



DACA's end would hurt economy, hiring

Paul Davidson

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The Trump Administration says its decision to end a program that safeguards young undocumented immigrants from deportation will open job opportunities for struggling U.S. workers.

But economists on both sides of the political spectrum say the move will deal a body-blow to the U.S. economy, reducing output and making it even tougher to find workers in an already tight labor market, without aiding Americans.

That's because the 800,000 immigrants who came to the U.S. as children and who are protected by the policy — called Deferred Action for Childhood Arrivals, or DACA — are more educated and more productive than undocumented immigrants broadly. And with unemployment at a low 4.4%, many U.S. businesses are struggling to find qualified workers, especially highly-skilled ones. The Labor Department reported a record 6.2 million job openings in June.

“You’re starting to see severe (labor) shortages,” says Ike Brannon, visiting fellow at the conservative Cato Institute. “The last thing you want to do is dismantle a program that was putting people” into the work force.

Ninety-one percent of the 800,000 immigrants, or about 730,000, are employed, according to a survey last month led by the University of California, San Diego, the left-leaning Center for American Progress (CAP) and the National Immigration Law Center.

Assuming Congress doesn't renew DACA and all the young immigrants are deported in the next few years, Moody's Analytics estimates the hit to the nation's gross domestic product will gradually rise as a growing number lose their temporary residency status. That would culminate in \$105 billion in reduced economic output in 2022. That means an economy that has been growing a modest 2% annually instead would expand by 1.8% within a year and 1.5% within five years, says Moody's Chief Economist Mark Zandi.

Such a scenario would run counter to President Trump's vow to boost economic growth to a healthy 3% annually, a level that hasn't been reached since before the Great Recession of 2007-09.

The economy would shrink mostly because there would be fewer workers to churn out products and services. The low supply of workers and ongoing Baby Boomer retirements are intensifying the crunch. The immigrants protected by DACA also would no longer be around to buy homes, cars and TVs, hurting consumption, which makes up about 70% of economic activity in the U.S.

Last month's survey found that 69% of the young undocumented workers got a better job after joining the DACA program. Their average hourly wage increased from \$10.29 to \$17.46.

Sixteen percent bought their first homes and nearly two-thirds purchased the first cars. Forty-five percent are in school, with the vast majority pursuing at least a Bachelors degree.

In other words, beneficiaries, whose average age is 22, look far more like Americans — though generally in lower-skilled jobs — than other undocumented workers, according to the survey and a recent study by the Migration Policy Institute.

“They’re more likely to be in white-collar jobs,” says Jennifer Hunt, a Rutgers University economist.

Twenty-one percent of DACA-protected immigrants work in education and health services, compared with 7% of undocumented immigrants and 16% of all U.S. workers, according to CAP and Labor Department figures. Citing a projected shortage of up to 94,700 primary care physicians by 2025, the American Medical Association says about 5,400 previously ineligible physicians could work in the U.S. in coming decades under DACA or similar legislation.

They’re also more apt to start businesses. Five percent of the DACA recipients surveyed launched their own enterprises, compared with 3.1% of all Americans. Start-ups and young firms are big job generators and more likely to come up with productivity-enhancing innovations.

As a result, some analysts say there will be a bigger economic toll if DACA ends. Cato’s Brannon says deporting the immigrants would reduce economic growth by \$280 billion over the next decade, or about a half a percentage point a year. CAP says GDP would be whittled by \$460 billion during that period.

The estimates are based on the deportation of most or all of the DACA beneficiaries. Tom Jawetz, vice president of immigration policy for CAP, says large-scale deportation is a likely scenario because the federal government has their Social Security numbers, addresses and other information it typically lacks for most of the country’s 11 million illegal immigrants.

We break down what DACA is and what it could mean for thousands of immigrants. USA TODAY

The White House said President Donald Trump will announce Tuesday his decision on whether to rescind federal protections for immigrant children whose parents brought them to the country illegally. (Sept. 1) AP

President Donald Trump is considering ending a program that allowed young immigrants who came to the United States with their parents illegally to stay in the country under the Development, Relief, and Education for Alien Minors Act. Rough Cut (no reporter narration). Video provided by Reuters Newslook

The White House says the Trump administration is still reviewing the Obama-era program that protects immigrants who entered the country illegally as children. Video provided by ReutersNewslook

But Pia Orrenius, senior economist at the Federal Reserve Bank of Dallas, says the government probably would not prioritize deportations of the young adults. It’s more likely, she says, they’ll slip into a shadow economy, taking lower-profile jobs at places like restaurants and hotels, which pay 10% to 20% less than their current positions. Alex Nowrasteh, a Cato analyst agrees, saying that would cut economic growth by a “still significant” \$60 billion to \$100 billion over the next

decade as the former DACA recipients become less productive workers and more cautious consumers.

But would ending DACA at least leave some additional jobs for struggling Americans or increase their wages as fewer immigrants compete for openings?

Doubtful, economists say. A study last year by the National Academies of Sciences, Engineering and Medicine found little evidence that immigration significantly affects the employment of native-born workers. And while the study didn't focus on the young workers shielded by DACA, they represent an even smaller, geographically dispersed slice of a work force of 160 million than immigrants broadly. The analysis says any negative impact on wages is "very small."

In fact, Zandi says, by taking skilled jobs in today's tight labor market, the immigrants "help support other jobs, compounding job creation."