

Why allowing more migrants into the US could boost the economy

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An immigration policy that would allow more migrants to legally enter and work in the country could benefit the overall U.S. economy, Northeastern experts say.

"Immigration reform is a tricky one," says Mindy Marks, associate professor of economics at Northeastern University, "because it's got winners and losers, and what we sometimes call 'hidden winners.'"

It is hard to connect the immigration policy to the gains from it because the positive effects are diffused and hidden, she says, while those who are hurt by immigration are concentrated and visible. At the same time, migrants make a decision to leave their country for political, social and economic reasons that the U.S. won't be able to fix in order to stop immigration.

In mid-May, the Biden Administration lifted Title 42, a provision from the 1944 Public Health Act that allowed the Trump Administration to halt immigration in 2020 due to the COVID-19 pandemic. The U.S. went back to the decades-old Title 8 of the Code of Federal Regulations with a few recent amendments.

Title 8 allows immigrants to request asylum if they express a fear of persecution or torture, or a fear of return to their country. However, all [asylum seekers](#) are required to first apply for protection in a country they have traveled through to reach the U.S. border.

If foreign nationals are caught crossing the border illegally they will be removed and subject to five-year ban or 10-year ban if caught re-entering the U.S. illegally.

Immigration generally has more positive effects on the economy than the negative ones, Marks says, as shown by the few studies that have attempted to measure the consequences of both legal and [illegal immigration](#).

From the economic point of view, migrants are usually divided into low-skilled and high-skilled workers.

High-skilled workers have much less competition from American candidates, Marks says. The economy benefits because highly competent individuals who work in the U.S. legally are paying taxes and generating demand for more expensive products and services. They speed up innovation, she says, as many of them become patent holders, for example, and contribute to diversity of ideas and views.

But most migrants at the border right now are low-skilled workers, Marks says.

They, too, can generate demand though for less expensive products and services. They fill jobs in sectors that experience labor shortages, such as agriculture and care for the aging population at nursing homes. They also take up jobs in child care and cleaning services, Marks says, which frees up some high-skilled women from household responsibilities and increases female participation rates on the labor market.

Immigrants are also more mobile and eager to move across the country to where the jobs are.

Legal immigration, Marks says, is better than illegal immigration both for the U.S. and immigrants themselves. Their wages go up upon gaining [legal status](#). They can pay taxes and invest into acquiring more skills or education, knowing that they would be able to work for a long period of time.

An often used argument in the immigration debates is that American nationals don't want to work at certain jobs.

"And the counterargument is Americans don't want to do these jobs at the prevailing wage rate," Marks says.

This means that employers would need to bid up the wages in order to

restrict immigration and fill up the positions with American workers. It might work in some industries, Marks says, but it will also make a subsector of the economy unprofitable.

"That has downstream effects for consumers," Marks says. "If firms have to pay workers more, they'll end up raising the prices of the goods that get produced."

Imports will replace expensive local products, and some sectors of the economy would disappear as a result of trying to shut down the supply of immigrant workers.

Higher numbers of immigrants, especially those entered the country illegally or cannot work, increase states' fiscal expenditures on medical and social services.

"Low-income people, regardless of if you're an immigrant or a citizen, don't pay that much in taxes, but use services," Marks says.

The individual states bear a higher fiscal burden of immigration than the federal government, she says, because on the federal level illegal immigrants don't claim federal benefits like Social Security while legal immigrants add to tax collections.

Some of these negative effects, however, could be offset in a comprehensive federal immigration policy.

"We could recognize that there are some costs and there are some benefits," Marks says. "We could try to attack some of the benefits and give it back to cover the costs."

For example, the [federal government](#) could charge incoming legal immigrants for the opportunity, or a visa, to work or bring relatives, she

says, which can be much more appealing to them than paying to smugglers. This income could be then redistributed to the states that take in the brunt of the migrants and invested into, for example, the food stamp programs.

The likelihood, however, of any immigration bill passing through the House and the Congress any time soon is very low, says Nicholas Beauchamp, associate professor of political science.

He partly explains this by the rise of the filibuster, or the ability to stall a vote on a bill due to the tradition of unlimited debate in the Senate. The strong difference of opinions between the Republican and Democratic lawmakers on immigration is the other reason.

"Anti-immigration rhetoric became sort of the avenue for energizing voters instead of race-based disagreements," Beauchamp says.

The two sides usually debate two aspects in immigration policy discussions—border security and passage to citizenship for immigrants coming into the U.S.

There is more chance for the two sides of the aisle to agree on [border security](#) proposals, Beauchamp says, but the Republicans find the Democrats' proposals to be not restrictive enough. The Democrats, meanwhile, won't support any additional fees on immigration, like payments for the right to work in the U.S.

But some Democrats don't want to look weak in front of their electorate by supporting less restrictive immigration policy proposals.

Beauchamp thinks if the Democrats can come up with a bundle of immigration proposals that would appeal to both sides of the aisle while giving up something for each other, the Biden Administration might be

able to pass a new [immigration policy](#) in two years.

"I can imagine, two years from now, if Biden is back in the White House, and Democrats win control of both the House and the Senate, you can imagine a reform, if they get rid of the filibuster," he says.

Provided by Northeastern University

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