves."<sup>18</sup>
- In other important ways, immigrants are adapting to and integrating into American society. The 2015 National Academy of Sciences report also found that immigrants are more optimistic than native-born Americans about achieving the American Dream. Rates of intermarriage between native-born Americans and immigrants have been rising, including among ethnic and racial minorities.

## ABOUT THE AUTHOR

Daniel Griswold is a Mercatus Center senior research fellow and codirector of the Program on the American Economy and Globalization. Griswold is a nationally recognized expert on trade and immigration policy. He previously served as president of the National Association of Foreign-Trade Zones (NAFTZ), representing its members in Washington before Congress and regulatory agencies. Before working with the NAFTAZ, Griswold was director of trade and immigration studies for the Cato Institute in Washington, DC.

## NOTES

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