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What Does Immigration Actually Cost Us?

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Last week, as soon as the National Academy of Sciences issued “The Economic and Fiscal Consequences of Immigration,” its 509-page report, interest groups on the left and right immediately claimed vindication.

“National Academy of Sciences Study Confirms Immigrants Benefit America,” America’s Voice, a liberal advocacy group, declared from the pro-immigration side. Frank Sharry, the group’s executive director, issued a statement assessing the study:

On the fringes of the immigration debate, you have Donald Trump and his small band of nativists peddling fears and falsehoods. For those of us who inhabit a fact-driven reality, you have a growing body of credible research demonstrating the benefits of immigrants and the burdens of following Trump’s radical proposals.

Conservatives calling for more restrictions on immigration read the same report but had a very different interpretation. “National Academy of Sciences Study of Immigration: Workers and Taxpayers Lose, Businesses Benefit,” the Center for Immigration Studies wrote. Steven Camarota, director of research at the center, said

that the report demonstrated that immigration lowers the wages of American workers, to the benefit of immigrants themselves and of corporations:

Immigration is primarily a redistributive policy, transferring income from workers to owners of capital and from taxpayers to low-income immigrant families.

These opposing views demonstrate the complexity of the core findings in the academy's report, which is multifaceted enough to allow for competing interpretations. The report suggests that immigration is not a clear-cut issue in which one side is right and the other wrong, but that there are both costs and benefits.

The crux of the problem is that the plusses and minuses are not distributed equally. The academy found, for example, that the willingness of less-skilled immigrants to work at low pay reduced consumption costs — the costs to consumers of goods and services like health care, child care, food preparation, house cleaning, repair and construction — for millions of Americans. This resulted in “positive net benefits to the U.S. economy during the last two decades of the 20th century.” These low-wage workers simultaneously generated “a redistribution of wealth from low- to high-skilled native-born workers.”

The frequent harshness of these trade-offs in real life is masked by the academic language of the report, which points out that native-born workers who are substitutes for immigrants “will experience negative wage effects” — in other words, lower wages.

The report continues:

In summary, the immigration surplus stems from the increase in the return to capital that results from the increased supply of labor and the subsequent fall in wages. Natives who own more capital will receive more income from the immigration surplus than natives who own less capital, who can consequently be adversely affected.

While acknowledging these conflicts, the academy comes down decisively on the pro-immigration side of the debate:

Immigration is integral to the nation's economic growth. The inflow of labor supply has helped the United States avoid the problems facing other economies that have stagnated as a result of unfavorable demographics, particularly the effects of an aging work force and reduced consumption by older residents. In addition, the infusion of human capital by high-skilled immigrants has boosted the nation's capacity for innovation, entrepreneurship, and technological change.

The academy's report provides ammunition to both sides in the contentious debate over whether immigrants raise state and local tax burdens for education, health care and other welfare benefits or whether those costs are more than compensated for through taxes paid by immigrants:

For the 2011-2013 period, the net cost to state and local budgets of first generation adults is, on average, about \$1,600 each. In contrast, second and third-plus generation adults create a net positive of about \$1,700 and \$1,300 each, respectively, to state and local budgets. These estimates imply that the total annual fiscal impact of first generation adults and their dependents, averaged across 2011-13, is a cost of \$57.4 billion, while second and third-plus generation adults create a benefit of \$30.5 billion and \$223.8 billion, respectively.

In its analysis, the liberal group America's Voice cited the academy's statement almost verbatim. The conservative Center for Immigration Studies, on the other hand, interpreted the data to mean that

immigrants do not pay enough in taxes to cover their consumption of public services at the present time.

This ideological schism has shaped the current presidential election as well as ongoing congressional debates. Democrats have become increasingly pro-immigration while Republican voters and many members of Congress generally

stand in opposition. It is this split that lies at the core of the contest between Hillary Clinton and Donald Trump.

Clinton described the principles underlying her position on immigration in a speech she gave in North Las Vegas last year:

If we claim we are for family, then we have to pull together and resolve the outstanding issues around our broken immigration system. The American people support comprehensive immigration reform not just because it's the right thing to do — and it is — but because they know it strengthens families, strengthens our economy, and strengthens our country.

The principles underlying Trump's position are diametrically opposed to those of Clinton. On his website, Trump declares:

When politicians talk about “immigration reform” they mean: amnesty, cheap labor and open borders. The Schumer-Rubio immigration bill was nothing more than a giveaway to the corporate patrons who run both parties. Real immigration reform puts the needs of working people first – not wealthy globetrotting donors. We are the only country in the world whose immigration system puts the needs of other nations ahead of our own.

Trump supporters, who are 87 percent white, are substantially more hostile to immigrants than the general public. A Pew study in August found that two thirds of Trump loyalists describe immigration as a “very big problem.” Half of Trump voters believe immigrants “are more likely than American citizens to commit serious crimes,” a figure that rises to 59 percent among his strongest supporters. In terms of work, 35 percent of Trump voters say immigrants take jobs from Americans, compared with 24 percent of all voters.

A March 2016 Pew poll found that a majority of all voters, 57 percent, said immigrants strengthen the country through hard work, compared with 20 percent of Trump voters. Thirty-five percent of all voters said immigrants burden the country “by taking jobs, housing and health care,” compared with 69 percent of Trump supporters.