AEI ECONOMIC PERSPECTIVES

Immigration Policy and Its Macroeconomic Effects in the Second Trump Administration

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We assess the macroeconomic implications of the observed and expected changes to immigration policy during the second Trump administration. We project that net migration in 2025 will be between −525,000 and 115,000, reflecting a dramatic decrease in inflows and somewhat higher outflows. Net migration may be reduced even further in 2026 before rebounding in 2027 and 2028. These changes will reduce gross domestic product growth by 0.3–0.4 percentage points in 2025 and put significant downward pressure on growth in the labor force and employment. Monthly payroll employment growth could be near zero or negative in the next few years.

In December, we relied on our assessment of President Donald Trump's statements on the campaign trail and the first Trump administration's actions to offer a "high" and a "low" scenario for 2025–28 immigration flows (Edelberg et al. 2024). For example, we predicted net immigration of between –650,000 and 1.3 million for calendar year 2025.

We now have information about the administration's actual immigration policies to date and a clearer picture of its priorities. Here we offer an updated set of scenarios and discuss their macroeconomic implications. Our revised projections of net migration for 2025 span a narrower range, from about –525,000 to 115,000, reflecting our expectation of severely curtailed inflows and somewhat higher outflows than in recent years. Though small positive net flows are within our projected range and certainly possible, we believe zero or net negative migration for the year is more likely. These changes will reduce gross domestic product (GDP) growth by 0.3–0.4 percentage points in 2025.

For the remainder of Trump's term, there is naturally more uncertainty. We anticipate that net migration could be even lower in 2026 than in 2025 before starting to rebound in 2027 and 2028 as the adverse economic and political consequences of the extreme policy stance become clear.

Slowing immigration will put significant downward pressure on growth in the labor force and employment. Potential employment growth, meaning employment growth when the labor market is operating sustainably at "full employment," could be between 10,000 and 40,000 jobs a month in the second half of 2025

(down from 140,000 to 180,000 in 2024), and potential job growth could turn negative in the second half of Trump's term.

Migration Inflows in 2025

We consider inflows in five categories: legal permanent resident (LPR, or green card) entries from abroad; regular temporary visas, including for students and workers; the formal refugee program; "inadmissible" migrants entering through humanitarian parole programs or after receiving a notice to appear in immigration court; and entries without inspection.

Congress sets limits on the number of green cards that can be issued each year for family-based and employment-based pathways, with immediate relatives exempt from the cap. The LPR issues for those living abroad are typically between 500,000 and 700,000 a year, with the lower end of that range materializing in Trump's first term. For our low scenario, we predict further sand in the gears of visa processing leading LPR issues to end up at around 490,000 per year. Our high scenario is around 520,000 per year, compared with around 670,000 in 2024.

The US also welcomes millions of people each year on temporary visas. These include student visas and temporary employment visas like the H-1B and H-2A. Our prediction is that issuance of these visas will slow below their normal levels as the administration increases vetting for student visa applicants, implements the travel ban, and increases barriers for various other programs. We expect temporary visas to be 230,000 to 420,000 fewer than the roughly 2.165 million granted in 2024.

The executive branch has discretion on the number of refugees accepted through the US Refugee Admissions Program, which typically numbers in the tens of thousands. The administration has effectively suspended the program, though it has expressed willingness to accept white South Africans. The courts may require the administration to admit a subset of those who were cleared for refugee status before January 20, 2025. We project migration of between 7,000 and 20,000 refugees for the year, relative to about 106,000 in 2024.

During the Biden administration, millions of migrants presented themselves to agents at or between ports of entry along the southern border, and many were allowed to enter with temporary parole or notice to appear in immigration court. In addition, in an effort to create orderly pathways, the administration set up humanitarian parole programs for key countries like Cuba, Haiti, Nicaragua, Ukraine, and Venezuela, which also offered a temporary status. Though entries in these "twilight status" categories were severely curtailed starting in summer 2024, there were still inflows exceeding 1.3 million for calendar year 2024. The Trump administration formally ended the humanitarian parole programs and further cracked down on entries across the border, and we project 60,000 or fewer entries in this category for 2025. Further, we predict many fewer entries without inspection, given the increased military presence at the border and the declining attractiveness of the US as a destination.

All told, given changes at the border and the regular migration system, we expect 2.47 million to 2.76 million fewer people to come to the US in 2025 than in 2024.

