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# THE IMPACT OF HIGH LEVELS OF IMMIGRATION ON U.S. WORKERS

UNITED STATES SENATE COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE ON IMMIGRATION AND THE NATIONAL INTEREST

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## Immigration and the Labor Market

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Testimony Before the Senate Committee on the Judiciary  
Subcommittee on Immigration and the National Interest  
March 16, 2016

### 1. Introduction

One of the most contentious issues in the immigration debate is what happens to the job opportunities of native-born workers after immigrants enter the labor market. Economic theory has straightforward implications about what we should expect: immigration should lower the wage of competing workers and increase the wage of complementary workers.

For example, an influx of foreign-born laborers reduces the economic opportunities for laborers—all laborers now face stiffer competition. At the same time, employers and high-skill natives may gain. Firms pay less for the services that laborers provide, and high-skill natives can specialize in producing the goods and services that better suit their skills. The theory also suggests that over time, as the economy adjusts to the immigrant influx, the effect of immigration on the wage of the *average* worker will be attenuated, but the distributional impact will remain.

In addition to these distributional consequences, there is another important reason for caring about the wage effect of immigration: the net gains to the U.S. economy directly depend on how immigration affects wages. An important implication of the laws of supply and demand is that the greater the distributional wage effect, the greater the economic gain from immigration.

This essay reviews what it is we know about the labor market impact of immigration, both in terms of the distributional wage effects and the economic gains. It is important to stress that there is a lot of confusion (and sometimes deliberate confusion) regarding these estimates, so that it is important to look carefully at the details behind various claims.

The evidence suggests that immigration depresses the wage of the workers who are most likely to compete with the immigrants. A useful rule of thumb is: If immigrants increase the supply of workers in a particular skill group by 10 percent, the wage of that group probably goes down by at least 3 percent.

Because so many of the immigrants who entered the United States in the past two decades were low-skill, this means that those most affected by immigration were pre-existing low-skill workers (both native- and foreign-born). It is important to add, however, that the evidence also suggests that the wage of high-skill workers in specific occupations targeted by immigrants (such as the high-tech sector) has also been negatively affected by immigration. Finally, the economic gains from immigration accruing to natives are relatively small—less than three-tenths of one percent of GDP, or roughly around \$50 billion annually.

## **2. Local Labor Markets**

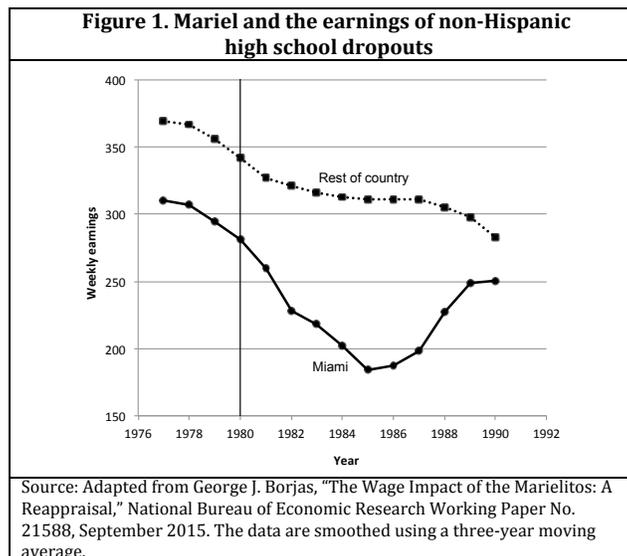
Many of the studies that measure the labor market impact of immigration compare how workers do in different cities. If immigration lowers the wage of native workers, one would expect that natives living in cities that received many immigrants are worse off than natives living in cities that immigrants bypassed.

The most influential study of how immigration affects local labor markets is Card's (1990) study of the Mariel supply shock. Within a span of just a few weeks, over 100,000 *Marielitos* arrived in Miami in the spring of 1980. Card compared labor market conditions in Miami with those in other cities before and after Mariel. He could not detect any impact on the wage of Miami's workers, leading to the perception that natives have little to worry about from expanded immigration.

Last spring, as I was writing *We Wanted Workers: Unraveling the Immigration Narrative*, a book that will be published later this year, I decided to revisit the Mariel episode to see for myself what the data actually show. After all, we have learned a lot about how to think about and measure the labor market impact of immigration in the past quarter-century. This additional research suggests that it is very important to carefully match the skills of immigrants to the skills of natives in order to see if the group most likely to be affected by immigration was indeed affected. Nearly two-thirds of the *Marielitos* were

high school dropouts, increasing the number of low-skill workers in Miami by almost 20 percent within a matter of weeks. It seems that if Mariel was going to have an impact, it would have an impact on the low-skill labor market. Remarkably, Card did not specifically examine that market and neither did anyone else in the past 25 years.

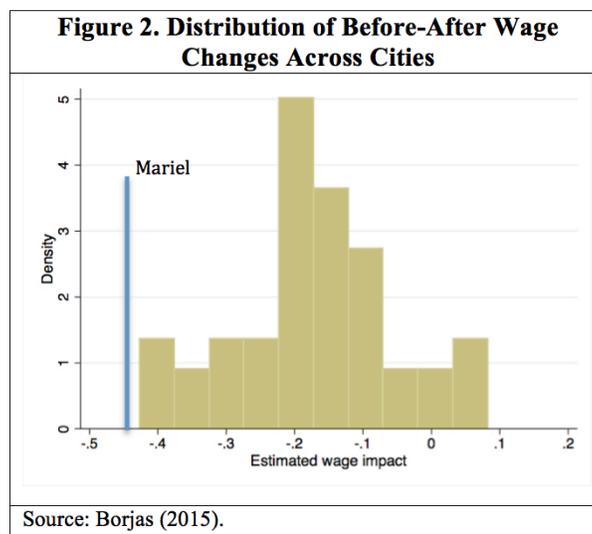
It is easy to show that something did happen in post-Mariel Miami. I looked at wages in a sample of prime-age (25-59 years old), non-Hispanic men who lacked a high school diploma. Figure 1 shows the 3-year moving average in the average weekly wage for this group between 1977 and 1990, and contrasts it to the wage trend of similar workers in the rest of the country. It is obvious that something did happen in Miami beginning around 1980, with the low-skill market bottoming out in 1985 and recovering by 1990.



Although my Mariel study was released publicly in September 2015, the striking evidence has already inspired rebuttals. Let me discuss the Peri and Yasenov (2015) rebuttal in detail, as it provides a good example of how the evidence can be altered by what David Frum calls "data dredging on an industrial scale." This data dredging helps to confuse the issue and to draw attention away from what actually happened.

The main criticism of my analysis is that it is based on a small sample of workers, a fact that I explicitly acknowledge in my paper. There are only around 20 or so workers per year in my sample, which is why Figure 1 shows a 3-year moving average of the data, so that each data point is based on a sample of around 60 observations.

But there is an alternative and very convincing way of showing that something did indeed happen in Miami even when the sample is larger. Let's pool the data for the years between 1976 and 1979, and call it the "before" period. Similarly, let's pool the data for the years between 1981 and 1986, and call it the "after" period. How does the before-after wage drop experienced by Miami's low-skill workers compare to the wage change experienced by comparable workers in other cities at that time? Figure 2 shows the distribution of wage changes across all cities. The wage drop experienced by Miami's low-skill workers was the *largest* drop seen in any local labor market in the United States.



My analysis focused on what happened to non-Hispanic men aged 25-59. This sample was constructed to resemble the "native" workforce in Miami. Peri and Yasenov argue that we should instead look at a sample composed of all non-Cuban workers aged 16-61, which would help to increase sample size. But larger is not necessarily better, particularly in this context.

Think, for example, of what happens when we add Hispanics into the analysis. Many of the Hispanics we would add were immigrants who arrived in the 1980s, such as the large Mexican influx into Southern California. This means that the "average person" in the data is changing over time because we are adding new workers who have very low wages. This change in sample composition will inevitably distort wage trends.

Similar problems arise when we add women to the sample. The labor force participation of women was rising very rapidly in the 1980s, so that the characteristics of

the average person is again changing over time, with a corresponding change in the average wage.

Finally, Peri and Yasenov look at workers aged 16-61, and this is a particularly weird data manipulation. Among adult workers, a high school dropout is someone who lacks a high school diploma. But that definition, when applied to teenagers, means that 16, 17, and 18-year-olds who are sophomores, juniors, or seniors in high school are classified as high school dropouts because they do not yet have that diploma. Let me emphasize: All teenagers, whose earnings consist mainly of what they get in part-time and summer jobs, are part of the low-skill group. There are so many high school students who are being lumped with the real high school dropouts that they fatally contaminate the analysis.

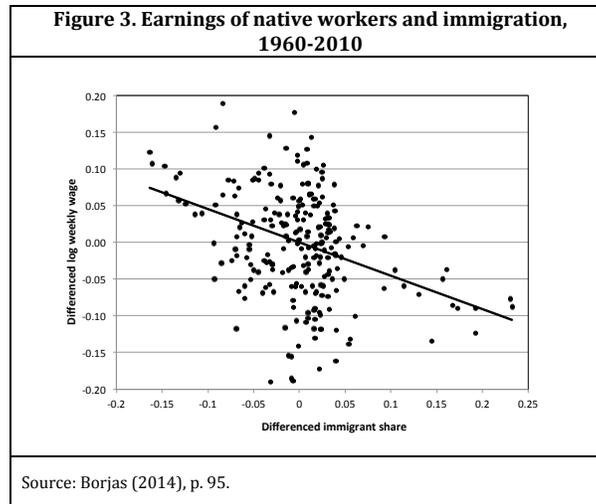
## **2. The national labor market**

The fact that it is important to match the skills of immigrants with the skills of natives to measure the labor market impact of immigration was first emphasized in a paper I published in 2003. In that paper, I tracked specific groups of workers across decades to see how their wages changed as the surge in immigration was taking place.

The empirical approach is easy to explain: We can observe long-term wage trends in the U.S. labor market for specific skill groups (e.g., high school graduates in their late 20s or college graduates in their early 50s). We can then attempt to determine if these trends are correlated with the entry of immigrants into that particular skill group. Presumably, those skill groups that experienced the largest supply shocks would be the ones where wages either fell the most or grew the least.

