



Immigration and the macroeconomy

Presentation at the 72nd Annual Economic Outlook Conference

University of Michigan's Research Seminar in Quantitative Economics

November 21, 2024

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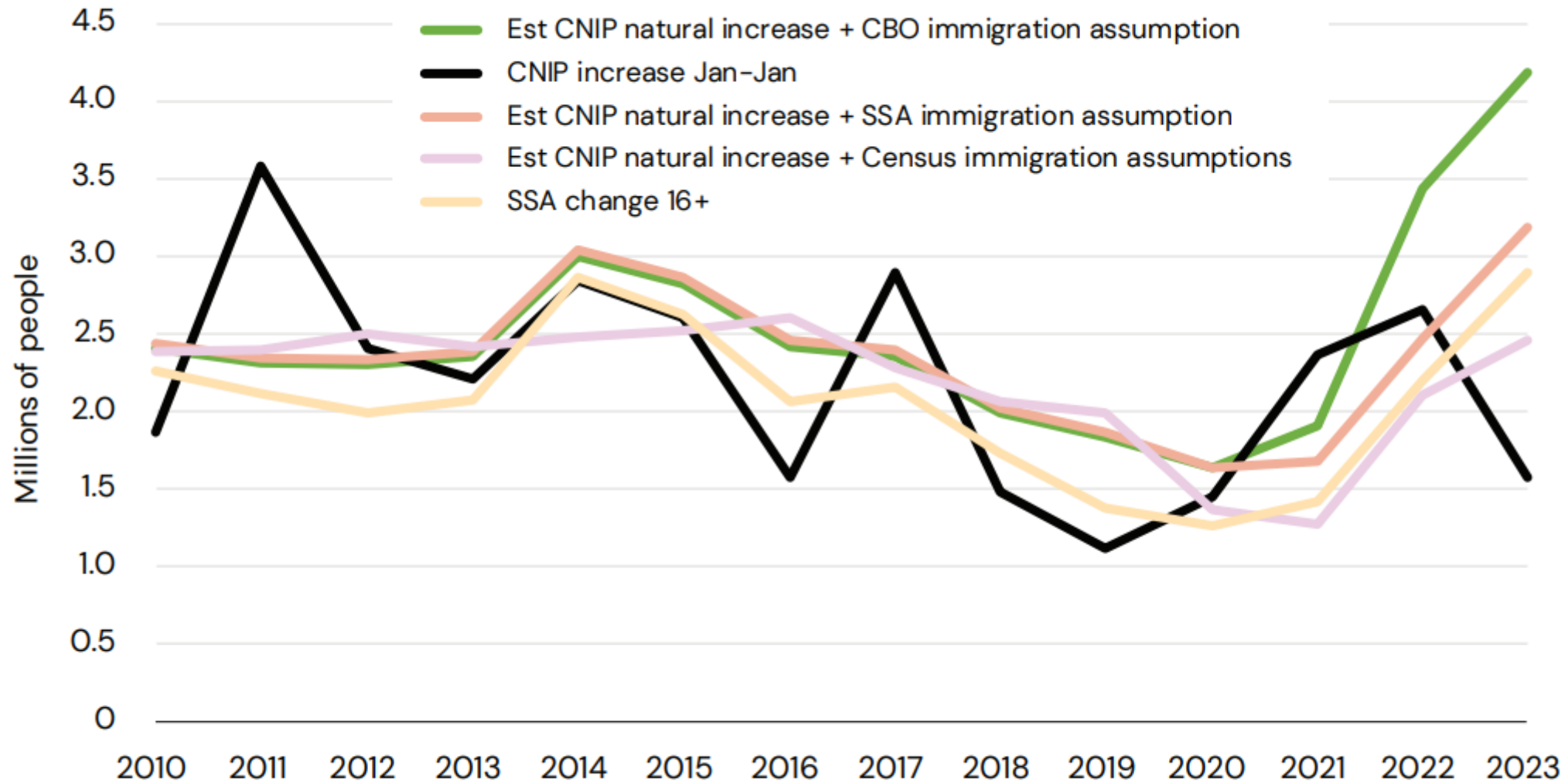
*Director of The Hamilton Project and Senior
Fellow in Economic Studies at Brookings*

- 1. The post - pandemic immigration surge**
- 2. How the immigration surge affects the macroeconomy in 2024**
- 3. A decline in net migration after 2024**
- 4. How declining net migration affects the macroeconomy after 2024**

