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# Council of American Elderly (CAE)

You are the lead policy analyst for the Council of American Elderly (CAE) and a retiree yourself. The Council for American Elderly is a non-partisan research group that studies many issues on aging, including health, retirement, and public policy. CAE is “comprehensive” in its structure in that its focus on aging is broad and multifaceted. CAE was born out of necessity in the mid-1980s, when significant leaps in scientific research had been made with respect to the health of people over the age of 60.



CAE became a think tank of sorts to respond to the wealth of new information about aging and health, retirement in the U.S. and abroad, and the complicated financial structure of health care and Social Security. CAE's researchers have published numerous studies that highlight the many benefits of current U.S. immigration policies, not the least of which are economic.

Although CAE will forever be a non-partisan group, you are concerned for its credibility as America's retirees begin to grow more vocal about their access to the Social Security network they helped build. Because of CAE's leadership and interest in the role of immigration on long-term care of the elderly, you have been invited to contribute your thoughts and recommendations on this Blue Ribbon Commission on Immigration-Related Costs and Benefits, set up by the President and Congress. Nevertheless, you are aware that strong opposition exists to many of CAE's findings. Your contribution to the Presidential Commission will be crucial in promoting policy that you believe to be politically sustainable and economically feasible in both the short and long term.

## Immigration and the costs of supporting America's elderly

CAE research has left you with the following conclusions about immigration and retirement:

- It is likely that the economic impact of immigration is, on balance, advantageous to the United States. Under conventional economic theory, immigration increases the supply of labor, which reduces the wages of U.S. workers in job categories that immigrants fill. This downward effect on wages will, by implication, benefit owners of capital and consumers of goods and services produced with immigrant labor, and it also increases the wages of U.S. workers who do not compete with immigrant workers.
- The surge of American retirees in the next decade will substantially tax the Social Security network. To ensure the network's continued solvency, adequate labor and a secure job market must be maintained. In many respects, immigration contributes to this economic security.

CAE research suggests that immigrants are key contributors to America's economic foundation and economic growth, and, perhaps more importantly, an integral component of America's social fabric. While the economic burden imposed by the surge of retirees and elderly in the U.S. is likely to increase significantly, CAE research suggests that elderly immigrants are a small—almost immeasurable—component of the larger network of American elderly. Moreover, CAE studies so far suggest that steady immigration is in fact a vital component of covering the costs imposed by America's elderly, as more consumers, more workers, and a larger economy ease the financial burden imposed by the elderly. By increasing the number of workers, immigrants help to improve the worker-to-retiree ratio.

Without immigration, the demographic challenges faced by the United States would be far more dire. They would in fact look more like Japan and Europe, where birthrates are also low but immigration smaller. Not only does immigration lead to more workers, it has also contributed to keeping the birthrate from falling to even lower levels, ensuring an ongoing work force.

In addition, your studies have shown that immigrants are net contributors to Social Security and Medicare. Your research has shown that immigrants will contribute \$500 billion more to these systems than they will receive in the period between 1998 and 2022. In addition, according to the National Immigration Forum, estimates show that immigrant households paid an estimated \$133 billion in direct taxes in 1997, and each typically pays \$80,000 more than they will ever receive in benefits.

## Policy proposals

American policy on immigration, at least in the context of the costs for caring for the elderly, seems on target. You would, however, like the commission to guarantee that:

1. the development of a proposal for a true assessment of income inequality and job displacement and subsequent design of a more comprehensive federal program to help more immigrants successfully integrate productively into the labor force; and
2. the design and implementation of a pilot project for “selective immigration,” which ranks candidates by geographical distribution (country of origin), educational background (highest degree attained), skill set, and family size.

Tightening immigration policy or capping immigration at numbers below their current levels would seem to have little positive effect with respect to the economics of aging in America. You are intrigued but still unconvinced by the concepts of changing the criteria by which the U.S. chooses immigrants, and you may be open to exploring methods that encourage more self-selective immigration.

In addition, the U.S. should take steps to maximize the economic prosperity of its immigrant population by providing better education and more opportunities for the immigrants who arrive. There are many experiences of successful intervention programs to improve and increase the economic assimilation process for new immigrants through special school and community programs, but little research and replication has focused on this.