I classify workers into 40 distinct skill groups (5 education groups and 8 age groups) and use data from 1960 through 2010. Figure 3 shows the link that exists between trends in the wages of native-born workers and the changes in the number of immigrants within these schooling-age cells. The figure suggests a negative relation between the growth in weekly earnings and immigration. Put simply, weekly earnings in any particular decade grew most for workers in the skill groups least affected by immigration in that decade. If we use a regression model to estimate the wage impact implied by the data

scatter, a 10 percent increase in the size of a skill group reduces the wage of that group by 3 to 4 percent.



There is, however, one problem with the evidence reported in Figure 3 and in Miami's wage trends before and after Mariel. They look at the impact of immigrants on the wage of similar workers, but ignore that immigrants also influence the wage of workers who are different. For instance, low-skill immigrants will likely affect the wage of high-skill workers, and it is important to take these complementarities into account.

The problem with measuring the complementarities is that the exercise quickly becomes intractable. I used 40 skill groups to derive the data scatter in Figure 3. If every one of those groups were to affect the wage of every other group, there would then be 1,600 (or  $40 \times 40$ ) wage effects to measure.

To measure the complementarities, therefore, it is crucial to reduce the dimensionality of the problem. The standard approach is to write down a mathematical model of a hypothetical economy, and then stream the data in Figure 3 through that model. This would let us "visualize" what would happen in the short run (immediately after the supply shock) and in the long run (after natives make all possible adjustments to immigration). It is important to point out that any such exercise depends crucially on the assumptions that are used to construct the hypothetical economy.

To simplify, I will focus on what happens to the wage of high school dropouts using the various assumptions that are now commonly used in the academic literature. Table 1

summarizes what the model would imply if all the immigrants who entered the country between 1990 and 2010, a supply shock that increased the size of the workforce by about 10 percent, were to arrive in a single instant.

<b>Table 1. Percent wage effects on high school dropouts in alternative scenarios, after accounting for complementarities</b>			
	Basic simulation	Allows for carbon-copy complementarity	<i>Plus</i> assuming high school dropouts and graduates are productive clones
Native high school dropouts:			
Short run	-6.3	-4.9	-2.1
Long run	-3.1	-1.7	1.1

Source: George J. Borjas, *Immigration Economics* (Cambridge: Harvard University Press, 2014), pp. 120, 126.

In my original 2003 paper I assumed that all workers who “looked alike”—that is, who had the same education and were the same age—were productive clones (or “perfect substitutes”). The results reported for the basic simulation in Table 1 imply that the wage of high school dropouts would then fall by 3 to 6 percent—even after accounting for all potential complementarities allowed by the model.

Ottaviano and Peri (2012) argue that “look alike” natives and immigrants are not productive clones—that somehow they are complements. Put simply, the entry of a 30-year-old high school dropout from Mexico makes a comparable 30-year-old African American more productive. The second column of Table 1 shows that allowing for such “carbon-copy” complementarities still implies a decline of between 2 and 5 percent in the wage of high school dropouts.

Of course, whether such complementarities exist or not is a different matter. A recent survey by Lewis (2013, p. 169, emphasis added) concludes that “there is a *very* modest degree of imperfect substitutability” between immigrants and natives. Let me rephrase: The empirical evidence on the existence of carbon-copy complementarities is *very* weak.

The assumption that will alter the nature of the evidence redefines what we mean by “low skills.” In my original 2003 study, I assumed that high school dropouts and high school graduates were in different skill groups. But what would happen if, as Card (2009)

proposed, high school dropouts and high school graduates were productive clones instead? We could then pool these two groups into a *very big* low-skill workforce, greatly diluting the impact of immigration on the workers at the very bottom of the skill distribution.

As the last column of Table 1 shows, this additional assumption overturns the conclusion that low-skill immigrants lowered the wage of low-skill workers. Of course, whether this assumption is true or not is questionable, and the Mariel evidence suggests that it is false. If the two groups were productive clones, we would expect that the *Marielitos* would have the same wage effect on both groups. As Borjas (2015) shows, however, the *Marielitos* lowered the wage of high school dropouts but did not lower the wage of high school graduates.

Let me conclude by highlighting an incongruity in the two arguments that have been used to “produce” a weaker wage impact of immigration: (a) carbon-copy immigrants and natives are complements; and (b) high school dropouts and high school graduates are clones. The cognitive dissonance in the two assumptions is often overlooked. It requires a belief that somehow workers who most of us view as different (high school dropouts and high school graduates) are identical; while workers who most would view comparably (“look-alike” natives and foreigners) are different. Although algebraically possible, it seems like an arbitrary and peculiar mix of technological assertions.

## **7. The benefits from immigration**

The economic *gains* from immigration depend directly on the impact that immigrants have on native wages. Existing estimates of these benefits use the simplest “textbook model” of a competitive labor market to calculate the gains. In this framework, wages and employment are set by the interplay between the supply of and the demand for workers. When wages are high, many persons want to work, but few firms are looking to hire. When wages are low, few persons want to work, but many firms are competing for their services. The labor market balances out the conflicting interests of workers and firms, and sets employment and wages so that persons who want to work at the going wage can find jobs.

A supply shock of immigrants lowers native wages, but raises the profits accruing to employers. A crucial implication of the laws of supply and demand is that the winners gain more than the losers lose, so that immigration creates an “immigration surplus”—an increase in the aggregate income accruing to the native population.

<b>Table 2. The short-run immigration surplus, 2015</b>	
	In billions of dollars
Immigration surplus	50.2
Loss to native workers	515.7
Gain to native firms	565.9
Total increase in GDP	2,104.0
Payments to immigrants	2,053.8

Source: George J. Borjas, *We Wanted Workers: Unraveling the Immigration Narrative* (New York: Norton, forthcoming 2016), Chapter 8. The calculations assume that GDP is \$18 trillion; that immigrants compose 16.3 percent of the workforce; and that a 10 percent increase in supply lowers the wage by 3 percent.

Table 2 reports that the immigration surplus is about \$50 billion annually, a number that is “small” in the context of an \$18 trillion economy. Needless to say, this estimate of the surplus depends on the many assumptions that underlie the textbook model of a competitive labor market. Nevertheless, the model says something that is very useful: it is mathematically impossible to manipulate the laws of supply and demand so as to yield a huge number for the immigration surplus, even after immigration has increased the size of the workforce by over 16 percent.

The small surplus of \$50 billion, however, masks a sizable redistribution of wealth from workers to the users of immigrant labor. Let me restate this point in a different way: If one wishes to believe that the immigration surplus is around \$50 billion, it follows from the same calculation that the redistribution of wealth from workers to firms is around half-a-trillion dollars.

Note that I assumed that a 10 percent increase in supply lowers wages by 3 percent to calculate the immigration surplus. Ironically, those who believe that the immigration surplus is much larger should welcome new evidence that immigrants depress the wage of native workers by even more. The economic benefits from immigration are the flip side of

the wage losses suffered by workers. The greater the wage loss, the greater the profits to employers and the greater the benefits to those who consume the services immigrants provide.

Although standard calculations of the immigration surplus suggest it is small, there are many claims that immigration increases wealth by hundreds of billions or trillions of dollars. These claims, however, often use a misleading picture of exactly what it is they are talking about. The immigration surplus measures the additional wealth *that accrues to natives*. This surplus is not the same thing as the actual increase in GDP because immigrants receive part of that increase in national income in return for their work.

As Table 2 also shows, a supply shock of 16 percent generates a \$2.1 trillion increase in GDP in the short run. This huge increase is not surprising; a 16 percent increase in the number of workers substantially increases the size of the aggregate economy. However, the immigrants themselves get paid about 98 percent of this increase in GDP. The laws of supply and demand predict that very little of this aggregate increase in GDP actually goes to the native population.

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**Statement of Peter Kirsanow to the Senate Subcommittee on Immigration  
March 16, 2016**

Chairman Sessions, Members of the subcommittee, I am Peter Kirsanow, a member of the U.S. Commission on Civil Rights, a former member of the National Labor Relations Board, and a partner in the labor and employment practice group of Benesch, Friedlander. I am testifying in my personal capacity.

The U.S. Commission on Civil Rights was established by the Civil Rights Act of 1957 to, among other things, examine matters related to discrimination and denials of equal protection. Because immigration often implicates issues of national origin and sometimes race discrimination, the Commission has conducted several hearings on various aspects of immigration, particularly illegal immigration. The most recent hearings occurred in January 2015, August 2012 in Birmingham, Alabama and in 2008—the latter specifically related to the effect of illegal immigration on the wages and employment opportunities of black Americans.<sup>1</sup> The evidence adduced at the latter hearing showed that illegal immigration has a disproportionately negative effect on the wages and employment levels of blacks, particularly black males.<sup>2</sup>

The briefing witnesses, well-regarded scholars from leading universities and independent groups, were ideologically diverse. All the witnesses acknowledged that illegal immigration has a *negative* impact on black employment, both in terms of employment opportunities and wages. The witnesses differed on the extent of that impact, but every witness agreed that illegal immigration has a discernible negative effect on black employment. For example, Professor Gordon Hanson's research showed that "Immigration . . . accounts for about 40 percent of the 18 percentage point decline [from 1960-2000] in black employment rates."<sup>3</sup> Professor Vernon Briggs wrote that illegal immigrants and blacks (who are disproportionately likely to be low-skilled) often find themselves in competition for the same jobs, and the huge number of illegal immigrants ensures that there is a continual surplus of low-skilled labor, thus preventing wages from rising.<sup>4</sup> Professor Gerald Jaynes's research found that illegal immigrants had displaced U.S. citizens in industries that had traditionally employed large numbers of African-Americans, such as meatpacking.<sup>5</sup>

Illegal immigration has a disparate impact on African-American men because these men are disproportionately represented in the low-skilled labor force. The Census Bureau released an

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<sup>1</sup> U.S. COMMISSION ON CIVIL RIGHTS, THE IMPACT OF ILLEGAL IMMIGRATION ON THE WAGES AND EMPLOYMENT OPPORTUNITIES OF BLACK WORKERS [HEREINAFTER THE IMPACT OF ILLEGAL IMMIGRATION], *available at* [http://www.usccr.gov/pubs/IllegImmig\\_10-14-10\\_430pm.pdf](http://www.usccr.gov/pubs/IllegImmig_10-14-10_430pm.pdf).