1. The post-pandemic immigration surge

FIGURE 4

Increase in population under difference assumptions, 2010–23

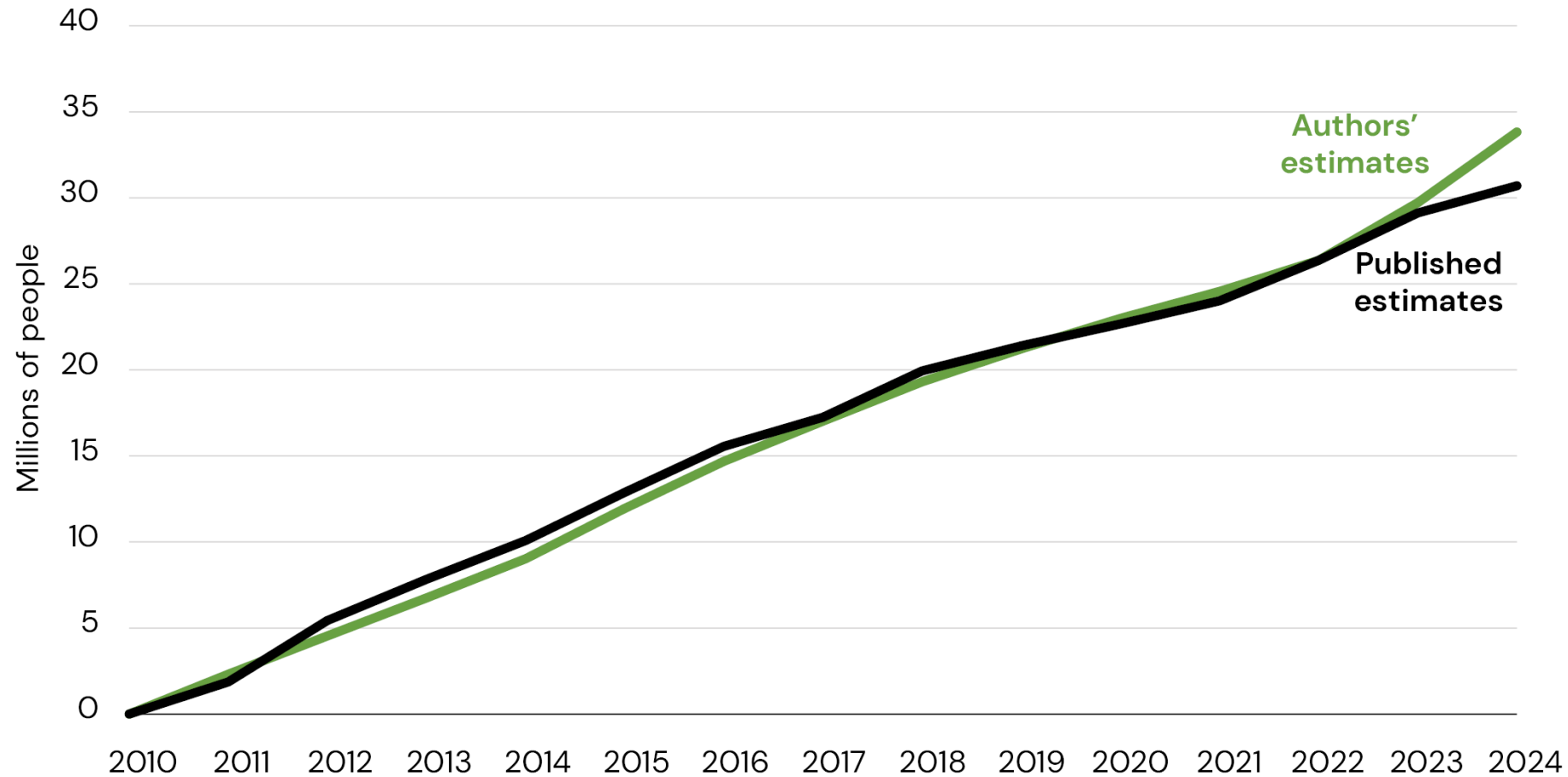


Source: BLS/ACS 2010–22; BLS/CPS 2010–22; BLS/Haver 2024a; CBO 2024; CDC 2023; Frey 2024; SSA 2023a; authors' calculations.

Note: CNIP is civilian non-institutionalized population 16 and over.

FIGURE 1

Cumulative increase in population since 2010, January 2010–January 2024



Source: U.S. Bureau of Labor Statistics 2010–2024; American Community Survey 2010–2024; Center for Disease Control 2010–2022; Current Population Survey 2010–2024; authors' calculations.

Note: We plot estimates for January of each given year. Population refers to civilian non-institutionalized population ages 16+ (CNIP). We construct measures of population growth since 2010 using estimates of net CNIP migration, entries into CNIP by existing residents turning 16, and CNIP deaths. Our numbers are adjusted for baseline differences in published CNIP measures and those generated using our method in the 2010 to 2022 period. Details available in the appendix.



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2. How the immigration surge affects the macroeconomy in 2024

TABLE 1

Potential employment growth, monthly

	2022	2023	2024
Range of pre-pandemic estimates	60-140,000	60-130,000	60-100,000
Range adjusted to account for higher immigration	130-210,000	160-230,000	160-200,000

Source: CBO 2019b; CBO 2020; BLS 2017; BLS 2019; SSA 2019; CBO 2022; CBO 2023.

Note: Range of pre-pandemic estimates includes potential employment growth from CBO (2019) and CBO (2020) as well as projected employment from BLS (2017), BLS (2019), and SSA (2019), which are far enough from the date those projections were published that the employment growth reported here is interpreted to include only non-cyclical factors. To estimate SSA projections, we use the BLS (2019) baseline number in 2019 and SSA's stated labor force growth rate of 0.8 annually from 2018 to 2028. To account for higher immigration than projected, the initial ranges are adjusted by the upward revision since 2019 to CBO's estimates of net immigration in 2022 and 2023 and projected immigration for 2024.



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TABLE 2

Economic effects on income and spending directly attributable to the increase in immigration

	2022	2023	2024
Real personal income, billions	20	48	76
Real consumer spending, billions	19	46	73
Real consumer spending growth, percentage points	0.1	0.2	0.2
Real GDP growth, percentage points	0.1	0.1	0.1

Source: Authors' calculations.

