



The Daily Dish

One Thumbs-Up for Immigration Reform

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Eakinomics: One Thumbs-Up for Immigration Reform

The Biden Administration's [stealth immigration reform](#) has now been unveiled, and it is exactly as advertised (see the short [review](#) by Whitney Appel and me). The U.S. Citizenship Act (USCA) of 2021, introduced in the House by Rep. Sanchez and in the Senate by Sen. Menendez, most notably includes an ambitious legalization of the roughly 11 million illegal immigrants present in the United States. Recipients of Deferred Action for Childhood Arrivals (DACA), those with Temporary Protected Status, and agriculture workers would have the ability to immediately apply for a green card and become citizens after 3 years. The remainder of the illegal immigrant population would have an 8-year path to citizenship. In addition to legalization, the bill would revamp the strategy at the southern border and provide assistance to Central American countries in an attempt to forestall illegal immigration at the source.

That's the good news. It is also the bad news.

That's because the presence of a large illegal population is not the only immigration policy problem facing the United States. There is also an economic-growth imperative for reform of the core visa system for legal immigration. The growth rate of gross domestic product consists of two important pieces: (1) the growth rate of the labor force, and (2) the growth rate of output per worker, or productivity. Immigration can have powerful impacts on both. Obviously, immigration can raise the overall pace of population growth. At present, in the absence of immigration, the current low birth rates mean that the U.S. population will shrink. And because foreign-born individuals tend to have higher rates of labor-force participation, immigration translates into an even more rapid pace of growth in the labor force than simple demographics would suggest.

Immigration can also affect productivity and the standard of living. Immigrants have traditionally displayed an entrepreneurial bent, with rates of small business ownership above that of the native-born population. New entrepreneurial vigor offers the potential for productivity-enhancing innovations. In addition, to the extent that new innovation is "embodied" in new capital and consumer goods, more rapid economic growth *per se* means that more output will have these advances embedded within, and productivity per worker will rise.

The USCA is as timid on the economic front as it is ambitious on legalization. A more ambitious reform would be similar to the American Action Forum [proposal](#) to move the core visa granting system to a skills-based framework instead of re-affirming the current focus on family unification.