

## Do Immigrant Workers Help the Economy?

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Some want to complete the fence along the United States—Mexico border. Others cry for higher quotas of H-1B visas. The debate goes on and on. Regardless of the immigration politics and law at stake, I sought the answer to an economic question: Does the United States benefit from immigrant workers?

The data point to one conclusion: Immigrants add to gross domestic product. Drywall and ceiling contractors could build more profitably and contribute to building a better country if they could put undocumented foreigners to work.

## **World GDP Would Rise**

Former Federal Reserve Board Chairman Alan Greenspan writes in <u>The Age of Turbulence</u> that eliminating immigration restrictions would bring "an end to our shortages of skilled workers." U.S. immigration laws are "inhibiting world competitive markets from functioning," he says. "Incomes are being supported at non-competitively high levels" that, he says, raise the cost of staffing for U.S. businesses.

Economist Michael Clemens of the Center for Global Development in *Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?* concludes that eliminating immigrant restrictions would boost world GDP by 50 to 150 percent. "Research on this question has been distinguished by its rarity and obscurity, but the few estimates we have should make economists' jaws hit their desks," Clemens writes.

Economist Lant Pritchett of the Practice of International Development at the Kennedy School of Government at Harvard University writes in <u>The Cliff at the Border</u> that completely open borders for labor would increase world GDP by \$65 trillion. The effect of the free movement of labor would be "roughly three orders of magnitude larger than the world gains from [capital] equalization or ... from all remaining trade liberalization," Pritchett says. In other words, opening the doors to foreign workers would be the fastest way to boost economic output for all.

In an interview with "Vice," Clemens suggests that Europe should open its borders to refuges in order to grow its economies and treasury cash flows. Germany's tax revenues per foreigner, for example, exceed transfer payments by \$1,550 per year, Clemens says.

Former Cato Institute economist Daniel Griswold says in <u>Immigration Doesn't Hurt Native-Born Workers</u> that most Americans would not lose a job to an immigrant. "By increasing the size of the labor force, immigrants tend to boost the returns to capital, stimulating more investment in the economy and thus raising the productivity and wages of all workers, including the nativeborn," Griswold writes.

In their paper, <u>Low-Skilled Immigration and the Labor Supply of Highly Skilled Women</u>, Patricia Cortés of Boston University and José Tessada of Pontificia University Catolica de Chile, discredit the notion that foreign workers deprive native workers access to jobs. On the contrary, they say low-skilled immigrants allow Americans to work longer hours—and enable American women greater opportunity to participate in the high-skilled workforce. In effect, low-skilled foreign workers allow high-skilled native laborers to spend more hours in high-paying jobs.

Harvard labor economist George J. Borjas sees some conflict of interest between foreign workers and those born in the United States. In *The Evolution of the Mexican-Born Workforce in the United States* Borjas writes: "The large Mexican influx in recent decades widened the U.S. wage structure by adversely affecting the earnings of less-educated native workers and improving the earnings of college graduates." Some American workers have lost ground due to immigration, which is exactly what Greenspan noted in his book. Still, Borjas notes that the prices of non-traded goods and services have been lowered as a result of this wage structure.

## **Gains Exceed Losses**

So, do immigrants help the U.S. economy? The consensus among economists is yes. "Ninety-six percent of labor economists agree that gains to American society from immigration exceeds the losses," say Daniel B. Klein and Charlotta Stern in *Economists' Policy Views and Voting*.

Immigrants working in the illegal, secretive, shadow economy create problems we can do without. If they could somehow become documented workers, studies show they would contribute positively to the national economy—and deliver trillions of dollars in global output.

Do these conclusions apply to construction? What do you think?