

Illegal immigration in the US

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Consensus on immigration?

“We need immigration reform that will secure our borders and bring the 12 million people here illegally out of the shadows. We must assert our values, as a nation of immigrants and a nation of laws.”

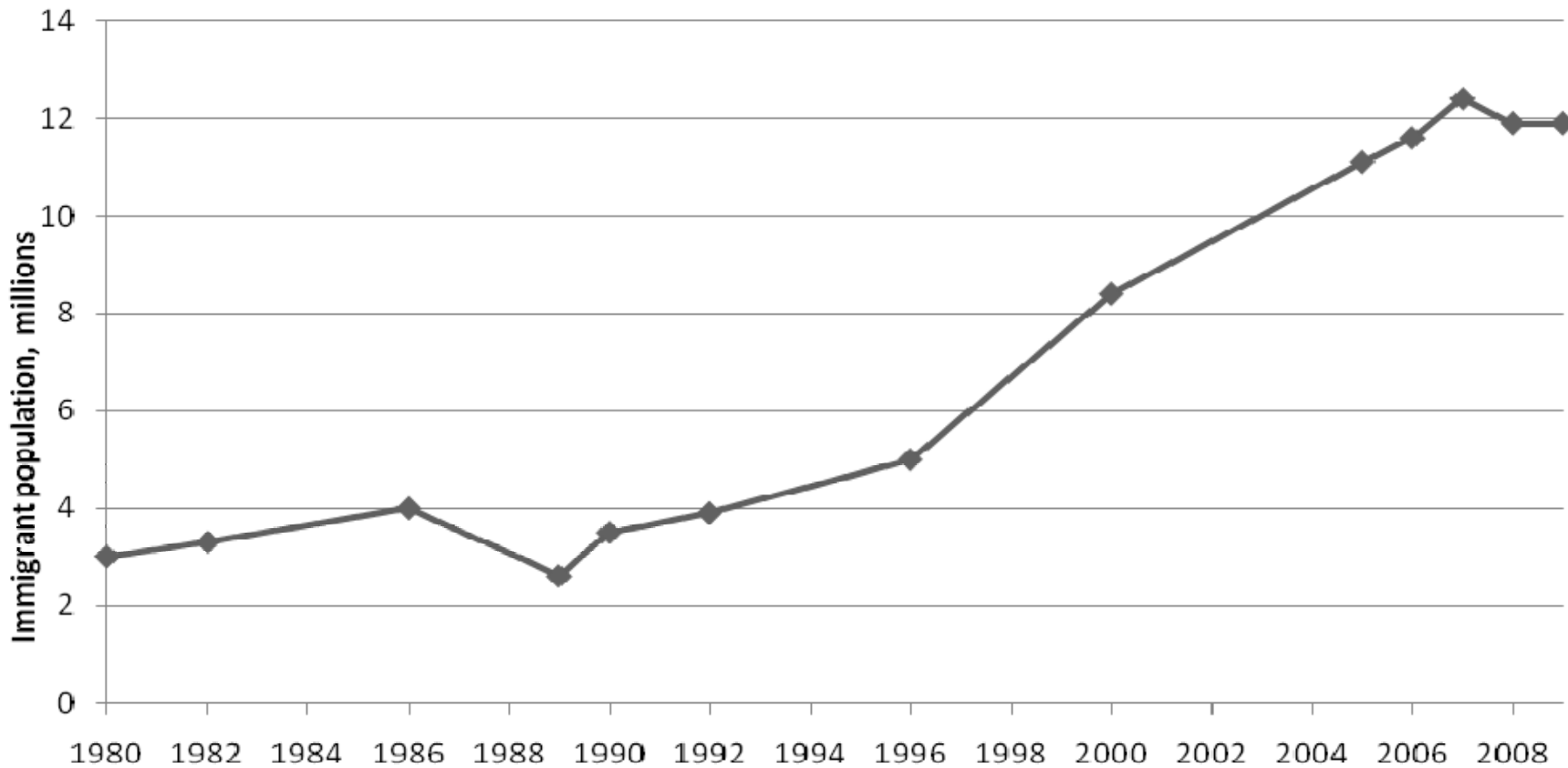
Barack Obama, June 28, 2008

“America’s immigration system is outdated, unsuited to the needs of our economy and to the values of our country. We should not be content with laws that punish hardworking people...”