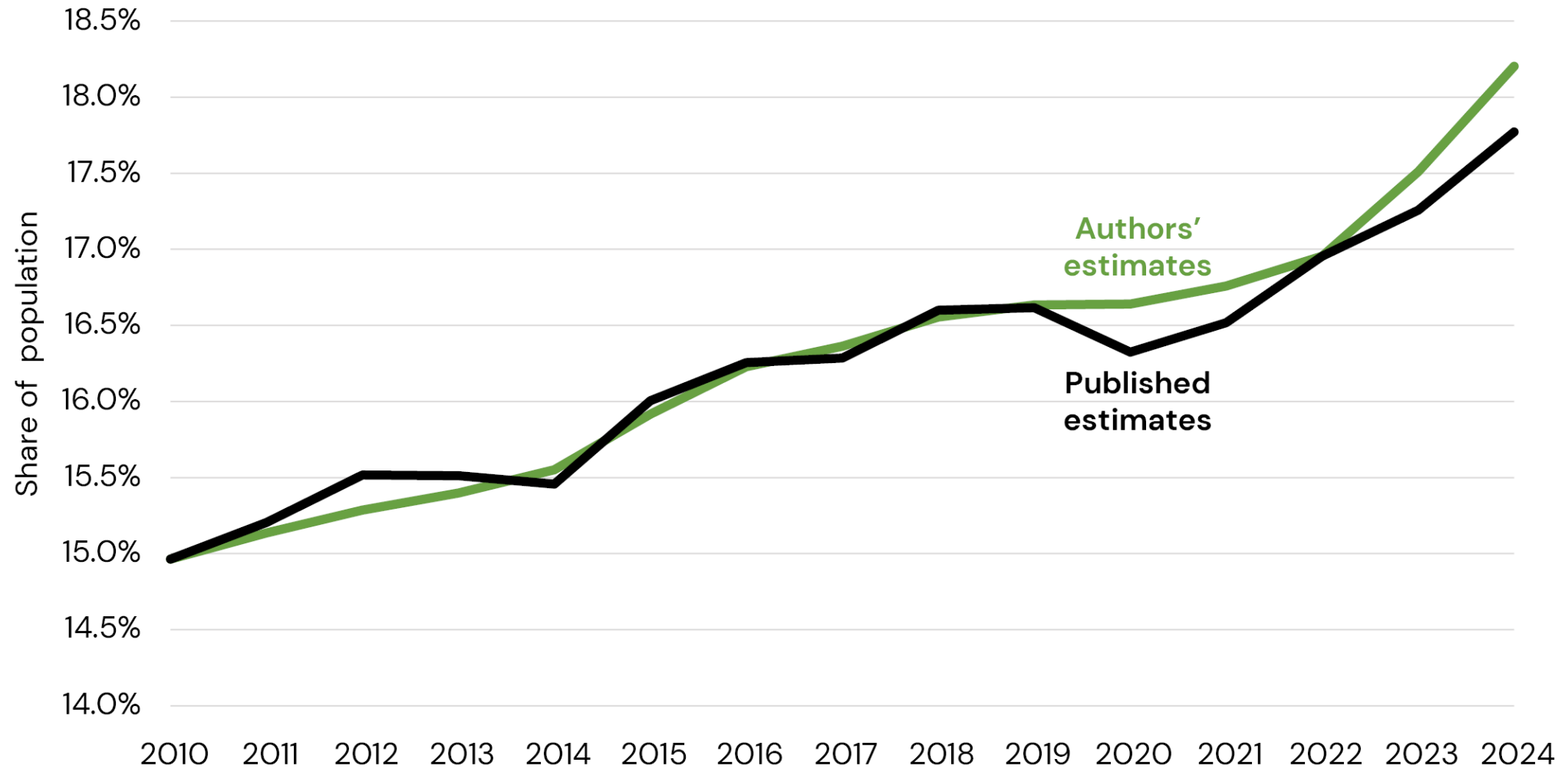
Note: The first row shows the authors' estimate of real income earned by recent immigrations, relative to what would have been predicted before the recent increase in immigration. The next two rows show the authors' estimated effects on real consumer spending. The third row shows the resulting effect on GDP growth, only through the channels described here. The ultimate effect on GDP in these years may be higher as a result of effects on government spending and investment. Dollars are shown adjusted for inflation, in 2017 dollars.



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FIGURE 3

Foreign-born share of population, January 2010–January 2024



Source: U.S. Bureau of Labor Statistics 2010–2024; American Community Survey 2010–2024; Center for Disease Control 2010–2022; Current Population Survey 2010–2024; authors' calculations.

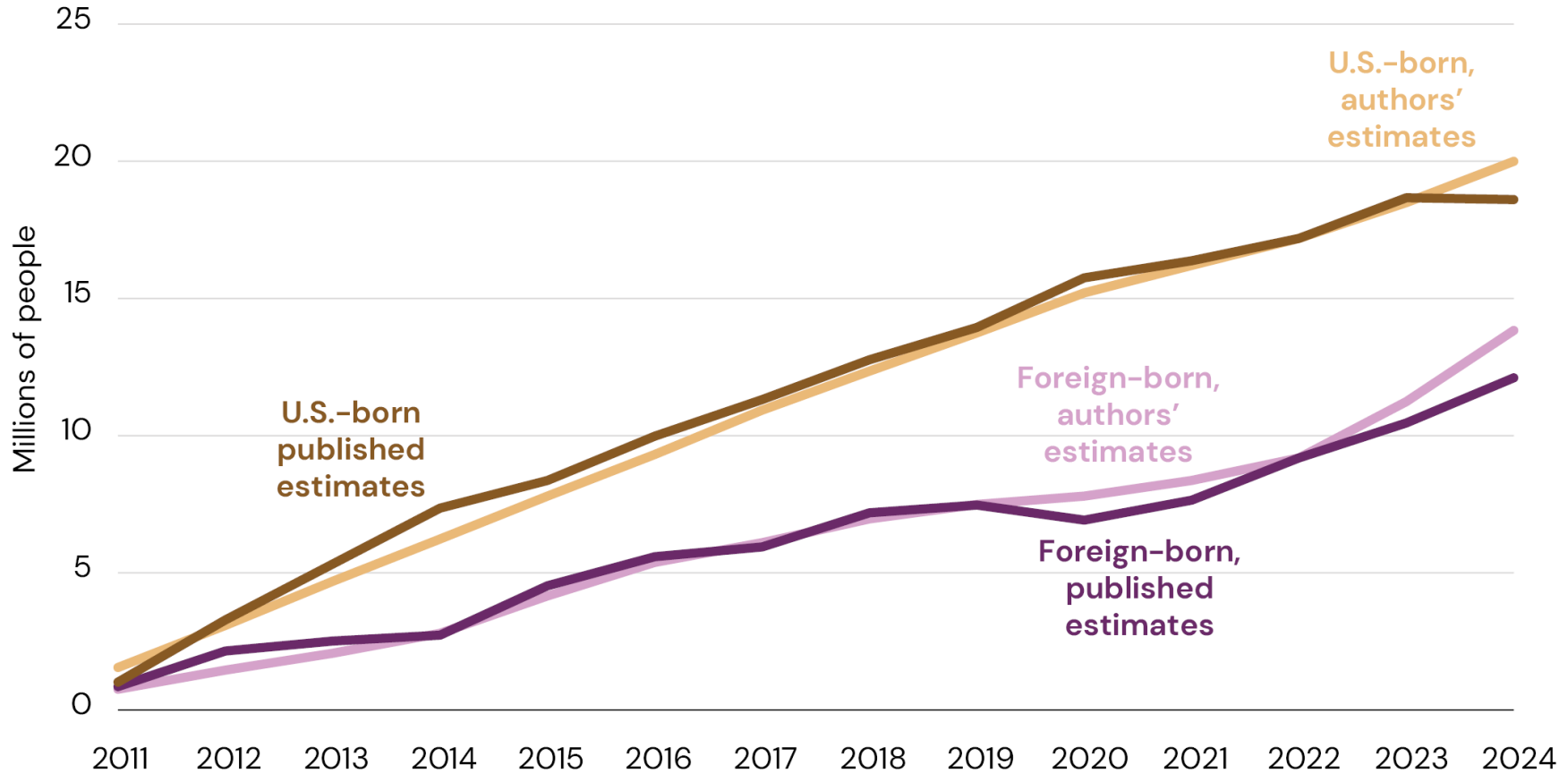
Note: We plot estimates for January of each given year. Share of population refers to share of the civilian non-institutionalized population ages 16+ (CNIP).