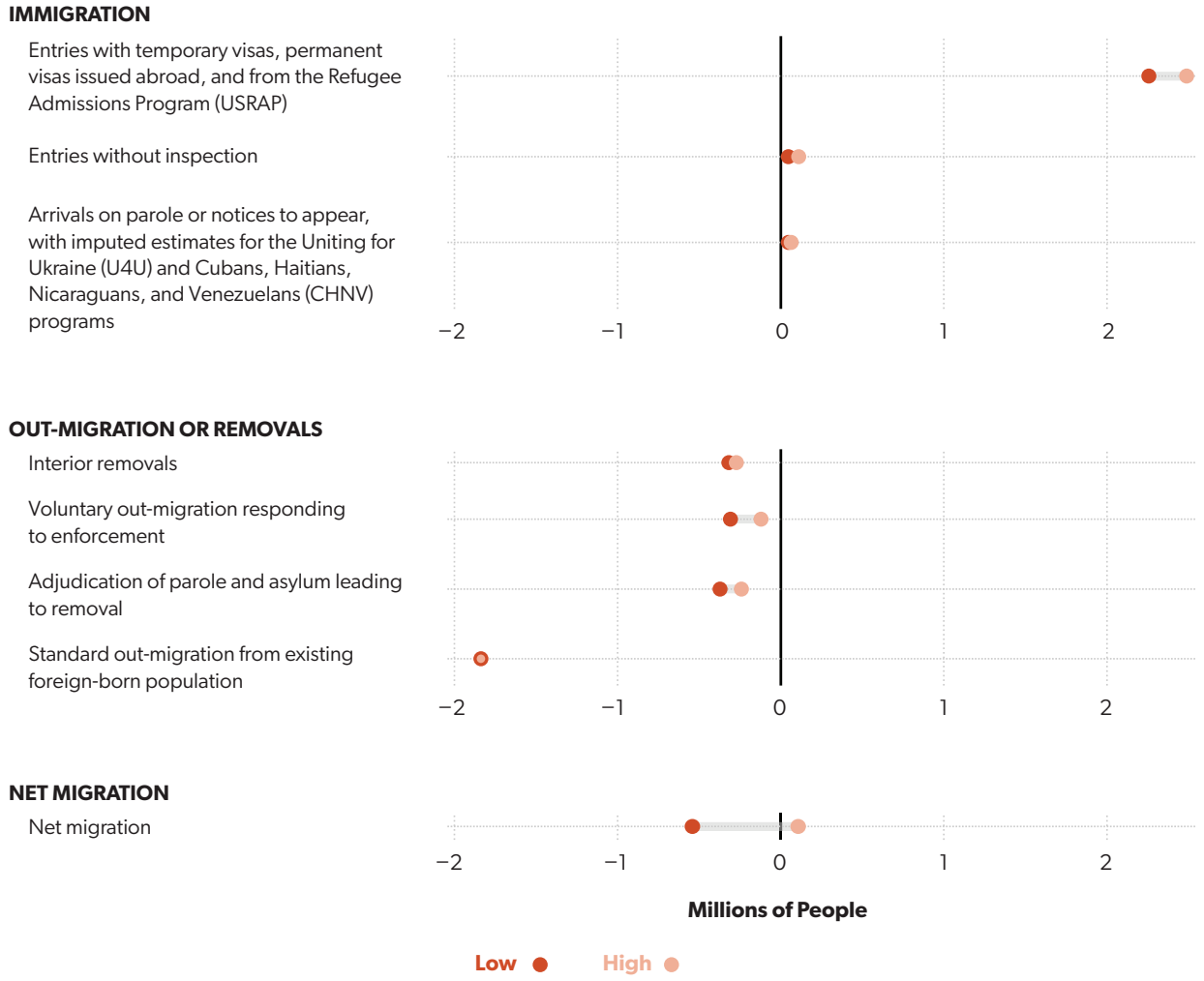
Migration Outflows in 2025

Measures of net migration must consider outflows as well. Some fraction of the foreign-born population is expected to leave the US each year as they retire, their temporary visas end, or they otherwise choose to leave.

In addition, current policy factors can influence the out-migration rate. For example, Trump has promised a mass deportation campaign and is going to extraordinary measures to arrest large numbers of people. While reliable deportation numbers have not been made public and have reportedly been disappointingly low to the administration, we project higher levels of deportations in the second half of the year. The number of deportations will depend in part on the degree to which the administration continues to ignore due process protections; to what extent resources are diverted from other federal agencies, the military, and local law enforcement; to what extent the administration can terminate temporary twilight statuses that have historically protected people from deportation; and how rapidly the administration can allocate newly appropriated funds from the reconciliation bill, assuming it becomes law.

