

The Economic Impact on Citizens and Authorized Immigrants of Mass Deportation

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This paper is a review of the literature examining the economic impact of large-scale deportations of unauthorized immigrants from the United States on U.S. citizens and authorized immigrants. The impact of such programs on those deported has been little examined in the academic literature and is assumed to be substantial and negative. Any findings expressed in this material are those of the authors and do not necessarily reflect the views of the publisher.



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Introduction

Economists who have studied past large-scale deportations of immigrants from the United States have found those deportations to have been harmful to the U.S. economy and project that future large-scale deportations would also have negative impacts. Negative effects include lower national Gross Domestic Product (GDP) and reduced employment and lower wages for citizens and authorized immigrants. The research finds that negative labor market consequences are found across income and pay levels. Economists anticipate that in the event of future mass deportations prices would rise and U.S. tax revenues would decline.

Given the numbers of immigrants currently not authorized to be in the United States, their prevalence in the workforce and their concentration in specific industries, the impact of their removal on the economy would be substantial. Specifically:

- Almost eleven million unauthorized immigrants live in the United States, accounting for a little over 3 percent of the total U.S. population.
- The population of immigrants not authorized to be in the United States is mostly of working age—two-thirds of them are in the prime working ages of 25 to 54 compared to less than 40 percent of U.S. citizens.¹
- About 8 million unauthorized immigrants are employed, which is about 5 percent of the U.S. workforce.²
- Unauthorized immigrants make up a particularly large share of workers in several industries, accounting for 22 percent of all farmworkers, 15 percent of construction workers, and 8 percent of manufacturing workers (which includes food production such as meatpacking).³
- Seventy-nine percent of unauthorized immigrants have been in the country over 10 years.⁴

Key Findings

Economic research has found that:



Past deportations have harmed U.S. workers with lost jobs and lower wages. For example, the deportation of 454,000 immigrant workers not authorized to be in the United States from 2008 to 2015 reduced the employment share of U.S.-born workers by 0.5 percent and reduced their hourly wages by 0.6 percent.



Future large-scale deportations have been estimated to reduce the size of the U.S. economy. Estimates of U.S. economic loss range from 2.6 percent to 6.2 percent of Gross Domestic Product (the most widely used measure of national income). At 2023 levels those equate to losses to the economy of between \$711 billion and \$1.7 trillion.



Employment losses for future mass deportation have been estimated to be as high as 3.6 percent.

Research shows past deportations and exclusions of unauthorized immigrants have had adverse economic impacts for U.S. citizens and authorized immigrants

The United States has engaged in large scale deportation efforts in the past and researchers have studied their effects on employment, wages, and other economic measures. As described below, different papers have looked at different deportation episodes, used different techniques of analysis, looked at different populations affected, and used different measures of impact. They have consistently found that deportation policies have not benefitted U.S.-born residents.

Box 1. “Skills” in Economic Literature

It is common in the economics literature to distinguish between “low-skilled,” “medium-skilled,” and “high-skilled” workers and occupations. When used, economists typically distinguish the “skill” levels by worker’s educational and training attainment. In this literature review, to the extent that the literature uses those terms, we have incorporated them.

In this section we review the economic papers that have examined the results of past deportations before turning to research that estimates the impact of possible future deportation policies.

The 1929 to 1937 Deportations

Lee et al. (2017) studied the effects of the deportation of 400,000 to 500,000 first- and second-generation Mexican immigrants between 1929 and 1937.⁵ Proponents of the program projected that the deportations would open up jobs for Americans during the Great Depression. This paper found that, in contrast with the stated policy objectives, there were small *decreases* in U.S.-born employment and increases in their unemployment.⁶ The authors’ analysis ruled out a positive effect on wages and found that the effect on the wages of the U.S. born was either neutral or negative (i.e., wages declined). The areas from which the largest numbers of immigrants were deported saw declines in their non-immigrant population as well, and a tendency for native-born workers to end up in lower paying jobs than they had previously held. The strongest negative employment effects were on jobs that were complementary to those that had been held by the deported. Without immigrant workers, employers eliminated higher paying jobs of native-born workers that relied on immigrant work.⁷

