



Immigration and Economy President Trump Policy Safe?

Gew-rae Kim, Ph.D.

Department of Finance, Ernest Trefz School of Business
University of Bridgeport, Bridgeport, CT

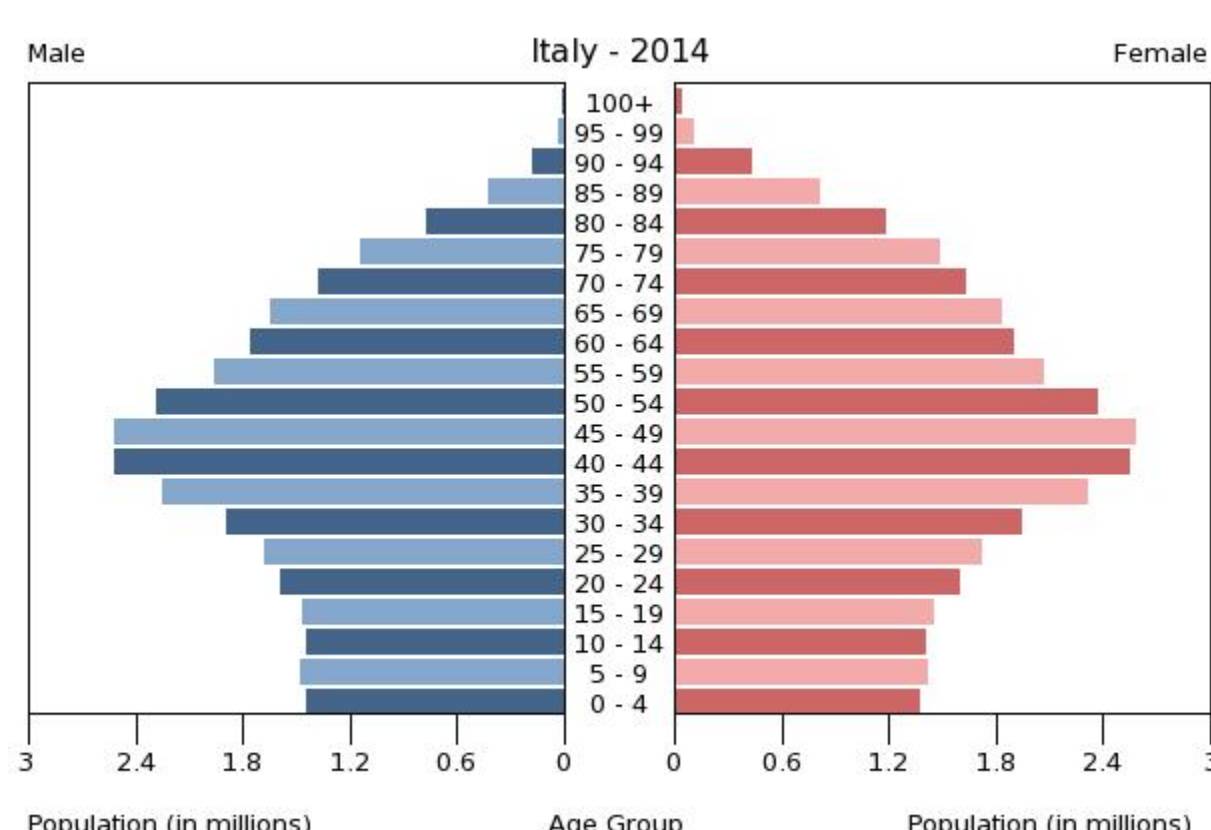
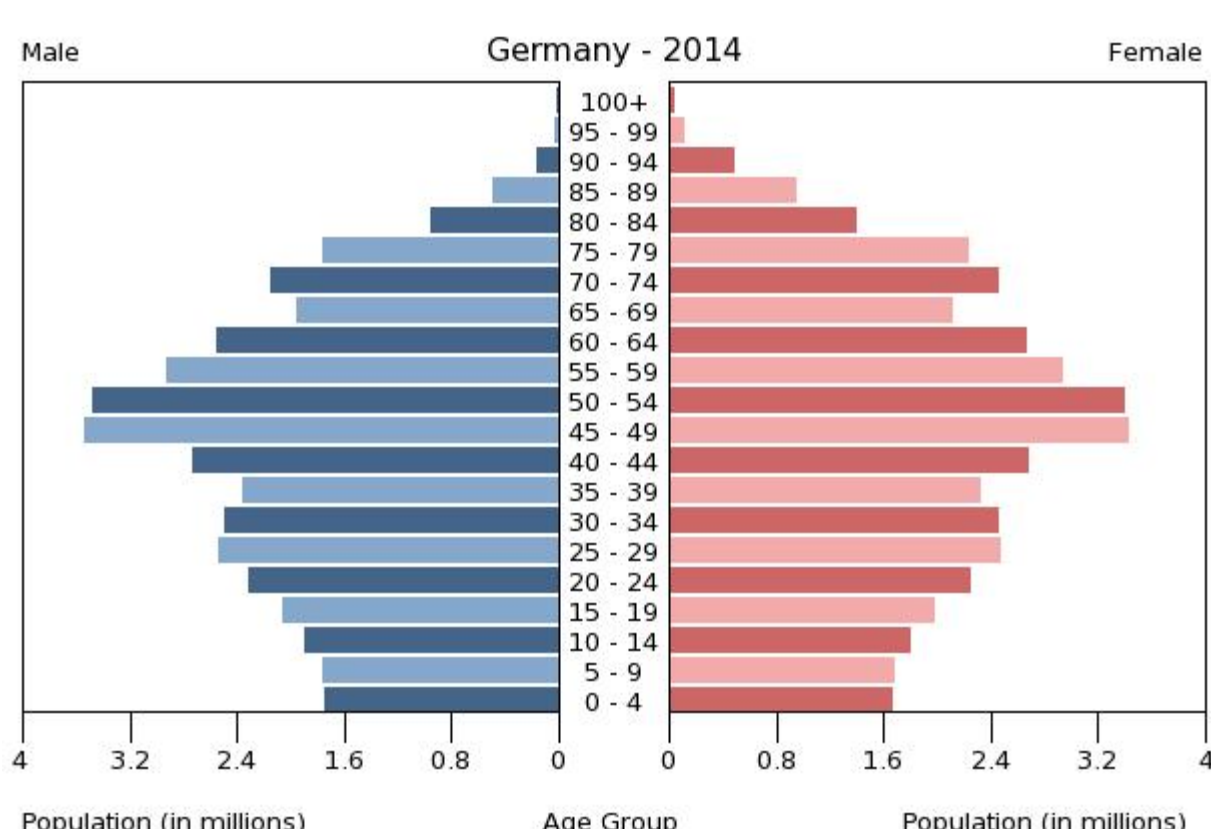
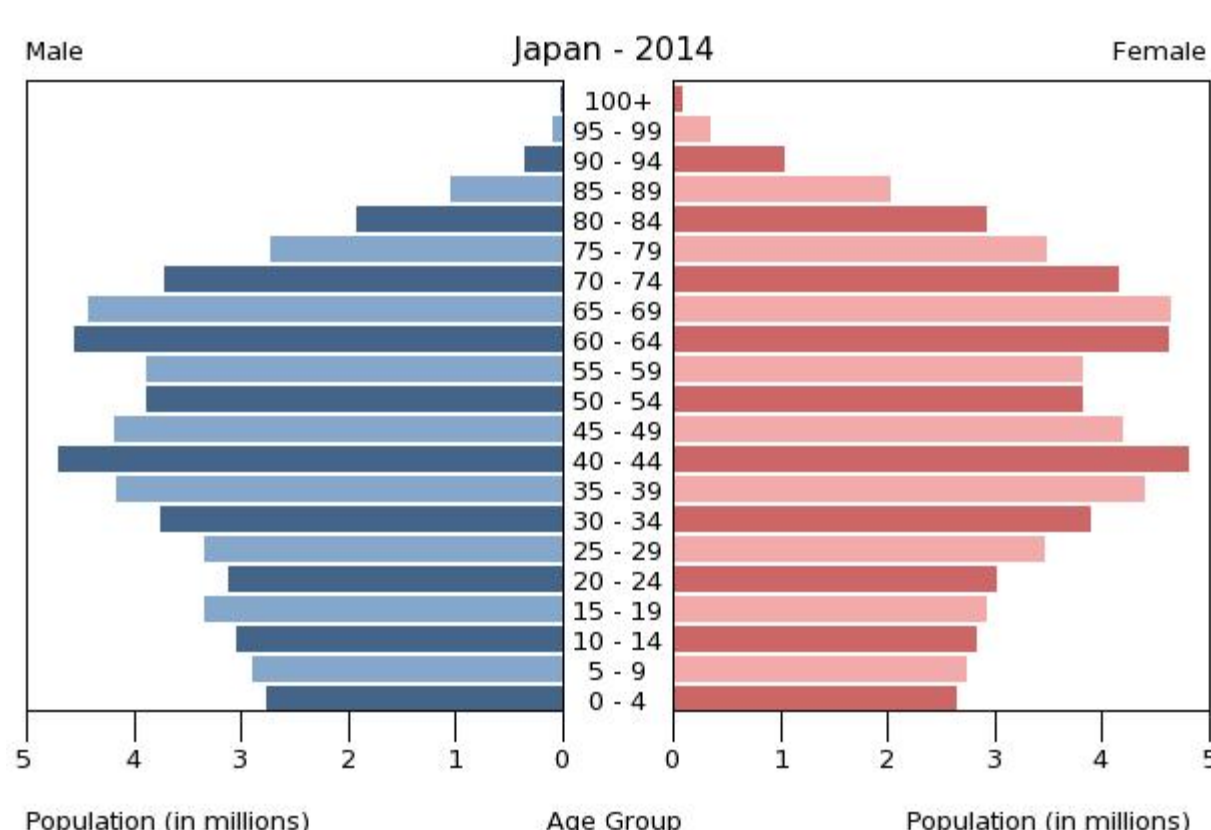
Abstract