In addition to forcible removal, the administration is encouraging immigrants to voluntarily leave the

Figure 1. Net Migration Flows in 2025 Under Two Immigration Scenarios



Source: CA (2019); CA (2023a); CA (2023b); CA (2024); CBO (2024); CBO (2025b); DOS (2020); DOS (2023); RPC (2025); TRAC (2022); TRAC (2024a); TRAC (2024b); TRAC (2025a); TRAC (2025b); TRAC (2025c); and TRAC (2025d).
Note: We plot the range between two scenarios under the second Trump presidency. See the text for an explanation of assumptions underlying the two immigration scenarios.

country and facilitating their exit. In addition, the generalized fear and anti-immigrant climate may cause additional migrants to leave earlier than they otherwise would, including undocumented immigrants and those with legal status. Weakening labor demand, for example due to the administration's trade policies, would further accelerate out-migration.

All told, we expect around 675,000 to 1,020,000 immigrants beyond what would normally be expected from typical out-migration rates to leave the country in 2025. This includes a mix of deportations and voluntary departures in response to the policy environment.

Net Migration from 2025 to 2034

As shown in Figure 1, our net migration prediction for 2025 ranges from around –525,000 to 115,000. The higher end of this range is more likely if the administration is unable to implement its target deportation levels in the second half of the year and does not

curtail regular temporary migration to an extreme degree. We believe it is more likely that deportations will increase, that voluntary out-migration will rise as the climate for immigrants continues to deteriorate, and that there will be many fewer temporary visas such as student visas. As a result, we believe it is more likely that net migration in 2025 will be zero or negative than positive.

There is more uncertainty about 2026–28, but our prediction is that enforcement activity will be heightened in 2026, increasing outflows. At the same time, softening inflows since mid-2024 will put downward pressure on the number of exits. Our net immigration projection for 2026 ranges from –735,000 to 507,000. After 2026, we assume that political backlash and economic realities will temper the immigration policy and migration will gradually start to return to a more typical pattern. It is possible that immigration could remain negative for all four years of Trump's second term, but we think it is more likely to turn positive in 2027 and 2028.

The analysis assumes that immigration policies have fully returned to historical norms starting in 2029. As a result, net migration returns to 1.59 million to 1.80 million in 2029. Notably, the highest net inflows for 2029 occur in the scenario with the lowest Trump-era migration levels because inflows return to normal but the lack of recent arrivals puts downward pressure on outflows. In 2030–34, we project net migration of 1.36 million to 1.65 million annually, gradually approaching rates of around 1.4 million that we view as in the typical range.

It is important to note that the predicted rebound of immigration in 2029–34 is not inevitable. For example, even if the policy environment normalizes, it is possible that the US will have lost its global competitive edge in technology and higher education. Scientists, engineers, and students are likely to choose Europe or elsewhere as their preferred destination for the next few years, possibly leading to new global hubs of innovation that will persist. Similarly, firms are less likely to invest in US manufacturing capacity as the result of labor shortages and other Trump-era policies, with long-lasting impacts. We have not attempted to model these major shifts in the global economic landscape.

Macroeconomic Consequences of Changes in Net Migration

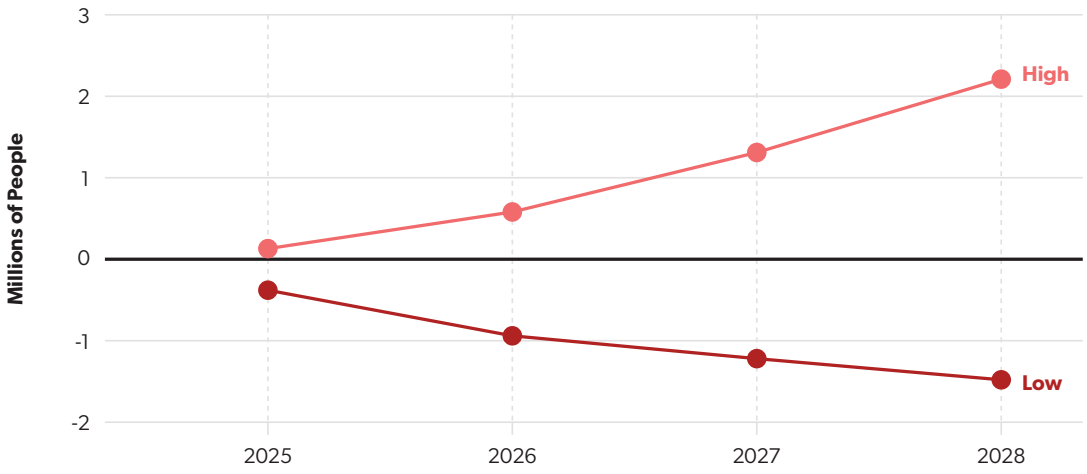
To assess what each immigration scenario would mean for the labor force, first we estimate what each means for the civilian noninstitutionalized population over age 16. As in our earlier work, we estimate the fraction of immigrants that would be part of that population using the American Community Survey and the Current Population Survey (Edelberg et al. 2024). Figure 2 shows our estimates of what the high- and low-migration scenarios would imply for the cumulative increase in net migration for the civilian noninstitutionalized population over age 16 from 2025 through 2028. In the low scenario, the cumulative decrease in the immigrant civilian noninstitutionalized population over age 16 is 1.5 million people through 2028, versus a cumulative increase of 2.2 million in the high scenario.

