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Immigration Plan Will Curb Job Growth

Estimates suggest cuts could range from 25,000 to 100,000 positions next year

BY PAUL KIERNAN

Immigration has been a key source of growth in the labor force and jobs in recent years. President-elect Donald Trump's plans are almost certain to slow that source of growth. The question is by how much.

Employment has grown an average of 170,000 jobs a month this year. Depending on exactly how Trump plans to clamp down on illegal immigration and deport unauthorized migrants, independent estimates suggests that growth could be reduced by 25,000 to 100,000 jobs next year.

Since 2021, immigration has added about 10 million people to the U.S. population, according to Congressional Budget Office estimates. Less than one-third came into the country legally on immigrant visas, work or student visas, or as refugees. Many of the rest crossed the border without authorization or overstayed their visas, often requesting to remain after they entered.

Even before this historic migration surge, there were about 11 million undocumented immigrants living in the U.S. as of 2022, according to the Department of Homeland Security. The undocumented population includes roughly three million "Dreamers," who were brought to the U.S. as children and grew up here, according to the Migration Policy Institute.

The presence of these migrants has fed controversy about U.S. immigration and border policies, and was a major factor in Trump's election victory in November. Nonetheless, the newcomers play a significant role in the economy. Trump has promised to "stop the invasion" of unauthorized migrants and to launch "the largest deportation operation in the history of our country." He has provided few specifics as to how he would achieve either goal, but the president has broad authority to restrict many of the pathways that immigrants have used to enter the country in recent years.

Trump's pick to oversee the deportation campaign, Tom Homan, implied in an interview with Fox News that initially at least, a narrow subset of migrants would be targeted: those deemed "public-safety threats and national-security threats," and migrants who have been ordered to leave the U.S. but haven't done so.

As of July, there were 425,431 noncitizens in the U.S. convicted of crimes but not detained, according to Immigration and Customs Enforcement, which says it already is giving priority to the removal of people who pose public-safety threats. Traffic violations were the most common offenses.

There is little recent precedent for the expected laborforce impact of Trump's immigration plans. Removals of immigrants from the interior of the country (as opposed to at the border) peaked at 243,000 in 2009, at the depths of the 2007-09 recession, and averaged 126,000 a year over the following decade, when the job market generally was weaker than now.

Even if Trump can't remove all or even most of the undocumented immigrants living in the U.S. or, as he has promised, "seal the border," there is little doubt that his policies will have an effect.

A tighter supply of immigrant workers could put upward pressure on wages and prices in sectors that employ a lot of such workers, such as construction, food processing, restaurants and hospitality. Im-migrants who arrived in 2020 or later accounted for 1.8% of the U.S. population as of last year, according to the Census Bureau, but 8.1% of roofers, 6.7% of agricultural workers, 5.6% of construction laborers and 5.6% of maids and housecleaners, among other occupations.

"Those sectors are going to see a reduction in the labor supply," said Wendy Edelberg, an economist at the Brookings Institution. "All else equal, that's going to push up prices."

Goldman Sachs and JP Morgan both estimate that net immigration—the difference between people entering the country and people leaving—will fall back to the annual rate during Trump's first presidency of about 750,000 from a peak of 3.3 million in 2023 and an average of 919,000 a year in the 2010s.

Goldman assumes little change in legal immigration, which runs around one million people a year, and a significant reduction in migrants admitted to the country on humanitarian grounds or with future hearings in immigration court.

By contrast, Evercore ISI projects net immigration will actually be negative, with outflows exceeding inflows by 100,000 in 2025, rising to 600,000 in 2028.

Researchers at Brookings modeled a "high" and a "low" scenario for net migration under Trump in 2025, ranging from a net gain of 1.22 million people to a net loss of 740,000. "That's still well shy of his ambitions," said Edelberg, predicting that legal hurdles and public sentiment will likely prevent Trump from carrying out the "largest deportation" in history. But it would still represent a sharp slowdown in U.S. population growth, she said.

"Our economy is just going to grow more slowly, and our labor force is going to grow more slowly—in some ways that's just accounting," she said. "What gets painful is having such changes be very abrupt."

Karoline Leavitt, a spokeswoman for the Trump transition, said the real economic crisis is the costs of illegal immigration borne by communities. His "mass deportation of illegal immigrants will not only make our communities safer but will put hardworking Americans first and save them from footing the bill for years to come."

Brookings' low-immigration scenario foresees fewer visas being issued, termination of humanitarian parole for Ukrainians and other nationalities, fewer clandestine border crossings, and five times as many deportations from the interior of the country than in 2017-19, during Trump's first term.

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