

Trump's Visitor Ban Isn't Just Un-American. It's Bad for the Economy.



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In December, Donald Trump called for a “total and complete shutdown of Muslims entering the United States.” Last week, Trump—in his own words—“expanded” the Muslim ban to include “any nation that has been compromised by terrorism.” This proposal has drawn derision for its incompatibility with American values.

But what would his ban on visitors—both Muslims from around the world and non-Muslims, presumably, from terrorism-affected countries—mean for the U.S. economy? In this memo we forecast the economic effects of a ban on *visitors*. Our findings:

Trump's ban on visitors to the U.S. would decrease U.S. GDP by \$30.5 billion and cost the domestic economy 182,000 jobs in year one. GDP and job losses would then increase significantly each year the ban remains.

Those losses do not account for the further economic damage banning Muslim and other immigrants would cause. We also examine the implications of an immigrant ban by highlighting the economic contributions of the existing American-Muslim community, which makes an outsized contribution to GDP and job growth in the U.S.

Banning visitors

How can Trump's visitor ban cause so much harm? For one, even though American-Muslims make up only 1% of U.S. residents, we estimate that Muslims from abroad comprise 3.8% of inbound international visitors.¹ This is not an official statistic—the government does not document the religious identity of each person entering the country. But it is a reasonably precise estimate using the religious composition of visitors' countries of origin. Plus, many of the 23 countries that rank highest on the Global Terrorism Index (our best proxy for the list of countries Trump will select) send lots of visitors to the U.S. They include countries with large non-Muslim populations, like China and Russia, as well as countries with close cultural ties to the U.S., like Israel and the Philippines.²

Altogether, these groups contributed 8.37 million of our 77.5 million international visitors last year. We're not just talking tourists. This group includes business travelers and foreigners studying at U.S. universities, from a semester abroad to a Ph.D.

A ban on visitors, by the numbers

Not accounting for immigrants or secondary effects like reduced trade and investment—we project the results of Trump's visitor ban would include:

8.37 million
fewer visitors to the U.S.

\$30.5 billion
in direct GDP loss

182,000
permanent job losses

Spending by Muslim visitors

(Top eight sending countries, by number of estimated visitors)

Country	Estimated Muslim visitors per year	Total Muslim visitor economic impact	Estimated spending per Muslim visitor
Canada	662,550	\$1,816,536,732	\$2,742
Saudi Arabia	286,113	\$1,831,609,971	\$6,402
United Kingdom	220,537	\$874,502,719	\$3,965
Turkey	189,106	\$1,210,600,322	\$6,402
India	168,867	\$462,989,549	\$2,742
France	157,735	\$625,471,716	\$3,965
Germany	131,766	\$522,494,286	\$3,965
Nigeria	95,789	\$970,322,231	\$10,130

Source: NTTO, Pew Research Center, CIA World Factbook

*Note: with a huge volume of border crossings daily, Canada supplies the most total visitors to the U.S., nearly 21 million annually.

Also, Muslim visitors to the U.S., in particular, spend more money here than typical visitors spend. While the average spending of visitors to the U.S. is \$3,100, we estimate that Muslim visitors on average spend about 45% more, or \$4,500.³ That's in part because a disproportionate number of Muslims visit the U.S. to go to school. We estimate the Muslim share of international students in the U.S. is 18%.⁴ Students spend more than tourists because they stay here longer and they pay tuition—almost always *full* tuition.

When foreigners spend money in the U.S., economists count that money as exports. That's because all those transactions

represent U.S. firms selling goods (like food and merchandise) and services (like hotel stays, tuition, and flights on U.S. air carriers) to consumers from foreign countries. So foregoing \$4,500 worth of sales to 2.95 million foreign Muslim consumers every year adds up to a \$13.3 billion loss in U.S. exports. By definition, that also means a \$13.3 billion loss in GDP. Using the same conservative methodology that the Department of Commerce uses—measuring the direct impact of those lost exports *only*—we estimate a corresponding job loss of 79,000 in the first year of the ban.⁵ Add in the effect of banning all visitors from the most terrorism-affected countries, and the job loss climbs to 182,000. Those job losses would be scattered by industry and geography, with likely the greatest impact including jobs in tourism, hospitality, and education.

