



Trump's Harsh Message to Immigrants Could Drag on Economy

Christopher Rugaber

September 17, 2017

James Harrison, the owner of a Phoenix-based specialty construction firm, employs three workers protected by an Obama-era immigration program that the Trump administration took steps Tuesday to eliminate .

Should those workers — who were brought to the United States illegally as children — be deported, Harrison doubts he would find other workers to replace them anytime soon. "These are some of my top guys," Harrison said. "They don't drink, they don't do drugs, they don't do anything but work."

His own grandfather, Harrison said, immigrated to the United States from England without any paperwork.

His on-the-ground viewpoint couldn't be more different from that of Attorney General Jeff Sessions, who made the questionable assertion Tuesday that the Obama administration's measure "denied jobs to hundreds of thousands of Americans by allowing those same jobs to go to illegal aliens."

Nearly all economists and most business leaders reject Sessions' view. Ending the program, known as Deferred Action for Childhood Arrivals, or DACA, won't boost U.S. employment at a time when an aging workforce and a low jobless rate have left many employers struggling to find skilled workers. Eliminating the program might even cost jobs in the long run, they say.

The program allows immigrants who were brought to the United States illegally as children to stay in the United States, attend school and find jobs. Those who benefit are sometimes called "Dreamers," after early proposals in Congress that never passed. President Barack Obama implemented the program in 2012.

The administration said the measure will phase out over six months, giving Congress an opportunity to approve a replacement plan.

More broadly, economists warn that eliminating DACA, along with other steps the Trump administration has taken, such as banning travel from several Muslim nations and proposing cuts

to legal immigration, could inflict long-term damage on the economy. The proposals could discourage potential immigrants, including those with advanced degrees and skills, from entering the United States. Some immigrants already in the U.S. might refrain from starting businesses, analysts say.

"It says to immigrants in the United States that you have no certainty in this country," said Edward Alden, a senior fellow at the Council on Foreign Relations. "That will have economic impacts that will go well beyond the employment circumstances and prospects of the Dreamers themselves."

Immigrants are generally more likely to start companies than are native-born Americans, Alden said. About 40 percent of Silicon Valley companies have had at least one immigrant founder. Harrison's company performs sand-blasting work that strips lead paint and mold. He was planning to leave for Houston to take part in recovery work from Hurricane Harvey.

Last week, Harrison signed a letter, along with about 400 other CEOs, urging the administration to preserve the DACA program. The letter says nearly three-quarters of the top 25 Fortune 500 companies employ some of the roughly 800,000 people protected by the measure.

Microsoft, which says it employs at least 39 beneficiaries of the program, urged Congress to approve legislation that would keep the policy before it takes up tax reform.

Studies have found that the economic damage caused by expelling those protected by the measure would be modest but noticeable. The libertarian Cato Institute estimated it would cost the U.S. economy \$215 billion over 10 years, a small drop given that the nation's output is roughly \$17 trillion every year.

But most economists see immigration generally as an economic boon. That's particularly true as the U.S. ages, which means more Americans are retiring. Those retirements have slowed the growth of the U.S. workforce — a trend that, in turn, limits the economy's potential expansion. The U.S. economy has expanded at a 2.2 percent annual rate since the Great Recession ended in 2009. President Donald Trump has said he wants to raise that pace to at least 3 percent.

"If you want to raise the economy's underlying growth rate, we should be increasing immigration, not reducing it," said Mark Zandi, chief economist at Moody's Analytics.

The Cato study notes that beneficiaries of DACA are similar to the highly-skilled immigrants who are granted H-1B visas to work in the United States. The average beneficiary is 22, has a job, and earns about \$34,000 a year, Cato says.

Nearly three-fifths reported finding work after the program was implemented, a 2014 survey found, and 45 percent said they received a pay increase.

Deporting DACA recipients would reduce Social Security and Medicare tax revenue by \$24.6 billion over a decade, according to research by the Immigrant Legal Resource Center.

Like Harrison, many business owners say they are struggling to fill open jobs. The unemployment rate is near a 16-year low, and the number of available jobs in June reached the highest level on records dating to 2001.

Andy Shallal, the owner of Busboys & Poets, a six-restaurant chain in Washington, D.C. and Virginia, said he is always looking to hire more people.

"Immigrants are the ones who show up looking for work," he said. "We're not passing over people who are citizens."

Shallal, who once ran unsuccessfully for mayor of Washington, D.C., emigrated from Iraq in 1966.

Dan Finnigan, CEO of Jobvite, a company that makes recruiting software, also signed the business letter opposing Trump's decision.

He agrees that the U.S. needs more workers and believes the information technology industry has benefited from greater immigration. But he was also moved by other concerns.

"It just struck me as immoral and un-American to send children who are not responsible for the decisions of their parents back to a nation, wherever they come from, that they don't know," he said.