Similarly, we use the same approach as in previous work to estimate what these scenarios for net migration mean for labor force participation rates and thus labor force growth (Edelberg and Watson 2024). In brief, we use the American Community Survey to estimate how quickly newly arrived immigrants ramp up to their longer-run labor force participation rates, eventually settling at 76 percent. Because this ramp-up takes several years, net positive immigration in one year is estimated to boost labor force growth for several years. In this way, we produce, for both scenarios, a path for the number of additional workers seeking work each year.

Stronger labor force growth implies a more rapid pace of employment growth when the labor market is operating sustainably at "full employment." Prior to the pandemic, forecasters generally agreed that sustainable or potential monthly employment growth, in line with projected population growth and changes in labor force participation, would range between 60,000 and 140,000 in 2022, fall to a range of 60,000 to 100,000 by 2024, and then continue to fall as more people retired. Those ranges are shown in the first row of Table 1.

The second row of Table 1 shows our estimate of potential employment growth after accounting for the significant changes in immigration in the 2020–24 period and then under the high scenario in the current and future years. We include estimates of potential employment growth for 2022 to 2024, which are

Figure 2. Cumulative Civilian Noninstitutionalized Population Increase from January 2025 Under Two Immigration Scenarios



Source: CA (2019); CA (2023a); CA (2023b); CA (2024); CBO (2024); CBO (2025b); DOS (2020); DOS (2023); RPC (2025); TRAC (2022); TRAC (2024a); TRAC (2024b); TRAC (2025a); TRAC (2025b); TRAC (2025c); TRAC (2025d); US Census Bureau (2011–24); and US Census Bureau (2011–25).
Note: Net migration includes those age 16 and up who arrived during the year and were not in an institution minus exits from that group. See the text for an explanation of assumptions underlying the two immigration scenarios.

updated from our previous work and reflect estimates of immigration flows since 2021 (Edelberg and Watson 2024). The estimates for potential employment growth for 2025 to 2028 reflect both immigration flows in prior years as well as the projected flows beginning in 2025.

Under the high scenario, we estimate that the labor market in 2025 could accommodate employment growth of 60,000 to 90,000 without pushing up wages and price inflation beyond the Federal Reserve's target. That range for 2025 is the same (after rounding) as was projected before the pandemic and the dramatic changes in immigration. That occurs because the effect of the weaker immigration under the high scenario is offset by the continued boost to labor force growth from the unexpected surge in immigration in 2022–24. Still, the potential employment growth range for 2025 is significantly lower than the range in 2024, which we estimate was 140,000 to 180,000. For 2026 to 2028, potential employment growth in the high immigration scenario also remains close to what was previously projected.

The third row of Table 1 reports our estimates under the low scenario. We estimate that the labor market in 2025 could accommodate employment growth of 40,000 to 70,000 in that scenario, lower than the range projected for 2025 before the pandemic. The range is shifted down by increasing amounts over time in our projections as declines in net migration take an increasingly large toll on labor force growth. For example, in 2028 the range in potential employment growth spans a *decline* in employment of 10,000 a month and an increase of 30,000.

Because immigration significantly slowed over the course of 2024 and is projected to slow markedly in 2025 in both our high and low scenarios, focusing on full-year estimates for potential employment growth in 2025 masks significant changes over the course of 2025. In Table 2, we provide estimates of potential employment growth in the first and second halves of 2025, taking into account the path of immigration throughout 2024 and 2025.

The first two rows of Table 2 reflect the assumption that labor force participation rates among immigrants

Table 1. Potential Employment Growth, Monthly

	2022	2023	2024	2025	2026	2027	2028
Range of Pre-Pandemic Estimates	60,000–140,000	60,000–130,000	60,000–100,000	60,000–90,000	50,000–90,000	50,000–90,000	50,000–90,000
Range Adjusted to Account for Unexpected Trends in Immigration							
Under High Immigration Estimates Beginning in 2025	120,000–200,000	140,000–210,000	140,000–180,000	60,000–90,000	40,000–80,000	40,000–80,000	50,000–90,000
Under Low Immigration Estimates Beginning in 2025	120,000–200,000	140,000–210,000	140,000–180,000	40,000–70,000	0–40,000	–10,000–30,000	–10,000–30,000

