

# IMMIGRATION AND U.S. ECONOMIC GROWTH

REMI AMHERST CONFERENCE  
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# The President's Stance



- Trump's signature issue has been his notoriously restrictive immigration policy
  - Ban on immigration from certain Muslim-majority countries
  - Limits on legal immigration
    - Pause on issuing green cards
  - 'The Wall' along the Mexico-US border
  - Increased border policing
  - End DACA

# Counterfactual



- “What would happen if net migration to the U.S. ceased?”
  - REMI PI+ simulation of zero immigration scenario:
    - Reduce baseline immigration in the REMI national baseline economic forecast by 100% (2018-2060)
    - Estimates show economic and demographic implications

*Analysis described in “Immigration and United States Economic Growth”, authored by REMI CEO and Chief Economist Fred Treyz, Ph.D. and REMI Economist Peter Evangelakis, Ph.D., to be published in Business Economics*

# Approaches to Analysis

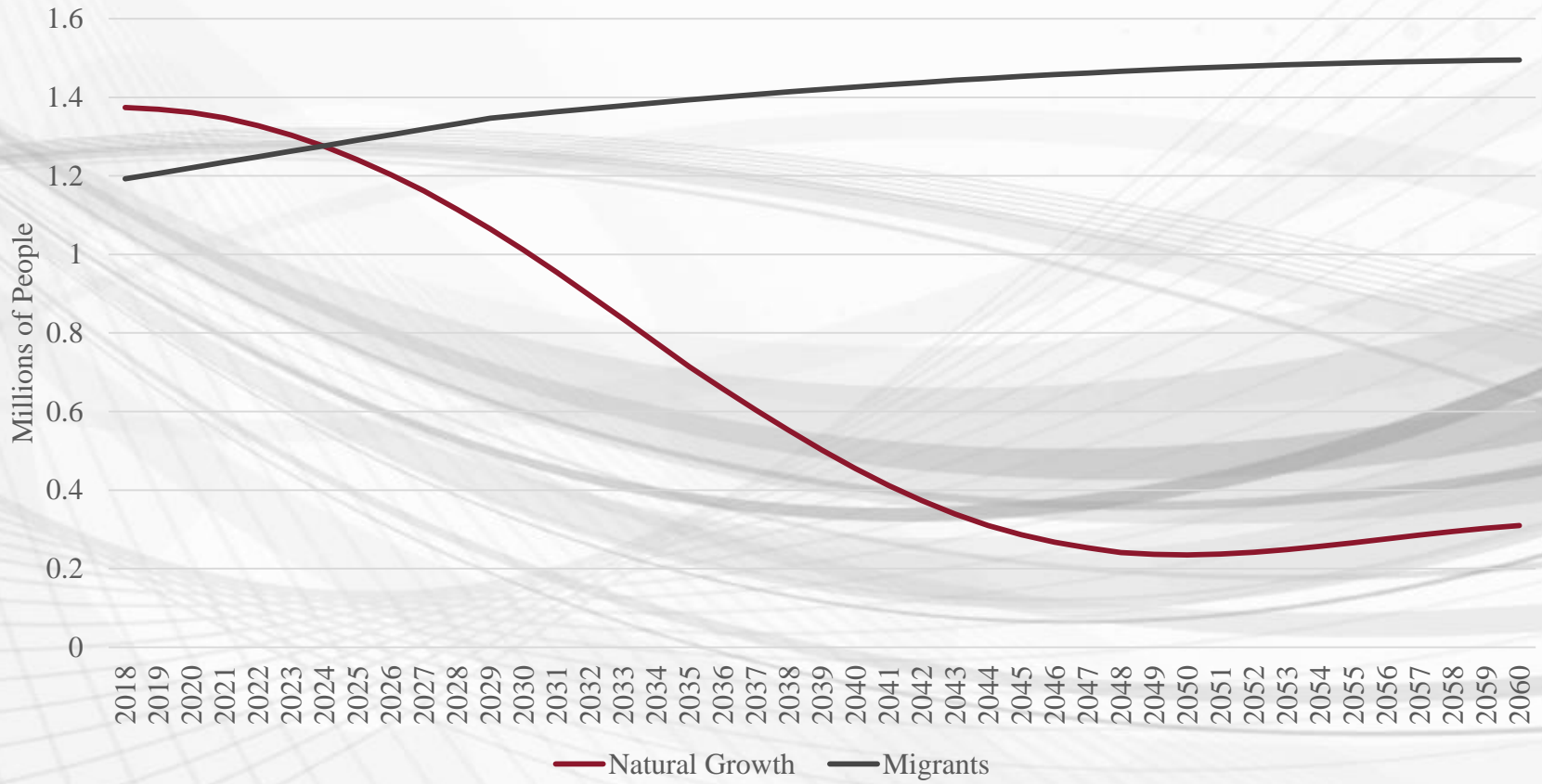


- ❑ The population baseline forecast reflects three components:
  - Current population
  - Natural growth
  - Immigration
- ❑ By reducing net international immigration to zero, the results show an alternative, zero-immigration forecast for U.S. economic growth through 2060
- ❑ Impose a labor market clearing condition:
  - Compensation rates assumed to increase such that labor markets remain in near full employment equilibrium