Economic growth can not come without appropriate population composition, because we can produce products using robots but robots do not consume product. Using more robots can increase production but not consumption. If there is less consumption, then there will be less production i.e. GDP. So population is an important factor for economic growth. President Trump's recent remarks about US immigration policy cast a doubt about US economic growth, and this research suggests a change in immigration policy for economic growth.

To achieve economic growth goal, US needs higher birth rate than now. Under the current socio-economic condition, high birth rate is not expected. So, healthy population composition through appropriate immigration policy is the only solution to achieve GDP growth goal.

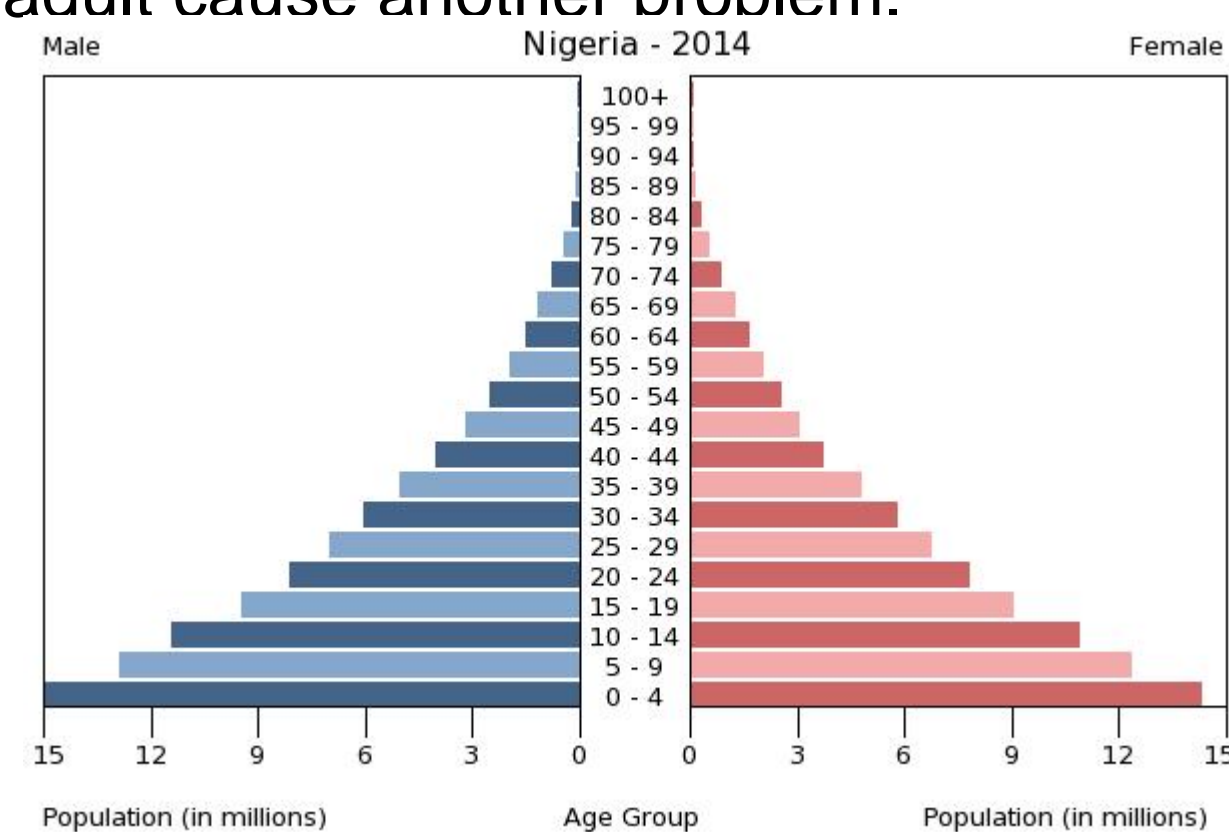
Not Enough Young Labor Japan, Germany and Italy

Advanced countries like Japan, Germany and Italy are experiencing slow economic growth. These slow growth partly come from too much burden to support old people and not enough next generation labor. It will cause further slow growth if not increasing in young labors through baby boom and/or immigration.

