

## The Amnesty Numbers Game

**A case study in politicized statistics.**

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Immigration policy is fraught with trade-offs. There is the welfare of citizens versus non-citizens, distribution versus efficiency, diversity versus cohesion, liberty versus security — the list goes on. There is no policy formulation that will please everyone.

But trade-offs rarely make for good political messaging. So when the Obama administration began its push for amnesty for illegal immigrants — first through the legislative process and then more recently through “executive action” — it needed a slew of ready-made talking points to counter every objection. The result was a politicization of statistics on a grand scale and, inevitably, a degradation in the quality of debate. Numbers from seemingly authoritative sources have been stripped of context and presented as argument-stoppers, with little attention to the actual data or methodology involved.

Consider a congressional hearing held March 17 by the House Oversight and Government Reform Committee. The purpose was to determine the fiscal impact of President Obama’s executive actions on immigration, specifically the granting of work authorization via executive order to millions of illegal immigrants. Witnesses opposed to amnesty presented serious reasons why the president’s actions could impose a cost on taxpayers. At every stage of the hearing, however, Democrats responded with dismissive grandstanding and appeals to authority.

In his testimony, Steven Camarota of the Center for Immigration Studies pointed out that Americans with low levels of education — immigrant or native — pay far less in taxes than they receive in government benefits. Because illegal immigrants average about a tenth-grade education, any amnesty that makes more means-tested benefits available to them is likely to be costly. The most immediate costs stemming from the president’s amnesty would come from the refundable portions of the earned-income tax credit and the additional child credit.

My former Heritage Foundation colleague Robert Rector concurred with Camarota, and he added that if amnesty recipients remain in the U.S. long enough to collect Social Security and Medicare benefits, the cost in present-value terms could run into the hundreds of billions of dollars. The precision of such a long-term projection is open for debate, but clearly there is a cost

here worthy of our attention. As Camarota noted, amnesty may or may not be a wise policy choice, but Americans should at least be aware of the potential costs.

Wait a minute — costs? Perish the thought, said the Democrats on the panel. There cannot be any costs! As evidence that immigration is really a win-win-win proposition, several of the pro-amnesty speakers at the hearing cited a report from the White House Council of Economic Advisers (CEA). Take the opening remarks of Representative Matt Cartwright (D., Pa.):

The White House Council of Economic Advisers has conservatively estimated that the executive actions on immigration would raise the level of GDP by 0.5 percent after ten years. . . . [It] would cut federal deficits by \$30 billion in ten years, would expand the country's labor force by 200,000 people, and raise average wages for U.S.-born workers.

This is misleading for several reasons. The first is the all-too-common conflation of high-skill and low-skill immigration. Although the amnesty portion of the president's executive order gets the attention, the White House also took minor actions related to immigrant entrepreneurs, STEM graduates, and H1-B visa holders. The CEA's conservative estimate of labor-force growth is driven entirely by the high-skill provisions. (Its upper-bound estimate does include a small labor-force effect from the amnesty.) Similarly, the high-skill immigration changes account for roughly three-quarters of the projected GDP growth and wage gains. Why combine the effects of completely different immigration actions? The high-skill provisions are the spoonful of sugar to help the amnesty medicine go down.

A second problem is that GDP and labor-force growth do not necessarily reflect benefits to natives. The vast majority of the economic gains from low-skill immigration typically flow to immigrants themselves, not to citizens of the host country. How we weigh the interests of natives versus immigrants is an important philosophical question, but simply touting raw GDP growth disguises the distinction altogether.

Third, the deficit reduction cited by Representative Cartwright fizzles when we consider that the CEA's \$30 billion estimate is based purely on the economic effects described above, disregarding any changes in benefits received or taxes paid by immigrants. It's really not a budgetary-impact estimate at all. Frankly, it is curious that such an estimate was even included in the report. The authors are clear about what it means, but surely they did not assume that everyone citing the "deficit reduction" from their report would be as careful.

The CEA is, of course, a White House operation. Its report is structured as an advertisement for the Schumer-Rubio amnesty legislation from 2013, which it describes as "commonsense immigration reform." And the CEA is not bothered by the literature showing that immigration lowers the wages of similarly skilled natives. That notion gets dismissed with a single footnote.

But what about the non-partisan Congressional Budget Office? Democrats at the hearing cited the CBO in warning that repealing the president's amnesty would be costly. This is, again,

misleading. The CBO estimates that if the executive amnesty from last fall were repealed, the Treasury would gain \$7.6 billion over 10 years, not including the “off-budget” impact on the Social Security system. If Social Security taxes and benefits are included, then the gain from amnesty’s repeal turns into a net cost of \$6.3 billion.

However, almost all of the Social Security (and Medicare) benefits earned by immigrants receiving amnesty will be collected outside of the ten-year budget window. Because low-earning Americans generally will receive more in Social Security and Medicare benefits than they contribute in payroll taxes over their lifetimes, the net entitlement cost of amnesty could be quite large, just as Rector warned. Neither the CBO nor the CEA has attempted to quantify that cost. So how can any politician be confident about the fiscal impact of amnesty without an estimate of the long-run effect on entitlement spending? The answer is they cannot — or, at least, should not.

In theory, a congressional hearing would help draw out and clarify the issues discussed above. But hearings are usually more about political grandstanding than about gathering information or resolving conflicting data. For example, Cartwright asked Rector about the Cato Institute’s criticism of his work. Here was a perfect opportunity to hash out some important methodological differences. However, the congressman gave Rector exactly 37 seconds to respond before cutting him off mid-sentence, repeating the criticism, and abruptly changing the subject.

Not to be outdone, Representative Ted Lieu (D., Calif.) took offense at the very idea that low-skill immigrants could have a negative fiscal impact: “I’ve had the opportunity to meet over many years many farm workers who’ve had families die in brutal conditions, in the heat, so that you and I can have less-expensive orange juice, cheaper artichokes, less-expensive garlic.” But more low-skill immigration — Lieu’s position — means that farm workers will have even lower wages, will be even less valued by their employers, and will have even less bargaining power. When did this become a tenet of progressivism? And, more important, what does it have to do with the fiscal cost of amnesty?

None of this is new in Washington. Only a naïf would expect congressional debates to be Oxford Union material. Nevertheless, the amnesty movement has turned the political numbers game into an art form, systematically obscuring the trade-offs inherent in immigration policy. Without acknowledging those trade-offs, there can be no serious debate.