# Baseline Population



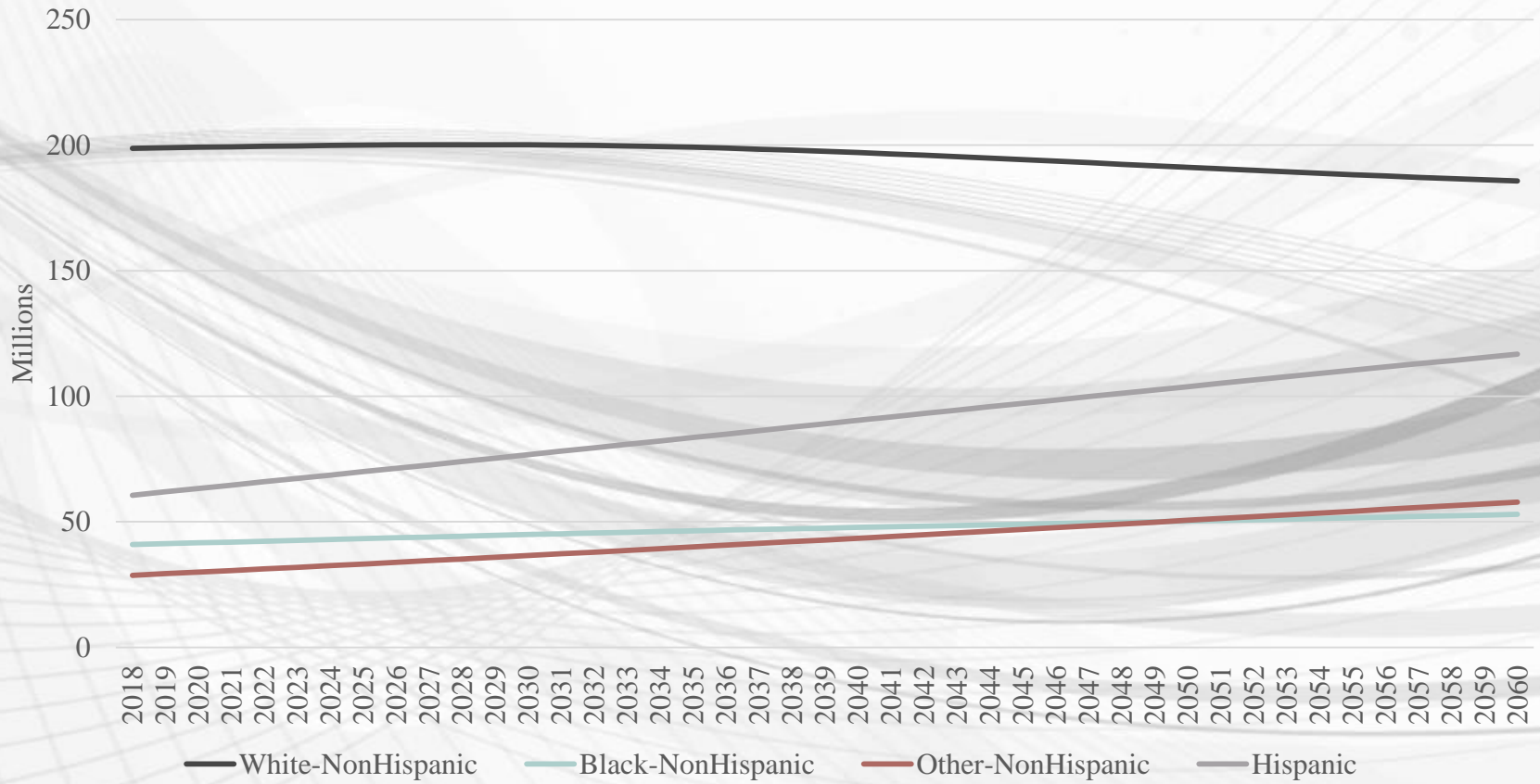
Figure 1: Baseline Natural Growth and Migrants (Levels)



