

Macro Roundup Article

Headline: Immigration Has Boosted the Labor Force Participation Rate, Helping Growth and Hastening Rate Cuts

Article Link: <https://www.cfr.org/blog/immigration-has-boosted-labor-force-participation-rate-helping-growth-and-hastening-rate-cuts>

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Tweet: .@BennSteil notes that foreign-born workforce participation is 66.4%, vs 61.8% for native-born, and argues that the increasing immigrant share of the US population, from 16% in January '21 to 18% in June '24, means faster growth and slowing inflation.

Summary: Since June 2020, with the rapid early spread of Covid, the LFPR has risen from 60.8% to 62.7%, with a particularly notable uptick in the last four months. Since President Biden took office in January 2021, the adult foreign-born population of the United States has grown by over 5 million. The share of immigrants in the adult population has risen from 16% to 18%. At the start of 2021, the foreign and native born LFPRs were 64.2% and 60.9%, respectively. And since then the foreign-born LFPR has grown by a whopping 2.2pp—far more than the 0.9pp growth in the native-born LFPR. Today, the foreign-born LFPR, at 66.4%, is nearly 5pp higher than that of the native-born, at only 61.8%. Without both the increase in the share of foreign-born in the population and the increase in the foreign-born LFPR, the overall LFPR would today be only 62.2% - a substantial half a percentage point lower than the actual 62.7%. Though immigrants constitute only 18% of the adult population, they account for a much larger 40% of the rise in the LFPR.

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Primary Topic: Immigration

Topics: Immigration, Op-Ed/Blog Post, Unemployment/Participation, Workforce

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