

Open Borders Produced the Biden Economic Boom

Why doesn't he get credit for strong growth? In part because he can't defend his immigration policies.

By Donald L. Luskin

Supporters of President Biden wonder why he gets such low ratings on the economy despite strong growth and low unemployment. The conventional answer is persistent inflation, and there's truth to that. But an underappreciated factor is that Mr. Biden has achieved his economic successes via a politically unpalatable and ultimately unsustainable means: the uncontrolled influx of immigrants into the U.S. across the southern border. It's a catastrophe of lawlessness and maladministration. But it appears to have contributed to a strong labor market and to economic growth.

Consider the 3.2 million increase in the foreign-born adult population in the U.S. in the 21 months since July 2022. We start at that date because it gives us a clean slate, free from the effects of the pandemic lockdown and reopening. And this period captures the full effect of the Biden administration's loose border policies.

Over that period, foreign-born employment has increased 1.8 million—meaning that roughly 56% of the 3.2 million new foreign-born adult population became employed. Setting aside the political matter of how much of this employment is legal, the stereotype that immigrants don't or can't work appears to be false.

These numbers come from the Bureau of Labor Statistics in its monthly jobs report. They are collected in the Current Population Survey—the so-called household survey—which is used to calculate the national unemployment rate. It's an old-fashioned door-to-door census of 60,000 households in which respondents are asked, among many questions, whether they are native-born or foreign-born. They aren't asked if they are in the country illegally, and no doubt some are. But illegal aliens may be harder to find and less likely to answer a knock on the door, so the BLS probably undercounts them.

Even undercounted, the foreign-born represent 80% of the 4.1 million U.S. adult population increase since July 2022, and they account for 71% of the 2.5 million new jobs. All else equal, without the new foreign-born workers, total job growth in

the economy would have been about 86,000 less every month—only 724,000 over the period, not 2.52 million.

Considering that population and employment growth are the most important variables in economic growth, it would seem that without the present immigration surge the economy would have grown less than a third as much as it actually has in a series of strong quarters since July 2022, across which annual real GDP growth averaged 2.8%—compared with the Federal Reserve’s estimate of growth potential at only 1.8%.

That wouldn’t be true if the new immigrants were parasitically taking jobs that the native-born would have gotten otherwise. Since July 2022, the native-born adult population grew by 821,000, and its employment grew by 724,000, which is to say that 88% of them found jobs. It would seem that the problem for new native-born adults is that there are so few of them, not that they can’t get work.

It is likely the case that the new foreign-born adults are diluting the productivity of the U.S. economy by arriving with few skills and with language and education deficits. But the economy needs many low-skill workers, and they rapidly acquire skills on the job, so they will surely contribute to productivity growth in the future.

Yes, new immigrants put incremental demands on roads, hospitals, schools and other resources. But so do new native-born citizens. For either population, the question is what they produce as well as what they consume. The evidence shows that the foreign born are more likely to be producers than the native-born. In total, the foreign-born employment-to-population ratio is 63.4%. For the native-born, it is only 59.6%. By hook or by crook, legal or illegal, new immigrants are working.

It would seem that in purely economic terms, and at least for the moment, the Biden administration’s loose border policy is a feature, not a bug. But politically it’s a loser this election year, and it’s no surprise that the Biden administration isn’t bragging about it.

In a February Pew poll, 77% of Americans said that the southern border is either a “crisis” or a “major problem.” Even 62% of Democrats agreed. People see the bug, not the features, because the boom in job growth from immigration is, by definition, experienced by people most Americans here already don’t know—and, presumably, who won’t be able to vote this November. And even with his own political base, it would be awkward for Mr. Biden to argue that he has produced economic growth via laissez-faire deregulation at the border.

Such a policy is unsustainable in any case. Under capitalism, economic growth depends on trust—on the ability of economic participants to rely on others’

adherence to a set of defined and stable rules. The ad hoc lawlessness of the Biden border policy undermines that, and unless it can be stabilized it will be corrosive to long-term growth prospects. On the other hand, a border crackdown such as Donald Trump has proposed could end up leading to slower growth. Whoever is president in 2025 will need to take great care in balancing these urgent interests.

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