

Economic Effects of Immigration Reform

There is a lot of controversy regarding President Obama's executive order for immigration reform. The short version is that he bypassed a do nothing congress and put a hold on deportation for nearly 5 million people who came to and remain in the USA illegally. Our concern at this point is not if the parents of children born in the USA should not be deported. Our concern is the economic effects of immigration reform. *Forbes* sees **Obama's immigration plan** as a wild card for the U.S. economy.

The impact of the President's actions, given this large group of potential beneficiaries, could very well ripple across the U.S. economy, but it's too early to say exactly how. As the Congressional Budget Office noted when it analyzed the economic implications of last summer's stalled immigration bill, "ascertaining the effects of immigration policies on the economy and the federal budget is complicated and highly uncertain."

The first unknown factor is just how many people will sign up for this plan. Then we do not know how many will apply for and find different jobs. The usual assumption is that illegal aliens work for cheap because they do not have papers that allow them to apply for most jobs in the American economy. The fear of some US citizens is that a flood of illegals will enter the legitimate job market and displace workers who are United States citizens. And how many who do find better jobs will make enough money to pay significant taxes. All of these factors and more left the folks at the Congressional Budget Office scratching their heads.

Where Immigration Reform Will Help

Not everyone is confused and scratching their head about immigration reform. In Houston they think that the economic effects of immigration reform will be positive. The Houston Business Journal says immigration reform will be a big **boost to Houston's labor force**.

There are few more politically polarizing issues of late than immigration reform, but for many in Houston, President Barack Obama's recent executive order on immigration is about business.

"For legal contractors it's going to be a tremendous boom because now we have access to labor that we haven't been able to hire," said Stan Marek, CEO of Houston-based Marek Brothers Company Inc. and longtime proponent of immigration reform.

Many Houston businesses have traditionally risked sanctions by hiring undocumented workers. Have a large pool of previously illegal aliens will be a plus. The Journal estimates that easily more than a million people will take advantage of this executive order and be available for jobs across the board. As an example a recent study indicated that as of today

half of Houston's construction workers are undocumented. These folks will likely stay on the job, perhaps get better wages and pay taxes.

Where the President's Actions Fall Short

Silicon Valley needs programmers. It is difficult for foreign born programmers to get papers. Many of the technological advances made by the USA in the 20th century came from immigrants who were welcomed to these shores, given citizenship and who made great contributions. Today immigration law makes it hard to replicate this feat. Companies in the tech areas of California are especially unhappy that the President did not address this failing of immigration law. *The New York Times* reports on the Silicon Valley response to **Obama's Immigration Action**.

President Obama's executive action on immigration last week falls well short of what both immigrants and industry leaders were seeking. The most vexing issues they face, like speeding up the process for obtaining permanent residency and getting more visas for high-skilled technology work, would require an act of Congress.

The issue here is that the President did what he believed he could legally do via executive action. For more we need to wait for the next congress to act. Comprehensive immigration reform has the potential for good economic results. But congress needs to act.

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