



Insight

A Costly Immigration Policy

LAURA COLLINS | AUGUST 18, 2015

The immigration reform debate is heating up, with numerous policy proposals calling for large increases in border security, mass deportation, and reducing legal immigration levels. These policies are costly and economically damaging.

Fully Enforcing Current Immigration Law is Costly

Many policy proposals call for full enforcement of current immigration law, additional ICE and Border Patrol officers, additional detention of undocumented immigrants, and completion of the border fence in the southwestern U.S. These actions are [expensive and economically damaging](#). The cost to remove the entire undocumented immigrant population in the U.S. and prevent future unlawful immigration over the next 20 years is \$400-600 billion. This cost includes the amounts to apprehend, detain, legally process, and transport the immigrants, plus the ongoing price to keep additional undocumented immigrants out of the U.S.

This cost does not factor in the capital expenditures needed to increase our enforcement presence, including finishing the border fence, drastically increasing the number of ICE and Border Patrol officers, building additional detention facilities, and addressing the years-long immigration court backlog.

Much worse than the huge fiscal cost is the tremendous hit to the economy. Undocumented immigrants are in the U.S. to work. Removing the entire undocumented population would shrink the labor force by 6.4 percent and reduce GDP by approximately 6 percent. In 20 years, the U.S. would lose 11 million workers. Real GDP would decline by \$1.6 trillion.

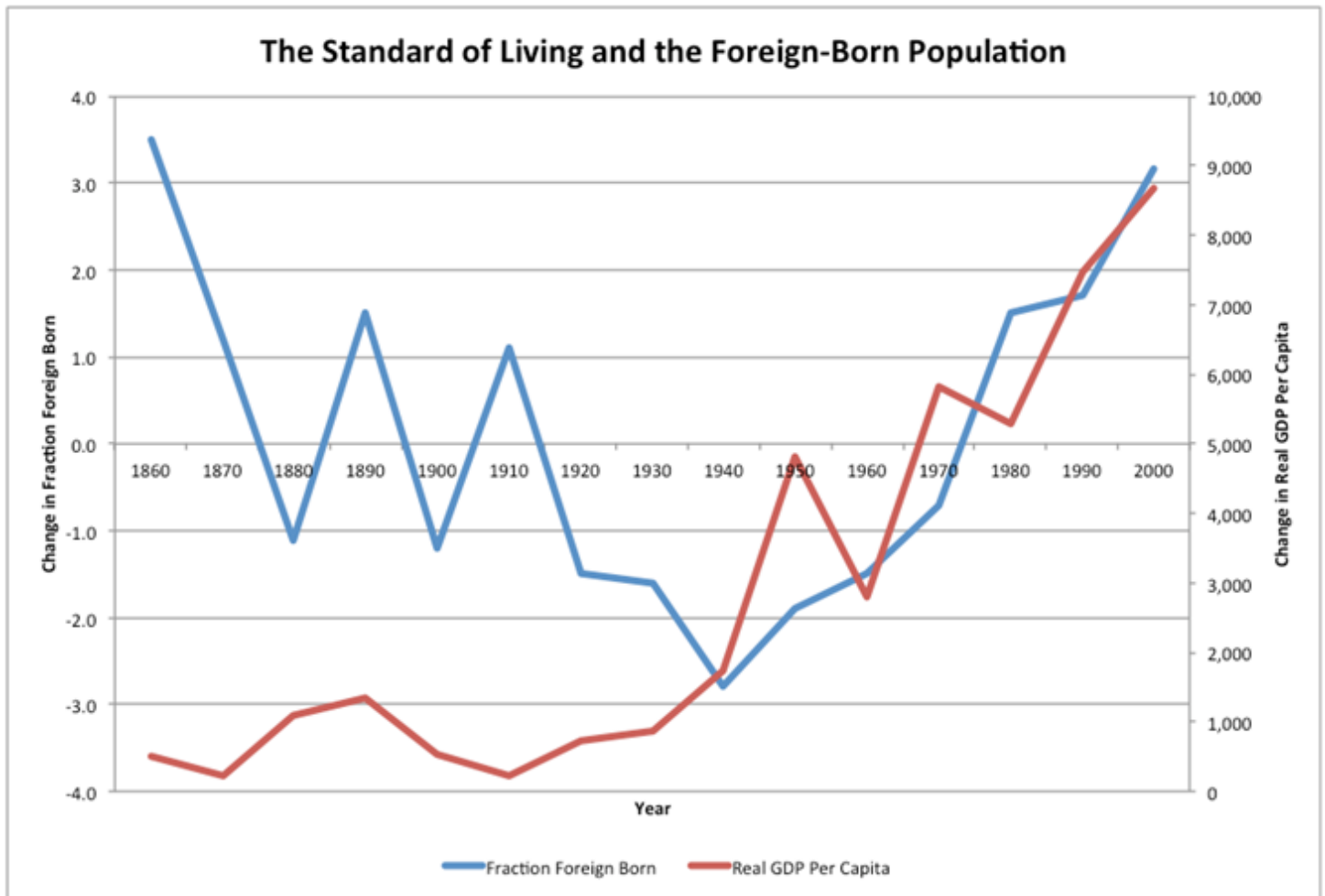
Assuming that the large fiscal costs of full enforcement are acceptable, the resulting economic impact may not be. Full enforcement of current immigration law will damage any pro-growth economic strategy.

Good Immigration Policy is Good Economic Policy

An increasingly popular proposal calls for reducing legal immigration levels in order to protect American workers. This is an anti-growth policy that fundamentally misunderstands labor market economics and ignores the reality of our current population trajectory. Immigration reform that increases legal immigration and reforms our immigration system to focus more on skills has the potential to [raise the pace of economic growth by nearly one percent, raise per capita GDP by over \\$1500, and reduce the deficit by over \\$2.5 trillion](#).

Without immigration reform, the U.S. population, and thus the labor force, will shrink. With sub-replacement fertility rates, the U.S. needs immigrants, with their comparatively high fertility rates, to avoid the fate of countries like Japan, with an aging population and shrinking workforce and economy. Immigrants offer other benefits as well, with a [higher labor force participation rate](#) and [higher business ownership rate than the native born population](#).

Immigration does not hurt Americans. As the chart below shows, the real GDP per capita has continued to rise regardless of the number of immigrants admitted to the U.S. Proposals to reduce legal immigration play on the fear that low wage immigrants will displace American workers and hurt the middle class. But the opposite is true economically—the number of immigrants in the U.S. does not adversely impact the middle class.



A solid immigration reform would not just increase immigration levels, but it would reform the system to be more skills-based. In contrast to nations like Canada, Australia, and the United Kingdom, the U.S. immigration system is still primarily based on family reunification. Shifting to a more skills-based immigration system is a vital reform that can only enhance the already positive benefits of immigration.