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FIGURE 2

Cumulative increase in U.S.-born and foreign-born populations since 2010, January 2011–January 2024

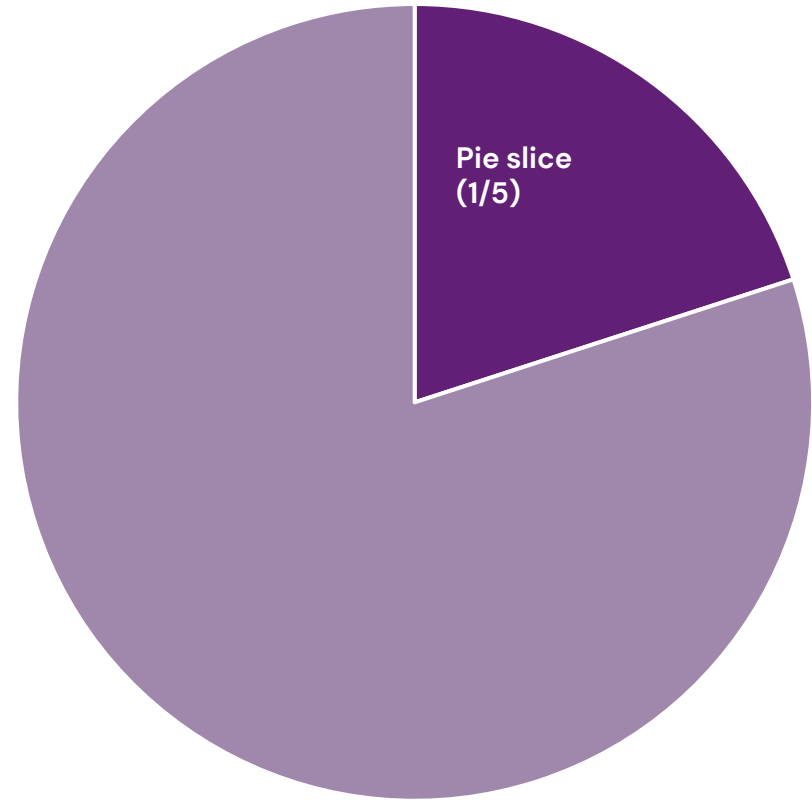
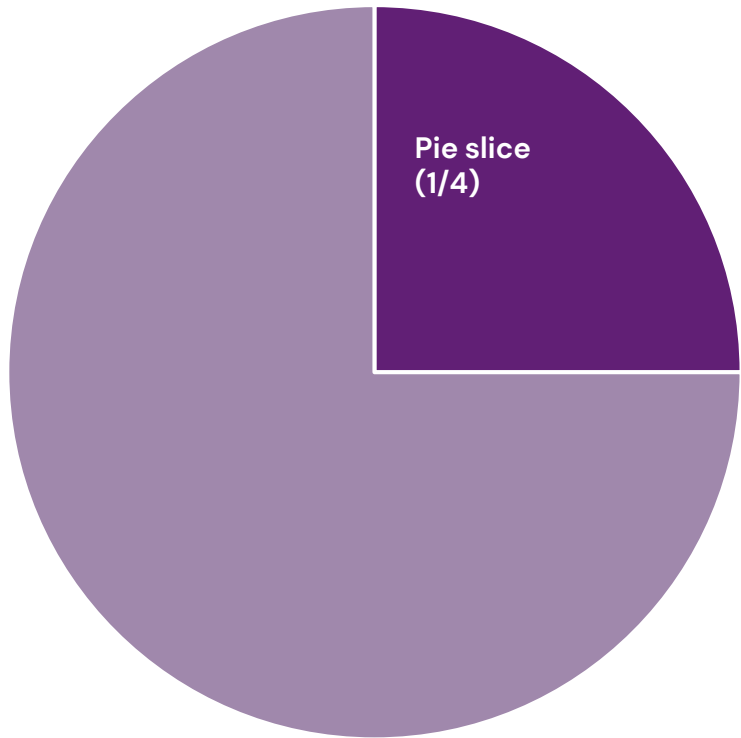


Source: U.S. Bureau of Labor Statistics 2010–2024; American Community Survey 2010–2024; Center for Disease Control 2010–2022; Current Population Survey 2010–2024; authors' calculations.

