

## Why Trump should listen to the Cleveland Federal Reserve president

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November 30, 2017

It's already another Thanksgiving, which ushers in another season of dreams, wishes and miracles.

My wish this Thanksgiving is that Donald "El Trumpeto" Trump would take a moment from the "zone" with Sean Hannity to Google and listen to the words of wisdom of the president of the Federal Reserve Bank of Cleveland.

The Cleveland Fed president, Loretta Mester, in a recent speech to the Cato Institute in Washington, took direct aim at a priority of the Trump administration to curtail the inflow of foreigners and immigrants.

Mester suggests that one way to accelerate growth and address declining productivity as the U.S. economy faces higher deficits, reduced government benefits, near-zero interest rates and an aging population is immigration

"Policies that increase immigration, not reduce it, that support continuing education, that encourage R&D and innovation, and that provide incentives so people work longer should receive attention," said Mester in her speech, "Demographics and Their Implications for the Economy and Policy."

She added, "Demographic change can influence the underlying growth rate of the economy, structural productivity growth, living standards, savings rates, consumption and investment; it can influence the long-run unemployment rate and equilibrium interest rate, housing market trends and the demand for financial assets."

As Mester notes, according to CBO projections, under current policy, the federal deficit as a share of GDP will more than triple over the next 30 years, from 2.9 percent in 2017 to 9.8 percent in 2047. During this time period, outlays for Social Security and Medicare are projected to rise from 8 percent to 12.4 percent of GDP. As a result, the federal debt-to-GDP ratio rises dramatically, from 77 percent in 2017 to 150 percent in 2047. This increase dwarfs the run-up in debt to fund World War II.

In other words, Trump's "Make America Great" again agenda cannot be done by walling out immigrants, especially if the tax reform for the wealthy is implemented.

If Trump does nothing, but follows the money trail as he is accustomed to doing, then Mester's comment should be a wake-up call.

And it's not just Mester. Many experts have posited that without immigrants, the U.S. economy could go into free fall. An analysis from the Small Business Administration found that 10.5 percent of U.S. immigrants own a business, compared with 9.3 percent of native-born Americans.

And for every 10,000 immigrants to the U.S., approximately 62 will start a business—more than double the rate for the native-born.

Here's another fact Trump should note: Immigrants were involved in founding one-quarter of the companies that went public between 1990 and 2005, one-third of the companies that went public between 2006 and 2012 had at least one immigrant founder and of the 87 privately held companies currently valued at more than \$1 billion, 51 percent had immigrant founders.

As Daniel Costa, the director of immigration law and policy research at the Economic Policy Institute, an economic research think tank based in Washington, D.C., said, "If all immigrants were just to disappear from the U.S. workforce tomorrow, that would have a tremendous negative impact on the economy."

El Trumpeto and his band of Merry Men, including Mr. and Mrs. "dollar posing" Mnuchin, would do well to listen.