



Uncertainty Could Undermine Immigration Optimism

But economists say executive order would boost wages and productivity of unauthorized workers.

By Katherine Peralta
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Many economists, including the White House's own, agree the recent executive action on immigration would be a big boost for the U.S. economy. Not only could unauthorized immigrants benefit from higher or fair pay and more bargaining power, but on the macroeconomic level, the move could boost spending levels, grow the American economy and decrease the deficit.

According to a report released Friday, the Obama administration's Council of Economic Advisers estimates the action could increase the U.S. GDP by 0.4 to 0.9 percent, or \$90 to \$210 billion, by 2024. It would increase productivity and raise wages for U.S.-born workers by 0.3 percent by that time and the larger number of taxpayers would reduce the federal deficit by \$25 billion.

In other words, all economic pluses. But a number of uncertainties remain that could undermine the optimistic forecasts from analysts on both sides of the political spectrum.

Add to that uncertainty the fact that Republicans, many who say the president's action was unconstitutional, now control both houses of Congress. And if the GOP wins the White House in 2016, it could lead to a repeal or revamp of the program just announced Thursday.

Only about half of the eligible population came forward to apply after the administration's previous deferred action program for students in 2012, says Randy Capps, director of research for U.S. programs at the nonpartisan Migration Policy Institute.

Still, those that did increased their earnings by 45 percent, and 60 percent had obtained new jobs, research from the Brookings Institution shows. The new deferred action plan could increase wages for unauthorized workers by 6 percent to 10 percent, a possible alleviation for immigrant poverty levels.

The overall impact of Obama's action, Capps says, rides on the condition of the U.S. economy, which has been particularly poor for low-skilled workers, as evidenced by wages that have stagnated for most in recent years.

"There are a lot of immigrants employed in construction and hospitality which are industries that are very sensitive to the business cycle," Capps says.

Most unauthorized immigrants work in recreation and food services, construction, professional and administrative services, manufacturing and retail trade, according to the Migration Policy Institute.

Another concern that comes with current optimistic economic estimates is the fact that if the current plan remains in place, workers will need to periodically reapply, something that not all are guaranteed to do.

"There are two issues: One is that maybe half the population might come forward at least initially and the second is that it's only a three-year program renewable and [the White House] estimates go out a lot longer than that," Capps says.

But the immigrants who do apply would be adding to the U.S. tax base without reaping the benefits of programs like Social Security and food stamps. Between 10 percent and 30 percent of the

undocumented population already pays taxes, so the president's action could add an additional 70 percent to 90 percent, says Adriana Kugler, a professor at Georgetown's McCourt School of Public Policy and a former chief economist of the Labor Department.

"They're legally working, but they're not citizens, so they're not allowed to actually claim any benefits. So if you get all of the benefits and none of the cost, it's a win-win," she says.

They'll also enjoy the oft overlooked benefits of legitimate work status, says **Bernard Baumohl**, chief global economist with the Economic Outlook Group. And when workers have more money, they tend to spend more money – a boon for consumer spending, which makes up about two-thirds of the American economy.

"Certainly as those who were in fear of being deported no longer have to worry [and] might be willing to do a number of things that could help the economy," **Baumohl** says. "They could feel more comfortable about coming out of the shadows, opening up bank accounts getting credit cards and doing more shopping because now they are less concerned about increasing their visibility in the economy."

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