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A year ago we were hearing all about green shoots. Analysts claimed to find them everywhere. Today, we never see the term. In fact, there seems to be a growing malaise. Just yesterday the first quarter's Gross Domestic Product (GDP) estimate was revised downward a full half a percent, to 2.7 percent. Pundits are depressed. Our President and Secretary of the Treasury are telling the world that the United States cannot lead the world to sustained economic growth. Our Vice President announced that "there's no possibility to restore 8 million jobs lost in the Great Recession." Our stock markets are down and volatile. Risk premiums have soared.

What happened?

Reality happened. The green shoots were always ephemeral, the result of temporary government programs or spending. We had housing stimulus programs. We had Cash for Clunkers. We had massive government spending increases. We had foreclosure programs. We had bailouts.

The increased spending and the various programs had an impact. Because of the way GDP is calculated, an increase in government spending results in an increase in GDP, but that is today's GDP, not tomorrow's. Tomorrow's economic growth is a result of investment today, investment in physical capital, technology, and human capital. To the extent that government spending detracts from those investments, the growth we saw was cannibalized from the future.

The housing stimulus programs similarly served only to change the timing of real estate purchases. Sales fell when the programs ended.

Some programs have resulted in temporary GDP growth, but were actually detrimental to long-term economic growth. The Cash-for-Clunkers program destroyed capital, as perfectly good cars were crushed. The foreclosure prevention programs delayed the needed decline in home ownership rates. The bailouts prevented assets from being transferred to more productive uses.

None of the programs addressed the underlying problems of the current economic circumstances or paved the way for sustained economic growth. The immediate problem was that businesses, consumers, and governments were over leveraged after September 2008's

asset-value collapse. The longer-term problem was insufficient investment, a result of years of credit-fueled consumption.

What was needed was investment. What was provided was more credit-fueled consumption. You might be able to borrow your way to prosperity, but to do that you better be investing the borrowed funds. We didn't do that. Instead we used the government as a bank to increase consumption. Credit-based consumption is not the way to long-term prosperity, regardless of who does the borrowing.

Today, while sovereign default risks are significant and increasing, it appears that most of the decline in asset values has ended, but over-leverage is still with us. Indeed, the increase in government leverage makes it more difficult to employ effective government intervention, government investment in productivity-enhancing capital and technology and investment tax credits. Our options are more limited, but we do have one option that would provide immediate and sustained economic growth without increasing leverage. That option would be a massive increase in immigration.

The initial benefits of a new wave of immigration would be seen remarkably quickly. Housing demand would increase, leading to renewed vigor in our real estate markets and the construction industry. Our inner cities would be renewed, as they always have been by immigration waves. New business formations would soar. The tax base would increase, helping to fund debt repayment and baby-boomer retirements.

Many would appose such an immigration increase. They worry about increasing job competition and unemployment, crime, and even more demand on welfare programs.

These fears are misplaced. Criminals are easily sorted out by effective screening processes. People don't migrate for welfare benefits, but if this is a concern, it is easy to deny immigrant access for some number of years after immigration. Similarly, people don't migrate to be unemployed, and unemployment benefits can be denied to immigrants.

People migrate to more effectively use their human and physical capital, their technology, and their labor. Effectively, immigration would provide new capital, technology, and labor. This is exactly what we need, and it is free. Immigration has served America well in the past. It can serve us well today.