<sup>2</sup> *Id.* at 3, Finding 5:

Illegal immigration to the United States in recent decades has tended to depress both wages and employment rates for low-skilled American citizens, a disproportionate number of whom are black men. Expert economic opinions concerning the negative effects range from modest to significant. Those panelists that found modest effects overall nonetheless found significant effects in industry sectors such as meatpacking and construction.

<sup>3</sup> *Id.* at 26.

<sup>4</sup> *Id.* at 37, 38-39

<sup>5</sup> *Id.* at 31.

important report on educational attainment after the Commission issued its 2008 report. This report, released in February 2012, found that 50.9 percent of native-born blacks had not continued their education beyond high school.<sup>6</sup> The same report found that 75.5 percent of foreign-born Hispanics had not been educated beyond high school, although it does not disaggregate foreign-born Hispanics who are legal immigrants from those who are illegal immigrants.<sup>7</sup> However, Professor Briggs estimated that illegal immigrants or former illegal immigrants who received amnesty constitute a third to over a half of the total foreign-born population.<sup>8</sup> Foreign-born Hispanics who are in the United States illegally are disproportionately male.<sup>9</sup> African-Americans who have not pursued education beyond high school are also disproportionately male.<sup>10</sup> These poor educational attainment levels usually relegate both African-American men and illegal immigrant men to the same low-skilled labor market, where they must compete against each other for work.<sup>11</sup>

The obvious question is whether there are sufficient jobs in the low-skilled labor market for both African-Americans and illegal immigrants. The answer is no. As Professor Briggs noted in his testimony to the Commission, “In February 2008 . . . the national unemployment rate was 4.8 percent, but the unemployment rate for adults (over 25 years old) without a high school diploma was 7.3 percent.”<sup>12</sup> During 2007, “Black American adult workers without a high school diploma had an unemployment rate of 12.0 percent, and those with only a high school diploma had an unemployment rate of 7.3 percent.”<sup>13</sup> These statistics suggest both that there is an overall surplus of workers in the low-skilled labor market, and that African-Americans are particularly disfavored by employers.<sup>14</sup>

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<sup>6</sup> CAMILLE L. RYAN & JULIE SIEBENS, U.S. CENSUS BUREAU, EDUCATIONAL ATTAINMENT IN THE UNITED STATES: 2009 (Feb. 2012), at 7, available at <http://www.census.gov/prod/2012pubs/p20-566.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, at 35-36.

<sup>9</sup> Peter Skerry, *Splitting the Difference on Illegal Immigration*, NATIONAL AFFAIRS (Winter 2013), at 5 (“Of the undocumented immigrants over the age of 18 currently residing in the U.S., there are approximately 5.8 million males, compared to 4.2 million females.”), available at [http://www.nationalaffairs.com/doclib/20130102\\_Skerry.pdf](http://www.nationalaffairs.com/doclib/20130102_Skerry.pdf).

<sup>10</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, at 52; see also Anne McDaniel, Thomas A. DiPrete, Claudia Buchmann & Uri Shwed, *The Black Gender Gap in Educational Attainment: Historical Trends and Racial Comparisons*, 48 DEMOGRAPHY 889, 890 (2011) (“It is well known that black males trail black females on a range of key educational outcomes, including high school graduation, college enrollment, and college completion.”), available at <http://jrnetserver.shorensteincen.netdna-cdn.com/wp-content/uploads/2011/10/fulltext.pdf>.

<sup>11</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, *Statement of Vernon M. Briggs, Jr.*, at 37.

[I]t is not everywhere that there is likely to be significant competition between low skilled black workers and illegal immigrant workers, but there are ample circumstances where there is – such as the large metropolitan labor markets of Los Angeles, New York, San Francisco, Chicago, Miami and Washington-Baltimore. Moreover, some of the fastest growing immigrant concentrations are now taking place in the urban and rural labor markets of the states of the Southeast – such as Georgia, North Carolina and Virginia, which never before were significant immigrant receiving states in previous eras of mass immigration. Indeed, about 26 percent of the nation’s foreign-born population are now found in the states of the South – the highest percentage ever for this region. There is mounting evidence that many of these new immigrants in this region are illegal immigrants.

<sup>12</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, *Statement of Vernon M. Briggs, Jr.*, at 36.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*, *Statement of Harry J. Holzer*, at 41.

Statistics from the Bureau of Labor Statistics indicate that workers who lack a high school diploma continue to struggle. The labor force participation rate for workers over 25 with less than a high school diploma was 46 percent in January 2016.<sup>15</sup> The unemployment rate for those individuals was 8.6 percent. When only 46 percent of people with less than a high school diploma are even participating in the labor market, we do not have a shortage of low-skilled labor.

People often say, “Well, illegal immigrants are taking jobs that Americans do not want to do. No one wants to be a hewer of wood or a drawer of water.” The problem is that there are thousands of Americans, and always will be thousands of Americans, who find that those jobs are the only ones for which they are qualified. How can you better yourself if you cannot even get on the first rung of the employment ladder and find yourself essentially shut out of certain industries? Georgetown professor Harry Holzer testified at the Commission’s briefing:

Other evidence, including that by ethnographers, indicates that employers filling low-wage jobs requiring little reading/writing or communication clearly prefer immigrants to native-born blacks, and encourage informal networks through which immigrants gain better access to these jobs. The native-born black workers likely would be interested in some, but not all of these jobs, depending on their wages.<sup>16</sup>

The country’s economic stagnation has disproportionately harmed African-Americans, especially those with little education. In 2011, 24.6 percent of African-Americans without a high school diploma were unemployed, as were 15.5 percent of African-Americans with only a high school diploma.<sup>17</sup> Six years into the economic recovery, African-Americans still face particular difficulty obtaining employment. According to the Bureau of Labor Statistics, the January 2016 unemployment rate for black Americans was 9.1 percent, almost double the white rate of 4.7 percent.<sup>18</sup>

Not only do illegal immigrants compete for jobs with African-Americans, but that competition drives down wages for the jobs that are available. Professor Borjas has written:

Illegal immigration reduces the wages of native workers by an estimated \$99 to \$118 billion a year . . . . A theory-based framework predicts that the immigrants who entered the country from 1990 to 2010 reduced the average annual earnings of American workers by \$1,396 in the short run. Because immigration (legal and

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<sup>15</sup> BUREAU OF LABOR STATISTICS, *Employment status of the civilian population 25 years and over by educational attainment* (Feb. 5, 2016), <http://www.bls.gov/news.release/empstat.t04.htm>.

<sup>16</sup> *Id.*, *Statement of Harry J. Holzer*, at 41.

<sup>17</sup> U.S. DEPT. OF LABOR, *The African-American Labor Force in the Recovery* (Feb. 29, 2012), at Chart 3, available at [http://www.dol.gov/\\_sec/media/reports/BlackLaborForce/BlackLaborForce.pdf](http://www.dol.gov/_sec/media/reports/BlackLaborForce/BlackLaborForce.pdf).

<sup>18</sup> BUREAU OF LABOR STATISTICS, *Employment status of the civilian population by race, sex, and age* (Feb. 5, 2016), <http://www.bls.gov/news.release/empstat.t02.htm>.

illegal) increased the supply of workers unevenly, the impact varies across skill groups, with high school dropouts being the most negatively affected group.<sup>19</sup>

Immigration, both legal and illegal, resulted in a disproportionately large increase in the number of high school dropouts in the labor pool. This caused a drop in wages among the poorest and least-educated members of the workforce.<sup>20</sup> As discussed above, these people are disproportionately likely to be African-American men. Furthermore, there is evidence that wages for these men have not just failed to increase as much as they would have in the absence of illegal immigration. Their real wages, the number of dollars they take home at the end of the week, have actually diminished. Julie Hotchkiss, a research economist and policy advisor at the Federal Reserve Bank of Atlanta, estimated that “as a result of this growth in the share of undocumented workers, the annual earnings of the average documented worker in Georgia in 2007 were 2.9 percent (\$960) lower than they were in 2000. . . . [A]nnual earnings for the average documented worker in the leisure and hospitality sector in 2007 were 9.1 percent (\$1,520) lower than they were in 2000.”<sup>21</sup>

The consequences of illegal immigration for black men and the black community in general are not limited to wages. In another study, Professor Borjas found that lower wages and fewer jobs also correlate with an increase in the black incarceration rate.

Our study suggests that a 10% immigrant-induced increase in the supply of a particular skill group is associated with a reduction in the black wage of 2.5%, a reduction in the black employment rate of 5.9 percentage points, and an increase in the black institutionalization rate of 1.3%. Among white men, the same 10% increase in supply reduces the wage by 3.2%, but has much weaker employment and incarceration effects: a 2.1 percentage-point reduction in the employment rate and a 0.2 percentage-point increase in the incarceration rate. It seems, therefore, that black employment and incarceration rates are more sensitive to immigration rates than those of whites.<sup>22</sup>

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<sup>19</sup> George Borjas, *Immigration and the American Worker: A Review of the Academic Literature*, Center for Immigration Studies (April 2013), available at [http://cis.org/immigration-and-the-american-worker-review-academic-literature?utm\\_source=E-mail+Updates&utm\\_campaign=344e45830d-Borjas\\_Study4\\_8\\_2013&utm\\_medium=email](http://cis.org/immigration-and-the-american-worker-review-academic-literature?utm_source=E-mail+Updates&utm_campaign=344e45830d-Borjas_Study4_8_2013&utm_medium=email).

<sup>20</sup> *Id.*:

[The simulation] shows that immigration particularly increased supply at the bottom and top of the education distribution. Immigration increased the effective number of hours supplied by high school dropouts to 25.9 percent, and those of workers with more than a college degree by 15.0 percent. In contrast, immigration increased the number of hours supplied by workers with 12 to 15 years of school by only 6 to 8 percent. Overall, immigration increased effective supply by 10.6 percent during the two-decade period.

Because of the skewed nature of the supply shift, the simulation shows that immigration particularly affected the wage of native workers at the two ends of the education distribution. The large supply increase experienced by high school dropouts decreased the wage of this group by 6.2 percent in the short run and 3.1 percent in the long run. Similarly, the wage declines for the most highly skilled workers (those with more than a college degree) were 4.1 percent in the short run and 0.9 percent in the long term.

<sup>21</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, at 46.