Source: BLS (2017); BLS (2019); CBO (2019); CBO (2020); CBO (2022); CBO (2023); CBO (2025a); and SSA (2019).
Note: Changes in employment growth due to unexpected movements in immigration are added to the range of estimated potential employment growth projected prior to the pandemic. Sources for pre-pandemic potential employment estimates are CBO (2019) and CBO (2020) as well as projected employment from BLS (2017), BLS (2019), and SSA (2019), which were published long enough before 2022 that the employment growth reported here is interpreted to include only noncyclical 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 percent annually from 2018 to 2028. To account for unexpected movements in immigration since 2019, we adjust the adult population by the unexpectedly strong immigration in 2022 and 2024 and the unexpectedly weak projections of immigration for 2025 to 2028 reflected in the authors' ranges.

rise over time as they have in recent years. The first row of Table 2 shows the range for potential employment growth under the high scenario. Under the high scenario, the range spans from 80,000 to 110,000 in the first half of 2025. In the second half, the range spans from 60,000 to 90,000. The second row shows the low scenario: 80,000 to 110,000 in the first half of 2025 and 40,000 to 70,000 for the second half. In other words, under the low scenario, we estimate that potential monthly employment growth will be 40,000 lower in the second half of 2025 than in the first half.

The bottom rows of Table 2 incorporate a faster ramp-up of labor force participation rates in the first half of 2025 for recent immigrants. We examine this alternative because work permit applications from January to April 2025 suggest a surge in interest in labor force participation among immigrants potentially eligible for permits, as shown in Figure 3. To be sure, the population of immigrants eligible to apply for work permits is an imperfect proxy for the larger population of recent immigrants. Moreover, approvals did not rise by as much as applications. Nonetheless, this surge in applications despite the significant slowdown in net migration since summer 2024 suggests that recent immigrants may have been anxious to seek formal sector employment since Trump took office in January 2025.

To gauge how much a surge in participation among recent immigrants could matter for potential employment growth over 2025, we assume that among immigrants who arrived in 2022 through 2024, the average labor force participation rate jumped to 76 percent (the longer-run average) in the first half of 2025. That assumption significantly increases potential employment growth in the first half of 2025; it also reduces potential employment growth in the second half because the labor force participation rate among those who immigrated in recent years are assumed to rise no further.

The third row of Table 2 shows the range for potential employment growth under the high scenario with this surge in labor force participation in the first half of 2025. Under the high scenario, the range spans from 210,000 to 240,000 in the first half of 2025. In the second

Table 2. Potential Employment Growth in 2025, Monthly, with and Without a Quick Ramp-Up in Labor Force Participation

	First Half	Second Half
Assuming Typical Trends in Immigrant Labor Force Participation		
Under High Immigration Projections	80,000–110,000	60,000–90,000
Under Low Immigration Projections	80,000–110,000	40,000–70,000
Assuming Recent Immigrants Quickly Ramp Up Labor Force Participation in Early 2025		
Under High Immigration Projections	210,000–240,000	30,000–60,000
Under Low Immigration Projections	200,000–230,000	10,000–40,000

Source: BLS (2017); BLS (2019); CBO (2019); CBO (2020); CBO (2022); CBO (2023); CBO (2025a); and SSA (2019).
Note: Changes in employment growth due to unexpected movements in immigration are added to the range of estimated potential employment growth projected prior to the pandemic. Table 1 includes an explanation of the ranges of pre-pandemic potential employment based on estimates from CBO, BLS, and SSA. To account for unexpected movements in immigration since 2019, we adjust the adult population by the unexpectedly strong immigration in 2022 and 2024 and the unexpectedly weak projections of immigration for 2025 reflected in the authors' ranges. Then, the first two rows assume no unusual patterns in labor force participation and the last two rows assume a quick ramp-up in participation in the first half of 2025.

half, the range spans from 30,000 to 60,000. The fourth row shows the low scenario: 200,000 to 230,000 in the first half of 2025 and 10,000 to 40,000 during the second half. In other words, to the degree recent immigrants are rushing to join the labor market in the first half of 2025, potential employment growth could be far larger in the first part of the year, while the drop-off in the second half of the year could be far steeper.

