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Conservative leaders slam Heritage for shoddy immigration study

By: Jennifer Rubin - May 6, 2013

In what was almost certainly an unprecedented press call, top fiscal conservatives from Americans for Tax Reform, the Cato Institute, the Kemp Foundation and the American Action Network took what had once been the premier conservative think tank, the Heritage Foundation, to the woodshed for its immigration report that sees trillions in cost and no benefits from immigration reform.

With a more-in-sorrow-than-in-anger tone, Josh Culling of ATR said that while Heritage was a “treasured ally,” its work was a rehash of a flawed 2007 study that ignored all the benefits of immigration reform. Cato’s Alex Nowrasteh was even more outspoken saying “how disappointed” he was that Heritage abandoned conservative dynamic scoring (i.e. the impact a piece of legislation’s impact on the economy). He accused Heritage of not following years of their own work, which has striven to look at the impact on behavior of changes resulting from reforming the tax code and other innovations. “They ignored GDP, they ignored productivity,” he said in reeling off the list of items *in the Gang of 8 legislation* left out of Heritage. Cato’s study, which *did* use dynamic scoring, found that immigration reform would add \$1.5 trillion in growth over ten years while forcing out 11 million immigrants (the Heritage solution) would lower GDP by \$2.6 trillion over ten years.

The prize for candor, though, went to American Action Forum’s Douglas Holtz-Eakin, who stated flatly, “It really misleads.” Without dynamic scoring, H1-B visas, a guest worker program, and the other economic pluses from immigration reform and with a load of ludicrous assumptions (e.g. everyone would qualify for government benefits and take them) Heritage, he said, “gets a really big number.” He continued in describing the Heritage view of immigrants, “There is no American dream. They start in poverty. They end in poverty. Their kids are in poverty.”

Most compelling was Jimmy Kemp, son of the late congressman Jack Kemp, who (in a gravelly voice that sounded a little like his dad’s) was damning. “My dad was a significant supporter of immigration reform.” Objecting strenuously to the idea that immigration reform weakens the economy by adding workers, he exclaimed, “People are not a drain on society.” Saying it was “surprising they took a static approach,” he said bluntly, “You can’t lead from a place of fear.”

Why are these conservative heavyweights so exercised? It is not merely about immigration. Mario Lopez from the Hispanic Leadership Fund said, “There is a reason why dynamic scoring is important. In a word, it’s capitalism.” Citing former Heritage chief Ed Feulner and Nobel Prize winner Milton Friedman he bemoaned Heritage for setting a bad precedent and succumbing to a view that more people mean only costs, poverty, government benefits and higher unemployment.

In response to my question as to whether Heritage's rejection of dynamic scoring would hurt the conservative movement over the long haul, Cullings said, "It's a concern. Heritage ceded the superiority of dynamic scoring. CBO is basically to the right of Heritage. It is a worry."

Interestingly, none of the callers had heard directly from Heritage after "pre-rebuttals" warning against its false methodology. Holtz- Eakin said bluntly, "[Heritage Foundation President Jim] DeMint communicates with me through press conferences."

And that really is the rub of it. These are longtime allies of Heritage and promoters of free market capitalism who are witnessing the intellectual bastardization of a once great institution to adopt a cause that is inherently *unconservative*, namely opposition to immigration. (As Lopez said, if shrinking population was the answer, Japan and Europe would be in hog heaven, not economic decline.) Fiscal, pro-growth conservatives are concerned (as they should be) that the movement may turn reactionary, rejecting not just dynamic scoring but faith in a dynamic economy and society.

As an aside, the American Enterprise Institute, which did not take part in the call, has also put out a critical analysis, saying Heritage missed the boat: "The problem here is not offering legal status to a population that largely has been working hard, paying taxes, and contributing to the economy. The problem is the growth of government programs, the perverse incentive effects that those programs create, and the failures of our education system."

However the debate turns out, one hopes that real scholars at Heritage and its supporters reject the slovenly work in the Heritage report and reaffirm the conservative message that more workers create more wealth, higher incomes and upward mobility. For if they do not, then virtually all their criticism of the Obama administration has been wrong and free markets (for labor and goods) are a cruel farce.

UPDATE: And now even the author of Heritage's 2006 study is stepping forward to bash the report released today. " Unless they expect readers to believe all this household income (a) generates no productive work (e.g., makes product, mows lawns, nurses the sick, and starts businesses that hire other Americans) and (b) is 100% remitted abroad, consuming nothing in the U.S. macro economy, then the report is misleading." Like the other fiscal conservatives today, he argues, "The net effect of this Special Report does real damage to the cause of dynamic analysis. For more than a decade, Heritage has called on CBO to add dynamic analysis to its tax reform studies."