



The Daily Dish

Dropping Home Sales

DOUGLAS HOLTZ-EAKIN | NOVEMBER 26, 2013

Pending home sales have hit a snag as they sunk to a 10 month low in the month of October. [Reuters](#) writes that “The National Association of Realtors said on Monday its Pending Home Sales Index, based on contracts signed last month, slipped 0.6 percent to 102.1, the lowest level since December. It was the fifth straight month of declines in contracts and suggested home resales could remain on the back foot for the rest of this year.”

The report continues: “Contracts fell 4.6 percent in September. They were down 1.6 percent compared to October last year. Economists, who had expected pending home sales to rise 1.3 percent in October from September, said the weak home sales trajectory could see the Federal Reserve sticking to its \$85 billion monthly bond buying program until early next year.”

Some positive economic news however can be seen in the services sector. [Reuters](#) also writes “In a separate report, financial data firm Markit said its preliminary Purchasing Managers Index for the services sector rose to 57.1 this month from a record low 49.6 in October.” The signs indicate a stronger end of the year. “The services sector survey adds to data such as retail sales and nonfarm payrolls that have painted a fairly upbeat picture of the economy early in the fourth quarter.”

Eakinomics: Immigration Policies

Today’s news brings an interesting juxtaposition. On these shores, President Obama [renewed](#) his push for immigration reform. Across the Atlantic, the *Wall Street Journal* [reports](#) on the budgetary stresses produced by France’s baby boom. The former has become familiar to observers of America, while the latter is a surprise to many. It should not be. As the *Journal* reports, France has aggressively subsidized having babies, and economic incentives work: “France has achieved its mini baby boom with some of Europe’s

most generous subsidies for families, as well as child-care access. Spending on family policy—including subsidies, tax breaks for parents and state-funded help for housing—equals nearly 4% of the country's gross domestic product, the highest ratio among the Organization of Economic Cooperation and Development's 34 industrialized member countries and nearly double the 2.2% average.”

The U.S., like Europe outside of France, has a low birth rate. A growing population is key to economic growth and in the U.S. we are below replacement levels. France’s solution is to layer unaffordable subsidies on an already debt-laden economy (debt is over 93 percent of GDP). The debt and related poor growth are a burden on those very young who cannot find jobs.

The U.S. could take another route: immigration reform. Improved immigration policies can expand the population, improve the labor force, and provide better [economic growth](#).

Too often, immigration reform is viewed solely through the lens of legal status or security issues. Immigration reform is a potent population and economic policy that meets the U.S. needs, without French-style debt.