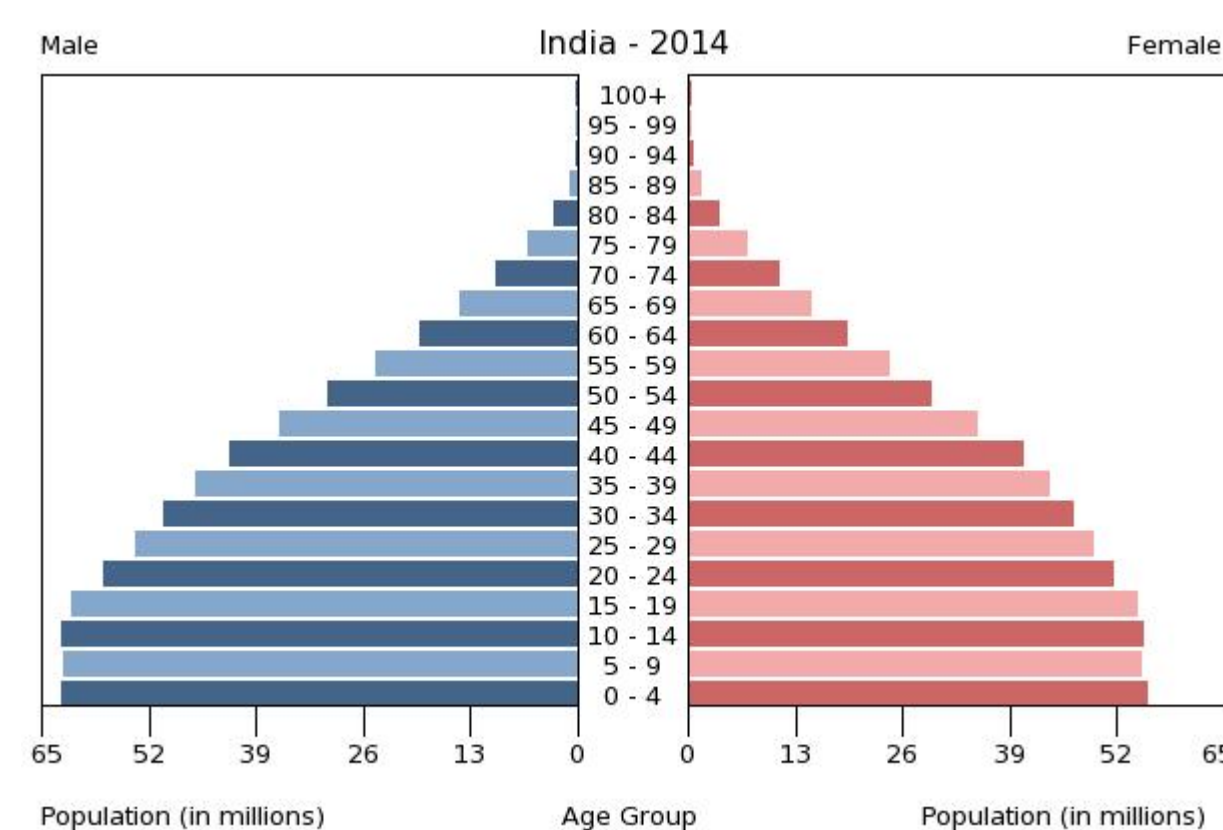


Nigeria in Africa

Nigeria has too many children for an adult cause another problem.

