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Immigration and the Election-Year Economy

by Gregory DeFreitas

As the crucial November elections approach, immigration has surged as a top voter priority. The latest Gallup Poll found it was cited as “the most important problem” by the highest share of Americans in over 40 years.¹ This mostly reflects growing anxieties among Republicans and Republican-leaning independents, according to another major national survey. In just the past three years, the fraction on the right who prioritize immigration jumped by 18 percentage points.² Media reports of thousands crowding the U.S.-Mexico border and of busloads arriving daily in New York and other cities stoke public fears and political polarization. Many worry that today’s immigrant streams worsen joblessness, wage stagnation, tax burdens and crime rates facing native-born workers. In this brief article, I summarize what relevant economic research currently indicates about the validity of such concerns.

Jobs and Wages

Do new migrants worsen the job and earnings prospects of the native-born? For many – perhaps especially frustrated job seekers, as well as employed victims of pay paralysis – the answer may seem obvious. If there are a fixed number of job openings, then won’t more immigrant job applicants inevitably depress the employment and earnings chances for the rest of us?

Not in an economy like ours. Such zero-sum, supply-side thinking views the job market as a stagnant lake, with no inflows or outflow to affect the volume and quality of its jobs. But the U.S. economy is dynamic (the job “lake” keeps expanding) and newcomers affect business revenue and job creation. When the foreign-born (or native interstate movers) arrive in a region, they tend to expand not only the work force but also the food, clothing and housing dollars that benefit locals. And some of them set up new businesses that hire their other workers, both native- and foreign-born.

The New York Metro Area is today a prime test case. With a majority of its population either foreign born or the children of immigrants, the city has long been regarded as immigrant friendly. But in April 2022, Texas Republican Gov. Greg Abbott adopted a new policy of daily busing thousands of willing new migrants from the southern border to New York. After initially welcoming

them, newly elected Mayor Eric Adams soon began demanding state and federal help to cover their settlement costs. By September 6, 2023, with the city’s new migrant population up to 110,000, the mayor made national headlines by claiming: “This issue will destroy New York City.”³

But in his January 2024 State of the City address, the mayor said that: “The state of our city is strong, far stronger than it was two years ago.”⁴ Indeed, the latest labor market figures paint a mostly robust job market picture. The city’s 4.7 million job count this April is 1.7% higher than last April, and is also some 200,000 above the level in April 2022, when migrant buses began pouring into town (Table 1). The unemployment rate has fallen these past 12 months to 4.5% and the number jobless has also dropped by 10,000 (to 186,700, as employment has improved (Table 2). Those figures are also a marked improvement over the same time in 2022, when the city’s unemployment rate was 6.1% and the number unemployed 248,800. Most of the city’s 67,600 net new jobs added over the past 12 months came in two sectors: health and educational services and leisure, hospitality and food services. Growth in the latter industry has been fueled by a rebound in domestic and international tourists attracted to the city.

The Adams’ administration’s efforts to disperse new migrants to the suburbs and beyond raised the temperature on an already heated immigration debate on Long Island. Yet the Island’s job market barometers still point to solid economic conditions. At 3.2%, the Island’s unemployment rate today is well below the NYC and national rates. Payroll jobs grew by a respectable 1.8% in the 12 months through April. As in the city, health and educational services and leisure, hospitality and food services also accounted for most growth, though construction and manufacturing registered larger gains there than downtown. (Figures 2 and 3).

As a check on the earnings impact of the 2022 migrant surge in New York City, I looked at 2019-2023 trends in average quarterly wages of all workers in three of the city’s “immigrant-intensive” industry sectors: construction, food and accommodation services and personal & other services.⁵ The latter include: barbers, hairstylists, laundry services, manicurists, recreation workers, child care workers, repairers, advocacy group employees, pet care

workers and temporary parking attendants. The data is drawn from the US Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW), covering 95% of the country's jobs.

The findings in Figure 4 show relatively constant trends in quarterly wages for each of the three sectors, before during and after the spring 2022 upward burst in migrant arrivals to the city. All three sectors displayed higher average earnings by 2023 than pre-pandemic. From 2019:Q1, construction wages rose +7.5%, food/hotel wages increased 16.1% and the personal/other services group's earnings jumped 21.1%. Still, since the metro area's Consumer Price Index increased 18.1% over those years, that means that only those working in the personal/other services group actually kept ahead of inflation with their real earnings. But few blame new immigrants for a price inflation that has been global, driven largely by post-pandemic supply disruptions and price gouging. Instead, their availability to work, often in difficult jobs spurned by underemployed natives expands the supply of goods and services, which puts downward pressure on their prices.

