

Economists: Increasing immigration is one of the ways to spark growth

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One of the best ways to spark stronger growth in the economy, economists say, is to increase immigration.

The historically high levels of immigration in the U.S. in the past were an important factor feeding stronger growth of 3 percent on average. But the flow of immigrants seeking to work in the U.S. and start businesses has slowed sharply in recent years, both in response to tougher enforcement of U.S. immigration laws and a dearth of jobs since the Great Recession. The result has been a drop in population growth and the pool of adults available for work, one factor many cite in slower U.S. growth rates of about 2 percent that economists say could become the norm in the future.

The [Congressional Budget Office](#) estimates that the bipartisan immigration bill that passed the [Senate](#) last year has the potential to significantly improve the economy's performance, raising growth by 5.4 percent or \$1.4 trillion in the next 20 years.

That is mostly due to a projected 16 million increase in the pool of workers. The increase in workers would also powerfully raise federal revenues from higher employment taxes, overwhelming any increase in federal spending on immigrant benefits and enforcement and cutting federal budget deficits by nearly \$1 trillion over the same period.

While most of the lift to the economy would come from the greater number of people available for work, the [CBO](#) estimates that increased immigration would also raise productivity and growth rates by prompting businesses to invest more in expansion plans in response to the economy's higher levels of demand and growth.

“The increase in the labor force would generate a significant boost” in economic output, said [CBO](#) Director Doug Elmendorf, and the impact would be even greater if [Congress](#) allows a generous increase in highly-skilled immigrants. Skilled immigrants tend to get higher-paying jobs and contribute more to consumer spending and business investment. They also start a disproportionate share of businesses offering new employment opportunities for Americans, and thus they have the most potential to increase the economy's growth.

President Obama has made the same point repeatedly in calling for action on immigration reform in the House. The White House's forecasts of economic growth are higher than the [CBO](#)'s in part because it assumes [Congress](#) will eventually pass something like the [Senate](#) immigration

reform plan. That view gets plenty of backing not only from the [CBO](#), but from private economists.

A study for the Bipartisan Policy Center by Macroeconomic Advisers, a respected econometric firm, found that immigration reform would raise economic growth by 4.8 percent in the next 20 years, increase the labor force by 4.4 percent, and spur \$68 billion a year in additional housing investment, in addition to lowering deficits by more than \$1 trillion.

“Immigration reform is a pro-growth policy that will raise growth, strengthen housing markets, and firm up our nation’s finances,” said Doug Holtz-Eakin, a former Republican director of the [CBO](#).

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