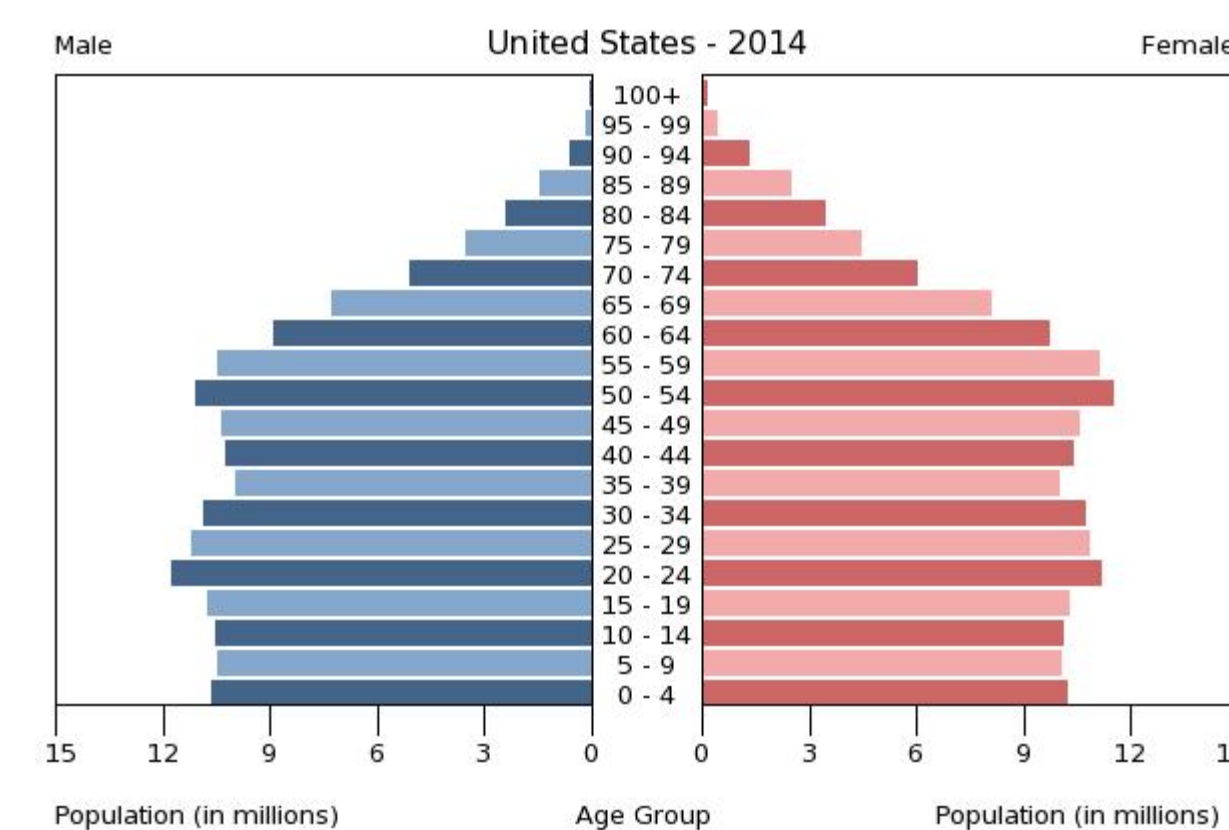


India



Unlike Nigeria, India has controlled birth rate gives more potential economic growth in the future without too much burden.

However US does not expect another baby boom, so US needs more inflow of young labors from Immigration.

