



## The Migrant Crisis Could Cost Billions, But Is Border Security Even More Expensive?

By Jake Mann

August 6, 2014

The Central American migrant crisis is big news, and the solution is big money. But is all that spending worth it? More important, are there methods of border security that will deliver the U.S. the most for its money?

Last week, Texas Gov. Rick Perry sent National Guard troops to the U.S.-Mexico border, and Washington continues to weigh the possibility of emergency funding to deal with the influx of immigrants.

Since last October, more than 50,000 children have attempted to enter the U.S. after fleeing countries like Honduras, Guatemala, and El Salvador. While experts continue to debate the exact cause of the crisis -- some cite drug-related violence, while others blame government policy -- one thing is clear: It will likely be expensive. Current Congressional funding proposals range from \$659 million to \$2.7 billion, the *Los Angeles Times* reports.

But that's a drop in the bucket when compared to the long-term cost of border security.

### **What's the total cost in dollars?**

On the whole, border security is tightening. Illegal arrivals hit a four-decade low last year, and total border arrests are a third of what they were in 2005, *The Wall Street Journal* reports.

But that has come at a cost. Most estimate inspection, patrol, and infrastructure set taxpayers back somewhere between \$12 billion and \$18 billion per year. That's up about 50% from the early 2000s, according to the *Journal*, which says spending has included "everything from 650 miles of fencing to military aircraft, marine vessels, drones, surveillance equipment, infrared camera towers and detention centers."

More generally, border security costs totaled \$90 billion between 2002 and 2011, a Freedom of Information Act request conducted by the Associated Press shows. The news outlet reports that annual expenses vary from drug-sniffing dogs -- \$4,500 each -- to National Guard troops -- about \$91,000 per soldier.

### **So, what about that fence?**

You only need to watch the opening scene of the Mel Gibson action flick *Get the Gringo* to understand the most visual aspect of border security by far is the fencing. In reality, though, it's much less comprehensive than Hollywood suggests.

Customs and Border Protection estimates almost 700 miles of fence were built between 2006 and 2009 at a cost of \$2.4 billion. Given the U.S.-Mexico boundary is almost 2,000 miles, though, that leaves almost two-thirds of the border uncovered. Completion of the fence -- some of it through rougher, more expensive territory -- could cost an additional \$22.4 billion, *The New York Times* reports.

### **Which companies stand to gain?**

The list of private companies involved in border security is extensive. IT firm **Unisys** (NYSE: UIS ), which Bloomberg Government says brought in more than \$100 million from Customs and Border Protection in 2012, likely made even more in 2013. As *The Wall Street Journal* reports, the company was awarded a data-centric border security contract worth up to \$460 million over the next half-decade.

In a good year, **Lockheed Martin** (NYSE: LMT ) can bring in nine-figure revenues by supplying aircraft and related technology to law enforcement. Competitor **Boeing** (NYSE: BA ) , meanwhile, has been involved in an array of projects in the past. Between 2006 and 2011, it booked \$1.4 billion for developing a Secure Border Initiative Network that later proved too difficult to build, Bloomberg reported.

Beyond traditional surveillance and fencing, there are other players. The government awarded **VF Corp** (NYSE: VFC ) \$62 million for uniforms in 2012, according to the outlet. During that time, Chenega and **SAIC** (NYSE: SAIC ) took in an average of \$86 million for maintenance, it says. And more visibly, drone manufacturer General Atomics can make up to \$443 million by expanding the border security drone fleet in the next few years.

### **What about the economic effects?**

The economic effects of border security -- and more broadly, a restrictive immigration policy -- are less transparent. On one side of the aisle, a subset of economists believes immigrants positively impact the American economy. Of course, many believe the opposite.

The net effect may be non-existent. Benjamin Powell recently explained the issue on The Huffington Post: "Some studies find negative impacts, some find positive impacts, but they are all small and clustered around zero," he writes. "That means that, although there are some upfront tax costs of these migrant children, they won't impoverish taxpayers over the long run."

Existing research shows that on average, immigrants' productivity, and tax contributions later in life appear to cancel out the cost of school and welfare. In fact, if an influx of child migrants was large enough, their resulting contributions to Social Security could -- in theory -- shore up the entitlement program.

What's more, about 30% of immigrants return to their home countries "before they can collect entitlements," a new Cato Institute working paper points out. This, it says, "contributes mightily to making long-run immigrant Social Security contributions a net positive under most estimates." The Heritage Foundation reports Social Security insolvency could come as early as 2024, if no policy changes are made.

**What's next?**

Given the variety of options at the U.S.'s disposal, from drones to more ground agents, there's no telling exactly how high the price tag for border security will run in the future. A 2007 study from the Congressional Research Service estimates when maintenance is accounted for, border fencing could cost taxpayers up to \$49 billion over the next two decades.

But the point is this: The current migrant crisis and its likely cost is trivial when compared to overall border security. While lawmakers and the American public continue to debate how many millions should be allocated to Texas, the most prudent move, financially speaking, may be to reconsider the billions that are spent on securing the U.S.-Mexico border each year.

Monitoring technology might offer a more efficient fix than hundreds of miles of archaic fencing. Or, more government funding could be devoted to address what Vox calls "push factors" -- most notably the violence that's forcing many Central Americans to head north.

Regardless of the solution, it's worth contemplating a proactive way to manage immigration. Building a fence is as reactive as it gets. And, put simply, the costs are staggering.