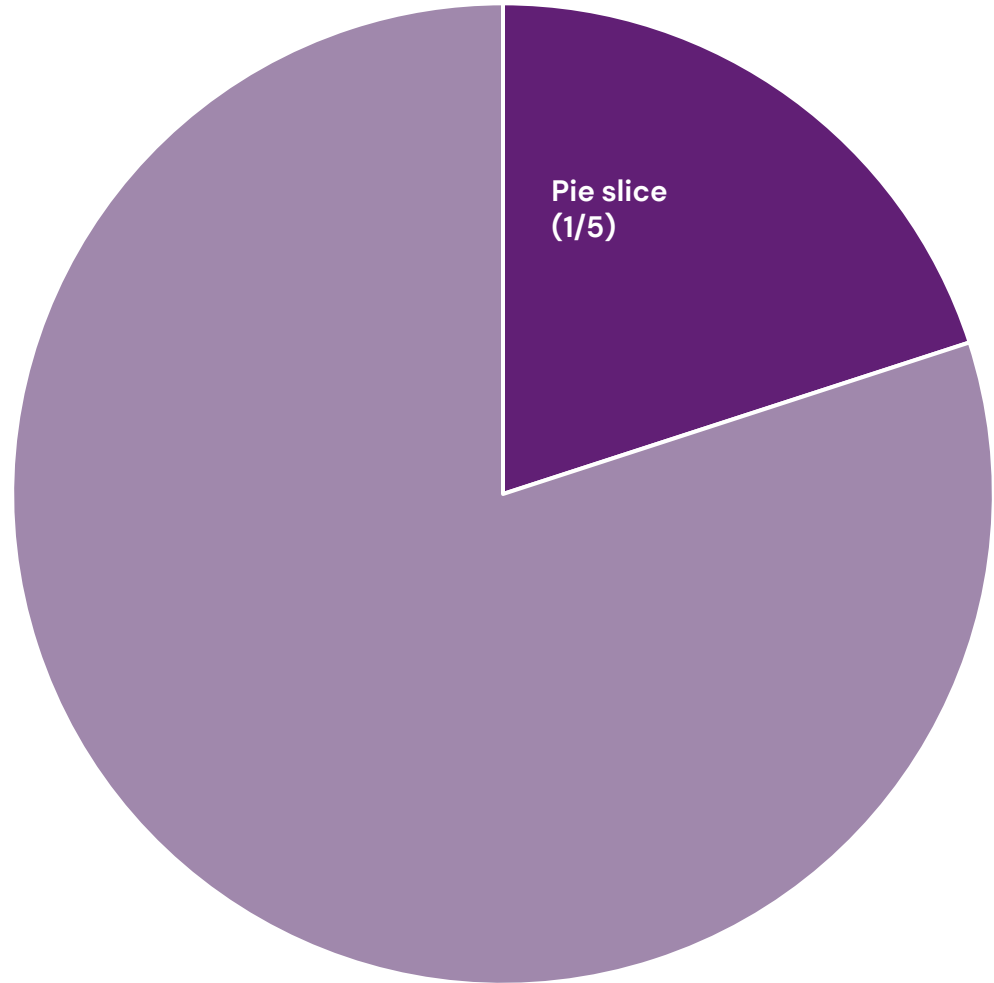
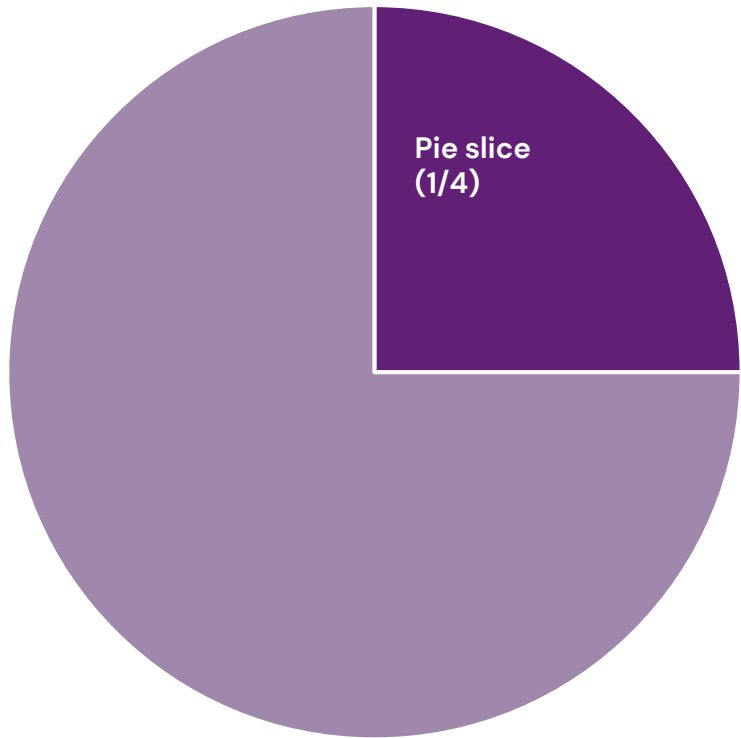
Note: We plot estimates for January of each given year. Population refers to civilian non-institutionalized population ages 16+ (CNIP). We construct measures of U.S.-born population growth and foreign-born population growth since 2010 using estimates of net CNIP migration, which is assumed to be adding to foreign-born population only, entries into CNIP by existing foreign-born or U.S.-born residents turning 16, and foreign-born or U.S.-born CNIP deaths. Our numbers are adjusted for baseline differences in published CNIP measures and those generated using our method in the 2010 to 2022 period. Details available in the appendix.



