



KENAN INSIGHTS

Anti-immigrant Policies Will Hurt America's COVID-19 Recovery

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Historically, immigrants were critical in transforming the U.S. into an economic superpower. Today, they continue to play vital roles in producing the food we eat, maintaining our physical infrastructure, looking out for our health and well-being and maintaining the nation's competitive edge in a highly volatile global marketplace.

Recently, the administration of President Donald Trump increased efforts to keep immigrants from entering the country and force out some who are already here. These so-called migration management efforts target not only unauthorized immigrants, but also asylum seekers, family members of legal permanent residents, some temporary workers and international students.

Although the administration justifies these actions as helping to contain the spread of COVID-19 and protect American jobs, they risk exactly the opposite effect, bringing harm to the future health, social well-being and economic viability of our nation.¹

Why we need immigrants

The timing of these actions against immigrants could not be worse. We need immigrants, who tend to be younger, to fuel population growth and boost the economy as workers and business owners. This is especially important as 81 million baby boomers — people born between 1946 and 1964 — continue to exit the workforce, and COVID-19 brings high rates of deaths among working-age people of color.

The claim that immigrants cost more than they contribute to American society is unfounded. Immigrants benefit America's economy and tax coffers through the money they spend on housing, cars and other consumer goods and

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POLICY TAKEAWAYS

- Anti-immigrant policies are more likely to harm the American economy than aid in its recovery.
- Immigrants are a key, but often overlooked, driver of economic growth in blue-, pink- and white-collar jobs.
- To position America for a strong recovery, we need policies that strategically embrace immigrants as part of the solution, instead of seeing them as the problem.

¹ Johnson, J.H., Jr. and Bonds, J.M. (2020) Scapegoating Immigrants in the COVID-19 Pandemic. Frank Hawkins Kenan Institute of Private Enterprise. Retrieved from <https://kenaninstitute.unc.edu/publication/scapegoating-immigrants-in-the-covid-19-pandemic/>

services. In most cases, these gains far outweigh government expenditures for services such as K-12 education, healthcare and criminal justice. New immigrant groups also create jobs that support their specific needs or consumer preferences. A 2006 study found, for example, that Hispanic newcomers to North Carolina were responsible for the creation of 86,000 such spillover jobs.² When immigrants are forced to leave, these economic benefits and spillover jobs evaporate.

Crippling the COVID-19 recovery

The Trump administration's migration management efforts could have ripple effects across the already-fragile U.S. economy. Immigrants are widely dispersed across economic sectors, with large numbers in highly skilled STEM jobs and in low-skilled jobs that other workers don't want because they are difficult, dirty and dangerous. Immigrants also account for a significant share of America's essential workforce in healthcare and other sectors. Already stretched to its limits, the healthcare sector will likely face major labor supply shortages, especially if infection rates continue to climb and more workers decide not to risk exposure. Although some essential workers are exempt from the administration's directives, its widely publicized negative stance on immigration could still deter future immigrants from moving to the U.S. and filling these jobs.

Immigrants have a particularly strong presence in research labs that produce scientific and technological breakthroughs that give the U.S. a competitive edge globally. Banning immigrants who seek green cards for permanent residency, shutting down the H1B visa program and banning travel from certain countries

² Johnson and Bonds, *Ibid.*

limits access to critical talent who could potentially contribute to the development of a COVID-19 vaccine and other innovations.

A recent proposal to deny or retract the visas of international students enrolled in higher education programs offering only online instruction this fall threatened the financial viability of U.S. colleges and universities. Although the Trump administration rescinded the proposal, such a move could still make international students hesitant to come to U.S. schools in the future. International students inject about \$41 billion annually into the U.S. economy through tuition and consumer spending.³ After completing their degrees, many remain here and fill critical positions in the labor market.

