

Conservatives Must Reject the “Poor Are Parasites” Narrative

by [David Bier](#) on May 7, 2013 · [8 comments](#)

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When Mitt Romney made his comments about the 47 percent of Americans who don't pay taxes and were supposedly “dependent on government,” many conservatives rightly condemned the remark, and Romney apologized. Now, a major conservative think tank is repeating his error, denouncing lower-skilled workers as a fiscal drain on the economy.

This week, the Heritage Foundation, the largest conservative D.C. non-profit organization, [released](#) a study intended to demonstrate that allowing the 11.5 million mostly lower-income immigrants who are currently in the country illegally to stay will harm America's economy. The study focuses on immigrants, but its logic applies to millions of working Americans, almost half of whom had no income tax liability in 2011, [according](#) to the Tax Policy Center.

Indeed, Heritage makes quite clear that its conclusion that immigrants are economically superfluous applies equally to most Americans. If an individual does not have a college degree, they are a net fiscal drain on the economy, and in the Heritage methodology, that means that America's economy would be better off without them. Thus, about 70 percent of Americans would be “deportable.”

Heritage is absolutely correct to point out that entitlements are unsustainable, but this is true with or without immigration reform—that is an argument for fixing entitlements, not stopping immigration reform. At current deficits, the federal government will spend \$67 trillion more than it will bring in taxes over the next 50 years. By Heritage’s logic, that means America should be emptied.

As should be obvious, America would not gain from removing between 50 and 70 percent of its workforce. This fact exposes the fatal flaw in the Heritage study—it ignores the economic benefits that low-skilled workers bring. Under progressive taxation, the majority of taxes are paid by the highest income levels, but low-wage workers still form a critical base without which the top earners would suffer and tax revenues would fall.

Low-skilled immigrant workers allow Americans to engage in more productive endeavors. For example, the Fiscal Policy Institute [found](#) that immigrants operate 75 percent of New York City child care businesses. This allows American mothers to work and implies that these child care workers should get some credit for the tax revenues that those working mothers pay, but Heritage ignores this effect.

Moreover, according to a 2012 Department of Agriculture estimate, forcing out nearly 5.8 million immigrants—about half of the number in the country today—[would cause GNP to drop](#) by 1 percent *for natives*. This equals \$150 billion per year, which would be \$1.2 trillion more than the fiscal costs Heritage found over a 50 year period.

Most surprisingly, Heritage, which has a strong record of providing dynamic analysis for the effects of policy changes, fails to apply a similar approach to immigration, by excluding such factors as increased economic growth. In 2012, UCLA economist Hinojosa-Ojeda incorporated these factors and [found](#) legalization would raise GDP by \$1.5 trillion over ten years.

In the area of taxation, Heritage rightly recognizes that just because progressive taxation results in certain workers contributing fewer income taxes doesn’t mean that the poor are getting off tax-free. Higher earners ultimately pass tax costs along to them through lower wages from employers and through higher prices for merchants who sell to them.

But Heritage’s immigration paper considers this effect only once, for the corporate income tax, admitting that, as the Kansas City Fed [found](#), workers pay 50 percent of that tax through lower wages. The study ignores the fact that the same effect can be found in almost any tax intended to target the rich. Heritage should apply its basic assumptions about tax policy to immigration.

The Heritage study also never confronts the fiscal costs of the current enforcement-only approach. Immigration and Customs Enforcement [pegs](#) the marginal costs to deport a single person at \$12,500—that’s *at least* \$144 billion to remove everyone here illegally.

The most important point is that the working poor and middle class are not free riders—no matter where they are from. In an economy in which everyone is connected, nothing is free. Immigrants and lower income people are valuable contributors to the economy. Far from being parasitic, they are the base on which we all depend.