<sup>22</sup> George J. Borjas, Jeffrey Grogger, and Gordon Hanson, *Immigration and the Economic Status of African-American Men*, 77 *ECONOMICA* 255, 256 (2010).

There is another way in which low-skilled immigration likely affects black employment prospects. In 2013, the Commission on Civil Rights held a briefing regarding the EEOC's guidance on the effect of criminal background checks on black and Hispanic job applicants.<sup>23</sup> The EEOC, and the Obama administration generally, is concerned that the use of criminal background checks disadvantages black job applicants, because black men are disproportionately likely to have criminal records. To that end, the EEOC tries to intimidate employers into hiring men with criminal records, or not conducting background checks at all. Many of these men would be clustered in the low-skill end of the labor pool. Employers are often understandably reluctant to hire men with criminal records, particularly if they can hire men who do not have a criminal record, at least in this country. If the labor market were tighter, employers would be more likely to give men with criminal records a chance. But instead, the administration pursues policies that will continue to flood the lower-skilled part of the workforce with workers. The administration's criminal background checks policy and its immigration policy are at cross-purposes.

Both lower wages and incarceration likely contribute to one of the most serious problems facing the African-American community today: the dearth of intact nuclear families. The late senator Daniel Patrick Moynihan famously sounded the alarm about the disintegration of the black family during his tenure at the Department of Labor in the 1960s.<sup>24</sup> It is one of the great tragedies of modern America that the disintegration of the African-American family has not abated.<sup>25</sup> 72 percent of African-American children are born out of wedlock.<sup>26</sup> It is now a truism that children born out of wedlock are far more likely to experience a host of negative outcomes than are children raised by their own biological, married parents.<sup>27</sup>

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<sup>23</sup> U.S. COMMISSION ON CIVIL RIGHTS, *ASSESSING THE IMPACT OF CRIMINAL BACKGROUND CHECKS AND THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION'S CONVICTION RECORDS POLICY* (2013), [http://www.eusccr.com/EEOC\\_final\\_2013.pdf](http://www.eusccr.com/EEOC_final_2013.pdf).

<sup>24</sup> United States Department of Labor, *THE NEGRO FAMILY: THE CASE FOR NATIONAL ACTION* (March 1965), available at <http://www.dol.gov/oasam/programs/history/webid-meynihan.htm>.

<sup>25</sup> Kay Hymowitz, *The Black Family: 40 Years of Lies*, *CITY JOURNAL* (Summer 2005), available at [http://www.city-journal.org/html/15\\_3\\_black\\_family.html](http://www.city-journal.org/html/15_3_black_family.html).

<sup>26</sup> Jesse Washington, *Blacks struggle with 72 percent unwed mothers rate*, *ASSOCIATED PRESS*, Nov. 7, 2010, available at [http://www.nbcnews.com/id/39993685/ns/health-womens\\_health/t/blacks-struggle-percent-unwed-mothers-rate/#.UWR6fZPvvn4](http://www.nbcnews.com/id/39993685/ns/health-womens_health/t/blacks-struggle-percent-unwed-mothers-rate/#.UWR6fZPvvn4).

<sup>27</sup> See Charles Murray, *COMING APART*, 139–41 (2012):

Trends in marriage are important not just with regard to the organization of communities, but because they are associated with large effects on the socialization of the next generation. No matter what the outcome being examined—the quality of the mother-infant relationship, externalizing behavior in childhood (aggression, delinquency, and hyperactivity), delinquency in adolescence, criminality as adults, illness and injury in childhood, early mortality, sexual decision making in adolescence, school problems and dropping out, emotional health, or any other measure of how well or poorly children do in life—the family structure that produces the best outcomes for children, on average, are two biological parents who remain married. Divorced parents produce the next-best outcomes. Whether the parents remarry or remain single while the children are growing up makes little difference. Never-married women produce the worst outcomes. All of these statements apply after controlling for the family's socioeconomic status. I know of no other set of important findings that are as broadly accepted by social scientists who follow the technical literature, liberal as well as conservative, and yet are so resolutely ignored by network news

Married men are more likely to be employed and to have higher earnings than unmarried men, although the relationship between marriage and economic success is complex.<sup>28</sup> However, it is obvious that men who are unemployed or are incarcerated are far less appealing prospective spouses than men who hold down a steady job.<sup>29</sup> Yet there are fewer and fewer jobs available—and at lower wages—for men in traditionally masculine industries.<sup>30</sup> Giving amnesty to illegal immigrants would only exacerbate this problem facing low-skilled men, who are disproportionately African-American. The dearth of job opportunities gives these men less confidence in their ability to support a family, and gives women reason to fear that these prospective husbands will be only another mouth to feed.

Continuing to have high levels of low-skilled immigration, legal or illegal, will only further harm African-American workers. Granting legal status to illegal immigrants will be particularly harmful. Not only will the low-skilled labor market continue to experience a surplus of workers, making it difficult for African-Americans to find job opportunities, but African-Americans will be deprived of one of their few advantages in this market. Some states require private employers to use E-Verify to establish that their workers are in the country legally. This levels the playing field a bit for African-Americans. If illegal immigrants are granted legal status, this small advantage disappears.

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programs, editorial writers for the major newspapers, and politicians of both major political parties [citations omitted].

See also W. Bradford Wilcox and Jeffrey Dew, *Protectors or Perpetrators: Fathers, Mothers, and Child Abuse and Neglect*, Center for Marriage and Families (Feb. 2008), available at <http://www.wbradfordwilcox.com/Dad.abuse.pdf>:

[A] 1996 federal study found that the overall rate of child maltreatment among single-parent households was nearly double that of two-parent families: 27.3 children per 1,000 were maltreated in single-parent families, whereas 15.5 children per 1,000 were maltreated in two-parent families. Another study found that 7 percent of children who had lived with a single parent had been sexually abused, compared to 4 percent of children who lived in an intact, biological family. Still another study found that children were half as likely to suffer physical abuse involving a traumatic brain injury when they lived in a household with their father, compared to children living in a fatherless family.

Research also indicates that children living in stepfamilies are more likely to suffer from abuse. One study by David Finkelhofer of the University of New Hampshire and his colleagues found that “children currently living in single parent and stepfamilies had significantly greater lifetime exposure than those living with two biological or adoptive parents” to five different forms of victimization—sexual assault, child maltreatment, assault by peers or siblings, being a victim of a crime, or witnessing violence. Other studies have found that children are markedly more likely to be killed or sexually abused by stepfathers, compared to children living in an intact, married household.

<sup>28</sup> See Murray, *supra* note 27, at 156–157 (2012) (discussing the “marriage premium”).

<sup>29</sup> *Id.* at 157 (“In the 2000s Fishtown had a lot fewer men who were indicating that they would be good providers if the woman took a chance and married one of them than it had in 1960.”); see also Hannah Rosin, *THE END OF MEN* (2012) 8–10 (a single mother’s description of her daughter’s underemployed father as “one less granola bar for the two of us”).

<sup>30</sup> See Rosin, *supra* note 29, 71–97 (2012).

Furthermore, recent history shows that granting amnesty to illegal immigrants will encourage more people to come to the United States illegally. The 1986 amnesty did not solve the illegal immigration problem. To the contrary, that amnesty established the precedent that if you come to America illegally, eventually you will obtain legal status. Thus, it is likely that if illegal immigrants are granted legal status, more people will come to America illegally and will further crowd African-American men and other low-skilled men and women out of the workforce.

Thank you again for inviting me to testify, and I look forward to your questions.



**Testimony of Benjamin Johnson, Executive Director  
The American Immigration Lawyers Association**

**Submitted to the Subcommittee on  
Immigration and the National Interest  
Committee on the Judiciary of the U.S. Senate**

**Hearing entitled “Impact of High Levels of Immigration on U.S. Workers”**

**March 16, 2016**

Mr. Chairman and Ranking member, and members of the committee, thank you for the opportunity to appear before you today and provide testimony on behalf of the American Immigration Lawyers Association (AILA). AILA is the national association of immigration lawyers established to promote justice and advocate for fair and reasonable immigration law and policy. AILA counts among its members over 14,000 attorneys and law professors across the nation who are involved in every aspect of our nation’s immigration laws.

Since the first newcomers arrived here in the early 1600s, immigration has shaped and transformed the economic, social, and political development of our nation. Immigrants have played a substantial role in every major social, economic, and technological transformation in our nation’s history. Immigrants are innovators and entrepreneurs who helped build and invent the industrial era, the atomic age, and now the computer age. They are family members who help build stable communities and raised generations of new Americans. And they are everyday workers who help drive the engine of our economy forward. The overwhelming weight of the research shows that immigration has had and continues to have a profoundly positive impact on our society, our economy, and on the wages and employment opportunities of the native-born workers who immigrants work shoulder to shoulder with every day. In short, immigration has been and remains vital to America’s growth and prosperity.

Despite the overwhelming evidence that immigration has greatly benefited our nation, our history has been repeatedly sullied by periods of fear and anger towards each successive wave of immigrants, and by political efforts to blame them for a host of social and economic challenges. The mistake we make over and over is to romanticize the immigrants of our parents’ or grandparents’ age, but to question whether the new arrivals are as valuable, patriotic, or law-abiding as those who came before. Time and again, the new immigrants have proven that they carry with them the same dedication to build a better life for themselves and their children, and the same desire to make America stronger than ever before.

Immigration is a powerful resource for revitalizing our economy, filling gaps in our labor market, and reenergizing the American dream. But immigration is a resource that must be managed, and immigration policy must be updated to reflect the changing realities of our economy and society. Almost no one disputes that the current immigration system is outdated and falls woefully short of meeting the needs of our 21<sup>st</sup> century economy. Yet, for more than a

quarter of a century, Congress (led by both parties) has failed or refused to modernize our immigration system in any meaningful way. Established in 1990, the current legal channels of immigration remain frozen in a time before most Americans had cell phones or computers and before the exodus of millions of baby-boomers out of our labor force and into retirement. By refusing to do its job and update our immigration system to reflect the needs of our current economy, Congress is ignoring this powerful resource and squandering the opportunity to fully harness its full potential.