# Baseline Levels of Population by Race



Figure 3: Baseline Levels of Population, By Race



# Economic Implications

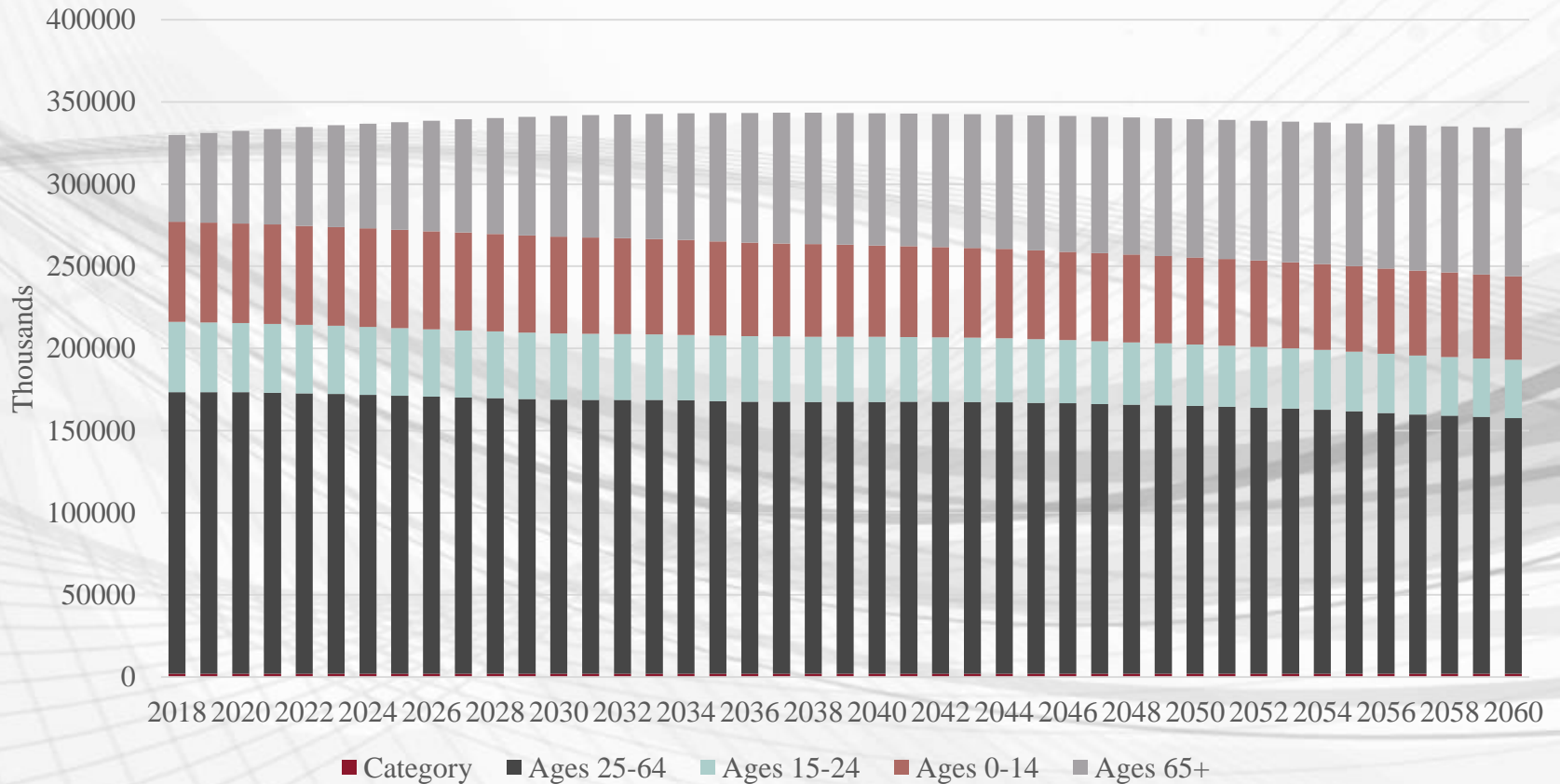


- Long-term GDP growth projections are based on two factors:
  - ▣ Productivity growth (output per worker)
  - ▣ Labor force growth
- Growth in labor force is determined in part by immigration

# Population Levels by Age



Figure 5: Population Levels by 4 Age Groups (100% Decrease in Migration)