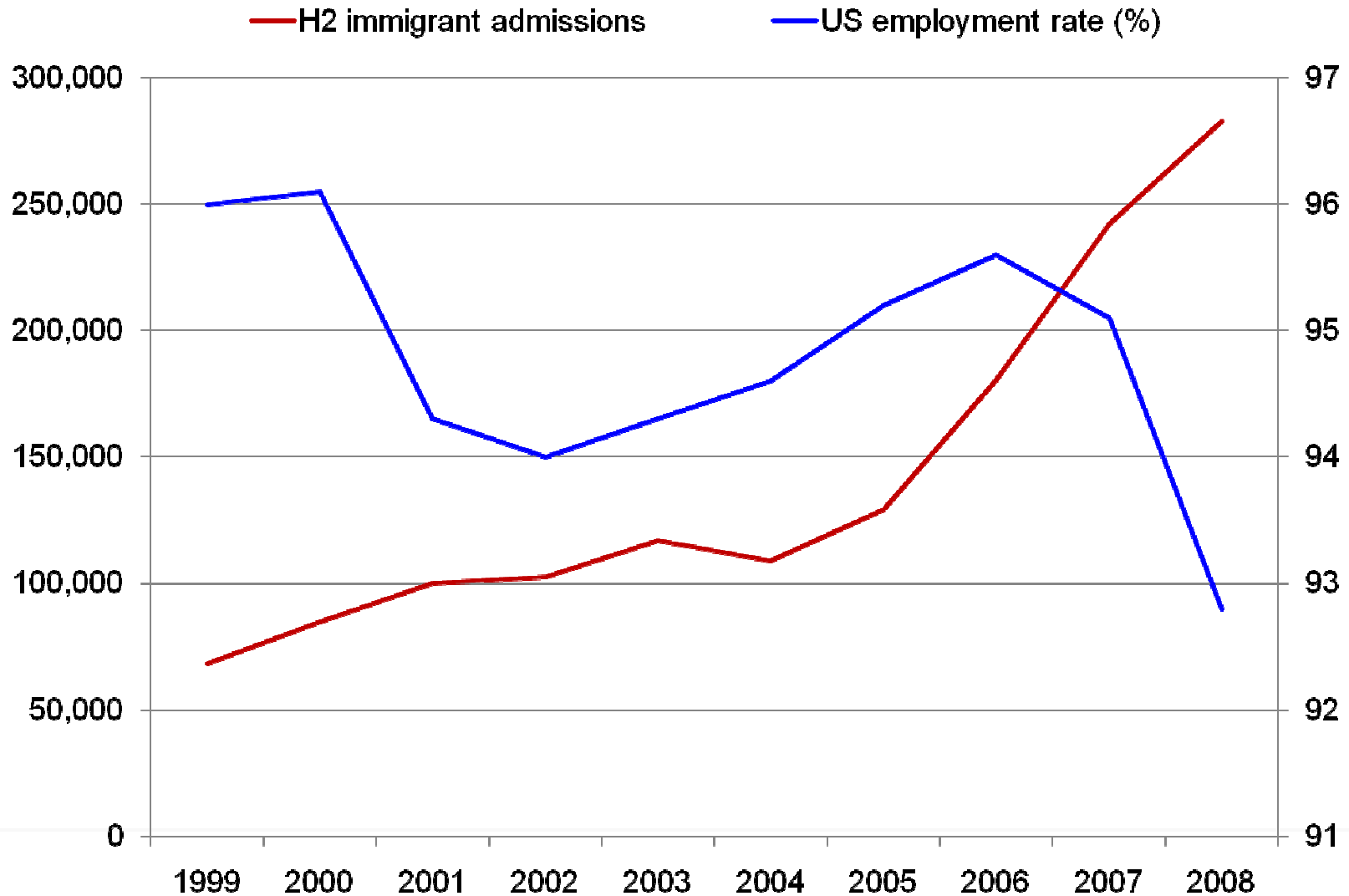
George W. Bush, February 2, 2005

1. Illegal immigrants are a large part of the unskilled US labor force

Figure 1: US Population of Unauthorized Immigrants



2. Illegal immigration responds to market conditions in ways that legal immigration presently cannot

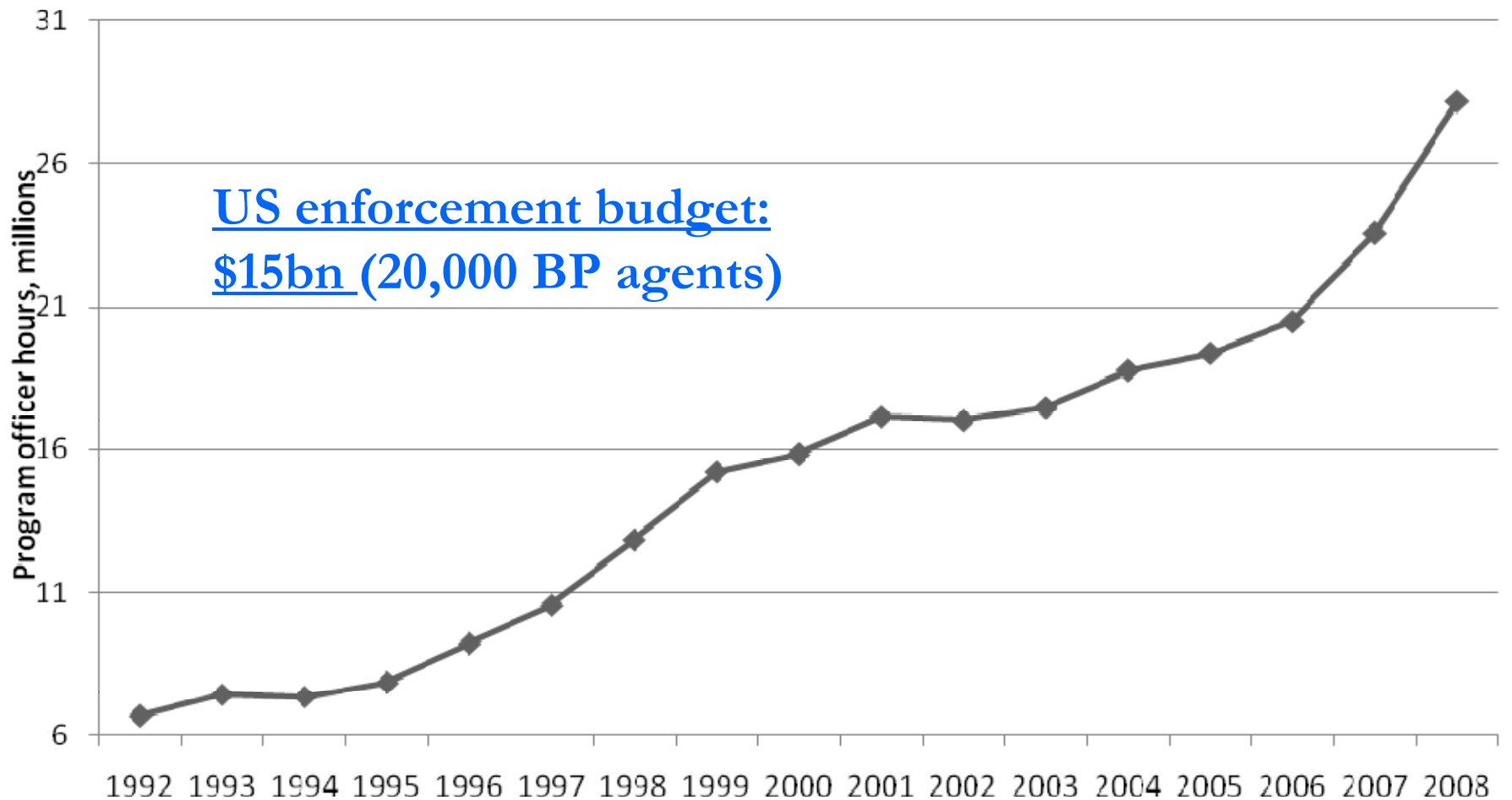


3. The overall impact of illegal immigration on the US economy appears to be small

- Short-run net income gain is $\sim 0.03\%$ of US GDP
 - “Immigration surplus” (productivity gain to business)
- Short-run net fiscal cost is $\sim 0.10\%$ of US GDP
 - Public services used by immigrants less taxes paid
- *Net impact is -0.07% of GDP (close to a wash)*

4. Enforcement against illegal immigration is costly (relative to gains from eliminating illegal entry)

Figure 3: Border Patrol Officer Hours, Southwest Sectors



A guide for immigration reform

- Enforcement only would be expensive
 - And may cost more in terms of extra resources than it would yield in fiscal savings to the US economy
- Legal low skilled immigration could pay for itself
 - The US could offset the fiscal expense of low skilled immigration by increasing entry fees (with legal flows)
- Flexible visa supplies would enhance efficiency
 - Low skilled immigration helps US employers more when it is allowed to fluctuate with the business cycle