Congressional gridlock has given the impression that there is nationwide disagreement about immigration, but in fact there is overwhelming agreement among Americans that immigrants are an important part of our communities and contribute to our economic growth and security. A substantial majority of Americans want the immigration system reformed, and as many as three out of four believe unauthorized immigrants should be allowed to stay permanently.<sup>1</sup>

Meaningful, comprehensive immigration reform is an achievable objective. Legislative proposals have been introduced in Congress many times in the past decade, and the policy prescriptions for reform are well known and strongly supported. AILA urges Congress to reform the immigration system in a way that brings it into the 21<sup>st</sup> century by creating a flexible, smart system that responds to the demographic realities of the U.S. population, the demands of the U.S. economy, and the needs of American families. The system can and should play a supporting role in ensuring fair wage levels and humane working conditions for all workers, native- and foreign-born alike. These goals can be achieved while creating a system that operates effectively so that employers can hire needed workers quickly and efficiently. Finally, and perhaps most importantly, reforms to our nation's immigration system must recognize the power and potential of immigration to continue to benefit America.

### **Immigration Fuels U.S. Economic Growth**

The nation's 25.7 million foreign-born workers comprised 16.5 percent of the labor force in 2014.<sup>2</sup> These immigrants—whether they have legal status or are unauthorized—make enormous contributions to the U.S. economy as workers, consumers, taxpayers, and entrepreneurs. In fact, immigrants—including unauthorized immigrants—create jobs through their purchasing power and their entrepreneurship, buying goods and services from U.S. businesses and creating their own businesses, both of which sustain U.S. jobs.<sup>3</sup> In 2013, immigration added roughly 0.2 percent to the U.S. gross domestic product (GDP), which translates into \$31.4 billion (in 2012 dollars).<sup>4</sup>

The role that immigrants play in creating new businesses should not be underestimated. In 2013, 18 percent of business owners in the United States were foreign-born. Among “Main Street” business owners—those who bring businesses like grocery stores, restaurants, and clothing stores to neighborhoods—28 percent were foreign-born.<sup>5</sup> From 2006 to 2010, there were 2.4 million new immigrant business owners in the U.S. who had a total net business income of \$121 billion (15 percent of all net business income in the country).<sup>6</sup> Immigrants are nearly twice as likely as the native-born to become entrepreneurs, with the rate of new entrepreneurs being 0.52 percent for immigrants, compared to 0.27 percent for the native-born.<sup>7</sup> And let us not forget that immigrants were founders of 18 percent of all Fortune 500 companies, many of which are high-tech giants. As of 2010, these companies generated \$1.7 trillion in annual revenue, employed 3.6

million workers worldwide, and included AT&T, Verizon, Procter & Gamble, Pfizer, Comcast, Intel, Merck, DuPont, Google, Cigna, Sun Microsystems, United States Steel, Qualcomm, eBay, Yahoo!, and Nordstrom.<sup>8</sup>

Immigrants contribute substantially to U.S. tax revenues, particularly when it comes to the support they offer for the Medicare and Social Security systems. The average immigrant contributes nearly \$120,000 more in taxes than he or she consumes in public benefits (measured in 2012 dollars).<sup>9</sup> The net contribution of immigrants to Medicare's Hospital Insurance Trust Fund was \$183 billion between 1996 and 2011. On average, immigrants contributed \$62 more per person to the trust fund than the native-born, and immigrants claimed \$172 less in benefits.<sup>10</sup> Unauthorized immigrants alone provided a net fiscal benefit of roughly \$12 billion to Social Security's financial status in 2010, according to the Social Security Administration's Chief Actuary. Unauthorized immigrants collectively pay as much as \$13 billion into the Social Security system each year, while only receiving \$1 billion in benefits. In total, unauthorized workers have contributed more than \$100 billion to Social Security over the last decade.<sup>11</sup>

### **Immigration Has Bolstered the Economy of Many Locales in Demographic Decline**

In addition to creating businesses and jobs and contributing to the tax base, immigrants have revitalized local economies struggling to adapt to the country's changing demographics. America's future prosperity depends in part upon the ability of local communities to attract and retain a diverse population with diverse sets of skills. In the native-born population, there are fewer births and more retirements. That demographic fact has been compounded by the decline of large manufacturing companies that metropolitan areas relied upon in the past to grow their populations and economies. Increasingly, cities and regions looking to stem population decline and stimulate economic growth are seeking to attract immigrants and encourage immigrant entrepreneurship. Immigrants play an outsized role in establishing "main street" businesses (retail, accommodation and food services, and neighborhood services), which are important for generating neighborhood-level economic growth and revitalization.

This propensity to start businesses that revitalize neighborhoods makes immigrants attractive to city leaders.<sup>12</sup> Cities and towns, such as those in the "Rustbelt" that are experiencing native-born population declines, are increasingly seeking ways to maintain a viable workforce by welcoming immigrants. The "Welcoming Michigan" campaign of building immigrant-friendly communities has sought to attract immigrants. A spokesperson for the Minnesota Chamber of Commerce said: "Immigrants aren't just an asset because they numerically increase the workforce. They are also playing a key role as entrepreneurs in Minnesota and have transformed neighborhoods in both Minneapolis and St. Paul while helping revitalize downtowns in several regional centers around our state."

### **The Importance of Family-Based Immigration**

Immigration has benefited America's economy not only through the employment-based visa system but also through family-based immigration. Historically, family unification has been a pillar of the U.S. legal immigration system. Since the first European settlers landed on these shores, immigrants have come with their families to build better lives in America.

Family-based immigration is not only about keeping close family members together. When it works properly, family-based immigration furthers America's economic and social interests while advancing fundamental American values. Often times, immigrants who arrive through the family-based system have important skills or are business innovators themselves. Moreover, studies have shown that close family relationships facilitate entrepreneurship because family members can support one another in caring for children and working with a great deal of flexibility in family-owned businesses.<sup>13</sup> Moreover, since 1996, the immigration system has required that every family-based immigrant able to show financial support from US relatives above the poverty level to ensure that immigrants who join their family members will not impose costs or draw public benefits.

The social and economic benefits that family-based immigration has provided America are numerous—and interrelated. Because of the immeasurable value added to our communities by immigrants with existing family ties, the benefits of family-based immigration cannot be neatly measured in comparison to the benefits of employment-based immigration. America benefits the most when the family- and employment-based systems are each working effectively together. A well-functioning family-based system strengthens the employment-based system by allowing workers to maintain their family unit in the United States. Less family-friendly policies may dissuade those high-skilled immigrants who also have families from choosing to invest their talents and resources in America's economy.

### **Unauthorized Immigration is Symptomatic of a Dysfunctional Immigration System**

To ensure our nation's prosperity, our immigration system should be more flexible and capable of meeting the needs of both American businesses and families. For decades, our immigration system has been ruled by arbitrary numerical quotas and strict formulas that rob it of the flexibility and adaptability it needs to function well. For decades, Congress has failed to overhaul our immigration system despite the growing mountain of evidence that it is not serving the needs of either immigrants or the native-born population.

Within the employment-based system, each year there are 140,000 employment-based green cards available to qualified immigrants. The number was set years ago by Congress without regard to real labor-market needs, and it has not been updated to conform to current economic realities. The numbers of workers who are necessary to fill gaps in our labor supply changes depending on a wide range of economic factors. Some employers may need permanent workers to fill permanent jobs; others may require temporary workers to fill transitory gaps in certain industries or during particular seasons. In some cases, employers may only be able to obtain visas for temporary workers when they actually need permanent workers. Workers who arrive on temporary visas may find permanent jobs, but are unable to adjust to a permanent visa under the current system. In other words, the current system does not have the flexibility needed to respond to the country's evolving economic needs.

Furthermore, the current visa allocation system provides few visas for less-skilled workers. The types of jobs most associated with unauthorized immigrants are the types least likely to qualify for work visas. Each year, the number of green cards available for less-skilled workers—such as hotel workers, landscapers, and construction workers—is limited to just 5,000 for the entire country. The insufficient number of green cards available for these jobs is at the heart of the

unauthorized immigration problem. Employers in restaurants, hotels, and other service-sector jobs face visa quota backlogs approaching 10 years—an impossibly long wait period for a business recruiting from a local labor pool that does not meet current demand. As a result, the immigration system provides no effective legal avenue for people abroad who wish to come to the United States to work in industries that need them.

Under the current system, unreasonable and unnecessary visa backlogs have also kept families separated for years. For example, a U.S. citizen typically has to wait over 7 years to reunite with an adult child, but if that child is coming from Mexico the wait is over 21 years. Brothers and sisters of U.S. citizens typically wait almost 15 years, but the wait is nearly 24 years for those reuniting from the Philippines.<sup>14</sup> Adjusting these visa numbers is essential to ensure that future generations of immigrant families continue their track record of integrating into U.S. society and building the U.S. economy. Proposals that sacrifice family immigration for the sake of employment-based immigration create an unfair and erroneous dichotomy. Family immigrants work and contribute to the U.S. in many ways. Both the family-based and employment-based immigration systems can be fixed without sacrificing one for the other.

The failure by Congress to fix the immigration system has also resulted in the growth of the unauthorized immigrant population in the United States to roughly 11 million.<sup>15</sup> Until there are more legal avenues for employers to hire immigrant workers to meet economic demands, unauthorized immigration will continue to fill the gap. The problem of unauthorized immigration is not only economic. There are now millions of unauthorized workers in the United States who have U.S.-citizen family members (usually children).<sup>16</sup> Naturally, these immigrants do not want to leave their children behind by returning alone to their home countries. Nor do they want to uproot their children and take them to countries the children most likely do not know. Yet these immigrants have no means of becoming lawful permanent residents or achieving any other legal status. Regularizing undocumented workers would increase their bargaining power and labor rights, and this, in turn, would positively impact the wages and working conditions of all workers in the regions and industries where unauthorized immigrants are typically employed. Our nation needs reforms that legalize the unauthorized immigrant population in addition to adjustments to the number of employment-based and family-based visas available each year.