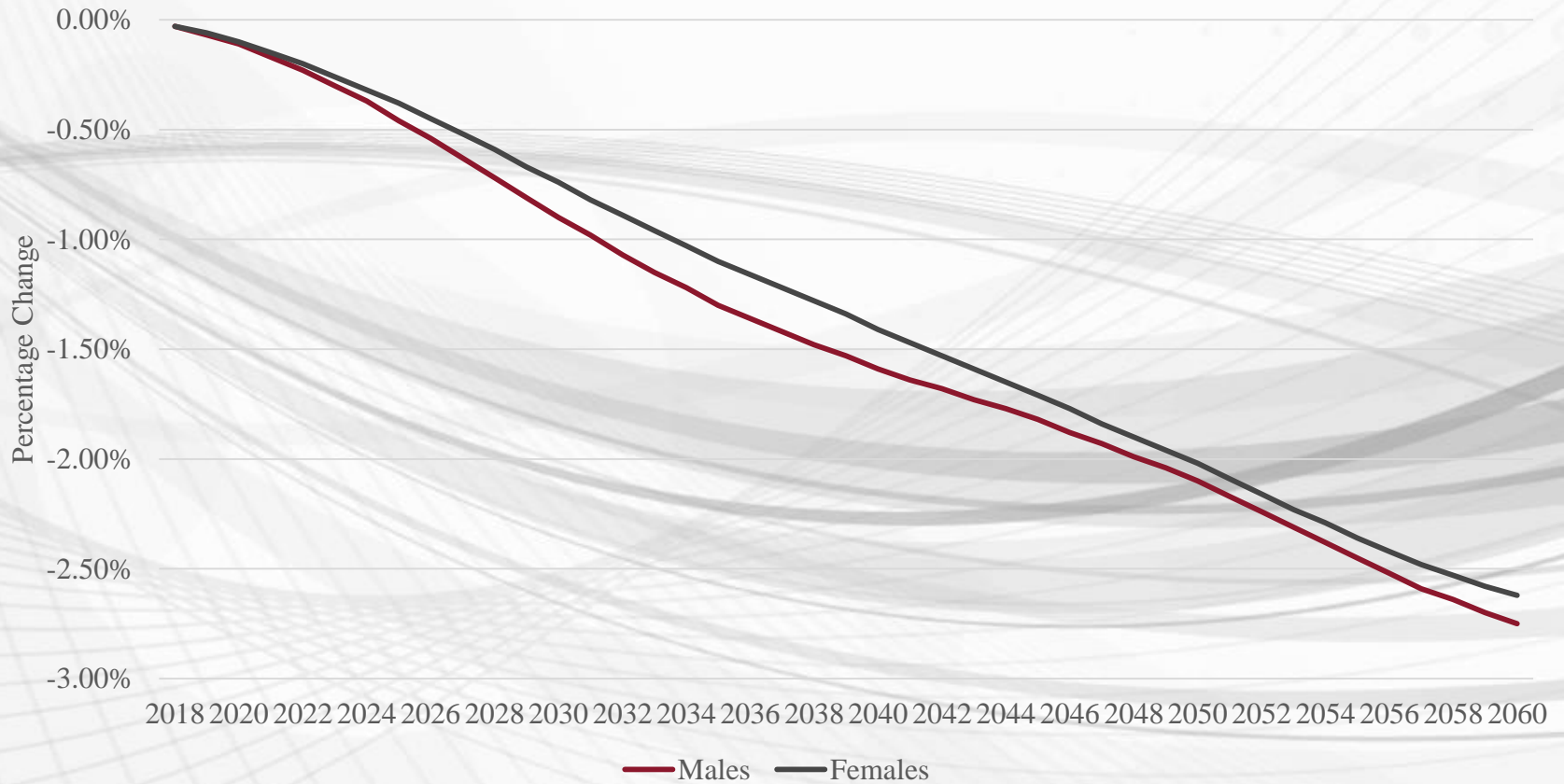




# Participate Rate Change



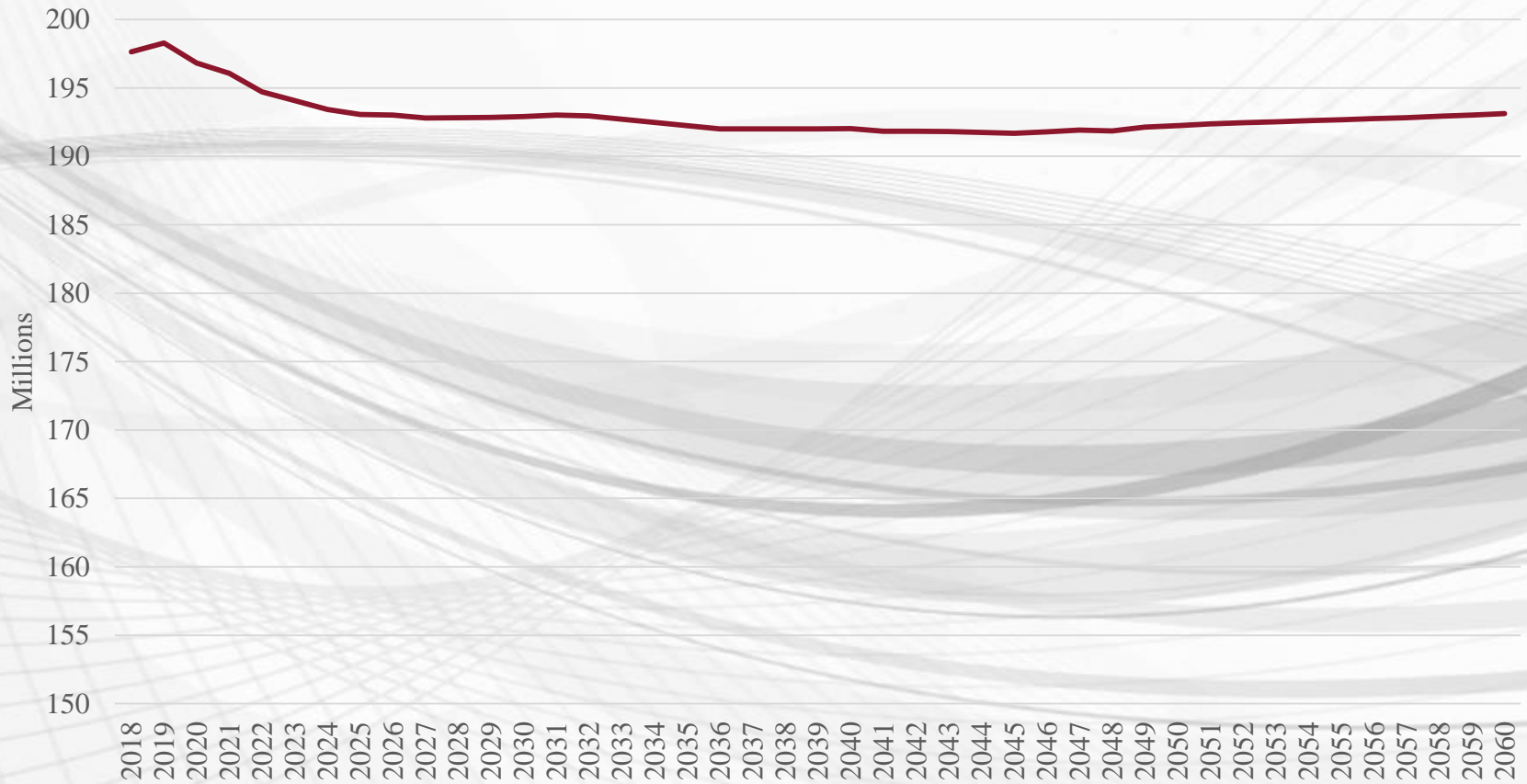
Figure 8: Participation Rate % Change from Baseline



