



Immigration and the macroeconomy

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Wendy Edelberg

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

- 1. How the immigration surge affected the macroeconomy in recent years**
- 2. How declining net migration will affect the macroeconomy going forward**

1. How the immigration surge affected the macroeconomy in recent years

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.

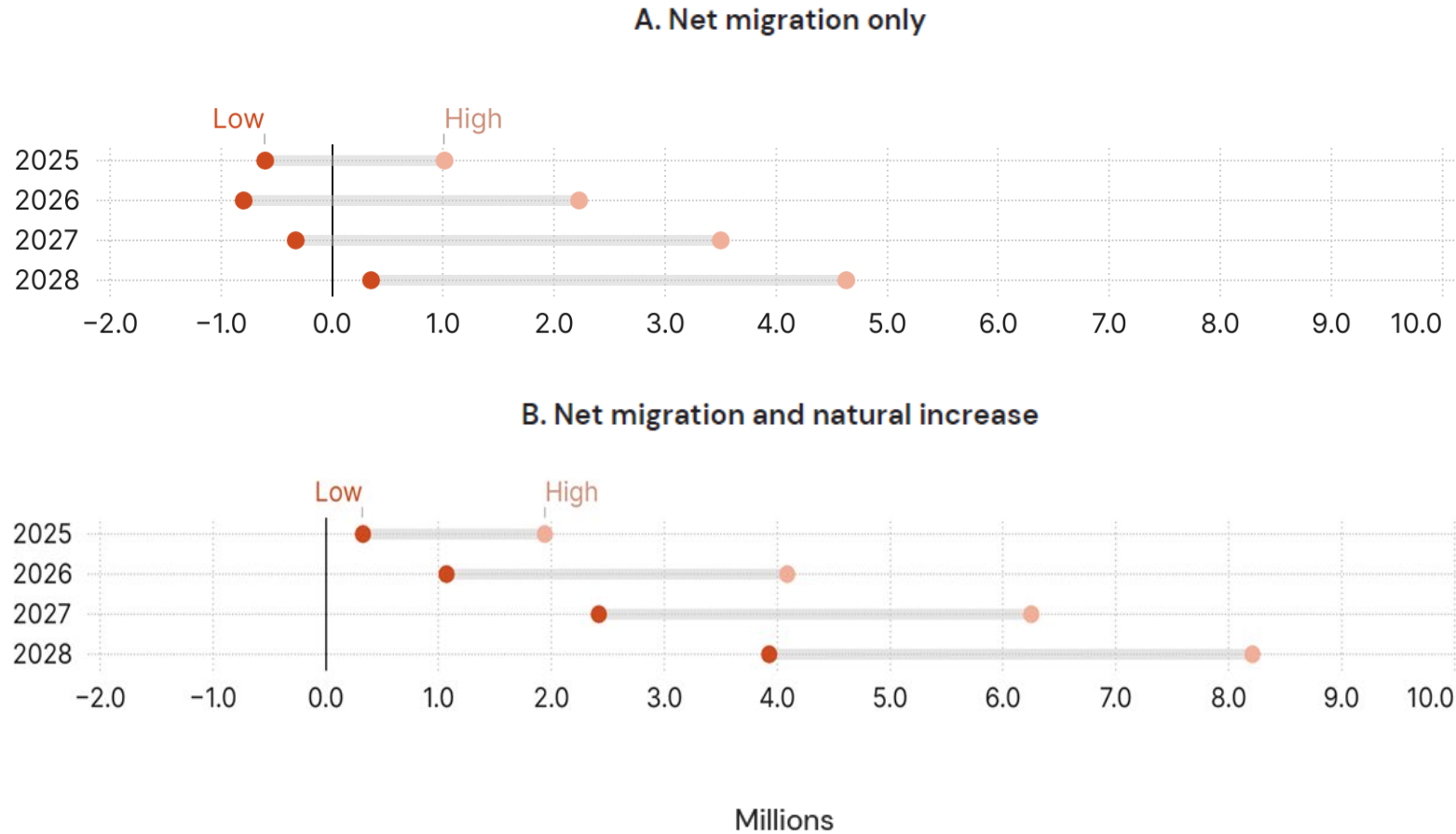


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2. How declining net migration will affect the macroeconomy going forward

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.

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.