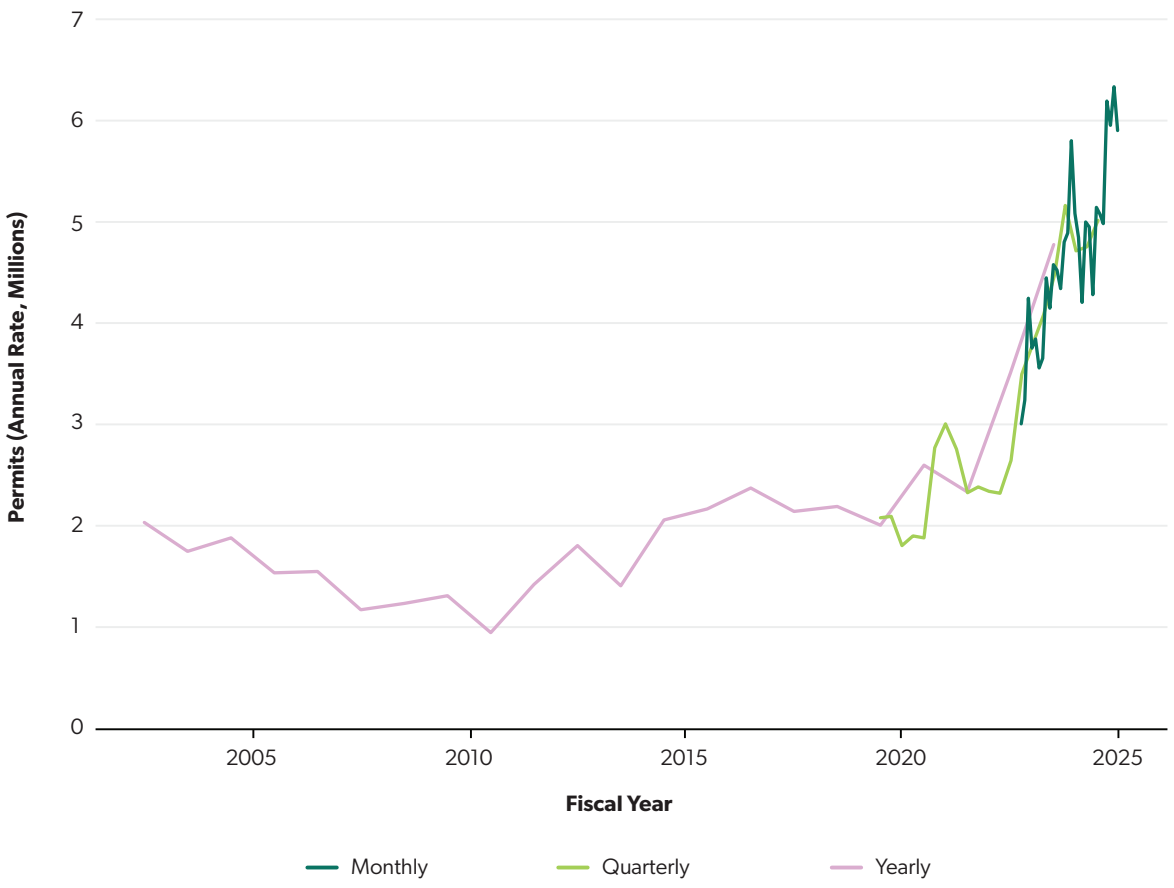
By way of comparison, monthly employment growth from January to May 2025 averaged 124,000 jobs. In any given month, actual employment growth can be higher or lower than potential employment growth. When actual employment growth is higher, historical patterns suggest that the labor market is running hotter than is sustainable and there is upward pressure on wages and prices. When actual employment growth is lower, the labor market is soft with downward pressure on wages and prices.

As in the prior analysis, we also estimate the effects on GDP growth in 2025 from the significant slowdown in immigration since 2024. Table 3 shows the effect on real GDP growth in 2025 owing to various factors. The slowdown between 2024 and 2025 in net migration among the civilian noninstitutionalized population age 16 and over from the pace of 2.2 million in 2024 is roughly similar in both scenarios, so the economic effects are similar as well. In the high scenario, net migration among this group slows by 2.1 million (to 130,000 in 2025). In the low scenario, net migration slows by 2.6 million (to –380,000 in 2025). Overall, the immigration path under the high scenario would reduce GDP growth by 0.3 percentage points in 2025 compared with the boost from immigration in 2024, while the low scenario would reduce GDP growth by 0.4 percentage points.

The first row of Table 3 shows what the resulting direct effect on real GDP growth in 2025 would be from the different labor market outcomes in the two scenarios. The first row shows the direct effect on GDP owing to less production of goods and services by immigrants. The estimates reflect the loss in earnings among immigrants based on the projected mix of skills among those immigrants.

