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The Economics of Immigration

By Roland Fryer

Donald Trump vowed to launch “the largest deportation operation in American history,” and he has been dispatching federal agents into cities across the country to carry it out. The initiative is marketed primarily as a crimecontrol strategy—a dramatic show of force meant to signal the return of law and order—but also as a way to protect American workers from job competition. The logic sounds straightforward: Remove undocumented immigrants, and crime will fall as native wages rise.

Economics tells a different story. Immigration is among the most rigorously studied topics in the field, and decades of evidence contradict the premise that undocumented immigrants drive crime or meaningfully depress native wages. Immigrants, especially those here illegally, are less likely to commit crimes than nativeborn Americans. Meanwhile, the economic and social costs of mass deportation will extend far beyond the billions of dollars required to carry it out: The policy will hollow out key industries, erode trust in public institutions, and weaken the public safety it purports to restore.

The real debate, then, isn’t about crime or immigration per se. It is about integration—and the incentive structures our policies create. The question is whether we build a system that encourages immigrants to become productive, law-abiding contributors while credibly deterring unlawful entry, or a system that marginalizes millions and then feigns surprise when predictable failures follow.

This tension has long defined immigration policy and research. In the 1990s and 2000s, George Borjas and David Card staged one of the era’s most influential debates: Does low-skilled immigration harm native workers? Mr. Borjas argued that it depresses wages for comparable natives. Mr. Card countered with natural experiments—most famously the 1980 Mariel boat lift—showing negligible effects on native employment or earnings. Labor markets, Mr. Card found, are far more dynamic than critics assume: Immigrants increase labor supply but also generate new demand. It was a modern confirmation of Say’s law—economies grow when the number of people, not only of jobs, does.

Hundreds of studies followed. The broad consensus today is that “immigration has had very small impacts on wage inequality of natives,” as Mr. Card, a 2021 Nobel laureate, put it in his 2009 Ely Lecture to the American Economic Association. When wage effects do exist, they fall more on earlier immigrants than on native workers. Crucially, even these modest effects depend on how well newcomers are integrated into the economy.

That last point applies equally to crime. Mr. Trump frames his policy in terms of public safety and paychecks, but the underlying mistake is identical. Immigrants are treated as a static shock rather than as people who adapt to, and are shaped by, the incentives around them.

Gary Becker’s 1968 classic paper, “Crime and Punishment: An Economic Approach,” revolutionized our understanding of crime by treating it as a rational response to expected costs and benefits. For immigrants, the opportunity cost of crime rises with access to decent jobs, education, legal protections and social networks. When those pathways exist, crime becomes irrational.

But if we criminalize their daily existence, deny legal work and threaten deportation, we lower those opportunity costs—perversely making crime more appealing. Deportation is not only morally fraught and fiscally extravagant; it undercuts the very mechanisms that deter crime in the first place. Critics worry that integration or legalization will encourage more unlawful entry. That concern is legitimate. Migration responds to wage differences and the perceived probability of eventual incorporation. If legalization is guaranteed, flows increase. Where enforcement is credible, flows decline. The U.S. has always wrestled with this trade-off.

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The lesson isn't that we must choose between open borders and mass deportation. Both are costly extremes that ignore human incentives. The economic sweet spot is credible enforcement of entry rules paired with serious integration for those already here. Enforcement deters unlawful entry; integration maximizes contribution and raises the opportunity cost of

The optimum policy is credible enforcement of entry rules and integration of those already here.



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crime. This is how you capture the benefits of immigration while minimizing its risks.

The evidence supports this approach. Programs that move undocumented immigrants closer to legal status reduce criminal behavior and increase employment, education and civic participation. That isn't because people are "scared straight" but because the stakes of failure rise and the avenues for success widen.

A 2018 Criminology paper found that undocumented immigration has no effect on violent crime and may reduce certain offenses. A meta-analysis in the Annual Review of Criminology reached the same conclusion: Higher immigrant concentrations aren't associated with more crime and are often linked with less. President Trump's plan ignores this evidence while imposing tens of billions of dollars in costs on industries from agriculture to hospitality, all to solve a problem the data suggest is largely imaginary.

The larger danger is symbolic. Mass deportation communicates that millions of immigrants are permanently outside the circle of belonging. That message is economically corrosive. When people believe they are excluded no matter what they do, the incentive to follow rules collapses. Social exclusion isn't merely a moral failure; it destroys the very mechanisms that encourage lawful, productive behavior.

What we need is a pragmatic policy of integration—not amnesty, not open borders, but targeted investments in language acquisition, credential recognition, housing and education paired with credible border enforcement. This is the incentive-compatible framework that has historically allowed immigrants to thrive and in turn strengthened the nation.

And if the debate isn't really about wages or crime, what is driving the anxiety? Research by Mr. Card, Christian Dustmann and Ian Preston provides an uncomfortable answer: Attitudes toward immigration are shaped far more by compositional concerns, meaning changes in the cultural and social makeup of communities, than by labor-market effects. In their estimates, using European data, these concerns are two to five times as important as traditional economic factors. Resistance to immigration reflects not labor market fears but unease with cultural change. Deportation may appear, in a narrow sense, to "solve" compositional discomfort, but only by choosing the most economically costly and socially destructive approach. Ignoring these underlying preferences guarantees policy failure.

The history of American immigration is a series of experiments in integrating newcomers into shared prosperity. When we get integration right, immigrants flourish and the country grows stronger.

Deportation misunderstands every major incentive at work. It overstates the wage threat, misapplies the economics of crime, and treats cultural anxiety as a problem that can be eliminated by removing people rather than managing change. Open borders make a parallel mistake in the opposite direction. The economic reality is that labor markets adapt, crime responds to incentives, and cultural concerns must be addressed rather than wished away.

When we treat immigrants as future citizens rather than permanent outsiders—while credibly enforcing our border rules—we build safer communities, stronger labor markets and a country confident enough to turn newcomers into contributors.

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