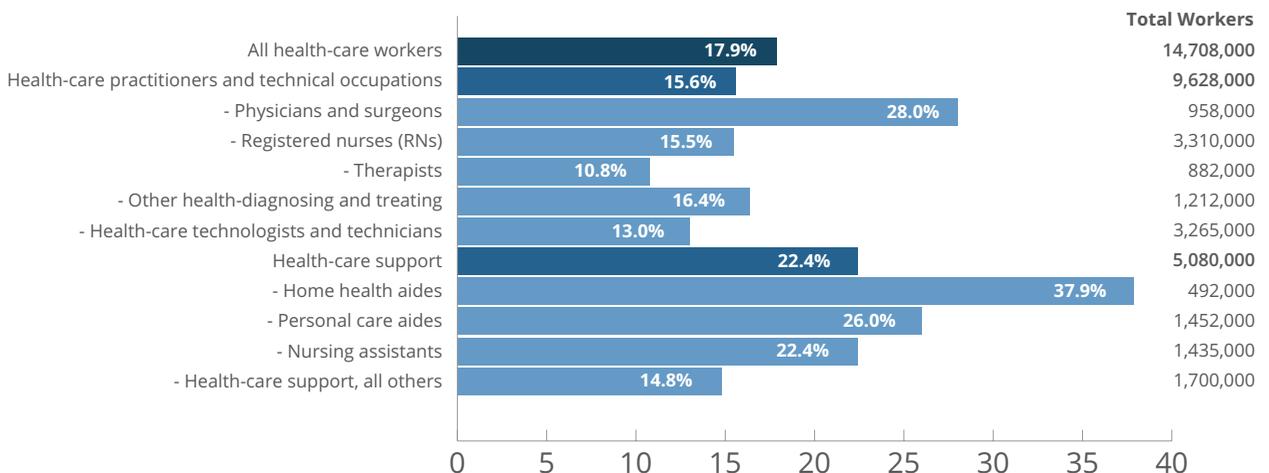
One of the administration's most recent memoranda calls for barring people in the U.S. illegally from being counted in the 2020 Census. Because the census determines how federal spending is distributed, this move will negatively affect under-served and rural communities.

A solution rather than a problem

Despite the recent wave of anti-immigrant policies, some effective immigration policies remain in place. For example, the EB-5 Immigrant Investor Visa Program creates a process for eligible immigrants to become lawful permanent residents by investing

³ Diana Quinter, 2020, *New ICE Guidelines Jeopardize International Students Like Me*, Brown Center Chalkboard, July 13, available at <https://www.brookings.edu/blog/brown-center-chalkboard/2020/07/13/new-ice-guidelines-jeopardize-international-students-like-me/>

Percent of Immigrant Workers to Total Health-Care Workers, by Occupational Group and Nativity, 2018



Source: Migration Policy Institute (MPI) tabulation of data from the U.S. Census Bureau 2018 American Community Survey (ACS)

in a business that will employ at least 10 American workers.⁴ This program tends to be especially beneficial in rural areas and places with high unemployment.

To help with EB-5, Congress created the EB-5 Regional Center to stimulate capital investment by foreign entrepreneurs through more than 800 regional investor pools, which act as federally approved intermediaries.⁵ More than 78,000 investors, primarily from China, South Korea, Taiwan and the United Kingdom, have used the Regional Center Program, which has been extended through September 30, 2020. The program brings in much-needed capital in real estate projects that create construction and service jobs, and has also been used to fund road and rail infrastructure projects, technology centers, senior living facilities and charter schools. A 2017 U.S. Department of Commerce study found that the program created more than

170,000 jobs in the 2012-13 federal fiscal year.⁶

Another promising policy is an employment-based visa program developed by the Economic Innovation Group (EIG).⁷ The EIG proposes a "Heartland Visa" to incentivize population growth by allowing skilled immigrants to work in rural and underserved areas, similar to Australian and Canadian place-based visas. If enacted into law, this policy could help bolster U.S. communities suffering from population decline.

In conclusion, scapegoating immigrants will neither curtail the spread of COVID-19 nor address the enormous unemployment problems caused by the forced shutdown of the U.S. economy. Instead, policies that embrace immigrants as part of the solution rather than the problem would bring the greatest demographic and economic benefits.

⁴ U.S. Department of State Bureau of Consular Affairs, Immigrant Investor Visas. Retrieved from <https://travel.state.gov/content/travel/en/us-visas/immigrate/immigrant-investor-visas.html>

Can AM Enterprises, The EB-5 Program: A Definitive Guide to EB-5 Visa. Retrieved from <https://www.canamenterprises.com/download-the-definitive-guide-to-eb-5-visa/>

⁵ U.S. Citizenship and Immigration Services, EB-5 Immigrant Investor Regional Centers. Retrieved from <https://www.uscis.gov/working-in-the-united-states/permanent-workers/employment-based-immigration-fifth-preference-eb-5/eb-5-immigrant-investor-regional-centers>

⁶ U.S. Department of Commerce, Estimating the Investment and Job Creation Impact of the EB-5 Program, Economics and Statistics Administration, Office of the Chief Economist. Retrieved from https://www.commerce.gov/sites/default/files/migrated/reports/estimating-the-investment-and-job-creation-impact-of-the-eb-5-program_0.pdf

⁷ Ozimek, A., Fikri, K., and Lettieri, J. (April 2019). From Managing Decline to Building the Future: Could a Heartland Visa Help Struggling Regions?, Economic Innovation Group. Retrieved from <https://eig.org/wp-content/uploads/2019/04/Heartland-Visas-Report.pdf>

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