### **Beware of Those Who Seek to Divide and Conquer**

The struggles of native-born American workers to find jobs that pay a fair wage and have safe working conditions is a fundamental challenge facing our nation, one that must be met with real and comprehensive solutions. But this problem will not be solved by scapegoating immigrant workers or pitting them against native-born workers. While some have asserted that less-skilled immigrant workers are “stealing” the jobs of less-skilled African American workers, data shows that the fortunes of Latino immigrants and African Americans in U.S. cities tend to rise and fall together.<sup>17</sup>

Immigrants and native-born workers typically have different skill sets and hold different jobs. As a result, they complement rather than compete against each other for jobs. A study analyzing data from the U.S. Census Bureau shows that there is little correlation between recent immigration and unemployment rates at the regional, state, or county level. New immigrant

workers add to the labor supply, but they also consume goods and services, which creates more jobs. Economists estimate that immigration from 1994 to 2007 raised the wages of U.S.-born workers, relative to foreign-born workers, by 0.4% (or \$3.68 per week).

The competition argument also becomes more questionable when considering all of the non-immigration-related challenges faced by American workers in general and African Americans in particular. For example, over the last 30 years, labor union representation of workers has declined dramatically. The absence of any alternative voice at the bargaining table, or an alternative strategy to provide the kind of worker training programs developed by unions, has left all workers more vulnerable to exploitation or wage stagnation. Moreover, a recent Justice Department report on Ferguson, Missouri, revealed shocking evidence of systematic discrimination against poor residents in general and African Americans in particular that has had the effect of continuing a cycle of poverty and incarceration.<sup>18</sup> These kinds of systemic challenges have a profound impact on the rights and opportunities of all people who live on the economic margins, and they cannot be adequately explained (let alone addressed) if we seek to pit different groups against each other.

## Conclusion

We live at a time when the foreign-born share of the U.S. population is roughly the same as it was at the beginning of the 20<sup>th</sup> century.<sup>19</sup> But one hundred years later, some observers give the impression that we are in the midst of an unprecedented migratory onslaught that threatens to deluge the nation, robbing native-born workers of their jobs and completely changing the nature of our society. That is not how immigration works. The Italian and Eastern European immigrants who were so feared by many native-born Americans at the turn of the 20<sup>th</sup> century did not destroy the nation. The Latin American and Asian immigrants who are coming here now are not destroying it either. Our nation needs forward-looking immigration policies that marshal the power of immigration as an economic tool and embrace the contributions of immigrants to our shared prosperity. AILA urges Congress to put forward and pass meaningful, comprehensive solutions that will bring our immigration system into the 21<sup>st</sup> century. The reward for its leadership will be an immigration system that is good for American workers, good for American families, and good for the American economy.

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<http://www.immigrationpolicy.org/just-facts/advantages-family-based-immigration>
- <sup>14</sup> See U.S. Department of State, [Visa Bulletin](#).
- <sup>15</sup> Jeffrey S. Passel and D’Vera Cohn, “Unauthorized Immigrant Totals Rise in 7 States Fall in 14,” Pew Research Center, Nov.18, 2014, [http://www.pewhispanic.org/files/2014/11/2014-11-18\\_unauthorized-immigration.pdf](http://www.pewhispanic.org/files/2014/11/2014-11-18_unauthorized-immigration.pdf).
- <sup>16</sup> Paul Taylor, et al., “Unauthorized Immigrants: Length of Residency, Patterns of Parenthood,” Pew Research Center, Dec. 1, 2011, <http://www.pewhispanic.org/files/2011/12/Unauthorized-Characteristics.pdf>.
- <sup>17</sup> Jack Strauss, “Allies, Not Enemies: How Latino Immigration Boosts African American Employment and Wages,” American Immigration Council, June 2013,  
[http://www.immigrationpolicy.org/sites/default/files/docs/allies\\_not\\_enemies.pdf](http://www.immigrationpolicy.org/sites/default/files/docs/allies_not_enemies.pdf).
- <sup>18</sup> U.S. Department of Justice, Civil Rights Division, “Investigation of the Ferguson Police Department,” March 4, 2015, [https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson\\_police\\_department\\_report.pdf](https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf).
- <sup>19</sup> Campbell Gibson and Kay Jung, “Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000 U.S. Census Bureau”, Feb. 2006,  
<http://www.census.gov/population/www/documentation/twps0081/twps0081.pdf>.

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Testimony of

David Dyssegaard Kallick

Director, Immigration Research Initiative of the Fiscal Policy Institute

Before the

**Senate Judiciary Subcommittee on Immigration and the National Interest**

Hearing on

**The Impact of High Levels of Immigration on U.S. Workers**

March 16, 2016

## **The Contribution of Immigrants to the American Economy**

Thank you for inviting me to testify today. I am David Dyssegaard Kallick, director of the Immigration Research Initiative at the Fiscal Policy Institute.

The ten years that I have been doing research on immigration have only deepened my appreciation for the very robust contribution immigrants make to the economy. It might surprise people, even in this room, to know that in the United States about half of immigrants have at least some college education.<sup>1</sup> Forty-six percent of immigrants work in white collar jobs – more than in blue collar (29 percent), service (21 percent), or farm jobs (5 percent). Yes, that includes all immigrants – that is to say, all people born in another country, regardless of legal status.<sup>2</sup> Immigrants make up 14 percent of registered nurses, 17 percent of accountants, 28 percent of physicians, and 31 percent of economists.<sup>3</sup>

We sometimes hear that immigrants are doing jobs that U.S.-born workers don't want to do. That sells immigrants short – there are concentrations of immigrants in many low-wage jobs and in some high-wage jobs, but the majority of immigrants are somewhere in the middle. And it sells U.S.-born workers short – there are plenty of U.S.-born workers in very tough jobs.<sup>4</sup>

Increases in immigration are also closely linked to economic growth. In comparing 25 metro areas around the United States,<sup>5</sup> we found that where there is growth there is immigration, and that the only places you're likely to find little immigration are places with little economic growth. This doesn't prove that immigration *causes* growth. It does suggest, though, that if you are serious about having a growing economy you should be finding ways to welcome immigrants.

Immigrants play a big role as business owners. That is especially true in Main Street businesses—such as grocery stores, restaurants, retail shops, or beauty salons. Google and

PayPal are great, and were also started by immigrants. But Main Street businesses are the bread and butter of local economic development. They are what gives a commercial area its character, and often spark local revitalization. Twenty-eight percent of Main Street business owners are immigrants.<sup>6</sup>

There is widespread agreement among economists that immigration brings economic growth, and has a positive overall impact on wages and employment for U.S.-born workers. The disagreement on this question is about the size of the GDP boost and wage increase.

That said, several studies also point to some negative impact on African-American men with less than a high school degree, and in some cases also white men with less than high school. This is an important finding, but reducing immigration is an ineffective way to improve the living standard of these groups, whose livelihood is being undermined by a number of social and economic forces that dwarf the possible impact of immigration.

The best response is for Americans to become more educated – and, indeed, that is happening at a truly impressive rate. Even as the population increased, there were 3 million fewer men with less than a High School degree age 25 and older in 2014 than there were in 2000—including immigrants. Blacks, including black men, are improving at the fastest rate, though they are still not closing the gap with whites.<sup>7</sup>

There are also numerous improvements we can make in the labor market for these men, from improving schools to investing in job training and workforce development, expanding opportunities for union membership, or reforming the criminal justice system and re-entry into the workforce. In other words, we can provide opportunities for men with less than a high school degree to succeed while allowing the country to take advantage of the overall economic benefits of immigration.<sup>8</sup>

It's actually rather amazing that America does as well as we have with immigration, considering how little we have done to update the country's immigration system. Maybe it's just in our DNA as a country to draw and integrate immigrants, irrespective of what happens here in Washington.

But, there's only so long we can go on without addressing some fundamental problems. Fixing immigration policy would be good for the economy, and it would be good for U.S.-born workers too – particularly those in the lowest rungs of the labor market. It's not good for anyone when some workers can be taken advantage of.<sup>9</sup>

I'm not suggesting that more immigration will always be better for the economy—we have to strike a balance. What I do want to say clearly is that the United States has tremendously benefited from the immigration that we've had. And, we would benefit even more with a properly functioning immigration system that recognizes where there are problems and addresses them constructively. That would help immigrants reach their full potential while making sure U.S.-born workers share in the prosperity that a vibrant and growing economy brings.

Thank you again, and I look forward to your questions.

*The Fiscal Policy Institute ([www.fiscalpolicy.org](http://www.fiscalpolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.*

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<sup>1</sup> *Across the Spectrum: The Wide Range of Jobs Immigrants Do*, Fiscal Policy Institute, 2010. The exact share with at least some college is 48 percent.

<sup>2</sup> Figures for occupations in the United States as a whole and for individual states are from a joint Fiscal Policy Institute and Economic Policy Institute analysis of 2007-2011 American Community Survey data. The committee members might be interested to know that 37 percent of immigrants work in white-collar jobs in Arizona, North Carolina, Texas and Utah. Thirty-nine percent are in white-collar jobs in Alabama, Arizona, North Carolina, Texas, and Utah. The share is 44 percent in Georgia and Illinois, 46 percent in California, 48 percent in Minnesota, 49 percent in New York, and 50 percent in Connecticut.

<sup>3</sup> Fiscal Policy Institute analysis of 2014 3-year American Community Survey data from IPUMS.

<sup>4</sup> I'd note only one exception: farm laborers.

<sup>5</sup> *Immigrants and the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas*, Fiscal Policy Institute, 2009.

<sup>6</sup> *Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow*, the Fiscal Policy Institute and the Americas Society/Council of the Americas, 2015.

<sup>7</sup> Fiscal Policy Institute analysis of 2000 Census and 2014 American Community Survey. The share of black men with less than a high school degree has dropped impressively from 29 to 17 percent, a drop of 12 percentage points—a far faster rate of decline than for the overall population. The rate of decline for the overall population is six percentage points, from 20 percent to 14 percent. See also Janelle Jones and John Schmitt, “Has Education Paid Off for Black Workers,” Center for Economic and Policy Research, June 2013, which shows the share of black men employed in the labor force with less than a high school degree (18 to 64 years old) going from 36 percent in 1979 to 6 percent in 2011.

<sup>8</sup> This question is explored at length in the local level on Long Island in David Dyssegaard Kallick, “Immigration’s Impacts on the Long Island Economy,” *Regional Labor Review*, Fall 2010. See also “The Changing Profile of Long Island’s Economy,” Fiscal Policy Institute, November 2010, for more detail on improvements in levels of educational attainment.