# Total Employment Change



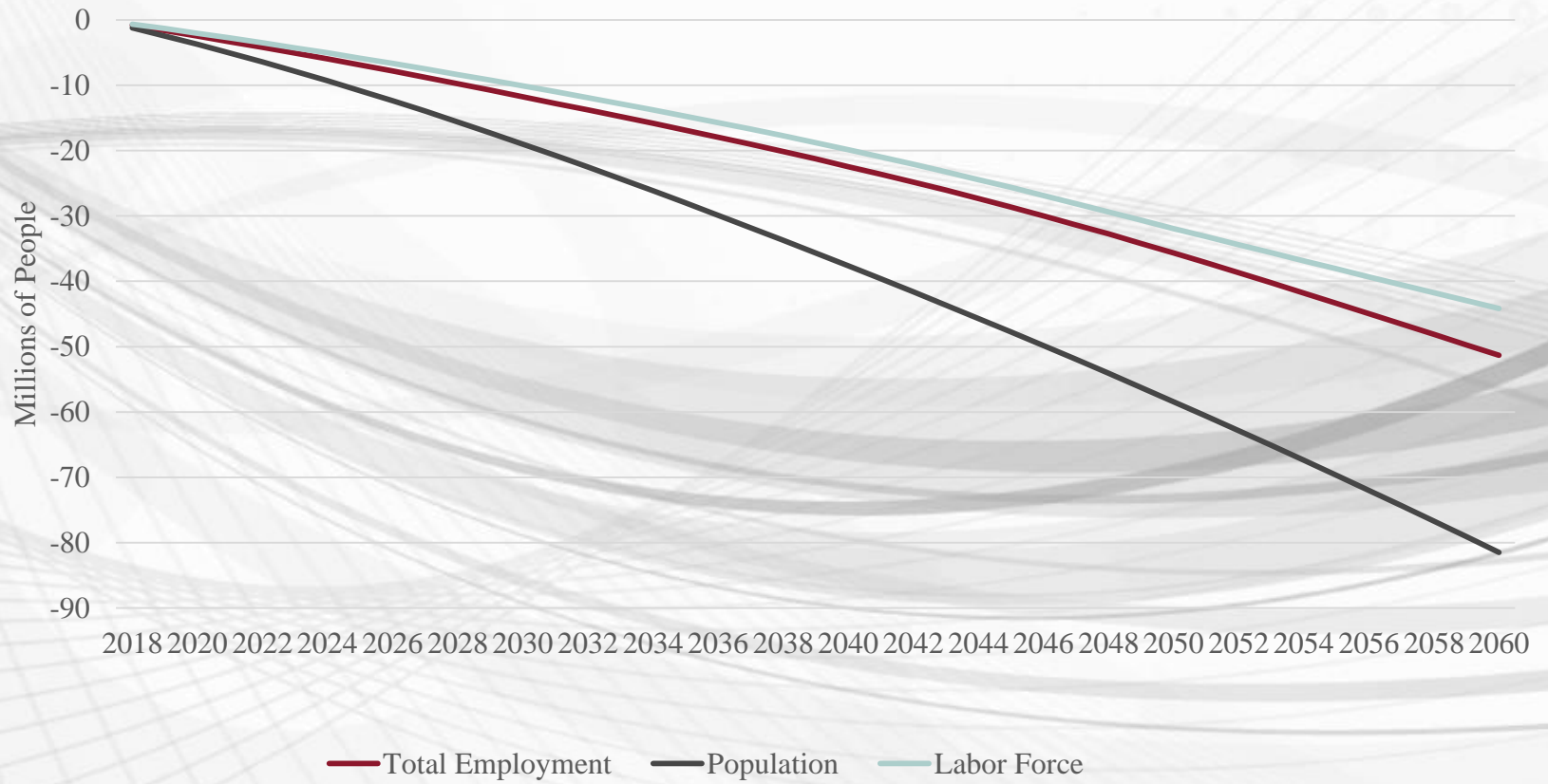
Figure 7: Total Employment (100% Decrease in Migration)



