



The Daily Dish

# Immigration and Fiscal Costs

DOUGLAS HOLTZ-EAKIN | AUGUST 16, 2017

## *Eakinomics: Immigration and Fiscal Costs*

I've already said my piece about the undesirability of the recently introduced RAISE Act, which masquerades as an economically driven visa reform, but is in fact a rigid 50 percent cut in legal immigration by means of cutting visas for those with low education, eliminating the visa lottery, and eliminating chain migration. Not a good reform. That doesn't mean that the advocates have stopped pushing. A good example is a recent piece by Robert Rector of the Heritage Foundation, which contains three core arguments.

The first is that low-skill immigrants have damaged the wages of native-born workers. There is no research support for this proposition; it is simply a fear in masquerade and does not merit further response.

The second is that limiting chain migration is somehow a good way to limit low-skill immigration. Rector writes: "Chain migration starts with a foreign citizen who is given a green card. This individual is allowed to bring in his or her nuclear family consisting of a spouse and minor children. Once the original immigrant and his or her spouse become U.S. citizens, they can petition for their parents, adult sons and daughters, and adult siblings and brothers- and sisters-in-law to also enter. This second group can bring their minor children. Once they become citizens, the brothers- and sisters-in-law and parents can petition for their siblings, in-laws, and parents to legally enter the U.S. The RAISE bill limits future chain migration. Each future migrant can bring only nuclear family members."

Let's think about this. First, it is completely unrelated to education levels or skill and, thus, is a non sequitur in his argument that the RAISE Act is about low-skill immigration. Second, notice that each person in this example enters the United States legally. Each person becomes a U.S. citizen. Isn't that what one would want the visa system to support — the entry of individuals who want to become U.S. citizens? In fact, isn't that what every native-born person's ancestors did?

The third argument is that low-skilled immigrants create a fiscal drain by receiving more in benefits over their lifetimes than they pay in taxes. (His estimate is that the lifetime deficit, measured in current dollars, is about \$140,000.) Unfortunately, this has nothing to do with immigration policy. As even Rector notes, a low-skilled native born person has exactly the same deficit. Indeed, the basic problem is that federal spending exceeds federal revenue by ever increasing amounts. Nobody, rich or poor, pays even close to as much in Medicare premiums and taxes as current law permits them to receive. Social Security is running cash deficits. Medicaid has literally all benefits and no dedicated taxes.

The point is very simple: the \$140,000 deficit is a tribute to a broken entitlement system that desperately needs reform. If the United States locked the doors to all low-skilled immigrants the broken entitlement system would still need reform. Throwing around big numbers regarding fiscal deficits is an old trick, but it has nothing to do with the choices faced by the country on legal immigration and everything to do with the need for a social safety net that is financially sustainable.

The RAISE Act has raised the debate on immigration reform. It simply doesn't solve the right problems.