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STATEMENT OF VERNON M. BRIGGS, JR., PROFESSOR, SCHOOL OF INDUSTRIAL AND LABOR RELATIONS, CORNELL UNIVERSITY

Mr. Briggs. Thank you, Congressman Smith. I appreciate the opportunity to be here and discuss what I believe still, as you said, is one of the most important issues facing this country: our nation's immigration policy and has continued to be incongruent with the nation's labor market trends.

I start my testimony with a quotation from President Kennedy, who said, "For the great enemy of the truth is often not the lie, deliberate, contrived, and dishonest, but the myth, persistent, persuasive, and unrealistic. Too often we hold fast to the cliches of our forebears. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought." I don't think there is any area in public policy today where this is more of an issue than it is with respect to immigration: there is a lack of concern for real thought over what this policy is bringing about.

If immigration were small, who would care? But immigration today is a major factor in the growth of the U.S. population. The percentage of the population that is foreign-born has increased from 4.4 percent to 9.7 percent since 1965. It is an increase from 8.6 to 25.8 million people.

In the process, immigration has become a key feature of American life. In fact, Bureau of the Census has projected immigration will be the most important factor influencing the growth of the American population over the next 50 years. That fact alone ought to be significant enough to hold an enormous number of hearings on.

In fact, the first time I was asked to testify before Congress 21 years ago, it was over the effect of immigration on population growth. At the time, Congress was very concerned about the growth of the population as a key issue itself.

Given its present momentum, the welfare of the nation can ill afford to live with the unrealistic immigration myth, no matter how "persistent" and how "persuasive" is the voice of its proponents.

The main concern with immigration, in my view, of all the other rationales for immigration, is its labor market effect. It is a truism that immigrants must work or they must be supported by those who do.

The issue here, then, is that immigration is a discretionary policy. There are a lot of other issues affecting the American labor force. And we have touched on those this morning.

But this is one of the issues that is the clearest one which policy has some sort of control over the outcome. Immigration is totally discretionary. And that discretionary policy ought to serve the national interest. In my view, it is not.

The cost of immigration needs to be taken into account as much as the benefits when it comes to designing the appropriate policy. The concerns of the losers are as relevant as are those of the winners. Such is especially the case when those most adversely affected and impacted are the least advantaged amongst us.

When we look at the labor market, we see that one out of every eight workers in the United States is now foreign-born. That is an
enormous number. The fact that those numbers are concentrated in a select number of states and in the urban areas of those select numbers of states makes this issue even more significant.

The 1990 census, which I think is the best one—you have heard all kinds of conflicting data here this morning—to use for information on the human capital of immigrants. The 1990 census revealed that 25 percent of the foreign-born adult population had less than a ninth grade education compared to only 10 percent of the native-born population at the time. Forty-two percent of the foreign-born population did not have the equivalent of a high school diploma, compared to 23 percent of the adult native-born in 1990.

Again, the data that you have been hearing references to this morning have been coming from the CPS estimates, which are based on samples. I am relying on the population survey of 1990. I think that it is the most relevant one for getting at this enormous impact.

There can be no debate over the fact that it is the low-skilled, low-wage sectors of the nation's urban labor markets that are most heavily impacted by immigrant job seekers. Not only do immigrant job seekers compete with each other for opportunities at the bottom of the nation's hierarchy, but they compete with the low-skilled, native-born at the same time.

The National Research Council has made some estimates of what that impact is. They found a $10 billion "so-called benefit" to the economy that is largely the result of wages being suppressed for low-skilled workers below what would otherwise have been.

This is a "benefit" that only an economist can appreciate. It is no benefit to the low-skilled workers, who are already at the bottom of the nation's income distribution. It is an artificially imposed hardship imposed by government policy on native-born low-skilled workers. I think it has to be seen as being that.

Throughout my testimony, I talk about what is bringing this about: the continuing trend of declining educational attainment of the immigrant population since 1965. The National Research Council shows it is a characteristic of all aspects of the immigration system. It is not just illegal immigrants. It is part of the entire system: legal immigration, refugee policy, illegal immigration, the whole array of nonimmigrant policies.