Extra Slides

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

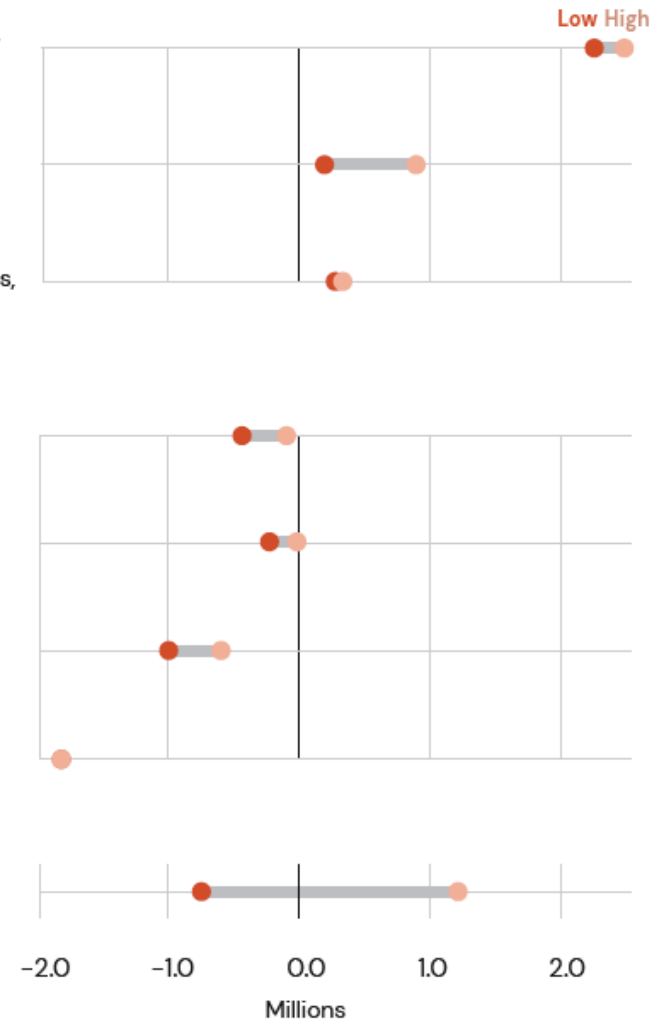
Voluntary outmigration responding to enforcement

Adjudication of parole/asylum leading to removal

Standard outmigration from existing foreign-born population

Net migration

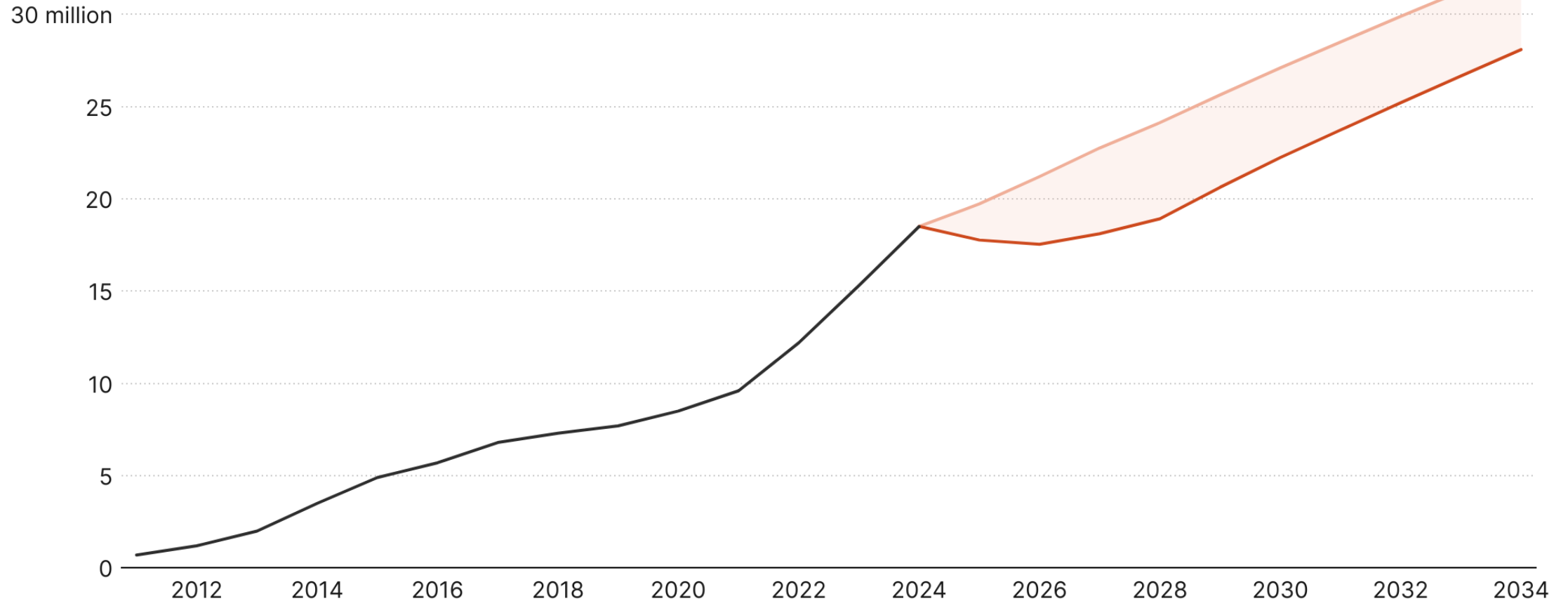
Net migration



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.