Suburban wage growth on nearby Long Island has been even stronger than downtown. In the immigrant-intensive sectors since 2019, average wages are now 10% higher in construction, 24% higher in food and hospitality, and over 25% higher in personal and related services.

New immigrants typically move fairly rapidly from part-time to full-time work as they manage the assimilation process. In a new

Table 1:
Number of Nonfarm Jobs: New York City, Long Island & All U.S., 2023-2024
(in thousands, not seasonally adjusted)

	April 2024	April 2023	April 2023-2024	
			Net Chg	% Chg
U.S.	157,001	153,809	3,192.0	1.98
NY State	9,806.0	9,637.4	168.6	1.55
NYC	4,718.8	4,651.2	67.6	2.41
Long Island	1,355.8	1,331.3	24.5	1.96

Table 1 Source: Establishment survey data from US Department of Labor. Note that data reflect regular revisions by Dept. of Labor.

study of recent newcomers to Long Island, the Immigration Research Initiative found that, in their first two years of employment here, immigrants averaged \$27,000 per person. But within five years, it jumped 30% to 35,000, then rose still more within 15 years to \$42,000.⁶

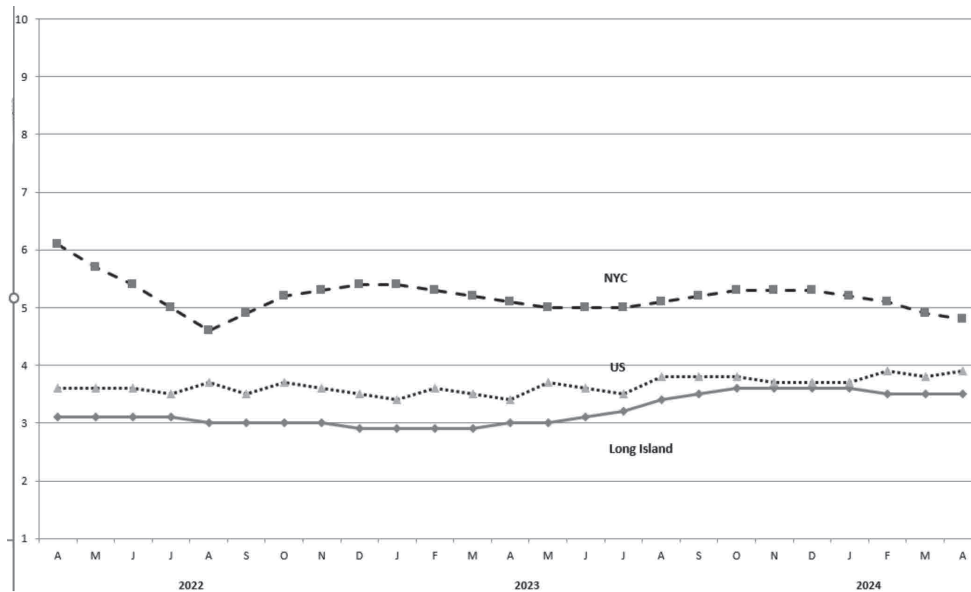
These recent patterns correspond to findings from decades of economic research in national and regional labor markets. While immigration has costs and benefits for the US labor market, the net long-term impacts on native-born workers' jobs and wages appear to be minimal.⁷

Table 2
Civilian Labor Force, Employment & Unemployment. 2023-2024
(in thousands, not seasonally adjusted)

AREA	Labor Force		Employed		Unemployed		Unemp. Rate	
	April 2024	April 2023	April 2024	April 2023	April 2024	April 2023	April 2024	April 2023
U.S.	167,484	166,221	161,590	161,075	5,894	5,146	3.9%	3.6%
NYS	9,662	9,650	9,283	9,302	379.3	347.9	3.9	3.6
NYC	4,181	4,135	3,994.7	3,938.1	186.7	196.7	4.5	4.8
LONG ISLAND	1,522	1,531	1,473.3	1,491.7	48.4	39.6	3.2	2.6
Nassau Co.	725	730	703.3	711.8	21.9	18.1	3.0	2.5
Suffolk Co.	807	801	780.0	779.9	26.5	21.5	3.3	2.7

Table 2 source: CPS household survey data from NYS Department of Labor. Data reflects their regular revisions.