<sup>9</sup> “Three Ways Immigration Reform Would Make the Economy More Productive,” Fiscal Policy Institute, June 2013. The Institute on Taxation and Economic Policy modeled the state and local tax implications of immigration reform for our report, and later updated and expanded that analysis. Their conclusion was that in every state there was a net positive for state and local tax revenue, coming to a total of \$12 billion in state and local taxes currently paid, and an additional \$800 million that would be paid under immigration reform.

# **The Impact of Large-Scale Immigration on American Workers**

**Testimony Prepared for Senate Committee on the Judiciary  
Subcommittee on Immigration and the National Interest  
March 16, 2016**

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## Summary

**Economic Theory.** *There is no question that by adding workers immigration makes the U.S. economy (GDP) larger by perhaps \$1.7 to \$2 trillion a year. However, by itself a larger economy is not a benefit to native-born Americans. Though the immigrants themselves benefit, there is no body of research indicating that immigration substantially increases the per-capita GDP or income of natives. Basic economic theory predicts that immigration should create a small net gain for natives, but to do so it must redistribute income from workers in competition with immigrants to business owners, and those workers not in competition with immigrants. Economic theory also predicts that the size of the redistribution will be much larger (about \$531 billion) than the net gain (about \$54 billion). Less-educated Americans who are already the poorest workers bear the brunt of immigrant competition and wage losses. Moreover, the National Academy of Sciences' comprehensive look at the economic and fiscal impact of immigrants (taxes paid minus services used) found that the net fiscal burden immigrants create (taxes paid minus services used) is actually larger than the immigrant surplus.*

**Recent Employment Trends.** *Putting aside economic theory, the last 15 years have witnessed an extraordinary situation in the U.S. labor market — much of employment gains have gone to immigrant workers, even though natives have accounted for about two-thirds of the growth in the working-age (16-65) population. Even before the Great Recession, a disproportionate share of employment gains went to immigrants. Despite improvements in job growth in the last two years, in the fourth quarter of 2015 only about two-thirds of working-age native-born Americans actually had a job; as recently as 2000 about three-fourths were working. American does not have a shortage of workers, it has a shortage of jobs.*

**Immigration and Aging.** *Whenever the impact of immigration on the labor market is discussed the argument is often made that immigration can fix the problems associated with our aging society, in particular the decline in the share of the population who are workers. However, this is not the case. For example, if we remove the 17.3 million immigrants (legal and illegal) who arrived in 2000-2014 and their 3.9 million U.S.-born children from 2014 Census Bureau data, 66 percent of the U.S. population would be of working age (16 to 65); if they are included, 66.2 percent are of working-age — a miniscule difference. Whether we look at the impact of current immigrants or project the impact in the future, it is clear that immigration has only a tiny impact on slowing the aging of American society. Equally important, the problem in the United States is not that there are too few people of working age, rather the problem is the enormous number of working-age people who are not working.*

## Introduction

In this testimony, I will focus on four areas. First I will summarize the theoretic impact of immigration on the U.S. labor market. Second, I will discuss what the research shows about the actual impact of immigration on the wages and employment of natives. Third, I will describe what has been happening in the U.S. labor in the last 15 years. Finally, I will discuss the impact of immigration on the aging of American society and the need for workers. The overarching theme of my testimony will be that immigration does not confer significant economic benefits on the native-born. Instead, immigration tends to redistribute income from some American workers, often from the poorest and least educated, to business owners and other American workers. Moreover, the chief justification for the current high level of immigration that there is need for workers is not supported by the available evidence.

## Theoretical Impact of Immigration on the Labor Market

**A Larger Economy.** Immigration adds significantly to the size of the U.S. population; and there is no question that a larger workforce means a larger economy. In the fourth quarter of 2015, immigrants accounted for 16.9 percent of those in the labor force. If we make the standard assumption that labor accounts for 70 percent of GDP and the economy totaled \$18 trillion in 2015, then immigration may add \$2.1 trillion to the U.S. economy.

This calculation assumes that immigrants receive a share of all labor incomes in proportion to their share of the labor force, but we know that immigrants on average earn about 80 percent what natives earn. Therefore, the actual increase in the size of the nation's GDP is probably more likely to be roughly \$1.7 trillion, still a very large figure. It must be emphasized that this "contribution" to the U.S. economy does not measure the gain or benefit to the native born.

As the nation's top immigration economist, George Borjas, points out the, "contribution to the aggregate economy, however, does not measure the net benefit to the native-born population." This is because roughly 98 percent of the increase in GDP goes to the immigrants themselves in the form of wages and benefits. They are the ones providing the labor, so it is entirely fair that they reap the benefits of their efforts. Immigration does make the nation's economy larger, but that fact does not make natives significantly richer. What is the gain to natives?

**The Gain to Natives.** There is a standard way of calculating the benefit from immigration, also referred to as the "immigrant surplus", that goes to the existing population of natives. A 1997 study by the National Research Council (NRC), authored by many of the top economists in the field, summarizes the formula for calculating the benefit.<sup>1</sup> The NAS study updates an earlier study by the nation's top immigration

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<sup>1</sup> Barry Edmonston and James Smith, Eds., *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, Washington D.C.: National Academy Press, 1997.

economist, George Borjas of Harvard.<sup>2</sup> In 2007, the president's Council of Economic Advisers (CEA) also used the same formula to estimate the benefit of immigration to Americans.<sup>3</sup> At the Center for Immigration Study, we published an updated version of these calculations by Dr. Borjas in 2013.<sup>4</sup>

The next gain from immigration can be estimated using the following formula:

Net gain from immigration as a share of GDP =  $-.5 * \text{labor's share of income} * \text{wage elasticity} * \text{immigrant share of labor force squared}$ .

“Labor share” refers to the percentage of GDP that goes to workers, which is usually thought to be 70 percent, the rest being capital. The immigrant share of the labor force was 16.9 percent in December of 2015. “Wage elasticity” refers to the percentage change in wages from immigration increasing the size of the labor force by 1 percent. The size of the elasticity is a contentious issue. The NAS study assumed an elasticity of .3, and so will I in the calculation below. This means that each 1 percent increase in supply of labor caused by immigration reduces wages by 0.3 percent. Put a different way, if immigration increased the supply of workers by 10 percent, it would reduce the wages of American workers by 3 percent. Putting the values for 2015 into the formula produces the following estimate:

$$0.3\% = -.50 * .70 * -0.3 * (.169 * .169)$$

Thus the net gain from immigration is 0.3 percent of GDP. (Expressed as a decimal it is .0029.) If GDP is \$18 trillion, then the net benefit would be about \$54 billion. Three important points emerge from this analysis. First, the net effect of immigration on the existing population is positive overall, though not for all workers. Second, the benefits are trivial relative to the size of the economy, less than one-third of 1 percent of GDP. Third, the benefit is dependent on the size of the wage losses suffered by the existing population of workers. Or put a different way, the bigger the wage loss, the bigger the net benefit. Those who contend that immigration has no impact on the wages of natives are also arguing, sometimes without realizing it, that there is no economic benefit from immigration.

Two important caveats about these calculations. First, the model does not tell us how the benefit is distributed among business owners, consumers, and workers not in competition with immigrants. But the fact that business owners lobby so hard to keep immigration levels high is an indication that much of the lost wages are likely retained by them. Moreover, there is general agreement that gains in productivity in recent decades have almost entirely accrued to owners of capital, not labor.<sup>5</sup> This is certainly consistent with

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<sup>2</sup> George Borjas, “The Economic Benefits of Immigration”, *Journal of Economic Perspectives*, Vol. 9, No. 2, Spring 1995.

<sup>3</sup> “Immigration’s Economic Impact”, white paper, June 20, 2007.

<sup>4</sup> George Borjas “Immigration and the American Worker: A Review of the Academic Literature”, Center for Immigration Studies *Background*, 2013.

the possibility that by increasing the supply of workers, immigration has shifted bargaining power to employers, allowing them to capture these gains. The second caveat should be obvious, the U.S. economy is enormous and its complexity is not captured by a simple model of this kind.

**Wage Losses.** The same model can be used to estimate the wage losses suffered by American workers. Wage loss as a fraction of GDP = - "labor's share of income" \* "wage elasticity" \* "immigrant share of labor force" \* "native-born share of labor force."

Putting the numbers into the equation you get the following:

$$3\% = -0.7 * -0.3 * 0.169 * 0.831$$

This is 3.01 percent of GDP, or \$531 billion in wage losses suffered by American workers because of immigration. This is not trivial. There is nothing particularly controversial about this estimate and it stems from the same basic economic formula as the one above. Think of it this way: Labor is 70 percent of our \$18 trillion economy, or \$12.6 trillion. If the elasticity is .3 and immigrants are 16.9 percent of the labor force, then wages will decline by 5.1 percent ( $16.9 * .3$ ). Thus the total wage loss must run into the hundreds of billions of dollars. If we are to accept the benefits that the model implies from immigration, then we must also accept the wage losses that the model implies. In short, the winners from immigration gain \$594 billion and the losers lose \$531 billion, for a net gain for \$63 billion. The central and avoidable reality is that immigration creates winners and losers.

Immigrants tend to be concentrated at the bottom end of the labor market in occupations that require modest levels of education. For example, half of maids and one-third of construction workers and meat packers are immigrants, compared to 7 percent of lawyers. Immigrants are not evenly distributed across the economy and this fact has important implications for those who win and lose from immigration.<sup>6</sup>

Although not the focus of this analysis, the fiscal impact of immigrants (taxes paid minus services used) may be relevant to the discussion of the immigrant surplus. In their 1996 study of the economic and fiscal impacts of immigration, the National Academy of Sciences estimated that the net fiscal drain from immigrant households was larger than the estimate immigrant surplus.<sup>7</sup>

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<sup>5</sup> Ian Dew-Becker and Robert J. Gordon, "Where Did the Productivity Growth Go? Inflation Dynamics and the Distribution of Income", NBER Working Paper No. 11842, 2005. Lawrence Mishel, "The wedges between productivity and median compensation growth", Economic Policy Institute, 2012.

<sup>6</sup> Steven Camarota 2016, "The Demographic, Economic, and Fiscal Impact of Immigration", presentation, 2016.

<sup>7</sup> Barry Edmonston and James Smith, Eds., *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, Washington D.C.: National Academy Press, 1997.

## Empirical Research

The empirical literature tends to show that the wage and employment impacts of immigration are consistent with the theoretical effects outlined above. However, the results vary depending on the methodological approach.