The harm to the U.S. economy would grow each year the visitor ban would remain in place. The U.S. Department of Commerce estimates a 20% increase in international travelers to the U.S. over the next four years, with a 62% increase from Middle Eastern countries and a 64% uptick from those in Africa.⁶ Because those regions have large and growing Muslim populations, the economic impact of a Muslim ban would only grow with each successive year.

Banning immigrants

Of course, banning Muslims and others from terrorism-affected countries from entering the U.S. would have economic consequences well beyond the direct effects of losing visitors. First, there's immigration. Research has shown that immigrants have disproportionately high rates of entrepreneurship, making an outsized impact on job growth.⁷ And they are disproportionately young, making a net-positive impact on the solvency of our entitlement programs.⁸

To get a clearer picture of what kinds of economic contributions we'd be losing out on by halting Muslim immigration, consider the contributions of the

existing American-Muslim community. American Muslims are among the most educated and highest-earning populations. As of 2014, 40% of American Muslims held a bachelor's degree or higher compared to only 25% of Christians and the national average of 28%.⁹ Muslims also contribute disproportionately to the medical profession. American Muslims account for 5% of all doctors even though Muslims make up only about 1% of the United States' population.¹⁰ These traits translate into a substantial impact on the U.S. economy. Total Muslim-American disposable income is estimated at \$98 billion, with household GDP contributions pegged at an estimated \$190 billion.¹¹ In other words, American Muslims contribute a sum on par with the entire GDP of Vietnam.¹²

American Muslims in the U.S. economy, by the numbers

Banning Muslim immigration to the U.S. would be a repudiation of the huge contribution American Muslims make to our country, one part of which is economic. For example:

40%

Share of American-Muslims with a B.A. or higher

50,000

Number of American-Muslim doctors

\$190 billion

GDP contribution of American-Muslim households

Conclusion

It *should* go without saying that the greatest harm of the Muslim ban, even the suggestion of a Muslim ban, is to the American ideal—the centuries-old commitment to freedom of religion and to opening our free society to immigrants and visitors from all corners of the globe.

It should also go without saying that a Muslim ban would undermine U.S. foreign policy goals. One of the greatest weapons against extremism and authoritarianism abroad is

cultural diplomacy: when citizens and leaders from abroad visit America—Muslim or otherwise—they meet our people, experience freedom and civil society first hand, and return home with a greater respect and appreciation for America and its values. Banning people from visiting in the first place, on account of their faith or country of origin, would have the opposite effect. In fact, Trump’s Muslim ban has already been used in terrorist recruitment videos.¹³

But critics of the ban must also reiterate its economic consequences. We wouldn’t ban the export of American cars or wheat to half the world’s population. So why would we ban the export of tourism and education to the same population? Doing so would, most immediately, put 182,000 Americans out of work. And shutting off immigration opportunities to this group would stamp out a major *additional* source of entrepreneurship and job creation.