With respect to the low-skilled labor market, this is where about one-third of all American workers are. It is a paradox that this part of the labor market is not growing. Jobs are not increasing for this segment of the labor force. Where the jobs are coming from are those occupations that have higher levels of skills and education. Thus, while the national unemployment rate is falling—and we have heard a lot about that—the unemployment rate of foreign-born population is 50 percent higher than the national figure.

In 1997, the national unemployment rate was 4.9 percent. For foreign-born population, the unemployment rate was 7.4 percent. The unemployment rate for foreign-born without a high school diploma was 9.8 percent and for the native-born 14.5. These figures should dispel the notion that there is any shortage of unskilled labor in this nation. And they also vividly demonstrate the nation's greatest impact on the labor market is the least skilled segment of the labor force.
I might also say I looked up some numbers in New York City last week. New York City has the largest number of immigrants of any city in the nation. Now, the present unemployment rate in New York City is not a prosperity rate. It is over 7 percent right now. The black unemployment rate in New York City last year was 13 percent. The Hispanic unemployment rate was 10.1 percent.

Now, for the black population without a high school diploma, that would probably translate into a 20 percent official unemployment rate. So there is no question that even in a city that gets a lot of publicity about how good the economy is doing, there is a disproportionate impact on who is benefitting and who is not.

Again, this is a city that has a significant foreign-born population, estimated now to be almost 38 percent of the total population. And that percentage is close to the all-time record high that occurred at the beginning of the Twentieth Century in New York City.

So there is no question about the impact of immigration in a city like New York. I think it is the same elsewhere. The benefits of tight labor markets are not being felt by all people.

High unemployment and extensive differences in human capital between the foreign-born and the native-born population mean there is a significant difference in poverty rate between the two groups.

Well, in my testimony I give you the poverty rates, and the differential, the effects on income inequality. And I also indicate that immigration has affected labor market mobility. And there is plenty of research on this. There is no question about this that citizens are not moving into where the foreign-born population has been concentrated. Native-born are moving out of those areas where the immigrant population is concentrated. And immigrants don't move out of those labor market segments.

Well, I will stop there, and we will talk about the recommendations later.

[The prepared statement of Mr. Briggs follows:]

PREPARED STATEMENT OF VERNON M. BRIGGS, JR., PROFESSOR, SCHOOL OF INDUSTRIAL AND LABOR RELATIONS, CORNELL UNIVERSITY

In one of his most memorable public addresses, President John F. Kennedy spoke to the 1962 Graduating Class at Yale University the following words:

"For the great enemy of the truth is very often not the lie—deliberate, contrived, and dishonest—but the myth—persistent, persuasive and unrealistic. Too often we hold fast to the cliches of our forebears. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought."

In no other area of public policy today are Kennedy's words more inappropriate than as they relate to the subject of immigration and its impact on the U.S. economy. Immigration policy has been captured by special interests who peddle the notion that immigration is an unmitigated benefit to the nation and that it is costless. Nothing could be further from the truth. The immigration myth is based on the premise that attention need only be paid to the benefits while the costs can be totally ignored. Only with respect to the formulation of immigration policy is such nonsense tolerated as conventional wisdom.

If the scale of immigration was small—as it was from the 1930s through to the mid-1960s—the nation could live with the myth that immigration yields only benefits. But it is not. In 1965, the foreign-born accounted for only 4.4 percent of the population—the lowest percentage since such data started being collected prior to the Civil War. The percentage had been falling for over 50 years. By 1997, however, the percentage had risen to 9.7 percent plus some unknown additional increment of
statistical undercount due to the estimated 6 million illegal immigrants currently in the country. Until there are legislative changes, the percentage will continue to rise. Thus, about one of every ten Americans in 1997 was foreign-born. In absolute terms, the foreign-born population grew from 8.6 million persons in 1965 to 25.8 million persons in 1997. In the process, immigration has again become a key feature of American life. Indeed, the U.S. Bureau of the Census has projected that immigration will be the most important factor influencing the growth of the American population over the next 50 years. Given its momentum, the welfare of the nation can ill-afford to live with the "unrealistic" immigration myth—no matter how "persistent" and "persuasive" are the voices of its proponents.