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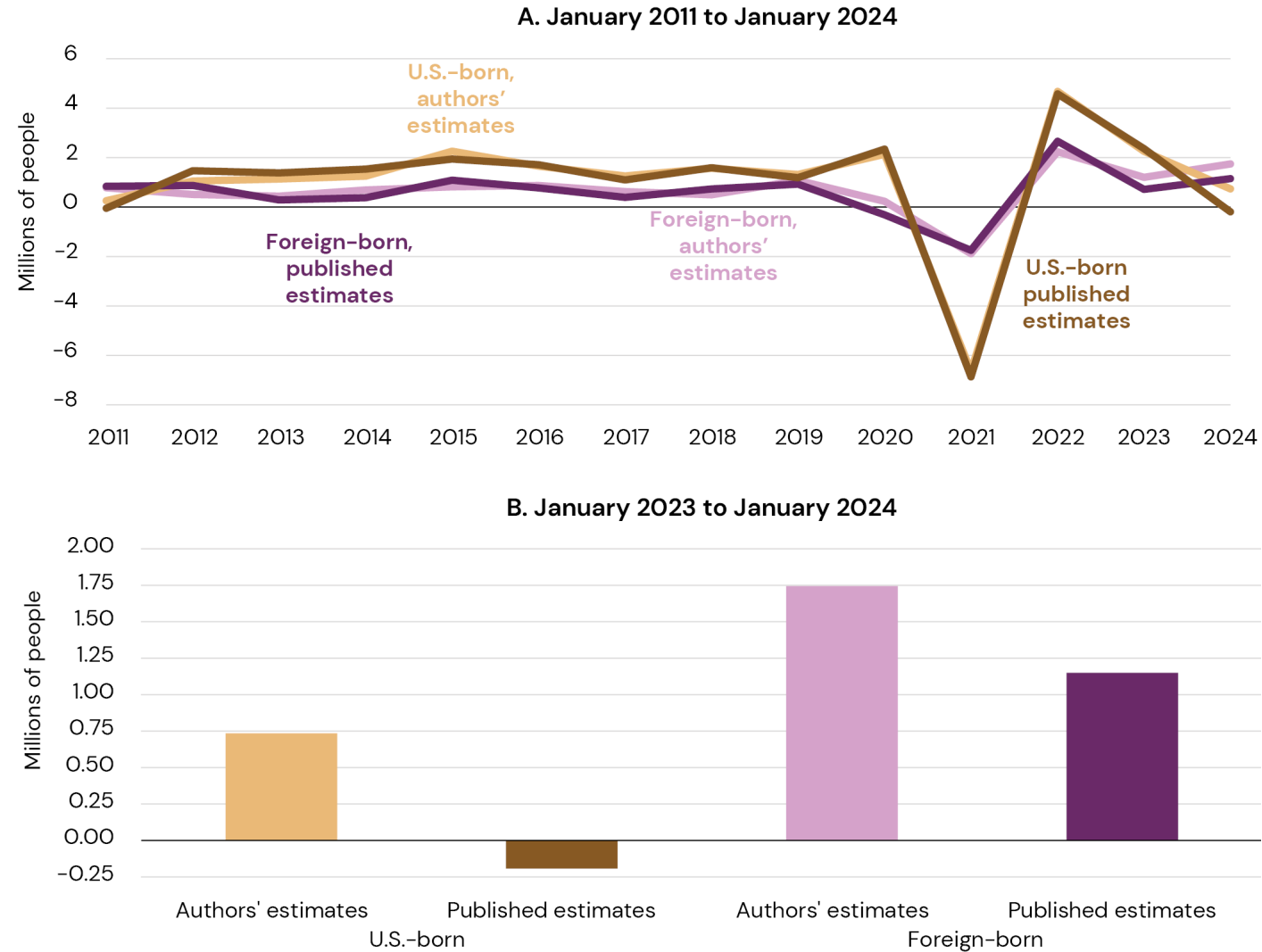
Overall pie gets a little bigger and pie slice goes from 1/4 to 1/5. Pie slice gets smaller.



Overall pie gets much bigger, and pie slice still goes from 1/4 to 1/5. Pie slice now gets bigger.

FIGURE 4

Change in U.S.-born and foreign-born employment from the prior year



Source: U.S. Bureau of Labor Statistics 2010–2024; American Community Survey 2010–2024; Center for Disease Control 2010–2022; Current Population Survey 2010–2024; authors' calculations.

Note: We plot estimates for January of each given year. Employment estimated using published or authors' estimates of the U.S.-born or foreign-born civilian non-institutionalized population ages 16+ (CNIP), multiplied by published employment-to-population ratios for U.S.-born and foreign-born people. Details available in the appendix.

3. A decline in net migration after 2024

FIGURE 2

Net migration flows in 2025 under two immigration scenarios

Immigration

Entries with temporary visas, permanent visas issued abroad, or from the Refugee Admissions Program (USRAP)

Entries without inspection

Arrivals on parole or notices to appear (NTA), with imputed estimates for the Uniting for Ukraine (U4U) or Cubans, Haitians, Nicaraguans, and Venezuelans (CHNV) programs

Outmigration or removals

Interior removals

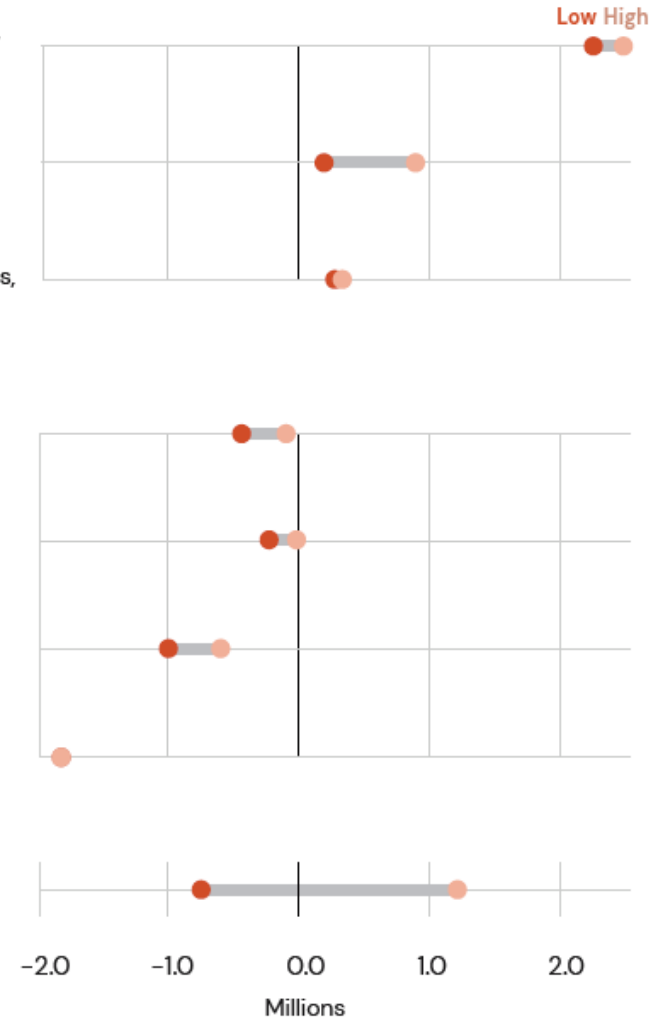
Voluntary outmigration responding to enforcement