The second row of Table 3 shows the additional effect on economic growth stemming from the unexpected reduction in consumer spending, which would be affected by the change in net immigration in 2025. Generally, these aggregate economic effects are estimated to be small. Unexpected changes in consumer spending are predicted to affect the economy because of the responses of businesses facing lower demand. In essence, if businesses have made hiring and

Figure 3. Total Work Permit Applications Received, Fiscal Year 2003–April 2025



Source: USCIS (2003–25); and USCIS (2023–25).

production decisions for 2025 assuming that the growth in near-term demand will be similar to that in 2024, they will be surprised when spending growth turns out to be different and will respond accordingly. If net immigration flows were zero in 2025 and consumer spending grew more slowly as a result, some businesses would lay workers off or otherwise pull back on production. (Those laid-off workers might be US-born or immigrants remaining in the US.)

To estimate the initial effect on consumer spending, we assume that the rate of saving among the immigrants who would have otherwise been in the US in 2025 would equal 4.4 percent, the nationwide average rate in year-to-date 2025. On the one hand, the saving rate among recent immigrants could be higher than that of the general population to the degree that they send that income abroad in the form of remittances rather than spending it on US goods and services. On the other hand, their saving rate could be lower than the general population to the degree that recent immigrants have significant spending needs and few financial resources to draw on. In the end, we use the national saving rate and note the estimated effects on consumer spending are not particularly sensitive to moderate differences in the saving rate assumption.

The third row of Table 3 shows the effect of an increase in precautionary saving by immigrants faced with an extreme enforcement environment, which would be true in 2025 in both scenarios. More precisely, we estimate that the saving rate among immigrants

Table 3. Effect on Real GDP Growth in 2025 from Two Immigration Scenarios (Percentage Points)

	High	Low
Direct Effect on GDP Growth	–0.18	–0.23
Additional Effect Owing to Reduction in Consumer Spending	–0.05	–0.06
Additional Effect Owing to Higher Saving Among Immigrants in US	–0.09	–0.09
Total Effect on GDP Growth	**–0.31**	**–0.38**

Source: BEA (2025); CA (2019); CA (2023a); CA (2023b); CA (2024); CBO (2024); CBO (2025b); CBO (2025c); DOS (2020); DOS (2023); RPC (2025); TRAC (2022); TRAC (2024a); TRAC (2024b); TRAC (2025a); TRAC (2025b); TRAC (2025c); TRAC (2025d); US Census Bureau (2011–24); US Census Bureau (2011–25); and Whalen and Reichling (2015).
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. The fourth row shows the total of the previous three rows. See the text for an explanation of assumptions underlying the two immigration scenarios.

in the US will be 8.0 percent in 2025, just above the national average in 2019, instead of 4.4 percent. This effect further reduces real GDP growth in 2025 by a small amount. Of course, if the saving rate rose more, or if more people than we estimate increased saving rates, the effect on spending and output would be more negative.

In our analysis, monetary policy in 2025 is largely unresponsive to the economic effects of changes in immigration in either scenario. Normally, one would expect the Federal Reserve to make monetary policy more accommodative in the face of an unexpected reduction in aggregate demand, in part because that would spur an unwelcome reduction in inflation. However, in the scenarios we examine, both actual output and the economy's ability to produce goods and services would be dampened. We therefore use the average of fiscal multipliers that are relevant when monetary policy is mostly unresponsive to changes in demand (Whalen and Reichling 2015).

A lower level of immigration reduces the economy's ability to produce goods and services because it reduces the size of the labor force. In the near term, a reduction in the size of the labor force—all else equal—makes it more expensive for firms to produce goods and services and thus results in higher inflation. For example, McKibbin et al. (2024) estimate that a reduction in labor supply of 1.3 million workers resulting from mass deportations would raise the price level by 1.5 percent over three years (or, in other words, it would raise the rate of inflation by an average of 0.5 percentage points from 2025 to 2028).

In our assessment, the effect on inflation in the near term would be smaller than that estimate because we conclude the reduction in aggregate demand would be roughly as significant as the reduction in the economy's ability to produce goods and services. Broadly, we expect that prices would rise for some goods and services where supply would be reduced and demand is inelastic (such as agricultural goods and home health aide services), and prices would fall for others where demand would be reduced and supply is inelastic (such as rental housing in areas with large concentrations of immigrants). Slowing immigration may increase aggregate inflation in the near term, but in our assessment, the net effect would be modest.

Several potentially important effects are not included in the estimates summarized in Table 3. For example, these estimates do not include any change in corporate profits or other kinds of capital income that might immediately result from the change in labor supply in 2025—a change emphasized by Clemens (2022) In addition, these estimates do not incorporate any negative effect on productivity growth that might result from lower immigration, reflecting findings described by CBO (2024) about the relationship between immigration and innovation. Finally, these estimates do not include any broad change in business or consumer sentiment that might lead to additional changes in investment or household spending.

