

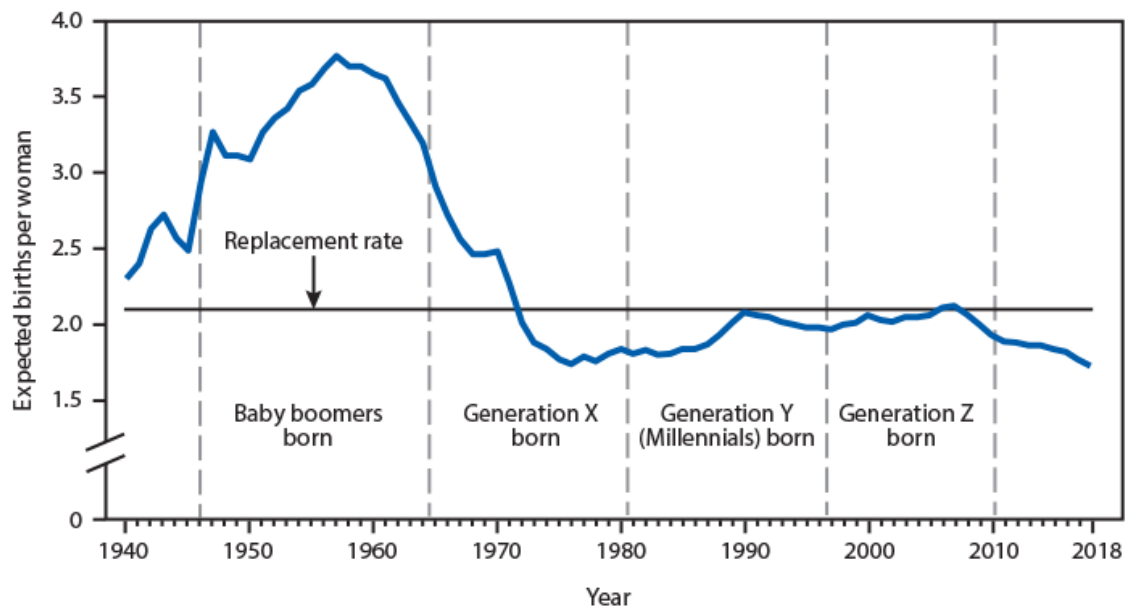


Immigration Follies

DOUGLAS HOLTZ-EAKIN | FEBRUARY 28, 2020

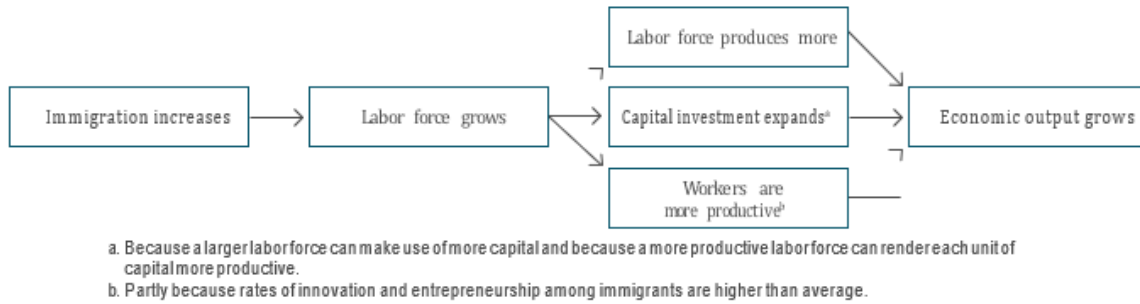
Eakinomics: Immigration Follies

White House Acting Chief of Staff Mick Mulvaney generated some [publicity](#) recently when he opined, “We are desperate, desperate for more people,” a stance at odds with the anti-immigration policies of the administration he works in. The backdrop is the steady decline in the fertility of the native-born population. The graph below – stolen from the [Centers for Disease Control and Prevention](#) – shows the total fertility rate, i.e. the expected number of children per woman over her life. The baby boom is clear in the data, but since 1970 the United States has rarely been close to the “replacement rate” – the rate needed to keep the population constant. In short, in the absence of immigration the United States population gets old and shrinks in size.



This dynamic has dramatic implications for the Trump Administration’s goal of steady 3 percent economic growth. Total growth in output is the sum of growth in the number of workers and growth in output per worker (productivity). Obviously, the faster the population, labor force, and workers are growing, the easier it will be to reach 3 percent. The alternative is to raise productivity growth, but that has proven to be a difficult task. More rapid growth of the immigrant population can help on both fronts. As shown in the graphic below – stolen from the [Congressional Budget Office](#) – immigration causes the labor force to grow more rapidly. But it also helps productivity growth because immigrants are disproportionately entrepreneurial. Productivity growth raises the standard of living. In contrast to the rhetoric of the administration, immigrants are the source of a better economic life in the United States, not a threat to it.

Effect of an Increase in Immigration on Economic Output



Of course, it matters *how* you do the immigration. First and foremost, it should be legal immigration. There is no justification for advocating illegal immigration, but the president's unearthly ability to foster unreasonableness has tempted some into doing just that. Second, it would be possible to reform the core visa-granting system to focus more on economic growth (see the [proposal](#) by Jacqueline Varas and me). The stretch run of the presidential race will likely feature lots of demagoguery regarding immigrants. If the past is any guide it will be loud, angry, and absolutely incorrect.