



IMMIGRATION

Top 5 Economic Benefits from the President's Immigration Announcement

Little to Fear, Much to Look Forward to

By Sarah Jane Glynn | Posted on July 9, 2012, 9:00 am



AP/Susan Walsh

President Barack Obama announces his administration's plan to suspend deportations of some immigration youth in the Rose Garden of the White House on June 15, 2012.

The president took a smart and much-needed step on June 15 when he [announced](#) his administration would stop deporting undocumented youth (“[deferred action](#)”) and make them eligible for work authorization.

The new policy follows the provisions of the [DREAM Act](#) and allows young people who came to the United States before age 16; who were under age 31 on June 15, 2012; who have been in the United States for at least five years; who are enrolled in or have completed high school; currently serve in the armed forces or have been honorably discharged; and who have not been convicted of a felony, significant misdemeanor, or multiple misdemeanors, to have their deportations suspended and to apply for work authorization. Current estimates show that up to [1.4 million people](#), many of whom know no other home, could qualify over time.

The policy makes good economic sense in addition to the self-evident humanitarian reasons for letting undocumented youth remain in the country, work, and live with legal status. The following are the top five ways the president's announcement will benefit our economy.

It will promote economic growth for all Americans

A study conducted by the Council of Economic Advisers under President George W. Bush found that in 2007 immigrants contributed [\\$37 billion per year](#) to the economy. This is because immigrant workers complement native-born workers (rather than compete with them) and increase productivity overall.

It should not be surprising, then, that from 1990 to 2006 the metropolitan areas that experienced the [fastest economic growth](#) were those that also saw the largest increases in their immigrant labor forces.

By ensuring that these immigrant workers have legal status and the ability to enhance their education and skills, this policy guarantees that their contributions to the nation's economic growth will be maximized.

It will raise wages for native-born workers

A Federal Reserve Bank of San Francisco study found that areas with higher levels of immigration had [higher wages for native-born workers](#). This is because when undocumented immigrants are granted work authorization, it raises the "wage floor" for all workers by preventing employers from deleveraging native workers' wages with undocumented and therefore exploitable wages.

The positive effect of immigrant workers also [accrues over time](#), meaning the benefits of allowing DREAMers to enhance their education and be legally employed will continue to be felt for decades to come. In the words of the late Paul Wellstone, "[We all do better when we all do better.](#)"

This is particularly important as we find ourselves in the midst of a still-recovering economy. One of the surest ways to create more jobs is to create more demand for services. As Nobel Prize-winning economist Paul Krugman put it, "[Your spending is my income, and my spending is your income.](#)" The more money average consumers have in their pockets (including DREAMers), [the more jobs are created](#) and the better off we all are.

A more robust economic step would be for Congress to enact comprehensive immigration reforms, which would [raise the wages](#) of all workers, with the strongest impact for those in less-skilled positions.

It will better educate this workforce to meet the needs of today's economy

The U.S. immigrant population has become more educated as new waves have entered the country. Only 19 percent of working-age immigrants had a college degree in 1980, while nearly 40 percent had less than a high school education. [But by 2010](#), 30 percent of immigrants in the same age group had completed college and only 28 percent had not completed high school. Deferred action, which will facilitate students' enrollment in college, will only help further this trend.

Policies such as President Barack Obama's directive, which encourages students to complete high school and make it easier to enroll in college, will not only promote greater economic growth that comes with a more highly educated workforce but will also help meet the current needs of our labor market. The [unemployment rate](#) in May 2012 was 13 percent for workers with less than a high school diploma but only 3.9 percent for those with a bachelor's degree or higher.

It will increase federal revenues

About half of immigrant workers who currently lack authorization work "on the books," meaning they contribute payroll taxes to programs like Social Security that they are ineligible to receive benefits from. The Social Security Administration's chief actuary estimates that undocumented immigrants have already contributed between [\\$120 billion to \\$240 billion](#) into the Social Security Trust Fund, from which they will never see a penny. Extending work authorization to more immigrants at the beginning of their careers will only increase these contributions.

Beneficiaries of deferred action may be eligible for Social Security benefits after paying into the system for the required time periods. But even if they are, it will still represent an important gain for the trust fund. Because DREAMers (and immigrants more broadly) are significantly younger on

average than the native-born workforce, they play an [important role in bolstering the trust fund](#) as baby boomers begin to retire in large numbers.

Overall, the Congressional Budget Office found that a path to legalization for undocumented workers would result in a net gain for government coffers, even when accounting for their resulting eligibility for social services. Providing legal status to undocumented immigrants would increase federal revenue by [\\$48 billion](#) and would only result in \$23 billion in additional costs to public services, leaving a surplus of \$25 billion in revenue for the government.

It will complement native-born workers

Contrary to some fears, immigrant workers are not a substitute for the native-born workforce. [Employed immigrants differ](#) from unemployed native-born workers in terms of geography, occupation, and work experience.

The Cato Institute argues that the [unemployment rate is not related to immigration](#)—the rate was notably below 5 percent at a time when there were 1 million more undocumented immigrants in the United States than there are today. This is because immigrants tend to fill positions in the labor market, both lower- and higher-skilled positions, where the native-born population is not able to meet demand.

Conclusion

In short, there is little to fear and much to look forward to in the wake of President Obama's announcement. This move will be good for all Americans, immigrants and native-born alike, and good for our economy as a whole. And juxtaposed against the alternative—wasting enforcement resources to block these talented individuals from contributing to our communities—this Department of Homeland Security directive is a no-brainer.

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See also:

- [6 Things You Need to Know About Deferred Action and DREAM Act Students](#) by the Center for American Progress Immigration Team

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