New York Times

February 27, 2020

Why a Top Trump Aide Said 'We Are Desperate' for More Immigrants

Immigrants are critical to expanding the United States' labor pool. Mick Mulvaney acknowledged that, even if President Trump's policies do not.

By Jeanna Smialek and Zolan Kanno-Youngs

WASHINGTON — At a private event last week, Mick Mulvaney, the acting White House chief of staff, stated a reality that economists treat as conventional wisdom but that the Trump administration routinely ignores: The United States needs immigration to fuel future economic growth.

"We are desperate, desperate for more people," Mr. Mulvaney told a crowd in England, according to an audio recording provided to The New York Times. "We are running out of people to fuel the economic growth." He said the country needed "more immigrants" but wanted them in a "legal" fashion.

Mr. Mulvaney's sentiments are at odds with the approach and language embraced by President Trump and White House officials including Stephen Miller, a senior aide who is a driving force behind the administration's immigration policies.

The White House has been trying to crack down on undocumented entries and family-based immigration into the United States, and its measures are slowing the flow of refugees. While the administration has said that it wants to foster high-skilled immigration, Mr. Trump has described the country as "full."

But growth in the native-born work force is rapidly slowing as the population ages and people have fewer children, so immigrants will probably be needed to drive the economy. They have already been a crucial source of new workers, accounting for about half of the labor force's expansion over the past two decades.

The foreign-born population has been expanding only tepidly during Mr. Trump's tenure. That slowdown could have long-lasting and profound repercussions, economists warn.

"Immigration, while a sensitive topic, has been a key part of work force growth in the United States," Robert S. Kaplan, the president of the Federal Reserve Bank of Dallas, said in an interview. Immigrants "have been additive to the U.S. economy" and "they've helped us to grow faster."

Gross domestic product growth comes from two basic ingredients: population and productivity gains. To produce more goods and services, businesses need either more workers or better efficiency.

Productivity improvement has been weak in America over the past decade. While some economists hope that will change as companies embrace nascent technologies in robotics and machine learning, others believe that most economy-altering innovations may be behind us — think cars, washing machines and refrigerators. Future gains could be consistently mediocre.

If that's the case, the United States' economic fate will hinge on population growth.

Work force expansion will almost certainly not come naturally. Fertility has dropped since the baby boom of the late 1940s to mid-1960s, and has plunged recently. The expected number of births per woman in America has dropped to just 1.73, based on data from the National Vital Statistics System. That is nowhere near the rate the population would need to replace itself — a little

The immigrant population in the United States has been growing more slowly, a phenomenon exacerbated by the Trump administration's policies.

But America's immigrant population has been growing more slowly, a phenomenon exacerbated by Trump administration policies including strict enforcement and travel restrictions on many countries with substantial Muslim populations.

The United States added only 595,000 total immigrants last year, the fewest since the 1980s, according to an analysis by the Brookings Institution demographer William H. Frey based on Census Bureau data. That contributed to the lowest year in overall population growth since 1918.

Undocumented immigration has been declining since about 2007. While conclusive data is sparse, estimates by the Pew Research Center suggest the trend has continued under the Trump administration.

Legal immigration has also been slowing, and that is poised to persist. A report released this week by the **National Foundation for American Policy** projected a 30 percent plunge in legal immigration by 2021 and a 35 percent dip in average annual growth of the U.S. labor force.

That "will take place without any change in the law by Congress but as a result of policies that include the broadened version of the public charge rule, the travel ban and lower admission of refugees," according to the report. The so-called public charge rule can curb visa and green card eligibility for people who are deemed likely to tap public programs.

"The Trump administration's reduction in legal immigration will mean slower growth in the labor force and a lower rate of economic growth," the report stated.

Economists at Moody's Analytics have estimated that if immigration consistently dropped to 500,000 a year and stayed there — down from previously normal levels of around one million a year — the nation's total gross domestic product would be about $700 billion smaller by 2030.

Proponents of restraining immigration, particularly among low-skill workers, often argue that newcomers can supplant American workers or depress their wages, even if they help the economy as a whole. Companies have to compete less to hire when there are more workers around. But the evidence supporting that argument is limited.

In one study, the Harvard economist George Borjas examined how a group of Cubans who went to Miami in 1980 affected the local labor market. He found that native-born workers who had dropped out of high school took a wage hit when the newcomers arrived. But that research has been the subject of a fierce debate over data choices — several different economists have argued that with a different design, the pay effects disappear.

Other research, by Giovanni Peri at the University of California, Davis, suggests that lower-skill immigrants complement their American counterparts, actually lifting wages. Immigrants are more entrepreneurial, other studies have found, and at higher education levels, they contribute a big share of the United States' science, technology and math work force.

Whatever competition immigrants do pose is probably even more limited now, when the unemployment rate is at its lowest in half a century and businesses have about 1.1 job openings for every available worker.

"It's very hard to think that in this situation you would displace anyone," Mr. Peri said. "A little bit more immigration would alleviate and help this problem, allowing the economy to grow a

In Chester County, Pa., which produces more than 60 percent of the country's mushrooms, immigration is top of mind. Harvesting is difficult work: It requires laboring from early in the day in growing houses, bending and stretching to twist the produce from its trays. In recent years, there have been too few people to complete the task even at higher pay rates, so companies have planted less and have even allowed crops to go unpicked.

"As an industry, they are not able to produce at the levels they would like, and at the demand that's being requested," said Guy Ciarrocchi, the head of the Chester County Chamber of Business and Industry. The local unemployment rate comes in under 3 percent, so other opportunities are plentiful.

"You can make a very nice living in mushrooms, but it's hard work," said Lori Harrison, the communications director at the American Mushroom Institute, an industry group. Farms have avoided building new houses to expand amid labor shortages, she said. "If you put the capital into it, but don't have anyone to harvest the mushrooms, then you're out."

Mr. Ciarrocchi and his chamber colleagues regularly talk to their legislators about the shortage in the local work force, which extends to other industries. They see immigration as one part of the answer.

“Build the wall, that’s fine,” he said. “But at the same time, we should be able to talk to — whether it’s mushroom farmers or engineers or doctors — whatever the economic needs may be.”

Near-term labor shortages like Chester County’s offer a hint of problems that could arise if the work force expands more slowly amid muted immigration. As the population ages, more people will depend on Social Security, Medicare and other public programs while a shrinking share of the population punches the clock and pays the taxes needed to fund them.

“The U.S. economy, I think, will undergo a transition in which growth will slow down, society will age, and the economic dynamism will slow,” Mr. Peri said, adding that the nation’s debt burden would increase. “That’s the direction that the U.S. is going to be headed toward if fertility doesn’t change and immigration is still constrained.”

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