Figure 1.
Unemployment Rates in U.S., NYC & Long Island, 2020-2022
(% monthly, seasonally adjusted)



Recent immigrants’ impact on economic and job growth may be especially timely today, with the city’s shrunken population and downtown work force. The pandemic-era exodus cut the city’s population (now 8.3 million) by -546,155 between April 2020 and last July. The decline would have been far greater without a net influx of +126,424 international migrants who partially counterbalanced the -311,192 net domestic out-migrants.⁸ The current situation has reminded long-time New Yorkers of the dire fiscal crisis of the 1970s, when a surge of new immigrants counterbalanced white flight from the bankrupt city that threatened its future.

Public Services and Taxes

Are new migrants a drain on public services and the public treasury? Unless they have relatives or other kinsmen at destination ready to provide them necessities and job assistance, it is to be expected that desperate newcomers will seek any aid they can, public and private in their first months here. Undocumented migrants are not legally allowed receipt of nearly any public assistance funds or goods. In most states, they are only eligible for emergency medical care and public schooling for their children. Even those services have come under criticism of late, from those who argue that new migrants do not pay taxes, so do not deserve public services.

When New York’s Mayor Adams claimed in September 2023 that “This issue will destroy New York City,” he was mainly citing the initial cost estimates from the city feeding, housing and schooling the sudden new influx of thousands of bused-in migrants. Already

facing an affordable housing crisis, he was required by the city’s long-standing “right to shelter” to provide for the unhoused (regardless of migration status). Armed with a new legal settlement, the Adams administration began requiring 18-24-year-old asylum seekers to exit city shelters after 60 days and reapply for new housing. Older non-family migrants were only given 30 days of shelter, with exceptions for those with disabilities. The Mayor’s Office initially cited an estimated 3-year budget cost of over \$12 billion, requiring spending cuts in most city agencies. But those estimates have drifted down and most agency cuts were thinned or ended. According to the latest estimates of asylum-seeker costs from the Independent Budget Office, the annual figures in their “high-cost scenario” are \$3.5 billion in both 2025 and 2026.⁹ A recent report by the NYC Comptroller’s office reported that immigrant New

Yorkers annually paid \$61 billion in taxes and contributed \$138 billion in spending power to the economy.¹⁰

One pathway to enable more migrants to achieve self-sufficiency, get out of the shelter system and thereby lighten the city’s fiscal burden is expedited work permits. The Mayor’s Office belatedly moved in that direction in July 2023 when it created the Asylum Application Help Center (AAHC). Staffed by teams of immigration lawyers and volunteers, the AAHC helps recent arrivals complete the daunting paperwork required to take the first step toward a work permit. But it is a slow process, normally requiring a day-long interview to complete the I-589 form.¹¹ Asylum applications must then be evaluated by the overburdened, understaffed local federal asylum office. The downstate New York office has the lowest rate of asylum approvals in the country: just 5% have been approved recently, compared to a 28% national approval rate. Those with the resources to appeal their denial face far better chances of winning asylum from immigration courts. But they too are understaffed and the asylum applicant may wait for years before winning a judgement. Hence, advocates have urged more resources be directed to expediting the process with additional resources to speed immigrants into legal employment and self-sufficiency.

In fact, study after study has shown that immigrants – regardless of legal status – pay taxes at the same levels as native households at comparable income levels.¹² Without question, all immigrants pay sales taxes on a wide array of consumer goods and services.

Foreign-born homeowners pay property taxes, as do renters whose landlords fold it into monthly charges. And immigrant workers hired by law-abiding employers pay income taxes as well. But recent legal migrants, like all the undocumented, cannot receive most state or federal benefits like Social Security. So much of their tax payments constitute a net gain to the public treasury.

Crime

Does increased immigration bring more crime? The latest public opinion polls suggest that Republican voters rank terrorism and crime fears far higher than respondents to their left, and often link these to immigration. Early this year, New York City Police Commissioner Edward Caban even claimed that: “A migrant crime wave is washing over our city.”

But the NYPD did not back up his claim with statistics. It is not unreasonable to predict that any sudden influx of 170,000 mostly poor individuals without jobs or permanent housing might generate some theft or other criminal behavior. But in fact, since migrant buses began arriving in April 2022, the city’s crime rate has remained relatively flat at an historically low level.¹³

Most research indicates that immigrants tend to have similar or lower crime rates than natives. Migration is a costly, risky process, skewed toward more motivated people. There are strong incentives (especially for the undocumented) to play by the rules and avoid tangles with the police or courts. For example, a recent university study of 2012-2018 arrest data in Texas found that undocumented immigrants were far less likely to be arrested for violent or property crimes than either US citizens or legal migrants. An even more ambitious Stanford study found that the foreign born have averaged lower incarceration rates than the US-born for 150 years. And their rates have fallen relative to the native born in the past 60 years.¹⁴

