

The Economic Case for Immigration, US News, 2/6/18

<https://www.usnews.com/opinion/economic-intelligence/articles/2018-02-06/from-an-economic-and-civic-standpoint-immigrants-are-good-for-society>

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Thomas Jefferson, like the country he helped found, was of two minds on immigration. In his 1785 *Notes on the State of Virginia* he feared that immigrants, rather than assimilating, would “bring with them the principles of the governments they leave” and render the young nation “a heterogeneous, incoherent, distracted mass.” By 1801, though, his tune had changed. In his First Annual Message to Congress Jefferson asked, “Shall oppressed humanity find no asylum on this globe?” “The general character and capabilities of a citizen,” he thought, could be “safely communicated to everyone manifesting a bona fide purpose of embarking his life and fortunes” in the immigrant nation.

Add a dose of terrorism and gang-violence fear to the Jefferson of 1785 and you would essentially have the present-day argument of the American right. Add in some focus group buzzwords like “dreamers” to the Jefferson of 1801 and you would not be far afield from the present-day American left. Neither side, though, has a coherent argument or plan for immigration.

In the end, Jefferson was right to approach the issue from both perspectives, even if it took him 16 years to do so. Since 1801 the issue has only become more complicated. Immigration is still a social issue to be sure, but the economics of immigration have largely taken center stage. And here, there shouldn't be much confusion.

The oft-heard arguments in favor of restricting entry to the United States are that immigrants take American jobs, draw on public resources, and do not contribute to the nation's tax base. Immigrants do, in fact, strive to work in the United States, but the notion that they do so at the expense of American workers is not terribly compelling. They take a good number of entry-level jobs that American citizens show little interest in holding, but there is a much larger picture here to consider: immigrant entrepreneurship. Many immigrants move to the United States in search of the opportunity to start their own businesses, and this aspect of the immigrant character has paid staggering dividends for the country.

[Forty percent](#) of Fortune 500 companies were founded by immigrants or children of immigrants. Among these are [Apple](#), [Google](#), [Amazon](#), [eBay](#), [Intel](#), [Tesla](#), [Yahoo](#), [Capital One](#), and [Kohl's](#). Together, just these nine companies are worth almost \$3 trillion and employ almost 1 million people. For perspective, the Pew Research Center estimates that there are [8 million](#) illegal immigrants in the U.S. workforce, earning an average of [\\$30,000](#) per family. That puts total annual earnings by all illegal immigrants in the U.S. somewhere in the range of \$150 billion to

\$240 billion. The total value created by just nine immigrant entrepreneurs exceeds the total wages paid to all illegal immigrants over at least the past decade.

But the dividends don't end there. Among small U.S. businesses, almost [20 percent](#) were founded by immigrants. That means that immigrant small businesses are responsible for [10 million](#) jobs. Assuming that immigrant founders are responsible for the same fraction of large businesses as they are for Fortune 500 businesses, immigrants and children of immigrants are directly responsible for a total of more than [50 million](#) U.S. jobs. That's around 40 percent of all American jobs attributable to less than [14 percent](#) of the U.S. population. Immigrants create far more American jobs than they occupy.

But what about all those social services immigrants use without contributing to the tax base? Legal immigrants pay taxes like the rest of us. Illegal immigrants pay property taxes, sales taxes, and excise taxes. According to the Institute on Taxation and Economic Policy, illegal immigrants pay almost [\\$12 billion](#) in state and local taxes annually. For immigrants who work under the table, paying income and payroll taxes is problematic, but even here, the facts run counter to common perceptions. The Social Security Administration estimates that illegal immigrants and their employers contributed [\\$13 billion](#) in payroll taxes in 2010 alone through the use of fraudulent Social Security numbers or Individual Taxpayer Identification Numbers (ITIN). As fraudulent Social Security numbers can't be traced back to the actual workers, and as ITIN users aren't eligible for Social Security benefits, that \$13 billion per year is pure profit for the Social Security trust fund. It is money that illegal immigrants pay into the system that they will never receive back in benefits.

