

The Public Costs of Immigration

by Wayne Lutton

The governors of California, Florida, Arizona, and, most recently, New Jersey have filed lawsuits against the federal government in an attempt to recover at least some of the costs they have been forced to incur due to the settlement of immigrants in their states. Other high-immigrant states, especially Texas, New York, and Illinois, may join the list. Despite claims by defenders of the status quo that immigration is a plus, the fiscal reality is that immigrants who have come to the United States since the passage of the 1965 Immigration Act — which opened the door to residents of the Third World — are generally less well-educated and possess fewer job skills and poorer command of English than immigrants of earlier eras. It should come as little surprise to learn that these newcomers are a net cost to U.S. taxpayers.

The most comprehensive analysis of the public costs of immigration has been prepared by Dr. Donald Huddle, professor emeritus of economics at Rice University. His study, *The Net National Costs of Immigration in 1993*, was commissioned by Carrying Capacity Network, a Washington, D.C.-based nonprofit organization that highlights population growth's impact on environment, resource conservation, and quality of life issues. Professor Huddle determined that in 1993, the 20.7 million legal and illegal aliens who have come to the United States since 1970 have cost this country more than \$44 billion in direct and indirect public assistance, after subtracting the taxes the immigrants paid.

- A total of \$32.25 billion was paid for direct public assistance and \$11.92 billion for indirect worker displacement.

- Over 55 percent of the net national costs of immigration are attributable to *legal* immigrants.

- An estimated 2.35 million American workers were displaced from their jobs.

The largest public assistance programs used by immigrants include primary and secondary public education (\$18.12 billion); Medicaid (\$9.05 billion); net county and city costs (\$6.88 billion); public higher education (\$4.87 billion); and bilingual education (\$4.1 billion).

If immigration is not reduced and access to publicly-funded programs not restricted, the cost of immigration is bound to rise. After subtracting the taxes the immigrants are expected to pay, the net cost for the decade 1994-2003 will likely come to at least \$601.6 billion, or an average of \$2314 for every American.

Dr. Huddle's findings have alarmed anti-restrictionist activists. In May, The Urban Institute issued a report, *Immigration and Immigrants: Setting the Record Straight* by Michael Fix and Jeffrey Passel.

Underwritten by the Ford Foundation, the ARCO Foundation, the Mellon Foundation, and the U.S. Department of Labor, the authors claim that immigrants provide a boost to the economy and pay more in taxes than they receive in benefits.

In order to arrive at this conclusion, Fix and Passel had to overestimate social security payments made by immigrants and underestimate the benefits they received. They also failed to acknowledge that immigrants displace American workers, which adds to social welfare costs and lost revenues. Further-more, the Urban Institute undercounted the immigrant population by not including immigrants and their children who have been added to our population since the 1990 Census. Other public infrastructure costs were in like fashion ignored. When the Urban Institute's estimates are revised to account for these outlays, their "surplus" is transformed into the deficit that Dr. Huddle confirmed.

Michael Mandel, writing in *Business Week* ("It's Really Two Immigrant Economies," June 20, 1994, pp. 74-78), admitted that refugees and illegal aliens are a burden to U.S. taxpayers, but then asserted that, "by contrast" the majority of legal immigrants "more than pull their own weight in the U.S. economy." It is hard to justify this claim, given that 63 percent of the foreign-born people who settled in the U.S. over the past decade have come from Cuba, Haiti, the Dominican Republic, Mexico, El Salvador, Guatemala, and Indo-China. They do not possess the education and skills needed by a developed country.

[Copies of Dr. Huddle's study and his critique of the Urban Institute report are available from Carrying Capacity Network, 1325 "G" Street, N.W., Suite 1003, Washington, D.C. 20005-3104, (202) 879-3044.]