



The Daily Dish

Trump and the Labor Market – “Buy American and Hire American”

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Eakinomics: Trump and the Labor Market – “Buy American and Hire American”

One of the principal economic planks of Trumpism is the notion that economic relations with the remainder of the globe are a bad idea. Immigrants are a threat; they are stealing American jobs, driving down American’s wages, and ruining the standard of living of the middle class. Imports are a cancer; they rob the middle class of good-paying jobs, send hard-earned dollars abroad, and threaten the future of our children. This is pathetic, fear-mongering bunkumpoppycockmalarkey (a new word invented for the occasion); let me come back to this.

President Trump has been busy with executive actions on trade, and even the most casual observer of the Trump era has seen the ramifications. Tariffs here, quotas there; assault on international institutions in the morning, insults to allies by evening; and trade war with China for the United States, slower growth for everyone. It was predicted to be a failure in advance, and no historian will be able to reverse that judgment.

The president has been comparably busy on the immigration front, but it may not be obvious to the casual observer. On April 18, 2017, he signed the “Buy American and Hire American” executive order (EO 13,788), which has spawned a veritable flood of rulemaking by the Departments of Homeland Security, State, Justice, and Labor. AAF’s Whitney Appel has documented these actions ([here](#)). Without a wearying walk through each action, the basic themes emerge. At every turn narrow eligibility, reduce caps on immigration, end renewals and extensions, and raise the wages required to be paid to immigrants. (See, for example, the [action](#) on prevailing wages for H-1B visa holders.)

If, and only if, the entry of an immigrant served to displace workers (raise native-born unemployment) and/or lower wages could one rationalize these actions. But many of these programs exist precisely because there is an insufficient supply of native-born workers with the appropriate skills. And even with unskilled workers, researchers have tortured the data in an effort to get them to confess to immigration harming the wages of the native born. No luck. (In the most famous example, the Mariel Boatlift introduced roughly 125,000 Cubans into the Miami labor market between April and October of 1980. It has taken decades and remarkable statistical ingenuity to find any impact.)

In the absence of such harm, all that the immigration restrictions accomplish is a reduction in the numbers and skills of workers in U.S. production, reducing output and income. It is the opposite of a pro-growth policy. Reform of the [legal immigration system](#) is one of the most profound policy opportunities for the United States. The past four years have simply been a step in the wrong direction.