END NOTES

- 1.** For U.S. Muslim population, see: Besheer Mohamed, “A new estimate of the U.S. Muslim population,” Pew Research Center, January 6, 2016. Accessed August 12, 2016. Available at: <http://www.pewresearch.org/fact-tank/2016/01/06/a-new-estimate-of-the-u-s-muslim-population/>. Estimate of Muslim visitor share is authors’ calculation, assuming the religious breakdown of visitors to the U.S. reflects the religious breakdown of the nations from which they visit. For visitor data, see: United States, Department of Commerce, International Trade Administration, National Travel and Tourism Office, “International Visitation to the United States: A Statistical Summary of U.S. Visitation (2015).” Accessed August 12, 2016. Available at: http://travel.trade.gov/outreachpages/download_data_table/2015_Visitation_Report.pdf. For religion data, see: “The Future of World Religions,” Pew-Templeton Global Religious Futures Project. Available at: <http://www.globalreligiousfutures.org/>; See also: Pew Research Center, “Table: Muslim Population by Country,” January 27, 2011. Accessed August 12, 2016. Available at: <http://www.pewforum.org/2011/01/27/table-muslim-population-by-country/>; See also: United States, Central Intelligence Agency, “The World Factbook.” Available at: <https://www.cia.gov/library/publications/the-world-factbook/>.
- 2.** The countries we assume Trump will identify are those ranking higher than 6.0 on the Global Terrorism Index. See: “Global Terrorism Index 2015,” Institute for Economics & Peace. Accessed August 19, 2016. Available at: <http://economicsandpeace.org/wp-content/uploads/2015/11/Global-Terrorism-Index-2015.pdf>.

- 3.** For per-capita international visitor spending, see: United States, Department of Commerce, International Trade Administration, National Travel and Tourism Office, “Fast Facts: United States Travel and Tourism Industry—2013.” Accessed August 12, 2016. Available at: http://tinet.ita.doc.gov/outreachpages/download_data_table/Fast_Facts_2013.pdf. Spending per Muslim visitor is authors’ estimate using NTTO data including, where available, average spending per country of origin and, where necessary, average spending per region of origin.
- 4.** Authors’ calculation using data from: Institute of International Education, “International Students: All Places of Origin, 2013/14-2014/15,” Data Set. Accessed August 12, 2016. Available at: <http://www.iie.org/Research-and-Publications/Open-Doors/Data/International-Students/All-Places-of-Origin/2013-15>. The religious breakdown of international students in the U.S. is assumed to reflect the religious breakdown of the nations—or in some cases, the regions—from which they visit.
- 5.** Every \$1 billion in exports is assumed to support 5,967 jobs. See: United States, Department of Commerce, International Trade Administration, “Employment and Trade, Export-Related Jobs.” Accessed August 12, 2016. Available at: <http://www.trade.gov/mas/ian/employment/>.
- 6.** United States, Department of Commerce, International Trade Administration, National Travel and Tourism Office, “Forecast of International Travelers to the United States by World Regions.” Accessed August 12, 2016. Available at: <http://travel.trade.gov/view/f-2000-99-001/forecast/Forecast-REGIONS.pdf>.
- 7.** United States, Small Business Administration, Robert W. Fairlie, “Immigrant Entrepreneurs and Small Business Owners, and their Access to Financial Capital,” May 2012, p. ii. Accessed August 12, 2016. Available at: <https://www.sba.gov/sites/default/files/rs396tot.pdf>.

- 8.** Pew Research Center, America's Changing Religious Landscape, "Chapter 3: Demographic Profiles of Religious Groups," Table: Age Distribution and Median Age of Religious Groups. Accessed August 12, 2016. Available at:
<http://www.pewforum.org/2015/05/12/chapter-3-demographic-profiles-of-religious-groups/>.
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<http://www.pewforum.org/2015/05/12/chapter-3-demographic-profiles-of-religious-groups/>.
- 10.** There are an estimated 50,000 Muslim physicians in the U.S. See: W. Abu-Ras, L.D. Laird, and F. Senzai, "A Window into American Muslim Physicians," Institute for Social Policy and Understanding, October 2012, p. 9. Accessed August 12, 2016. Available at:
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- 11.** Dinar Standard, "The Muslim Green: American Muslim Market Study 2014-15." Available at:
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- 12.** Vietnam's GDP in 2015 was 193. 599 billion. See: The World Bank national accounts data. Accessed August 12, 2016. Available at:
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- 13.** Peter Holley, "Donald Trump featured in new jihadist recruitment video," *The Washington Post*, January 2, 2016. Accessed August 12, 2016. Available at:
<https://www.washingtonpost.com/news/post-politics/wp/2016/01/02/donald-trump-featured-in-new-jihadist-recruitment-video/>.