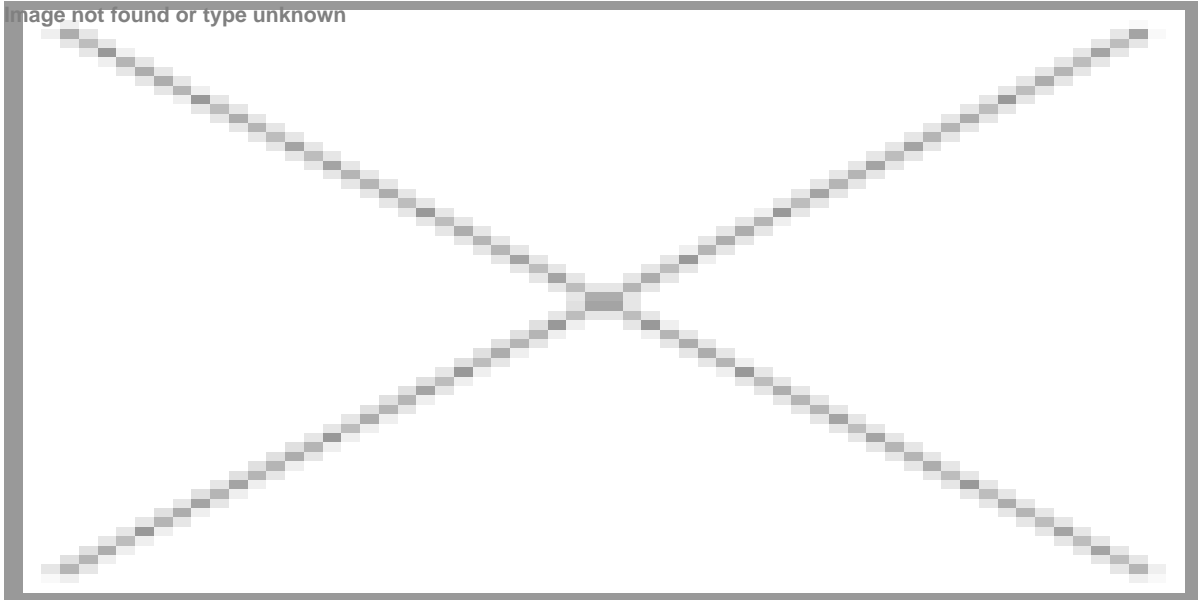




Research

Study: Immigration Reform, Economic Growth, and the Fiscal Challenge

DOUGLAS HOLTZ-EAKIN | APRIL 9, 2013



Executive Summary

Immigration reform can raise population growth, labor force growth, and thus growth in Gross Domestic Product (GDP). In addition, immigrants have displayed entrepreneurial rates above that of the native born population. New entrepreneurial vigor embodied in new capital and consumer goods can raise the standard of living.

These channels suggest that any discussion of immigration reform that omits the benefits on economic performance is incomplete. Similarly, there will be direct feedback from better economic growth to more revenues, fewer federal outlays, and “dynamic” improvement in the federal budget. Traditional “static” budget analyses of immigration reforms’ impacts will be similarly incomplete.

A rudimentary analysis of these impacts suggests that in the absence of immigration, the population and overall economy will decline as a result of low U.S. birth rates. A benchmark immigration reform would raise the pace of economic growth by nearly a percentage point over the near term, raise GDP per capita by over \$1,500 and reduce the cumulative federal deficit by over \$2.5 trillion.

[Click here to read the full study \[PDF\].](#)