



The Daily Dish

The Growth-Immigration-Politics Nexus

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More rapid economic growth would be great. More rapid growth would generate more resources for both the private and public sectors, raising standards of living and leaning against budgetary pressures. In its most recent 10-year economic and budgetary [outlook](#), the Congressional Budget Office (CBO) pegged the growth potential of the United States at 1.8 percent. In contrast, from 1948 to 2022, the country averaged 3.1 percent growth annually. If one could magically raise the growth rate from 1.8 percent to 3.1 percent over the next 10 years, it would generate (cumulatively) an additional \$20 trillion of gross domestic product (GDP), which would translate into another \$4 trillion in tax revenues. That's not enough to close the \$20.2 trillion in deficits projected over that budget window – there is no way to “grow ourselves out” of the budget problem – but it is still a good chunk of change. (Remember change – physical money made of real stuff ... never mind.)

Now for the hard part. How does one raise the growth rate?

Mechanically, GDP growth is the sum of the growth in the number of workers and growth in GDP per worker, also known as productivity. Looking back, the labor force grew at an average annual rate of 1.2 percent from 1948 to 2022, but CBO is assuming that it will only grow 0.4 percent annually over the next decade. That's a huge fraction of the fall-off in growth with a visible remedy: immigration.

Raising the rate of labor force growth to 1.2 percent would require admitting an annual average of 1.4 million more immigrants each year, if done in a [reformed immigration system](#) that focused on economic growth. Notice that if immigration reform were done in a strategic fashion, it could also raise the average quality of human capital in the labor force and add to labor productivity in the process. Thus, the overall increase in economic growth might exceed a jump from 1.8 to 2.6 percent and the increase in revenues could come in higher than \$1.2 trillion.

Great plan! Except that 73 percent of Americans [believe](#) that immigration levels should not go up, and more than half of those believe they should go down.

This has been the perennial conundrum. Americans want better growth and the fastest route to better growth performance runs through immigration increases and reforms, which Americans oppose.