TIME

The Made-Up Numbers Dominating the Immigration Debate

By: Christopher Matthews – May 10, 2013

The Heritage Foundation made a splash early this week with a report predicting that the current immigration reform bill being debated in the Senate would cost the U.S. government $6.3 trillion dollars in benefits like Social Security, Medicare, means-tested welfare, and other programs over 50 years. The basic logic behind the study is that undocumented immigrants are far lower skilled and less educated than the average American, and therefore these folks will, on average, take more in benefits than they will contribute in taxes.

The analysis fomented significant backlash, not just from the liberal outfits you'd expect but also from conservative groups like the Cato Institute and the American Enterprise Institute that support immigration reform. The two biggest flaws in the report, according to these critics, were that it did not take into account any of the economic benefits of immigration and previously undocumented immigrants coming out from the shadows; and that it underplayed the high costs of the status quo. As Alex Nowrasteh of the Cato Institute puts it:

> "Heritage … largely ignores the wage increases experienced by immigrants and their descendants over the course of their working lives, how those wages would alter after legalization, and the huge gains in education amongst the second and third generation of Hispanics."

In addition, the Heritage report assumes that undocumented immigrants mostly up and leave when they reach the age of 55 — whereas under the reform bill they would remain in the U.S. and draw heavily on government programs. But this assumption doesn't make a lot of sense: As Dylan Matthews points out in the *Washington Post*, the reason there currently are not more older, undocumented immigrants in the U.S. is that they were legalized by a 1986 amnesty law.

Regardless of the Heritage study's flaws, it set many conservative supporters of immigration, like Florida Senator Marco Rubio, back on their heels. The last thing a deficit hawk wants is a proposal that will add trillions to the deficit over the next several decades. So Senator Rubio reached out to the Social Security Administration for an analysis on the effects of the bill on the economy, Social Security, and Medicare.

Surprise! The Social Security Administration *came to the exact opposite conclusion* as the Heritage Foundation. As the Associated Press reported it, the SSA analysis, "said the immigration bill would boost Social Security's coffers by more than $240 billion over the coming decade and add $64 billion in new tax revenues to Medicare. It also would

increase the size of the economy by a full percentage point by 2017, and increase employment."

Anybody even a little familiar with the house of mirrors that is Washington, D.C., shouldn't be surprised that two different organizations could differ on the effects of a bill by nearly $7 trillion dollars. Part of the reason for the discrepancy is that the organizations are simply talking about apples and oranges. For instance, the time horizons don't even purport to match up. The Heritage Foundation doesn't disagree that, in the short term, a "path to citizenship" will increase payroll tax receipts, but argues that *over 50 years*, these folks will ultimately take more out of programs like Medicare and Social Security than they pay in. The SSA numbers, meanwhile, are based on projections only 10 years into the future.

The SSA projection, meanwhile — which primarily aimed to gauge the bill's effect on Social Security and Medicare — is in certain respects much more narrowly focused than the Heritage estimates. It doesn't, for example, take into account the effect of immigration reform on government programs like the Earned Income Tax credit, or the potential strain placed on local school systems.

Even examined on it's own merits, however, the supposed conclusions of the SSA study appear logically flawed. To argue, for instance, that removing America's 11 million undocumented immigrants from the shadows will "increase employment" is an almost trivial statement: Of course it will increase official measures of employment. Similarly, population growth will almost always increase GDP, which is simply the sum of the dollar value of all the goods and services produced in an economy.

Then there's the yawning imprecision of the SSA projections, which (to the agency's credit) was made abundantly clear by the number of assumptions and estimates explicitly listed in the agency's letter to Senator Rubio. They include, without any supporting basis, the assumptions that:

- Just 8 million of the 11.5 million undocumented immigrants will apply for and be granted provisional status;
- Fewer than 8 million immigrants will maintain this status after 2021; and
- The border control provisions in the bill will reduce illegal immigration by 500,000 per year.

And embedded even in the GDP growth estimates are further assumptions about the earning power of immigrants, how much immigrants will remit home, and the general performance of the economy, just to name a few.

I'm not even arguing that these these assumptions are flawed, or that one prediction is better than the other, but rather that *any* economic forecast of the effects of an immigration bill contains so many estimates and assumptions as to make projections nearly meaningless in the long run.

Politicians use these studies for shock value. The $6.3 trillion Heritage figure will stop you in your tracks the first time you hear it, and probably cause those on the fence about a "path to citizenship" think hard about its costs. But that number would be misleading even in the unlikely event that it turns out to be entirely correct: If federal spending — which was $3.7 trillion in 2012 – grows by 2% per year, that $6.3 trillion would represent

just 2% of total federal spending over the next 50 years. This would seem a small price if, for instance, you are convinced of the moral necessity of immigration reform.

Economists do not have an easy job. The vast majority of them work in good faith to make the best projections that the available evidence can provide. But predicting the future is hard work that requires estimating dozens or even hundreds of variables. Even the Federal Reserve, home to some of the most respected economists in the world, has consistently failed at projecting the trajectory of the economic recovery, even just a few years out.

So the next time you hear politicians throwing numbers around about the budgetary implications of immigration reform, get out your salt shaker. Immigration reform is surely one of the most important political issues of our time. It will require us to take into account our beliefs about fairness, the sanctity of the law, and the morality of refusing human beings access to a better life. These are grave and difficult questions, even without adding nonsense data into the mix.