

# Do immigrants and immigration help the economy?

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When Americans mark their presidential election ballots later this year, immigration will be top of mind—it's the nation's number one issue, according to pollster Gallup. And one of the toughest talkers on the topic

is former president and presumptive GOP nominee Donald Trump. He's built his political career on calls to secure the border and defend America against what he says are immigration's dangers, warning of shrinking wages and stretched benefits programs. "When you have millions of people coming in," he recently told a crowd in Michigan, "they're going to take your jobs."

Immigrants stealing work from existing residents is a well-worn contention—with a history stretching back at least 100 years right up to present-day accusations that Tyson Foods is replacing American workers with immigrant labor. But it's also a false one, according to Boston University economist Tarek Hassan, whose recent studies have shown that immigrants actually help fuel local economies by sparking innovation and driving up wages.

The effects of a migrant influx can last for decades, too, enhancing a region's attractiveness to [foreign investors](#) and opening long-term export opportunities, even 100 years later. Oftentimes, when immigrants move into an area, so do native workers, drawn by the promise of an invigorated economy.

In one recent paper, Hassan, a BU College of Arts & Sciences professor of economics, also showed that living near people from other countries can shift native views on people of foreign descent, decreasing hostility and prejudice, while boosting empathy and knowledge. Residents who live alongside those people may also be less likely to vote for political candidates who demonize them.

But there are important details that complicate the picture—at least from an economics perspective. Hassan's research has shown that not everyone benefits the same way from a rush of migration, and that may strike a chord with some of the millions of voters who want to stem the tide. Despite the overall positive effects to a community, the flow of new

residents does nothing to boost the wages of existing workers who don't have a high school diploma. And the education and skill level of migrants matters, too: more education equals a more positive economic effect.

"The headline finding is that immigrants are good for local economic growth, and in particular, educated migrants are doing a lot of that," says Hassan. "At the same time, the data point to why some people might have problems with this. It's a lopsided story where the immigration we've experienced in the last 40 years has been disproportionately benefiting the more educated local population. We're trying to add some facts to the debate."

## **Immigration's impact on economic growth**

Hassan's family story is one of migration—of crossing borders and navigating shifting national boundaries. "I come from a family with a rather complex migration history," says Hassan. His father was an immigrant to Germany from Egypt, his mother a refugee from East to West Germany. Hassan was raised in Germany, but moved to the United States for graduate school and has now lived here for nearly 20 years.

"You have to go back many generations to find somebody who was actually born in the same country they died in," he says of his family. "But I think that's true for a large chunk of the population."

He admits he finds the national debate on immigration frustrating. "There's very little interest in nuanced information—on both sides of the debate. There's this view among some people that all immigration is good and should be encouraged, and there's this other view that all immigration is terrible. There's not much interest in listening to each other."

With his research, he hopes to foster a more informed conversation.

In a [working paper for the National Bureau of Economic Research](#), Hassan and his colleagues examined decades of US migration data to look at the impact of new arrivals on economic growth, wage levels, and innovation, which they measured through the number of new patents filed in a particular area. More new ideas, he says, generally means more new businesses and products.

"We find that when you have 10,000 extra immigrants arriving in a given US county, the number of patents filed per capita in that county dramatically increases, by something like 25 percent," he says. It was an effect that rippled out as far as 150 miles. The research team also estimated that since 1965, migration of foreign nationals to the US may have contributed to an additional 5% growth in wages. They're currently preparing the findings for journal publication.

"More immigrants creates more economic growth," says Hassan. "And because it creates more economic growth locally, it raises the wages of the people who are already there."

In [an earlier paper](#), Hassan had looked at migration's impact over an even longer term: 100 years or more. With an international research team, he studied how the pull of one area for migrants from the same country could help attract foreign investment to that region for years afterward.

"You can still see today that places where Germans settled within the Midwest 100 years ago are much better at attracting foreign investment from Germany than places that didn't see that migration," says Hassan. The same is true for communities that had a concentration of Chinese or Polish migration, for example. "Ethnic diversity in that sense is really good for the ability of local firms to conduct business abroad, to both

receive and make foreign investments."

## **Immigration fears**

But what about those whose wages aren't getting an upgrade or who—to quote Trump—fear a wave of immigrants may threaten their way of life, bringing in "languages that nobody in this country has ever heard of" or "poisoning the blood of our country"?

"On average, the people who are most scared of immigration are typically the people who don't actually live in very ethnically diverse places," says Hassan.

In a [study published](#) in the *American Economic Review*, Hassan and his fellow researchers investigated how having neighbors of foreign descent, specifically Arab Muslims, shaped prejudices and attitudes. They surveyed more than 5,000 Americans about their contact with Arab Muslims and knowledge of Islam, and sifted through data on migration, charitable donations, implicit prejudice, and support for Trump and the so-called "Muslim ban."

Hassan and his colleagues found that living among a large Arab Muslim population decreased prejudice, reduced support for policies targeting Arab Muslims, and increased knowledge of Islam and Arab Muslims—it even resulted in people making more donations to charities supporting their neighbors' ancestral countries.

"Long-term exposure to people with a given ethnic background makes you more informed about them, maybe makes you like them more," says Hassan. "It also increases political support for concerns these minorities might have. It traces a lot of xenophobia to people who don't interact with people with foreign ancestry."

But he says his findings on which immigrants spark the biggest economic impact, and which domestic workers benefit from that boost, should perhaps prompt a discussion about where to focus immigration policies. President Joe Biden has suggested expanding access to family-based immigration, for example, but that might not be the best economic choice, according to Hassan.

"One thing to think about, particularly given our findings about the effects of high- versus low-skilled migration," he says, "is whether it's worth having a debate about how much of migration should be family-based versus skill-based."

**More information:** Leonardo Bursztyn et al, The Immigrant Next Door, *American Economic Review* (2024). [DOI: 10.1257/aer.20220376](https://doi.org/10.1257/aer.20220376)

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