The 1964 Removals

Clemens et al. (2018) analyzed the effects of a program that removed almost half a million Mexican agricultural workers from the United States in 1964. The stated goal of the program was to improve employment and wages of non-immigrant agricultural workers. The paper finds little effect of the exclusion of foreign farm workers on the employment or wages of domestic farm workers. The jobs and higher wages that the plan’s sponsors forecasted did not materialize. Rather, instead of hiring more non-immigrant farm workers, employers turned to mechanization and other process changes to produce farm output or simply decreased domestic production.⁸

The Secure Communities Deportations from 2008 to 2015

East et al. (2023) studied the effects of the U.S. Secure Communities policy that was active between 2008 and 2015, and which resulted in the deportation of more than 454,000 unauthorized individuals. The authors found that the deportations reduced the employment share of U.S.-born workers by 0.5 percent and reduced their hourly wages by 0.6 percent. The employment effects on citizens were concentrated among men in medium-skilled occupations in sectors that rely on unauthorized workers—although citizens at all education levels were adversely affected.⁹ The authors found that the decline in jobs for native-born workers that occurred as a consequence of the deportation was due to two factors. One was that the reduction in local consumption that followed from the deportations of thousands of people caused job losses for native born workers across all skill levels. The other was that any potential increases in jobs among low-skilled native-born workers who may have been substitutes for the deported workers were more than offset by the decrease in jobs for middle-skilled native-born workers who were complements to the deported workers.

Box 2. Anti-Immigrant Policy Impacts on Arizona's Economy

Although not technically “deportations,” the passage of aggressive anti-immigrant laws in Arizona in 2007–2008 led to a large exodus of unauthorized immigrants—with an estimated 40 percent leaving the state. The law’s impact coincided with the start of the Great Recession of 2008–2009, which led to unauthorized immigrants leaving many states—but Arizona saw the greatest decline by far and the economic consequences are informative of the impact of formal deportations.¹⁰

The *Wall Street Journal* had Moody’s Analytics examine Arizona’s economy during this period. Moody’s concluded that the departures, independent of the effects of the recession, reduced Arizona’s GDP by an average of 2 percent a year between 2008 and 2015. Moody’s also found that the departure of unauthorized immigrants decreased total employment by 2.5 percent.¹¹

Bohn et. al. (2015) also looked at the effect of the Arizona laws and concluded that the exodus of unauthorized immigrants “does not appear to have improved labor market outcomes of competing legal low-skilled workers.” They found evidence of diminished employment and increased unemployment of authorized low-skilled workers—with the negative effects largest for non-Hispanic white men. When they compared labor market outcomes in Arizona post enactment of the anti-immigrant laws (2008–2009) to those in a control group of states that mimicked Arizona’s 1998–2006 employment trend they found that low-skilled, U.S.-born white men in Arizona “faced a lower employment rate on the order of 4 percent and saw their unemployment rate go up by 2 percentage points.”¹²

In summary, economists who have looked at these past deportations and anti-immigrant policies from the 1920s and 1930s, the 1960s, the 2000s and the 2010s have found that they had adverse impacts on the U.S.-born at different skill levels, measured in different ways. The most studied measures, employment and unemployment among the U.S. born, were consistently lower for employment and higher for unemployment across these episodes—with the exception of the 1960s exclusion of agriculture workers which was found to have had no effect either way. In the papers that examined the wages of native-born workers, they too went down as a result of the deportation of unauthorized immigrants. Other measures, such as GDP, also were found to worsen. These adverse effects were the result of native-born workers’ job dependency on the deported immigrant workforce and the loss of immigrant spending in communities which led to economic retrenchment.

Economic research shows negative consequences of possible future deportation policies for U.S. citizens and authorized immigrants

Economists who have studied the possibility of future mass deportations have concluded that, as in the case of past deportations, they would have significant negative consequences for U.S. citizens and authorized immigrants.

Mass Deportation Would Be Harmful to U.S. Citizens and Authorized Immigrants By a Number of Economic Metrics

The following papers are organized from the broadest in their analyses to narrower analyses that looked at particular populations or types of impact:

- McKibbin (2024) estimated that deporting 7.5 million unauthorized immigrant workers would result in a long-run drop in U.S. GDP of 6.2 percent (\$1.7 trillion at 2023 levels), a reduction in hours worked in the country by 3.6 percent, and three years of higher inflation—peaking at an increase in the inflation

rate of 3.1 percentage points. Deporting 1.3 million people was estimated to drop U.S. GDP by 1.1 percent (\$300 billion at 2023 levels), hours worked by 0.6 percent, and trigger additional inflation peaking at a 0.5 percentage point increase.¹³