# Differences from Baseline



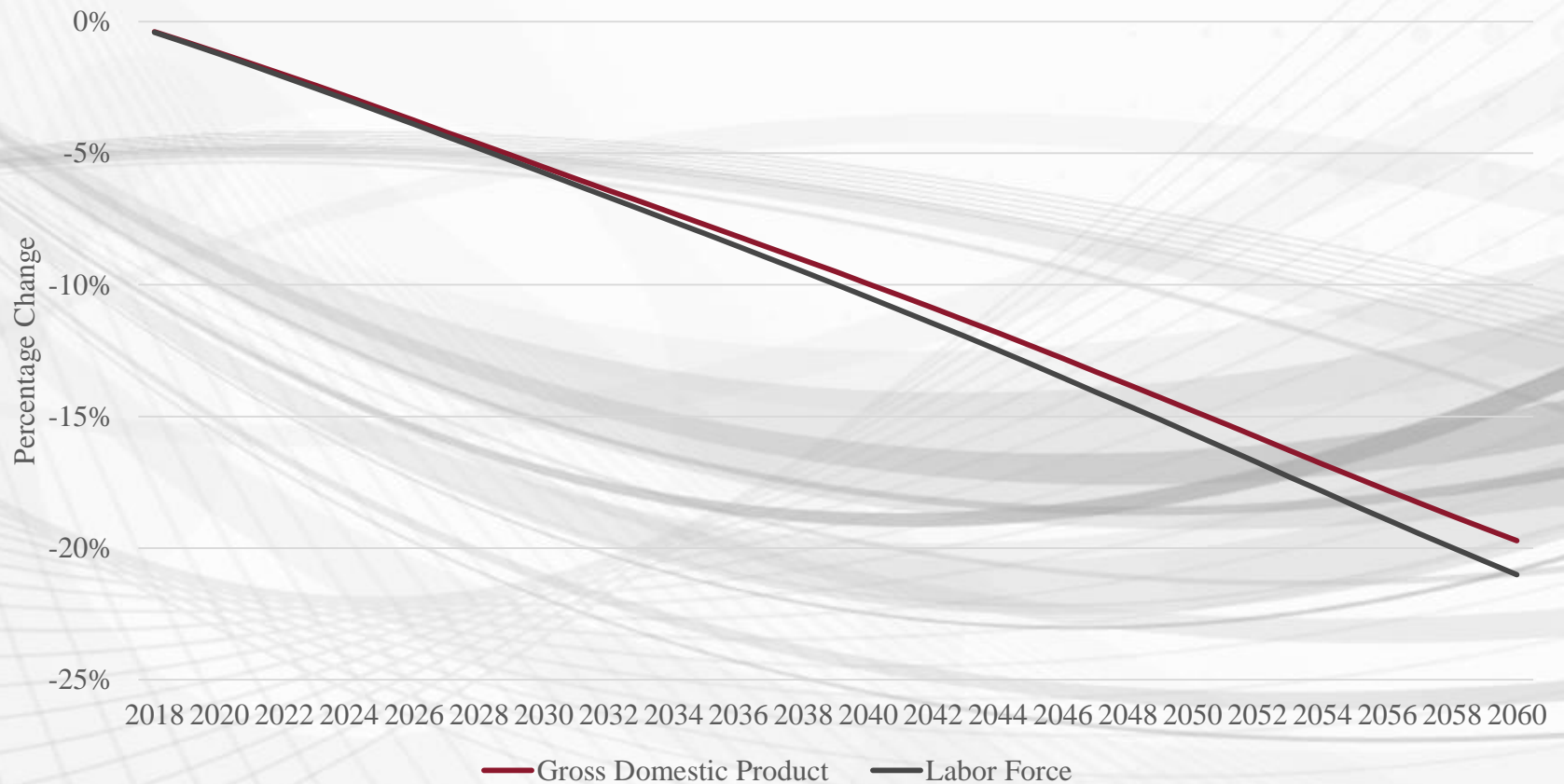
Figure 6: Employment, Labor Force, Population Differences from Baseline



