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What is immigration doing to the U.S.? The political arguments are far more difficult to answer, and not OCM’s job, than the economic ones. So, we’ll stick to what we, and the vast majority of economists, know. Beginning, of course, with reference to the clownfish.

The sea critters, made famous by the lovable, animated Nemo, form a relationship with sea anemones, predatory marine invertebrates. Clownfish live inside the anemones’ tentacles, which offer a safe place to reproduce and thrive.

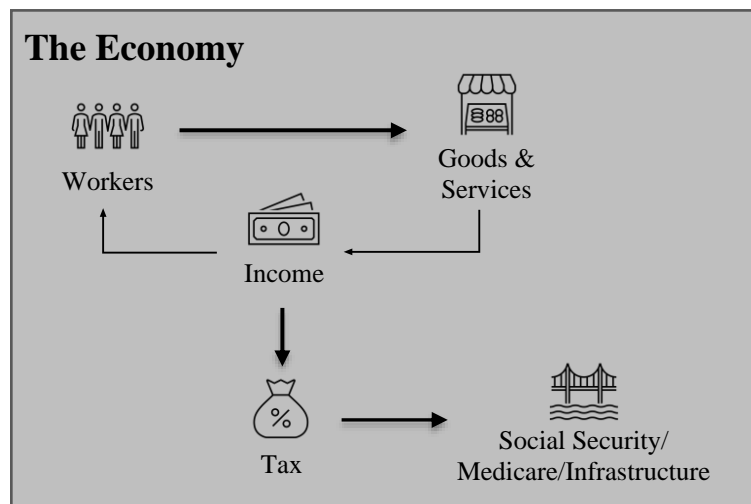
Maybe anemones love the company of clownfish. Maybe they just tolerate them. (Maybe AI will let us know for sure one day.) Regardless, they benefit from hosting the tiny swimmers. Clownfish release nitrogen, which aids the anemone in tissue growth and regeneration. And they aerate the anemone’s tentacles, allowing the anemone to get bigger.

This interaction is what’s called *symbiotic mutualism*—beneficial to both parties. And it’s not so different from the relationship between immigrants and developed economies. Especially those, like the U.S. and Canada, with dwindling birthrates, who need foreign-born folks to keep growing and thriving.

In order for a developing country to keep a population steady (no growth), each woman needs to have, on average, 2.1 children. In 1993, the U.S. birth rate was 2.06 (close enough) and Canada’s was 1.7. Today, these numbers are 1.6 and 1.4, respectively. This means the native-born workforce, the number of people 16 or older who are employed or looking for work, is getting smaller and, notably, older. All while social programs are requiring more tax revenue to support the aging population.

There are two ways to stop a shrinking population and workforce. You can join Elon Musk in convincing people to have more kids (seriously). Or, less daunting, rely on immigrants, who tend to be younger, working age, and prone to starting businesses and creating jobs.

The U.S. and Canada rank first and fifth, respectively, in number of immigrants, which leads to more workers generating goods and services, earning paychecks, and increasing consumer spending, which are the lifeblood of a growing economy. These workers also pay income tax on earnings, boosting tax revenues at a time of growing U.S. budget deficits. And



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they help make, at least temporarily, the idea of paying for promised benefits, like Social Security and Medicare, less pie-in-the-sky.

According to a 2021 report by the Center for American Progress, a pathway to citizenship for all undocumented immigrants would increase the U.S. gross domestic product by a total of \$1.7 trillion over 10 years and create 438,800 new jobs.

Nearly all developed countries, especially in Asia, have stagnant or falling fertility rates. But those with more stringent immigration laws feel the adverse effects of that more acutely.

For example, Japan. Its birthrate has barely declined in the last 30 years—from 1.4 in 1993 to 1.3 in 2023. And its total population in that time has essentially stayed the same—125.2 million to 125.1 million. The lack of population growth has contributed to the country's GDP over that same span staying the same, \$4.2 trillion (USD). (It has varied, of course, with different global economic conditions, ranging from the \$4.2 trillion to \$6.2 trillion in 2011 and back again.)

Conversely, over that same 30-year span, the U.S. population grew from 260 million people to over 333 million. Canada from 28.6 million to 38.9 million. U.S. GDP has grown from \$7.3 trillion to \$27.9 trillion, while Canada from \$578 billion to \$2.1 trillion. Many things contribute to this stark contrast, but none more than immigration.

During the pandemic there was, of course, a sudden and steep decline in immigration. In the immediate aftermath were labor shortages and pay hikes in sectors like food services and hospitality, which tend to employ more foreign-born workers. Since the end of the pandemic and the ensuing influx of immigrants, North American economies have grown faster than the long-term sustainable level of 2.0% (they grew by 5.9% in 2021, 2.2% in 2022, and 2.5% in 2023). And job growth has come even faster than most expected. This helps explain why unemployment rates, currently 3.9%, have remained so low over the last few years, while job openings in the U.S. have dropped from over 9.5 million in 2021 to 6.5 million. U.S. job growth was forecasted to be 100,000 a month in this last year. Instead, it averaged closer to 225,000. As Tom Barkin, president of the Federal Reserve Bank of Richmond, noted recently, the immigration rebound not only alleviated labor-market pressure, but it also helped ease inflation.

It's a reality, of course, that immigration, especially on the scale of the U.S. and Canada, can come with problems. It's also a reality that economies can't grow and thrive without an increasing population and workforce. And when a country's natural population growth falls short, immigration fills that gap. This symbiotic mutualism opens investment opportunities and the ability to grow your wealth, always our main concern.

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