Figure 2:
NYC Job Changes by Industry, April 2023-April 2024
(in thousands of jobs and % changes)

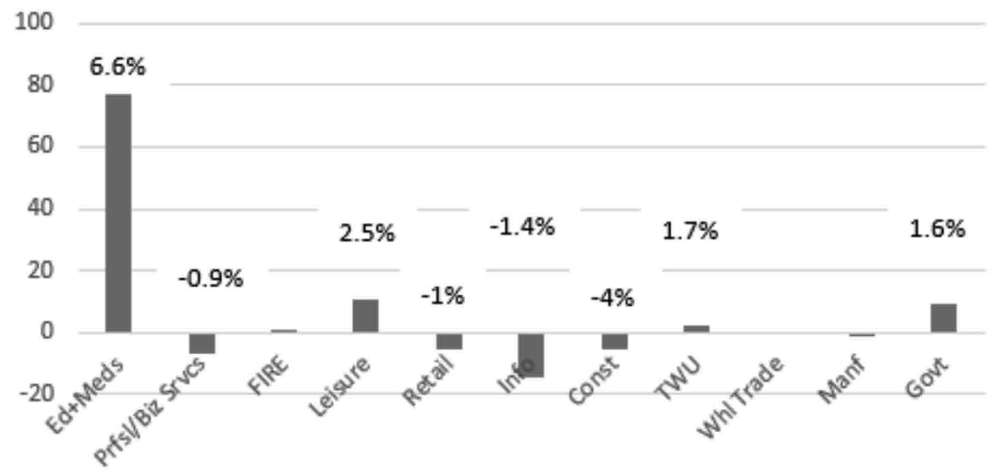
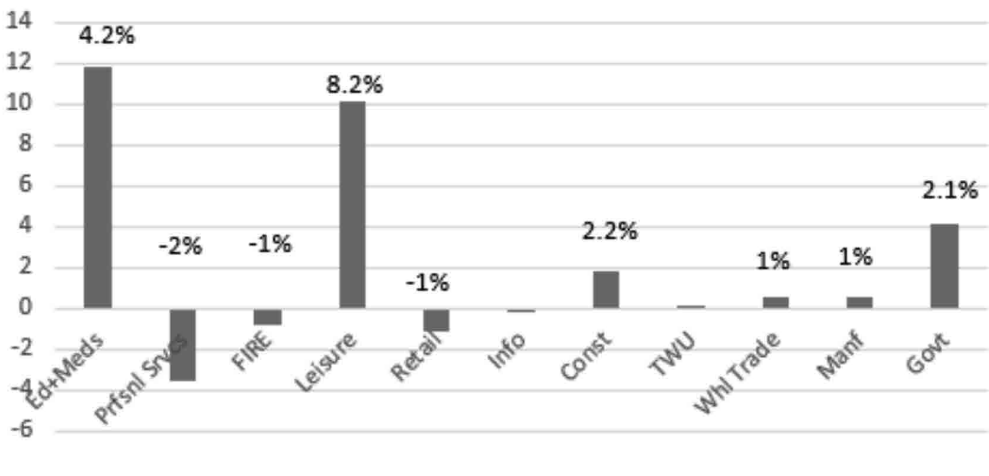


Figure 3:
Long Island Job Changes by Industry, April 2023-April 2024
(in thousands of jobs and % changes)



Conclusion

Forty-six million immigrants live in the U.S. today, more than in any other country. Contrary to common public perceptions, the foreign born comprise just 13.9% of our total population and over three-fourths of them are here legally.

But recent scenes of large numbers of asylum seekers crowded at the U.S.-Mexico border have stoked public anxieties and political polarization. Nearly everyone seems to agree that our immigration & asylum system has long been broken, with massive delays &

too-weak enforcement. The Biden administration took some 535 immigration-related actions in its first three years – more than any other presidency. These include creating a new border process to discourage irregular arrivals and narrow access to asylum, granting temporary protected status to qualified individuals fleeing Venezuela and a few other countries. But over that same period, some 2.3 million more migrants joined the legal limbo of slow-moving asylum applications and immigration court proceedings.¹⁵

Polls show very few Americans – Democratic or Republican – want “Open Borders.” But Congress has repeatedly failed to pass comprehensive immigration legislation for over three decades. So, how to fix the system and how many immigrants to welcome remain subject to fierce, time-consuming debate.

Nonetheless, a large body of research evidence challenges a common narrative about immigration’s alleged contributions to unemployment, low wages, taxes and crime. For all the short-term strains on New York and other cities trying to absorb newcomers, they remain an important source of civic, cultural and economic vitality.