Table 4. Illustrative Effect on Real GDP in 2034 Under Different Immigration Scenarios Relative to a Scenario with No Additional Net Migration (Percentage)

	Typical	High	Low
Effect of an Increase in Labor Force	1.7	1.3	0.8
Effect of the Resulting Increase in Investment to Keep Up with Labor Force Growth	0.7	0.5	0.4
Total Effect on Real GDP	**2.4**	**1.8**	**1.2**

Source: BEA (2025); CA (2019); CA (2023a); CA (2023b); CA (2024); CBO (2024); CBO (2025b); CBO (2025c); DOS (2020); DOS (2023); RPC (2025); TRAC (2022); TRAC (2024a); TRAC (2024b); TRAC (2025a); TRAC (2025b); TRAC (2025c); TRAC (2025d); US Census Bureau (2011–24); US Census Bureau (2011–25); and Whalen and Reichling (2015).
Note: The first row shows the effect on the level of output that reflects only the higher level of earnings given positive cumulative 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. Under the "typical" scenario, net migration results in 1.25 million immigrants added to the civilian noninstitutionalized population each year, close to the average in less unusual years. See the text for an explanation of assumptions underlying the low and high immigration scenarios.

Table 3 focuses on the effects on GDP growth in 2025, but—assuming net migration in 2026 is different from 2025—GDP growth in 2026 would also be affected. For example, if net migration falls from –525,000 in 2025 to –735,000 in 2026 as under the low scenario, we estimate that GDP growth in 2026 will be dampened modestly. Our assumptions for the low scenario imply nearly 2.2 million total removals over four years, plus another 2.2 million in voluntary departures in excess of what would normally be expected.

These figures fall well short of the deportation aspirations of Trump's campaign rhetoric. If the administration manages a higher deportation rate and a policy climate that is even more hostile to immigrants than we currently project for the low scenario, the macroeconomic consequences would be more adverse. It is also possible that a low scenario or a more extreme outcome would disrupt specific labor markets, supply chains, and civil society in unpredictable ways beyond what we have modeled here. While we deem full implementation of the campaign rhetoric unrealistic, analysis conducted by McKibbin et al. (2024) finds that the aggregate economic impacts of removing 7.5 million workers in 2025 would be much more profound than what our estimates show, both in the short term and in the long term.

Under both scenarios, cumulative net migration would be positive by 2034. As a result, the labor force would be larger than in a comparison benchmark where net migration is zero in every year between 2025 and 2034. Table 4 shows the estimated effect on the level of GDP in 2034 for both scenarios relative to a benchmark under which there is no additional net migration. For comparison, Table 4 also shows an illustrative scenario where net migration averages 1.25 million in every year from 2025 to 2034, close to the average when net migration flows are more typical.

The second row of Table 4 shows the estimated effect on output from greater capital investment. Because immigrants coming to the US between 2025 and 2034 would require equipment and infrastructure to effectively do their jobs, we expect that the capital stock would be proportionally larger in scenarios with more immigration. Investors would receive greater capital income as a result. The third row combines the effects of greater labor supply and a larger capital stock. Relative to a path with no net immigration between 2025 and 2034, the low and high scenarios raise the level of real GDP in 2034 by between 1.2 and 1.8 percent, respectively. The difference between the two scenarios would naturally be larger if we assumed that immigration policy is "sticky" instead of returning to a common long-run baseline after the 2025–29 presidential term. In both scenarios, the boost to GDP from net migration is smaller than if migration remained at more typical levels from 2025 to 2034.

These estimates do not incorporate any positive effects on productivity directly owing to immigration. Based on CBO's (2024) estimates of the boost to productivity, incorporating such an effect might

increase the level of GDP in 2034 under the high scenario by roughly 0.2 percent relative to GDP under the low scenario.

Conclusion

The dramatic changes in immigration policy implemented by the second Trump administration have important consequences for the macroeconomy. Given drastic reductions in inflows and somewhat elevated outflows, we project that net migration is likely to be zero or negative in 2025. We project that immigration policy will be even more restrictive in 2026 before net migration starts to rebound in 2027 and 2028. We find that the large drop in net migration in 2025 compared with 2024 will result in significantly slower labor force growth, slower employment growth, and a decrease in GDP growth of around 0.3–0.4 percentage points.

These macroeconomic consequences mask significant dimensions of heterogeneity. Specific industries, firms, and especially households will bear the brunt of the negative consequences of the lower number of arrivals and the greater number of immigrants leaving the country, voluntarily or involuntarily. It is also possible the administration's policies will weaken the United States' global competitiveness in a way that will have longer-run consequences beyond what we have considered here. Nevertheless, even focusing narrowly on the impacts of lower net migration for four years, we find measurable negative consequences of immigration restrictionism for labor force and GDP growth.

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