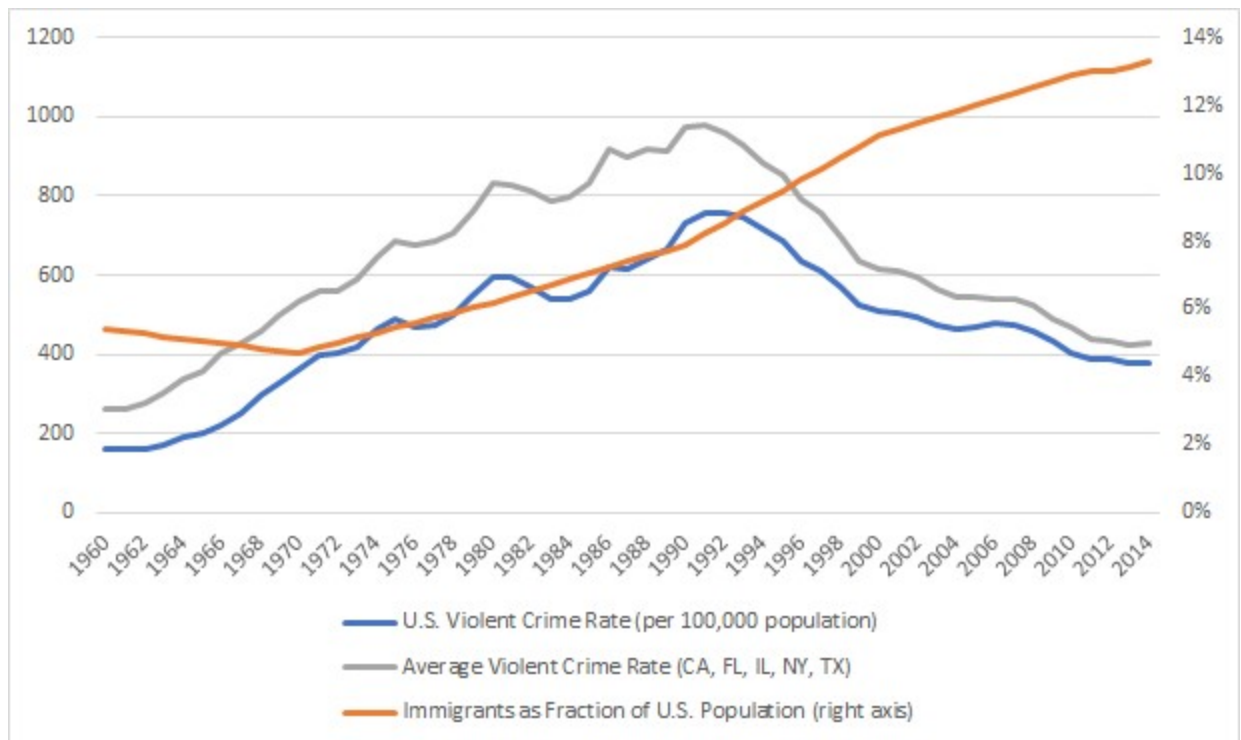
The economics of the matter clearly indicate that we should be welcoming immigrants with a lot more warmth than we presently do.

But what of the social side? The complaints here are familiar: Immigrants do not assimilate the way they once did, and they bring a fair amount of crime with them.

Assimilation is tricky business, but it has been more a native issue than an immigrant one. The expectation that immigrants would come to the United States, adopt the customs and language, and get on with the business of living their lives has come under significant fire for at least the last 40 years. First came multiculturalism, which discouraged immigrants from participating in our shared culture. Then came concern over "cultural appropriation," which discouraged natives from participating in immigrant cultures. Together, concerns about multiculturalism and cultural appropriation built a wall between natives and immigrants. *E Pluribus Unum* gave way to a form of cultural ghettoization, and everyone is worse for it.

Crime is more straightforward. From 1971 through 1991, violent crime rates nearly [doubled](#) in the United States. Over that same period, the immigrant population (legal and illegal), as a fraction of the U.S. population, rose almost [70%](#). This correlation was presented as causation, and the sobering effects of that live on to the present. What most people do not know, and what

politicians will not admit, is that in 1992, U.S. crime rates started falling precipitously - both nationwide and in each of the five states with the largest immigrant populations. And they continued to fall all the way down to 1960s levels. Over this same period, the immigrant population continued to grow at about the same rate as before. Either something happened in 1992 to change dramatically the type of people immigrating to this country, or the dramatic rise in crime rates from 1971 to 1991 had nothing to do with immigrants. Although 1990s legislation bolstered deportation rules for criminal aliens, subsequent [research](#) found that legislation did not markedly change crime rates among the immigrant population. Incarceration rates for immigrants consistently hovered around one-fifth that for non-immigrants. If reducing crime is the goal, the data suggest that we'd be better off deporting natives than deporting immigrants.



Data sources: FBI Uniform Crime Reporting Statistics, and Migration Policy Institute.

The Jefferson of 1801 had it right. The American way of life can be “safely communicated” to the immigrants who arrive on our shores. But as the economics of immigration prove, we don’t really have to communicate much. The immigrants who choose to quit their homes and come to ours already exhibit the American spirit to a greater degree than many who had the good fortune to be born here. The best thing we can do for them and for ourselves is to open the doors and leave them be.

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