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NOTES

- ¹ Jones, Jeffrey, “Immigration Surges to Top of Most Important Problem List” (2/27/2024): www.gallup.com.
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- ⁴ Fitzsimmons, Emma, “NYC Is ‘Back from the Brink’ Mayor Says in Upbeat Speech,” NY Times (1/24/2024): www.nytimes.com.
- ⁵ Personal Services include: barbers, hairstylists, laundry services, manicurists, recreation workers, child care workers, repairers, advocacy group employees, pet care workers and temporary parking attendants. For a complete industry breakdown of these sectors, see: US Bureau of Labor Statistics, Occupational Outlook Handbook (2024): www.bls.gov/ooh.
- ⁶ Immigration Research Initiative, “New Immigrants Arriving to Long Island: Economic Projections” (1/2024): www.immresearch.org. Immigration Research Initiative, “Economic

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- ⁷ Blau, Francine, et al., The Economic and Fiscal Consequences of Immigration (Washington DC: National Academies Press, 2016).
- ⁸ NYC Dept. of City Planning, Population Estimates for NYC and its Boroughs (July 2024): www.nyc.gov/dcp.
- ⁹ NYC Independent Budget Office, Asylum-Seeker Cost Projections for FY 2025 and 2026 (5/2024): www.ibo.nyc.ny.us.
- ¹⁰ NYC Office of the Comptroller, Facts Not Fear: How Welcoming Immigrants Benefits New York City (1/2024): www.comptroller.nyc.gov
- ¹¹ Full disclosure: As part of a NYU-Columbia-CUNY-Hofstra volunteer consortium, I worked pro bono at AAHC Manhattan for most of Fall 2023.
- ¹² See, for example, the studies summarized in Blau 2016, *ibid*.
- ¹³ Cramer, Maria, et al., “‘Migrant Crime Wave’ Not Supported By Data, Despite High-Profile Cases,” NY Times (2/15/2024): www.nytimes.com.
- ¹⁴ Abramitzky, Ran, et al., “Law-Abiding Immigrants: 1870-2020,” NBER Working Paper #31440 (7/2023): www.nber.org. Light, Michael, et al., “Comparing Crime Rates Between Undocumented Immigrants, Documented Immigrants and Native-born US Citizens in Texas,” Proceedings of the National Academy of Sciences (10/2020).
- ¹⁵ Chishti, Muzaffar, et al., “Biden At the 3-Year Mark: The Most Active Immigration Presidency, Yet Mired in Border Crisis Narrative,” MPI Policy Beat (1/2024): www.migrationpolicy.org.

**Figure 4:
Average Wages in Immigrant-Intensive Sectors:
NYC, 2019-2023**

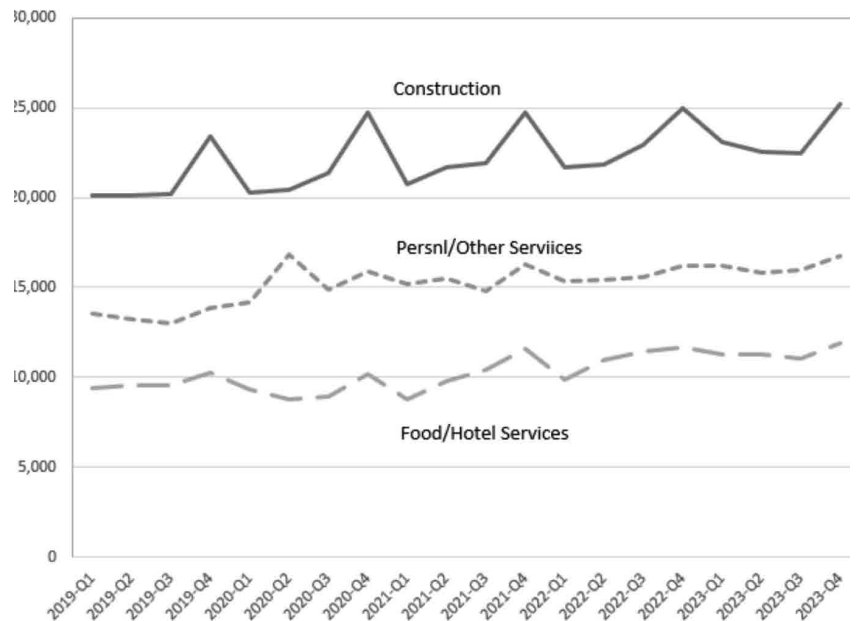


Figure 4 source:
US Quarterly Census of Employment & Wages. <http://dol.ny.gov>.