

How Does Immigration Affect the U.S. Economy?

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In Brief

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Presidential candidates Harris and Trump differ sharply on the benefits of immigration for the U.S. economy. What role do immigrants play?

Immigration has been a flash point of the U.S. political debate for decades and it is once again a major point of contention in the [2024 election cycle](#), polling as one of the top issues of concern for voters. Although presidential candidates Kamala Harris and Donald Trump agree on the need to reform the asylum system and bolster border security, they have clashed over how to handle immigration policy. They also differ strongly on the economic benefits of immigration, which research has shown plays a significant role in strengthening the U.S. economy.

Do immigrants contribute to U.S. economic growth?

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Yes. According to an [American Immigration Council analysis](#) of U.S. Census Bureau data, immigrants—almost 48 million of whom now live in the United States among an overall population of roughly 335 million people—generated some \$1.6 trillion in economic activity in 2022, the most recent year for which such data is available. They also contributed more than \$579 billion in local, state, and federal taxes. The nonpartisan [Congressional Budget Office estimates](#) [PDF] that increased immigration could reduce the U.S. federal budget deficit by some \$897 billion over the next decade.

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The role of undocumented immigration remains controversial. Undocumented immigrants' spending power totaled more than \$254 billion in 2022, and undocumented households had a combined income of \$330 billion—paying nearly \$76 billion in taxes. Still, immigration restrictionists argue that undocumented immigrants in particular are a [net drain](#), particularly on state and local budgets. Others, including vice-presidential candidate, Senator JD Vance (R-OH), say immigration is contributing to soaring housing costs and exacerbating the affordability crisis. However, although some researchers [have found](#) that migrant inflows lead to increased housing demand, [others argue](#) that housing shortages, zoning laws, and shifting housing preferences play a larger role.

Most economists say that immigration is good for the U.S. economy because it helps grow the size of the labor force, boost tax revenue, and increase consumer demand. Some researchers, though, such as Harvard University's George Borjas, have [raised concerns](#) about the effect of immigration on wages, particularly for the [low-skill labor pool](#). Others, such as economist Giovanni Peri, [have found](#) [PDF] that immigration has only a minimal effect on the wages of native-born workers.

How many immigrants work in the United States?

A total of thirty-one million immigrants worked in the United States in 2023, making up close to 19 percent of the civilian workforce. In total, the U.S. foreign-born population had a labor force participation rate of nearly 67 percent [PDF], per the Bureau of Labor Statistics (BLS), versus roughly 62 percent for the native-born workforce. (The BLS' definition of foreign-born includes legally admitted immigrants, refugees, temporary residents, and undocumented immigrants.)

Which industries employ the most immigrant workers?

Immigrants work across a wide range of industries and occupations. Compared with those born in the United States, greater shares of immigrants work in service fields (21.8 percent); natural resources, construction, and maintenance (13.8 percent); and production, transportation, and material moving (15.2 percent). Many undocumented immigrants are also employed as gig workers, those who typically get work through app-based digital platforms such as Uber, or they work in an informal capacity—often in unsafe conditions—in industries including construction and manufacturing.



A group of immigrants attends a protest against an immigration bill in Immokalee, Florida, in 2023. Maria Alejandra Cardona/Reuters

Each year, the United States also offers a certain number of temporary foreign worker visas, allowing U.S. employers to hire immigrants for temporary jobs. The H2A (agricultural workers) and H1B (workers with specialized knowledge) visas are two of the largest programs; together, the U.S. government issued more than 576,000 such visas [PDF] in 2023.

Immigrants are also active in starting a wide range of businesses, from mom-and-pop shops to large-scale enterprises. As of 2022, immigrants had founded some [55 percent](#) [PDF] of U.S. start-up companies valued at \$1 billion or more; and they or their children had also founded or cofounded close to two-thirds of billion-dollar companies—so-called unicorns. Research has shown that despite making up only 16 percent of the U.S. inventor workforce between 1990 and 2016, immigrants produced roughly [23 percent of all patents](#) [PDF] during that period.

How would Harris’s and Trump’s proposed immigration policies affect the economy?

Trump has made illegal immigration the [focus of his campaign](#), promising to launch an aggressive crackdown that includes carrying out the “largest domestic deportation operation” of undocumented immigrants in U.S. history. Some experts, however, say that such an operation would inflict heavy economic costs. The Peterson Institute for International Economics [estimates](#) [PDF] that the deportation of between 1.3 and 8.3 million undocumented immigrants would reduce U.S. real gross domestic product (GDP) by up to 7 percent by 2028, as well as significantly decrease U.S. employment, increase inflation, and drive down demand.

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Trump has also pledged to further curtail legal immigration. This includes ending automatic citizenship for immigrant children born in the United States; limiting humanitarian visas and parole; suspending the refugee resettlement program; and rolling back country designations of [temporary protected status](#), a program that allows migrants from countries with unsafe conditions to temporarily reside and work legally in the United States. Trump has also said that he would again push for a [merit-based immigration system](#), rather than the current system that prioritizes family reunification, and that he supports giving green cards to immigrant college graduates—a move some experts say could [appeal to business leaders](#) looking for highly skilled workers.

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Harris, meanwhile, advocates for comprehensive reform that includes a pathway to citizenship for undocumented immigrants. Such large-scale legalization would grow U.S. GDP by upwards of \$1.7 trillion over the next decade, increase productivity and wages, and

create hundreds of thousands of new jobs, according to a 2021 report by the Center for American Progress, a left-leaning public policy group. However, Harris has also backed more restrictive policies. She has said that she would maintain President Joe Biden's far-reaching asylum restrictions and has pledged to sign into law a 2024 bipartisan border security bill that included more than \$20 billion for improvements to U.S. border security and that failed twice in Congress. Some experts argue such a bill could increase deficits by as much as \$200 billion over ten years.

Will Merrow helped create the graphics for this In Brief.