# GDP & Labor Force Change

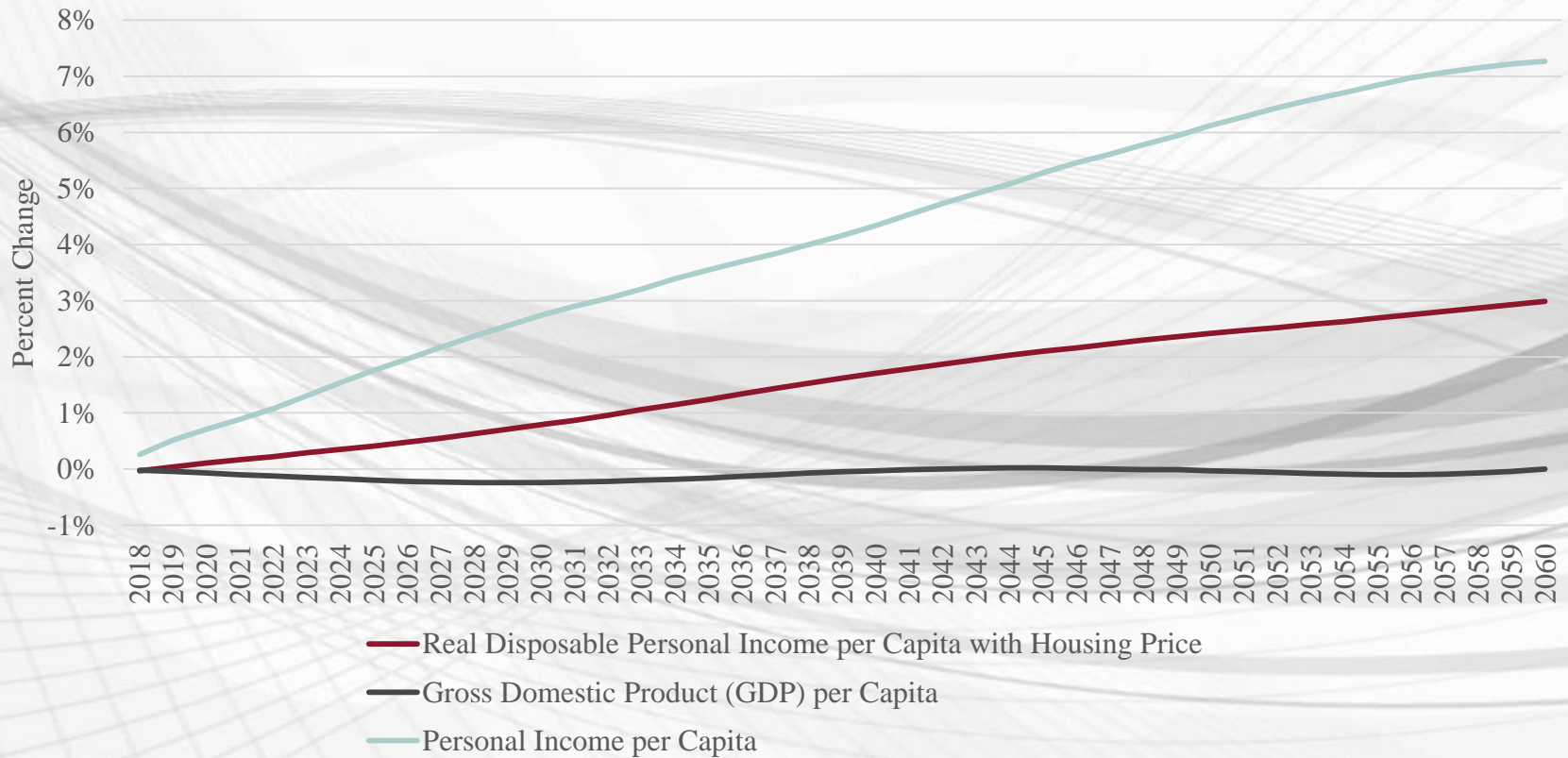


Figure 9: GDP & Labor Force Changes (% Difference from Baseline)



