

# The Washington Post

## Expanded immigration would reduce the federal deficit, some conservatives say

By: Jim Tankersley – April 8, 2013

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Conservative champions of opening the flow of legal immigration into the United States are invoking economics in hopes of winning Republican lawmakers' support — specifically, the idea that more immigration will increase growth and cut the federal budget deficit.

The American Action Forum, a conservative think tank, will release an analysis on Tuesday that projects that an overhaul of immigration laws could boost gross domestic product growth by a percentage point each year over the next decade. That growth would produce tax revenue that would reduce federal deficits by a combined \$2.5 trillion, according to the group's president, the economist Douglas Holtz-Eakin.

"It's very important to recognize that this is a core economic policy decision," Holtz-Eakin said in an interview. "Let's acknowledge the value" of immigrants, he added.

Other conservative or libertarian groups are echoing that message, including the Cato Institute and Americans for Tax Reform, the anti-tax group led by Grover Norquist.

The effort is notable because some conservatives have employed economic and budgetary arguments — namely, that immigrants would take jobs from current workers, drive down wages across the economy and balloon the deficit by creating new demand for government assistance programs — to catalyze Republican opposition to previous immigration bills.

It also carries echoes of Republicans' debates with Democrats over how to account for the potential economic benefits of tax cuts.

Holtz-Eakin, Americans for Tax Reform and Cato all contend that the right way to evaluate an immigration expansion bill is through what lawmakers call "dynamic scoring," which is to say, by considering both the potential costs to the economy from the bill and the possible benefits of increased economic growth spurred by it.

In his new analysis, Holtz-Eakin predicts that those benefits would be substantial, for several reasons. Immigrants will add to the labor force, he says, helping to reverse a decline in workforce participation that began a decade ago — and boost the economy's potential for growth in the process. Those added workers also could raise productivity, he says, because research shows that immigrants tend to be more entrepreneurial than native-born residents.

Using census estimates for “high immigration” to the United States versus “low immigration” as a guide, Holtz-Eakin calculates that a bill expanding immigration would raise GDP growth from an average of 3 percent annually to 3.9 percent over the course of a decade.

“The upshot is that GDP after 10 years would be higher — a difference of \$64,700 per capita versus \$62,900 per capita,” he writes in the analysis. “This higher per-capita income of \$1,700 after ten years is a core benefit of immigration reform.”

That’s where dynamic scoring comes in. Using the standard estimation tool of the Congressional Budget Office, which Holtz-Eakin used to direct, the extra growth adds up to \$2.7 trillion in deficit reduction over a decade. This is how Republicans want the CBO to score tax-cut bills (it does not currently include those dynamic estimates).

Americans for Tax Reform and Cato contend that conservatives should want the same for immigration: Analyses “should use dynamic scoring techniques to evaluate the fiscal effects of immigration reform,” Cato wrote in a [blog post](#) last week. Roll Call [reported](#) Monday that Americans for Tax Reform is making a similar case in a letter to Republican staffers on Capitol Hill.

Other conservative groups say expanded immigration will hurt the economy and the budget. In a 2007 [analysis](#), the Heritage Foundation think tank said an immigration bill that was pending at the time would cost the government \$2.6 trillion over the long run — beginning in 25 to 30 years — because of an increased demand for social services, particularly retirement benefits.

“If the net benefits taken by amnesty recipients and their families exceed the Social Security and other taxes paid,” Heritage’s Robert Rector wrote in the analysis, “the amnesty recipients will undermine rather than strengthen the financial support for U.S. retirees, even before they reach retirement age themselves.”

The other conservative groups complain that Rector’s analysis did not use dynamic scoring, and they are working to blunt the impact of a possible repeat analysis during the ongoing debate.