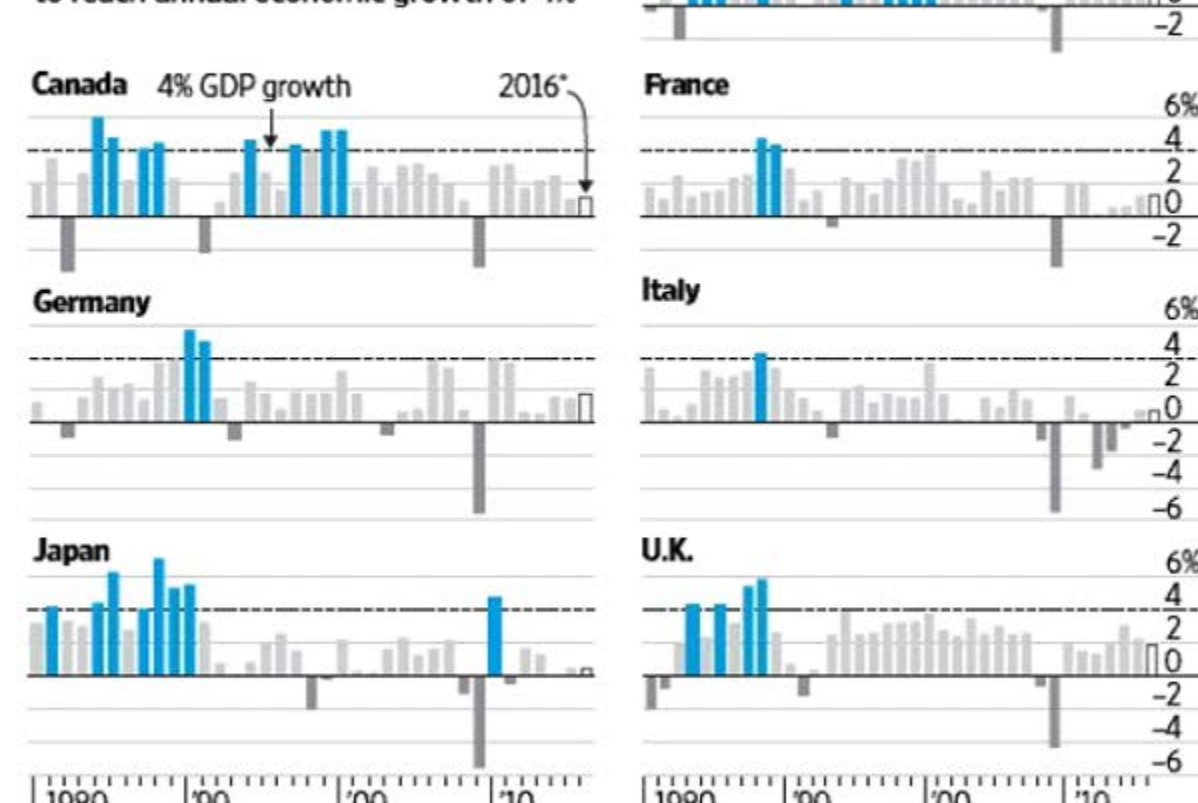


GDP Target & Tax Cut

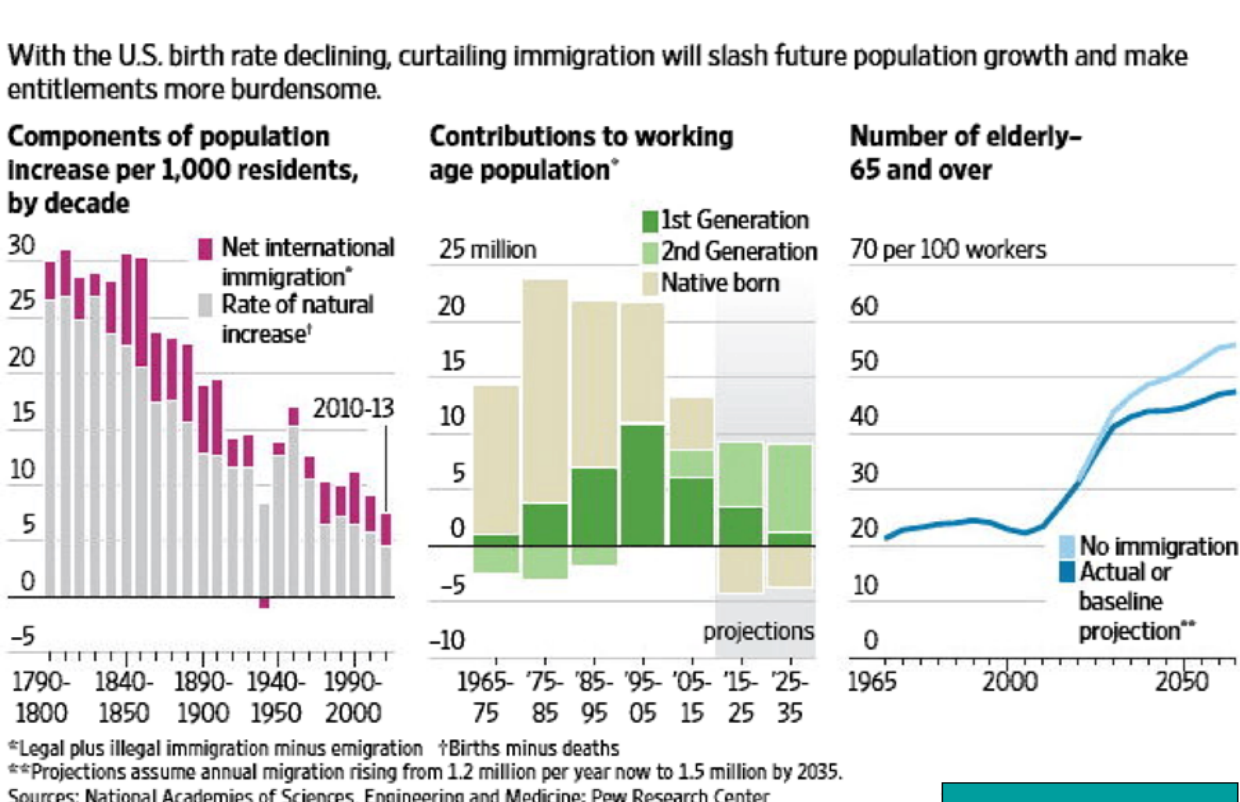
President set a GDP goal of 4% growth not experienced recently.