# Per Capita Income & GDP Change

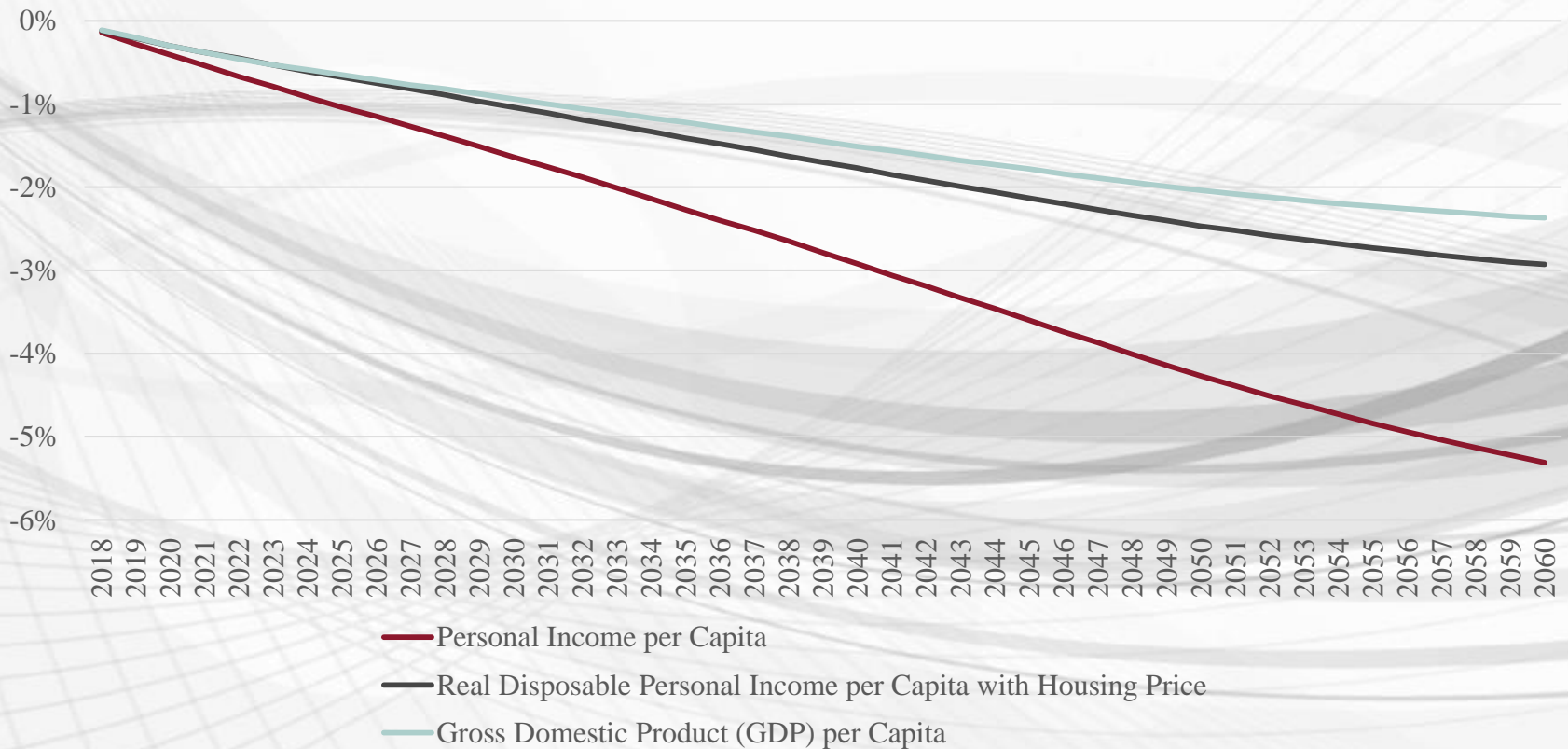
Figure 10: Real Per Capita Disposable Income and GDP  
(% Difference from Baseline)



# Disposable Income & GDP



Figure 11: Real Per Capita Disposable Income and GDP  
(% Difference from Baseline), Fed Response



# Conclusion



- In the absence of immigration, total U.S. employment would peak in 2019, and the U.S. GDP and labor force would decline by 20% through 2060
- Per capita income and GDP effects, however, are relatively minor and sensitive to assumptions in labor and capital markets
- Migration is essential for maintaining a strong labor force when facing falling natural growth