The Point of Focus

Although the subject of immigration involves multiple considerations, they all have one common juncture point: the labor market. It is a truism that immigrants must work or they must be supported by those who do. So no matter how many other issues are thrown into the immigration cauldron, the critical issue is what are the labor market consequences of what immigration policy produces or tolerates. For it must always be remembered that immigration is entirely a discretionary act. The mass immigration that the United States is currently experiencing is entirely a policy-driven phenomenon. No one has a right to immigrate or to seek refuge in the United States—legally or illegally. The "costs" of immigration need to be taken into account as much as do the "benefits" when it comes to designing the appropriate policy. The concerns of the "losers" are as relevant as those of the "winners." Such is especially the case when those most adversely impacted are the least advantaged persons in the population and labor market.

Labor Market Effects

Due to differences in the age and gender distribution of the foreign-born population from the native-born population, immigrants comprise a larger portion of the labor force than they do of the population as a whole. In 1997, foreign-born workers comprised 11.5 percent of the U.S. labor force (or almost one of every eight U.S. workers). In absolute numbers, 15.5 million workers were foreign-born. These are big numbers and, when concentrated in specific segments of the labor market, they have significant influences.

As in the past, post-1965 mass immigration is geographically concentrated. In 1997, five states (California, New York, Florida, Texas, and Illinois) accounted for 65 percent of the entire foreign-born population and 66 percent of the entire foreign-born labor force. The foreign-born are also overwhelmingly concentrated in only a handful of urban areas—especially in their central cities. These particular labor markets, however, are among the nation's largest in size: Los Angeles, New York, San Francisco, Miami, and Chicago. Collectively, these five cities accounted for 51 percent of all foreign-born workers. Although somewhat less numerous, immigrants also comprise significant percentages of the labor force of a number of other cities and increasingly in some rural towns.

The most significant labor market characteristic of the foreign-born labor work force, however, is the fact that it is disproportionately characterized by workers with low human capital endowments. The 1990 Census revealed that 25 percent of foreign-born adults who were 25 years and older had less than a ninth-grade education (compared with only 10 percent of native-born adults). Moreover, 42 percent of the foreign-born adult population did not have the equivalent of a high school diploma (compared to 23 percent of the native-born adult population). Thus, it is the low-skilled, low-wage sector of the nation's major urban labor markets that are the most impacted by immigrant job-seekers. Not only do low-skilled immigrants compete with each other for whatever opportunities exist at the bottom of the nation's job hierarchy, but they also compete with the low-skilled native-born workers. Indeed, when the National Research Council (NRC) calculated in 1997 that immigration provides a net "benefit" to the U.S. economy of from $1 to 10 billion a year, the "benefit" was based largely on the result of the wage suppression of the wages of low-skilled workers whose wages are lower than they would have otherwise been. This, of course, is only a "benefit" that an economist can appreciate. It is certainly no "benefit" to low-skilled workers who are already at the bottom of the nation's income distribution. It is an artificially imposed hardship imposed by government policy on native-born low-skilled workers. The only actual wage "benefit" in this process is received by the immigrant workers themselves who typically earn considerably more at the bottom of the U.S. wage scale than they would have earned in his/her homeland. Low-skilled native-born workers lose; low-skilled foreign-workers benefit. Whose interests are U.S. policymakers supposed to protect?
To make matters worse, the NRC report catalogued the steady decline of the educational attainment levels of post-1965 immigrants over the years. As a consequence of this prolonged decline in worker human capital, foreign-born workers earn on average less than native-born workers and the earnings gap between them has widened over the years. Immigrants from Latin America, who in 1997 accounted for over half of the entire foreign-born population of the nation, earn the lowest wages. The NRC, however, found no evidence of discriminatory wages being paid to immigrants. Rather, it states that immigrant workers are paid less than native-born workers because, in fact, they are far less skilled and more poorly educated. The relative decline in both skills and wages of the foreign-born population was attributed to the fact that most immigrants are coming from the poorer nations of the world, where average education, wages, and skill levels are far below those in the United States. As a direct consequence, post-1965 immigrants are disproportionately increasing the segment of the nation’s labor supply that has the lowest human capital endowments. In the process, they are suppressing the wages of all workers in the lowest skill sector of the labor market.