Adjudication of parole/asylum leading to removal

Standard outmigration from existing foreign-born population

Net migration

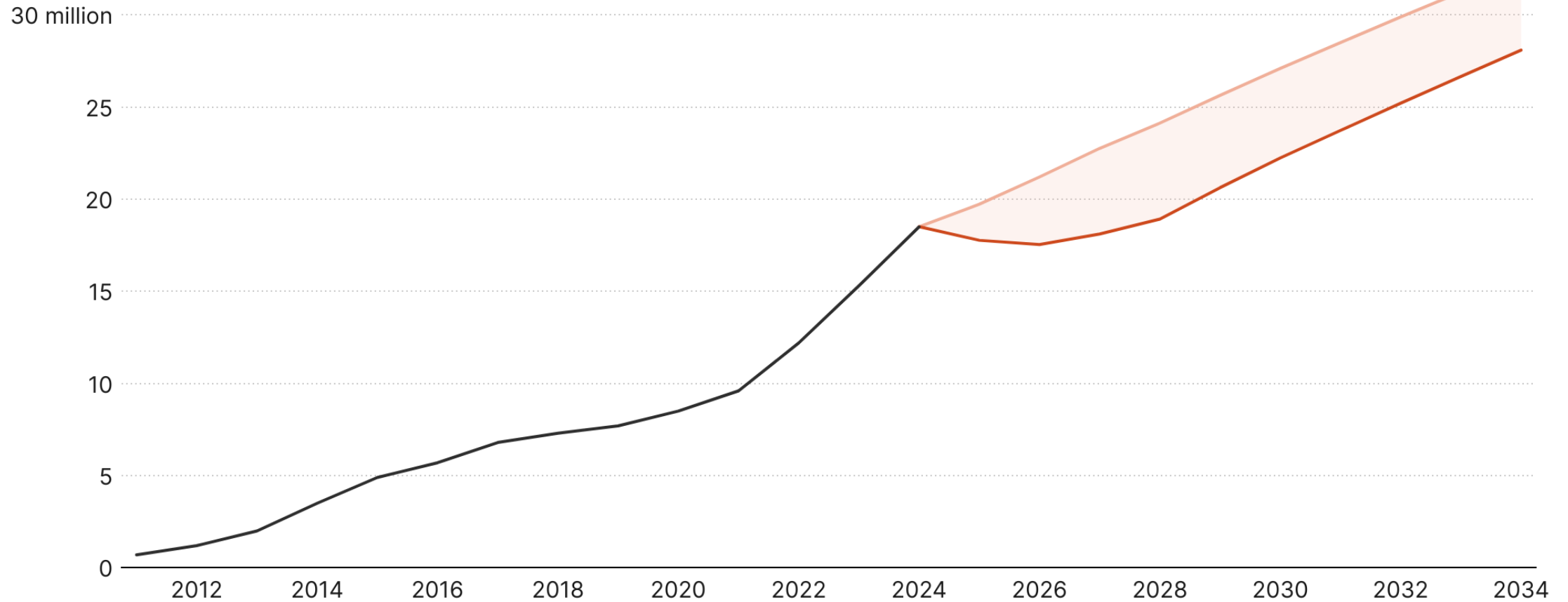
Net migration



Source: American Community Survey (ACS) 2011–24; Bureau of Consular Affairs (CA) 2019; CA 2023a; CA 2023b; CA 2024; Bureau of Economic Analysis (BEA) 2024a; BEA 2024b; Congressional Budget Office (CBO) 2024b; Current Population Survey (CPS) 2011–24; DOS 2024; Office of Homeland Security Statistics (OHSS) 2024; Transactional and Records Access Clearinghouse (TRAC) 2022; TRAC 2024a; TRAC 2024b; TRAC 2024c; U.S. Department of State (DOS) 2021; Whalen and Reichling 2015; authors' calculations.

Note: We plot the range between two scenarios under a Trump presidency. See text for explanation of assumptions underlying the two immigration scenarios.

