



## Dispelling Myths About Immigrants

Many Americans believe that immigration hurts U.S. workers and the economy. Immigrants are perceived as taking jobs away from native-born Americans and filling the rolls for public assistance. The facts, however, do not support this claim.

A recent National Research Council report, authored by a panel of economists and sociologists, shows that Americans are generally not losing jobs because of immigrants.<sup>1</sup> Actually, immigrants are increasing economic growth by bringing with them skills that widen the variety of goods the economy can produce. Each year, new immigrants add between \$1 billion and \$10 billion to total U.S. output.

But not all Americans share equally in this gain. In theory, natives with skills similar to immigrants, for example, will likely compete with them for jobs and, as a result, receive a reduced wage. Those with skills better than immigrants will likely work alongside them and receive a higher wage. These skill differences are what lead to the economic gain. However, not all immigrants are low-skilled. In fact, proportionately more recent immigrants than natives have at least a bachelor's degree.

In the real world, who potentially gains and loses from immigration is not so clear. Economists expect immigration to negatively affect the wages or job opportunities of natives who directly compete with immigrants. But recent studies have found very little evidence of lower wages or fewer job opportunities for any natives—whether white or black, skilled or unskilled, male or female—largely, the studies report, because immigrants tend to settle in different areas than the groups they mainly compete with. What many of these studies do show, however, is that recent waves of immigrants suffer the most when new immigrants arrive.

Another common misconception is that immigrants

are a drain on public coffers because they receive more government benefits—such as public education or welfare—than natives. The evidence suggests that this, too, is wrong. The accompanying chart shows the net fiscal impact—benefits received (negative amounts) adjusted for taxes paid (positive amounts)—of immigrants, their children and natives. As the chart shows, all groups get about the same amount of government benefits during childhood and retirement, when most benefits are received. During the working years, however, the amount of taxes each group pays is quite different. Recent immigrants pay the least, but their children—who tend to make more money and live in high-income/high-tax states—pay the most. Thus, the most striking difference between immigrants and natives is not in benefits received, but rather in taxes paid. Still, these same immigrants provide the economic gain noted above.

For more information, see the October 1997 issue of *The Regional Economist*, a St. Louis Fed publication.

—Adam M. Zaretsky

<sup>1</sup> The New Americans: Economic, Demographic, and Fiscal Effects of Immigration (1997).