While the low-skilled labor market is substantial in size—constituting perhaps as much as one-third of the U.S. labor force—it is confronted by the paradox that it is experiencing very little employment growth. Rather, employment growth is overwhelmingly occurring in the occupations in virtually all industries that have jobs requiring high skill and education requirements.

Thus, while the national unemployment rate has fallen to levels not seen since before 1970, unemployment rates for unskilled workers remain almost three times the national rate. Given the disproportionately low education levels of the adult foreign-born population, it is no surprise that the unemployment rate of the foreign-born exceeds that of the native-born by about 50%. To be specific, in 1997 (the last year for which all of the relevant data is presently available), the national unemployment rate was 4.9 percent but the unemployment rate for the foreign-born was 7.4 percent. The unemployment rate for foreign-born without a high school diploma was 9.8 percent and for the native-born it was 14.5 percent. These figures should dispel the notion that there is a shortage of unskilled workers in the nation and they also vividly demonstrate that immigration’s greatest impact on the labor market is in the least skilled segment of the labor force that is already having the greatest difficulty finding employment.

High unemployment, combined with the extensive differences in the human capital characteristics between the native-born and the foreign-born population, means there is also a significant variation in the incidence of poverty between the two groups. In 1997, 13.5 percent of the nation’s total population were classified as living in poverty. For the foreign-born population, however, 20.9 percent were living under poverty compared to 12.9 percent of the native-born population. Thus, it is not surprising that immigrant families rely more heavily on the use of both cash and non-cash welfare programs than do native-born families. This should be no surprise. It immigration policy is going to allow wages for low income workers to be suppressed, they will need to find additional income from the public sector to meet the disproportionately high costs of living that characterizes life in most large cities. Thus, when the NRC calculated the net fiscal costs of public services to immigrants (e.g., those associated with increased education, medical, welfare, incarceration, and public housing) beyond what they pay in taxes, it found the cost to taxpayers ranged from $14.8 to $20.2 billion a year. Obviously, these fiscal costs are disproportionately distributed among the communities and states depending on the size of the foreign-born population in their respective jurisdictions. In California, for example, the NRC calculated that it costs every native-born household $1,178 a year in added taxes to cover the costs of government services provided to immigrants in the state in excess of the taxes the immigrants pay.

Collectively, all of these concerns translate into the bigger societal issue of the effect on income inequality. It is the Achilles Heel of the nation’s prosperity in the 1980s. In 1994, the President’s Council of Economic Advisers formally acknowledged that “immigration has increased the relative supply of less-educated labor and appears to have contributed to the increasing inequality of income in the nation.” Although their report claims that the aggregate effect is “small” on the national distribution of income, immigration is a major factor in the deterioration of wages and incomes for low-skilled workers and low income families. Indeed, in 1995 the Bureau of Labor Statistics reported that immigration accounted of approximately 20 to 25 percent of the increase in the wage gap between low and high-skilled workers during the 1980s in the 50 largest metropolitan areas of the United States. Likewise, the NRC study revealed that almost half of the decline in real wages for native-born high school dropouts from 1980–1994 can be attributed to the adverse competitive impact of unskilled foreign workers. Hence, just because the effects of
immigration are dissipated when the perspective is at the national level does not mean that they are insignificant in those large local labor markets where mass immigration is a reality.

Lastly, there is the adverse effect of prevailing immigration policy on labor mobility—especially those workers with low skills. Research has revealed that the higher the concentration of immigrants in a local labor market, the less attractive is the locality to native-born workers. It has also revealed that foreign-born workers are less likely to move out of states where they are concentrated than are native-born workers. But, most importantly, unskilled native-born workers—those who are losing out in the competition for jobs with low-skilled immigrants—are more likely to leave their former communities to find jobs elsewhere.

What Should Be Done?