- Edwards and Ortega (2016-A) found that if all unauthorized immigrants were deported it would reduce GDP by 1.4 percent in the short run, with the losses rising to 2.6 percent in the longer run. For the period analyzed, 2017 to 2026, they concluded that the GDP loss would sum to \$5 trillion. The impact, however, varies by state. At the high end, California would see the size of its economy drop by 7 percent in the long-run and Nevada, Texas, and New Jersey would all see declines of about 6 percent. The impact also varies by industry with manufacturing, construction, leisure and hospitality, wholesale and retail trade being the hardest hit. The agriculture, construction, and leisure and hospitality industries would experience workforce reductions of 10 percent to 18 percent.¹⁴
- A task force of the Bipartisan Policy Center concluded in 2013 that removing all present and future unauthorized immigrants would reduce GDP nationally by 5.7 percent. At 2023 levels this equates to \$1.6 trillion for that single year.¹⁵
- Chassamboulli and Peri (2015) calculated that removing half of Mexican unauthorized immigrants would increase the unemployment rate of unskilled U.S.-born workers by about 1 percent and U.S.-born skilled workers by 0.6 percent. They theorized that the removal of the unauthorized workers would increase the labor costs of employers who would then create fewer jobs. They calculated that such a policy would also reduce income per U.S.-born resident.¹⁶
- Rodriguez-Sanchez (2020) estimated that the deportation of all unauthorized workers in

Texas would shrink the economy of the state by 10 percent, or approximately \$171.9 billion at 2018 levels. The paper estimated that there would be a loss of \$28.4 billion in the earnings of U.S.-born Texans on top of the loss of \$41.9 billion in the earnings of the unauthorized. The study also calculated that the net state fiscal impact from deporting unauthorized immigrants would be a loss of \$420.9 million in fiscal year 2018.¹⁷

Mass Deportation Would Have Negative Fiscal Consequences

Edwards and Ortega (2016-B) found that, due to the loss in GDP, the federal government would lose \$860 billion in revenue over 10 years if all unauthorized immigrants were deported.¹⁸ In addition to this analysis a number of studies have looked at the revenue *contributions* of unauthorized immigrants and found them to be substantial: about \$100 billion per year. Presumably those contributions would be lost in the event of their deportation.¹⁹

Research also estimates the cost of deporting millions of residents—the cost of apprehending, processing, and physically deporting people. One paper found the cost of mass deportation would be \$114 billion (Wolgin 2015).²⁰ Another estimated a range from \$103.9 to \$303.7 billion. The latter analysis also found that ongoing enforcement after the initial deportations would cost \$315.7 billion over 20 years (Gitis and Collins 2015).²¹

Mass Deportation Would Be Harmful to Mixed-Status Households

Warren and Kerwin (2017) estimated the potential impact of mass deportations of unauthorized residents in the United States on the 3.3 million mixed-status households containing 6.6 million U.S. citizens and 3 million unauthorized residents. The study found that a massive deportation program that removed unauthorized residents from mixed-status households would reduce the median income of these households by 47 percent.²²

Fueling of Inflation

It has also been widely noted by economists that one of the drivers of inflation during the Covid pandemic was the loss of immigrant labor and one of the reasons that inflation has subsided has been increased immigration.²³ Specifically, as the economy lost the production of these workers during the pandemic, the supply of the goods and services they produced went down and prices went up as demand outstripped supply. As the number of immigrants in the workforce rebounded post pandemic, supply has risen, which has dampened inflation. That experience suggests that mass deportation would fuel inflation, as McKibbin (2024), discussed above, estimates.

Conclusion

The deportation of substantial numbers of unauthorized people, most of whom work, would, self-evidently, have substantial negative consequences for those deported and their families. Research shows that mass deportation would also negatively impact the American economy and people in a number of ways.

- The U.S. economy would noticeably contract as it lost the contributions of unauthorized immigrants.
- Jobs for American workers would decline. Instead of native-born Americans having new work opportunities opened up for them and replacing deported unauthorized workers, research shows that overall employment would fall for the native-born.
- Instead of more competition for workers driving up wages, for most Americans wages would face downward pressure as jobs were lost and the economy shrinks.
- Tax revenues would decline.
- The government would spend many billions of dollars capturing, detaining, processing, and deporting people.
- As domestic production of goods and services dropped, inflation would increase.

Endnotes

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