



Even Cato Agrees: A Border Wall Can Pay for Itself

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In a recent report published by the Center for Immigration Studies, I examined the fiscal costs of illegal immigrants who cross the border based on estimates developed by the National Academies of Sciences, Engineering, and Medicine (NAS). I then estimated how many illegal border-crossers a wall would have to stop or deter to pay for itself.

Last week Cato Institute authors Alex Nowrasteh and David Bier published a blog post criticizing my analysis. For the most part, their comments reflect their opinions concerning the marginal impact of things like the cost of more Border Patrol agents or whether state and local costs should count, rather than actually addressing the real cost of a wall. One interesting point they argue is that illegal immigrants are somewhat more educated than I estimated, but they do not explain how they created their estimates and I have not been able to replicate their numbers. Nonetheless, the Cato authors still find that illegal border-crossers cost \$43,444 during their lifetimes, or \$4.3 billion per 100,000. So, despite the Cato blog post being titled "The Border Wall Cannot Pay for Itself", their own cost estimates would simply mean that a border wall would have to stop 16 to 20 percent of those expected in the next decade to pay for itself (as opposed to 9 to 12 percent in my estimate).

Some of the specific issues with Cato's critique:

Cato recalculated the education level of illegal immigrants in order to reduce their costs, but they do not explain how they did this. From the description in the Cato authors' blog post, their estimates of the educational attainment of illegal immigrants are from the March 2016 Current Population Survey (CPS). They only state that they "used the 2016 March CPS to look at the ages and education of new immigrants from Mexico and Central America." They do not define what they mean by "new" and after several attempts I was unable to replicate any of their numbers using the CPS. It seems they simply assumed that illegal immigrants from Central America have the same education level as legal immigrants from that region. If so, this would be a mistake, as the CPS includes foreign students, skilled guestworkers, and new green card holders as well as illegal immigrants. Illegal immigrants are much less educated than any of these other groups. I emailed Nowrasteh on April 26 asking how they estimated the cost of illegals and have not received an answer. But even granting their unexplained assumption, it is still the case that they find that illegal immigrants cost \$4.3 billion per 100,000.

Cato argues for excluding state and local costs. Cato makes the argument that costs at the state and local level should not be counted, even though this information is available from the NAS study and I included it in my analysis. The only reason they give for not including these costs is

that "the federal government will actually be paying for the wall." This is a very odd argument. The federal government often considers the costs of its policies at the state and local level, so why should building a wall be any different? These costs are real and have to be paid for by the same taxpayers who pay for the federal government. The only reason to exclude these costs is to artificially reduce the fiscal impact of illegal border-crossers.

Cato understates the costs of illegal immigrants and overstates the costs of legal immigrants. At one point in their analysis, the Cato authors argue that my analysis assumes that legal and illegal immigrants cost the same. For example, they say my analysis assumes that illegal immigrants will retire in the United States at the same rate as legal immigrants. In fact, my analysis very much takes this into account. Nowrasteh and Bier do mention the reduction in fiscal costs associated with illegal vs. legal immigrants that I included in my analysis, but they do not seem to understand the implications. In a very long footnote (number 16) in my original report, I explain how the lower costs of illegal immigrants are calculated and included in my fiscal estimates.

The NAS fiscal estimates on which my estimates are based only include the fiscal impact of all immigrants by education — not legal and illegal immigrants separately. As a result, it is necessary to reduce the NAS fiscal estimates, which are for all immigrants, to reflect the fact that illegal immigrants likely cost less than legal immigrants. So, for example, the average fiscal drain of an immigrant (legal and illegal) who has not graduated high school based on the eight fiscal scenarios from the NAS study (p. 341) is \$173,375 during his or her lifetime. This is reported in Table 1 of my report. I estimate that the drain for an illegal immigrant dropout is \$117,236 and the drain for legal immigrant without a high school diploma is \$211,711. Footnote 16 of my report states that illegal immigrants cost only 55 percent of what legal immigrant dropouts cost.

One important point about this fact that apparently went unnoticed by Cato is that the bigger the reduction in costs for illegal immigrants, which they think should be larger relative to all immigrants, the higher the cost must be for legal immigrants. Mathematically, any reduction in costs for illegals means that the costs of legal immigrants are correspondingly higher, so that they average out to the NAS estimates. Immigrants in the data can only be either legal or illegal. Perhaps without realizing it, Cato is making a pretty strong case against allowing in more unskilled legal immigrants or amnestying illegal immigrants, both of which they strongly advocate for.

Cato argues that a wall will have no effect. Cato argues that a border wall would have no impact on the flow of illegal immigrants, citing as evidence a 2009 analysis by the Congressional Research Service on the impact of 14 miles of fence in the San Diego Sector from 1992 to 2004, which showed that it shifted illegal crossings further east. The fencing actually seems to have worked where it was in place. It is certainly reasonable to ask how effective a full border wall would be. The most comprehensive look at trends at the border is a 2016 report from the Institute for Defense Analyses done for the Department of Homeland Security. One of the conclusions of that report is that the probability of illegal border-crossers getting caught at the border has increased significantly due to better border control efforts, including fencing and barriers. Since the number of illegal immigrants crossing the border in the next decade will almost certainly number in the hundreds of thousands, even a partially effective wall would generate large fiscal savings.

Cato inflates cost of the wall. Cato argues the cost of the wall will be much higher than the \$12 to \$15 billion Senate Majority Leader Mitch McConnell (R-Ky.) has said Congress will spend, and the senator is certainly in a good position to know what Congress is likely to spend. A wall is not an entitlement program that grows on its own without Congress specifically allocating money. Further, Congress and the president will determine the structure, design, and length of the wall, as well as spending levels. In some sense "the wall" is whatever Congress and the president decide. With the baseline savings of \$7.5 billion for every 100,000 illegal crossers deterred or stopped and over a million new illegal immigrants expected in the next decade, a "wall" would still pay for itself even if it reduced illegal entrance only modestly.

Cato wants to include costs of new personnel in the cost for a wall. It seems strange to bring in the costs of hiring more agents when they are certainly not part of the wall and were not part of my original study. Nevertheless, it is reasonable to wonder how many new agents will be hired in the future and what will they cost. But at the same time, more agents mean more illegal immigrants will potentially be deterred or stopped, saving more money. One cannot point to the added cost of agents without also pointing to the added fiscal savings they would create.