To mitigate the adverse impacts of immigration policy on the low-skilled labor market requires change in all components of the nation’s immigration policy. It is not simply an issue of the adverse effects of continuing illegal immigration and the need to combat the ongoing hemorrhage of the nation’s borders. Reforms must also include the reduction of the immigration admissions categories that are not specifically linked to the possession of human capital attributes in need by the labor market.

The starting point should be the enactment of the principal recommendations of the U.S. Commission on Immigration Reform (CIR): (1) the elimination of the extended family preferences for legal admission; (2) the elimination of the entry of “unskilled workers” under the employment-based immigration admission category; (3) the elimination of the “diversity immigration” category; (4) the inclusion of refugees within the total number of immigrants annually admitted each year; (5) the verification of social security numbers of all job hires; and (6) far more attention and resources given to interior enforcement at job sites of employer sanctions and other workplace labor standards. I would add to this list: (1) the need to reject all proposals for non-immigrant labor programs involving unskilled labor in general and agricultural workers in particular; (2) the end of the practice of reducing fines on employers who are found to have violated the employer sanctions provisions of the law; (3) maximum publicity given to the names of employers who are found to be in violation of the employer sanctions provisions; (4) the creation of a reliable and verifiable identification system that includes a photograph and other personal identifiers (if I have to show a picture photo of myself from a state-issued document to board a plane to attend this hearing, why should I not have to do the same to be hired for a job?); (5) and the entire political asylum system that is being massively abused as a cover by human smugglers of illegal immigrants who come essentially “slave labor” for restaurants, garment manufacturers, hotels, adult entertainment, and other low-wage enterprises needs to be carefully reviewed and extensively overhauled with emphasis given to expedited decision making and verification that persons who are denied asylum actually leave the country.

Concluding Comments

In assessing the political debacle of the immigration reform movement in the mid-1990s, political scientists James Gimpel and James Edwards wrote in 1998: “The voice of the people has had little impact on the tone or direction of the immigration debate in Washington.” They point out that despite the extensive research findings that show the need for significant legislative changes and that public opinion polls consistently show that the citizenry want these changes, it makes no difference to the professional politicians. The myth that immigration has only benefits is perpetuated by special interest groups who have no concern for the national interest. Immigration reform, however, is not going to go away. The issue continues to fester. For as George Borjas and Richard Freeman, the key authors of the labor market portion of the aforementioned NRC report, have written in response to the gross distortions of their work by the pro-immigration lobby and the media:

Immigration creates winners and losers. Low income workers and taxpayers in immigrant states lose; those who employ immigrants or use immigrant services win, as do the immigrants themselves. The critical issue is how much do we care about the well-being of immigrants compared with the Americans who win and the Americans who lose?

Immigration policy is causing wage and income inequities and it is distorting the nation’s labor market. Immigration is not a “free lunch.” Neither is it fair. Its costs are disproportionately borne by the poor and the most vulnerable in the labor force. It is past time to rein in this rogue instrument of public policy.
REFERENCES


President John F. Kennedy's Commencement Address at Yale University, June 11, 1962.


Mr. Smith. Okay. I will ask you about those in the question and answer period.

Mr. Briggs. Okay.

Mr. Smith. Thank you, Dr. Briggs.

Dr. Vernez?

STATEMENT OF GEORGES VERNEZ, DIRECTOR, CENTER FOR RESEARCH ON IMMIGRATION POLICY, RAND

Mr. Vernez. Thank you.

Mr. Chairman and members of the Subcommittee, to understand the effects of immigration on low-skilled workers in the United States, it is important to note that the effects of immigration are contextual. What I mean by that is that the effects of immigration at any one time depend on the characteristics of immigrants and they depend on the growth of the economy and its demands for skills. Over the past 30 years, these two phenomena have had a diverging dynamic. The share of immigrants entering this country with fewer than 12 years of education has increased steadily from 15 percent in the 1970's to nearly 40 percent in the 1990's in California.

As the share of new immigrants with a low level of education has increased, the number of jobs filled by them and their native-born counterparts has declined steadily by about 40 percent in the same