Cumulative net migration under two immigration scenarios

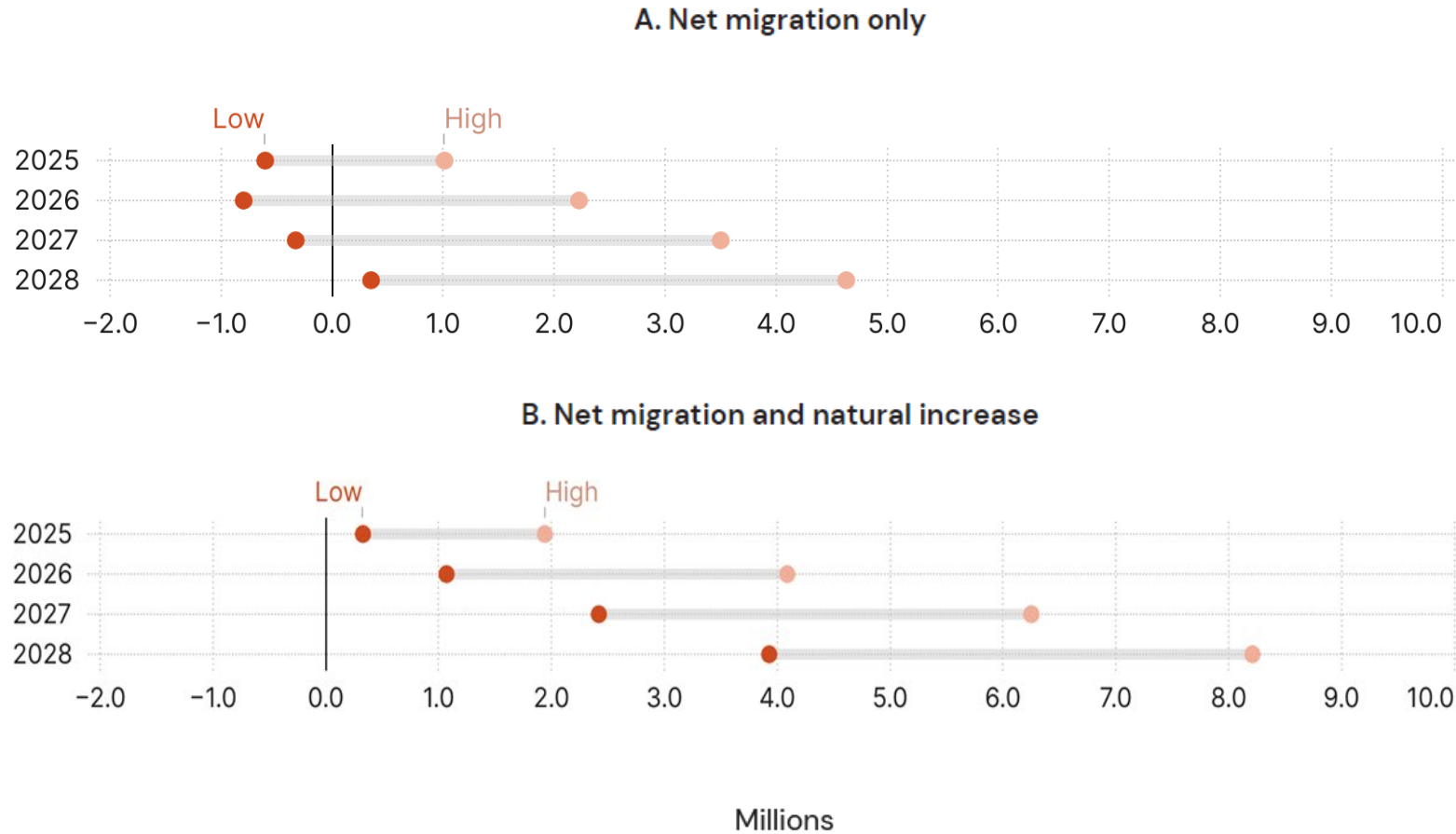


Source: American Community Survey (ACS) 2011–24; Bureau of Consular Affairs (CA) 2019; CA 2023a; CA 2023b; CA 2024; Bureau of Economic Analysis (BEA) 2024a; BEA 2024b; Congressional Budget Office (CBO) 2024b; Current Population Survey (CPS) 2011–24; DOS 2024; Office of Homeland Security Statistics (OHSS) 2024; Transactional and Records Access Clearinghouse (TRAC) 2022; TRAC 2024a; TRAC 2024b; TRAC 2024c; U.S. Department of State (DOS) 2021; Whalen and Reichling 2015; authors' calculations.

Note: We plot the range between two scenarios under a Trump presidency. See text for explanation of assumptions underlying the two immigration scenarios.

FIGURE 3

Cumulative civilian non-institutionalized population increase from January 2025 under two immigration scenarios



Source: American Community Survey (ACS) 2011–24; Bureau of Consular Affairs (CA) 2019; CA 2023a; CA 2023b; CA 2024; Bureau of Economic Analysis (BEA) 2024a; BEA 2024b; Congressional Budget Office (CBO) 2024b; Current Population Survey (CPS) 2011–24; DOS 2024; Office of Homeland Security Statistics (OHSS) 2024; Transactional and Records Access Clearinghouse (TRAC) 2022; TRAC 2024a; TRAC 2024b; TRAC 2024c; U.S. Department of State (DOS) 2021; Whalen and Reichling 2015; authors' calculations.

Note: Natural increase includes both U.S.-born and foreign-born people who were in the U.S. last year who turned 16 or left institutions minus those who died or entered institutions. Net migration includes those ages 16 and up who arrived during the year and were not in an institution minus exits from that group. See text for explanation of assumptions underlying the two immigration scenarios.

4. How declining net migration affects the macroeconomy after 2024

TABLE 1

Effect on real GDP growth in 2025 from change in immigration flows under two immigration scenarios, in percentage points

	Low	High
Direct effect on GDP growth	-0.2	-0.1
Additional effect owing to reduction in consumer spending	-0.1	-0.0
Additional effect owing to higher saving among immigrants in U.S.	-0.0	0.0
Total effect on GDP growth	-0.4	-0.1

Source: American Community Survey (ACS) 2011–24; Bureau of Consular Affairs (CA) 2019; CA 2023a; CA 2023b; CA 2024; Bureau of Economic Analysis (BEA) 2024a; BEA 2024b; Congressional Budget Office (CBO) 2024b; Current Population Survey (CPS) 2011–24; DOS 2024; Office of Homeland Security Statistics (OHSS) 2024; Transactional and Records Access Clearinghouse (TRAC) 2022; TRAC 2024a; TRAC 2024b; TRAC 2024c; U.S. Department of State (DOS) 2021; Whalen and Reichling 2015; authors’ calculations.

Note: The first row shows the effect on real GDP growth resulting from a change in the production of goods and services by immigrants relative to production in 2024. The second row shows an additional effect on economic growth stemming from the unexpected change in consumer spending, in essence the multiplier effect. The third row shows the estimated effect of greater precautionary saving among immigrants in the low scenario. The fourth row shows the total of the prior three rows. See text for explanation of assumptions underlying the two immigration scenarios.



TABLE 2

Effect on level of real GDP in 2034 under two immigration scenarios relative to scenario with no additional net migration, percent

	Low	High
Effect of increase in labor force	1.0	1.5
Effect of increase in investment to keep up with labor force growth	0.4	0.6
Total effect on real GDP	1.4	2.1

Source: American Community Survey (ACS) 2011–24; Bureau of Consular Affairs (CA) 2019; CA 2023a; CA 2023b; CA 2024; Bureau of Economic Analysis (BEA) 2024a; BEA 2024b; Congressional Budget Office (CBO) 2024b; Current Population Survey (CPS) 2011–24; DOS 2024; Office of Homeland Security Statistics (OHSS) 2024; Transactional and Records Access Clearinghouse (TRAC) 2022; TRAC 2024a; TRAC 2024b; TRAC 2024c; U.S. Department of State (DOS) 2021; Whalen and Reichling 2015; authors’ calculations.

Note: The first row shows the effect on the level of output that only reflects the higher level of earnings given positive net migration from 2025 to 2034. The second row shows the estimated effect on output from greater capital investment in line with a larger labor force. See text for explanation of assumptions underlying the two immigration scenarios.