Slow Growing

Over the last 15 years, the seven major industrialized economies have struggled to reach annual economic growth of 4%

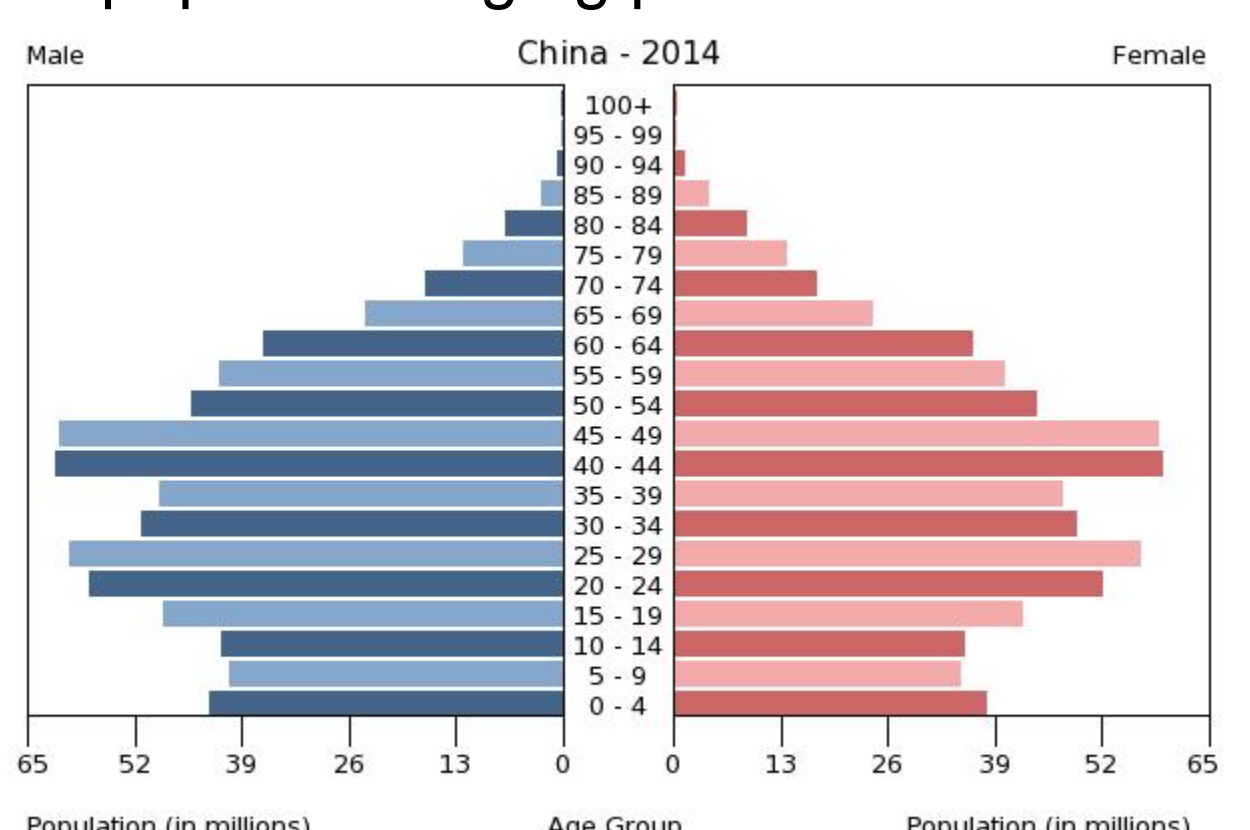


As shown below, without immigration US will have 58 elderly per 100 workers. This will prevent speedy economic growth too.



New Policy in China

China drop their one-child policy and allow second child in a family. This may alleviate their population aging problem.



CONCLUSION

Comparing to other advanced economy countries, US currently have balanced population through healthy stream of immigration which is useful for continuing economic growth.

To maintain or improve population composition-enough workers to support elderly, US need young labor by higher birth rate or immigration. These immigration not only contribute to GDP growth but also increasing consumption by immigrants will contribute to higher GDP growth.