**Cross-City Comparisons.** Studies done in the 1980s and early 1990s, which compared cities with different proportions of immigrants, are now widely criticized because they are based on the assumption that the labor market effects of immigration are confined only to those cities where immigrants reside. The interconnected nature of the nation's economy makes cross-city comparisons difficult to interpret, as the movement of people, goods, and services tends to defuse the impact of immigration. Moreover, immigrants generally choose to settle in areas of high wage and employment growth, creating a correlation-causation problem when assessing the link between immigration and economic activity.<sup>8</sup>

Even quasi-experimental studies across cities are problematic. For example, the famous “Mariel boatlift” — a large and unexpected wave of Cuban immigrants to Miami in the summer of 1980 — has sometimes been cited as proof that immigration has no effect on wages.<sup>9</sup> Last fall, however, economist George Borjas re-analyzed the data and found that the boatlift did have a large negative impact on native high-school dropouts in Miami. Borjas's study was quickly followed by attempted rebuttals. Regardless of how the debate is resolved, however, it is clear that the boatlift is not an ideal test case. Sample sizes are small, the comparison cities are somewhat subjective, and the timing of expected wage impacts is unknown.<sup>10</sup>

**The National Perspective.** In order to overcome the problems of cross-city comparisons, researchers over the last two decades have sorted workers into skill groups defined by education and age, and then compared the impact of immigration across these groupings. In his updating of the standard skill-group model for the Center for Immigration Studies, George Borjas shows that a 10 percent increase in the size of a skill group due to the entry of immigrants (both legal and illegal) reduces the wages of native-born men in that group by 3.7 percent and the wages of all native-born workers by 2.5 percent.<sup>11</sup> Further support for the findings using the skill-group approach has been shown in recent studies in Canada, Mexico, Germany, and Norway.<sup>12</sup>

As with all economic modeling, the wage effects on skill groups can vary considerably depending on the assumptions that are built in. Nevertheless, immigrants are seen to lower the wages of competing workers in most scenarios and across a wide range of assumptions. For example, perhaps the most cited paper claiming that immigrants do *not* lower the wage of low-skill natives, written by Gianmarco Ottaviano and Giovanni Peri, requires the assumptions that the capital

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<sup>8</sup> For a more detailed discussion of this problem, please see Steven A. Camarota, “[Each Skilled Immigrant Creates 2.5 Jobs for Natives?](#)”, Center for Immigration Studies *Backgrounders*, August 18, 2015.

<sup>9</sup> David Card, “[The Impact of the Mariel Boatlift on the Miami Labor Market](#)”, *Industrial and Labor Relations Review*, Vol. 43, No. 2 (January 1990), pp. 245-257.

<sup>10</sup> Jason Richwine, “[Immigration and Wages: The New Debate over the Mariel Boatlift](#)”, Center for Immigration Studies *Backgrounders*, January 2016.

<sup>11</sup> George Borjas, “[Immigration and the American Worker](#)”, Center for Immigration Studies *Backgrounders*, April 2013.

<sup>12</sup> Borjas, “Immigration and the American Worker”, Table 2.

stock has fully adjusted, that immigrants and natives are not perfect substitutes even within skill groups, and that there are no meaningful skill differences between high school dropouts and high school graduates. Even under those particular conditions, immigrants still lower the wages of prior immigrants, just not the wages of natives.<sup>13</sup>

One of the newest studies in the skill-group literature shows one of the largest negative wage effects. In a working paper updated in January of this year, Joan Lull noted that external events such as overseas wars and natural disasters influence the level of immigration to the United States. Because those events are largely unrelated to demand for immigrants here in the United States, Lull was able to separate the effect of immigration on wages from other economic factors. The result is that a 10 percent increase in immigrations leads to a remarkable 12 percent reduction in wages.<sup>14</sup> Whether effects of this magnitude are sustained in future studies remains to be seen.

**Employment.** Although economists have focused more on wages, a handful of studies have attempted to measure the impact of immigration on the employment patterns of natives. In an extensive study of California, the RAND Corporation estimated that between 128,000 and 195,000 natives in California were either unemployed or withdrew from the labor force because of immigration from 1970 to 1990.<sup>15</sup> Two more recent studies concluded that immigration not only reduces the employment of less-educated black men, it also increases crime and incarceration among that population.<sup>16</sup>

Research by Christopher Smith, an economist at the Federal Reserve, has found that immigration has played a significant role in reducing employment for teenagers,<sup>17</sup> and our own research at CIS tends to support these findings.<sup>18</sup> However, the issue of how immigration impacts the employment opportunities available to natives remains underexplored.

## Recent Labor Market Trends

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<sup>13</sup> Gianmarco I. P. Ottaviano and Giovanni Peri, "Rethinking the Effect of Immigration on Wages", *Journal of the European Economic Association*, Vol. 10, No. 1 (February 2012), pp. 152-197.

<sup>14</sup> Joan Lull, 2016 "[The Effect of Immigration on Wages: Exploiting Exogenous Variation at the National Level](#)", Working Paper, January 2016.

<sup>15</sup> Kevin McCarthy and George Vernez, "[Immigration in a Changing Economy: California's Experience](#)", Rand Corporation, 1997.

<sup>16</sup> George J. Borjas, Jeffrey Grogger, and Gordon H. Hanson, "Immigration and the Economic Status of African-American Men", *Economica*, Vol. 77, No. 306 (April 2010), pp. 255-282. Edward S. Shihadeh and Raymond E. Barranco, "Latino Employment and Black Violence: The Unintended Consequence of U.S. Immigration Policy", *Social Forces*, Vol. 88, No. 3 (March 2010), pp. 1393-1420.

<sup>17</sup> Christopher L. Smith, "The Impact of Low-Skilled Immigration on the Youth Labor Market", *Journal of Labor Economics*, Vol. 30, No. 1 (January 2012), pp. 55-89.

<sup>18</sup> Steven Camarota and Karen Zeigler, "[A Drought of Summer Jobs: Immigration and the Long-Term Decline in Employment Among U.S.-Born Teenagers](#)", Center for Immigration Studies *Background*, May 2010.

Andrew Sum, Paul Harrington, and Ishwar Khatiwada, "[The Impact of New Immigrants on Young Native-Born Workers, 2000-2005](#)", Center for Immigration Studies *Background*, September 2006.

**Explosion of Non-Work.** The vast majority (95 percent) of workers in the United States fall into the 16 to 65-year-old age group, so focusing on this population makes sense when considering the population of potential workers. Looking at the fourth quarter of 2015, the most recent quarterly data available, and comparing it with the same quarter in 2007, just as the Great Recession began, shows that despite significant job growth in the last two years there were still 1.3 million fewer native-born working-age Americans working at the end of 2015 than in the same quarter of 2007. The table below reports these figures. In contrast, the number of immigrants (16 to 65) working was 1.8 million higher in 2015 than 2007. Thus, over the whole time period all of the net gain in employment 2007 to 2015 went to immigrants. This is the case even though natives accounted for 61 percent of overall population growth among the working-age. Put simply, natives accounted for 61 percent of the increase in the number of potential workers 2007 to 2015, but none of the net growth in actual workers in this age group. Employment figures for the first quarter of each year for the working age can be found in the table.

### Employment Statistics for Those Ages 16 to 65 in the Fourth Quarter 2000 to 2015

Year	Employed, Ages 16-65				Not in Labor Force <sup>1</sup>				Not Working <sup>2</sup>				Total Population	
	Natives		Immigrants <sup>2</sup>		Natives		Immigrants		Natives		Immigrants		Natives	Immigrants
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Number
2000	115,486	74.0%	18,501	71.2%	36,298	23.2%	6,688	25.8%	40,677	26.0%	7,467	28.8%	156,163	25,968
2001	114,089	72.3%	18,740	70.1%	37,447	23.7%	6,782	25.4%	43,609	27.7%	8,006	29.9%	157,698	26,746
2002	114,310	71.8%	18,954	68.9%	38,412	24.1%	7,220	26.3%	44,998	28.2%	8,539	31.1%	159,308	27,493
2003	114,843	71.1%	19,790	69.2%	39,893	24.7%	7,560	26.4%	46,619	28.9%	8,810	30.8%	161,462	28,600
2004	116,006	71.0%	20,254	70.6%	40,906	25.1%	7,381	25.7%	47,278	29.0%	8,452	29.4%	163,284	28,706
2005	117,583	71.3%	20,954	71.2%	41,364	25.1%	7,489	25.5%	47,324	28.7%	8,459	28.8%	164,907	29,413
2006	119,263	71.8%	22,046	72.5%	41,363	24.9%	7,552	24.8%	46,865	28.2%	8,364	27.5%	166,128	30,410
2007	119,367	71.2%	22,545	71.7%	42,462	25.3%	7,850	25.0%	48,280	28.8%	8,900	28.3%	167,647	31,445
2008	117,540	69.6%	21,809	69.7%	42,888	25.4%	7,904	25.3%	51,247	30.4%	9,469	30.3%	168,787	31,278
2009	112,292	66.1%	21,106	67.4%	45,680	26.9%	7,862	25.1%	57,528	33.9%	10,223	32.6%	169,820	31,329
2010	112,381	65.9%	21,635	67.5%	46,712	27.4%	8,066	25.1%	58,025	34.1%	10,439	32.5%	170,406	32,074
2011	113,212	66.2%	21,960	68.2%	47,472	27.8%	8,174	25.4%	57,785	33.8%	10,254	31.8%	170,997	32,214
2012	114,819	66.8%	22,620	67.9%	47,622	27.7%	8,811	26.4%	57,004	33.2%	10,711	32.1%	171,823	33,331
2013	114,916	66.7%	23,094	68.5%	48,999	28.4%	9,058	26.8%	57,414	33.3%	10,642	31.5%	172,330	33,736
2014	116,656	67.8%	24,087	69.6%	48,545	28.2%	9,184	26.5%	55,433	32.2%	10,525	30.4%	172,089	34,612
2015	118,081	68.2%	24,341	69.6%	48,807	28.2%	9,486	27.1%	54,979	31.8%	10,619	30.4%	173,060	34,960

**Source:** Center for Immigration Studies analysis of the Current Population Survey public-use files for every quarter from the fourth quarter of 2000 to the fourth quarter of 2015.

<sup>1</sup> Persons who are not working or looking for work.

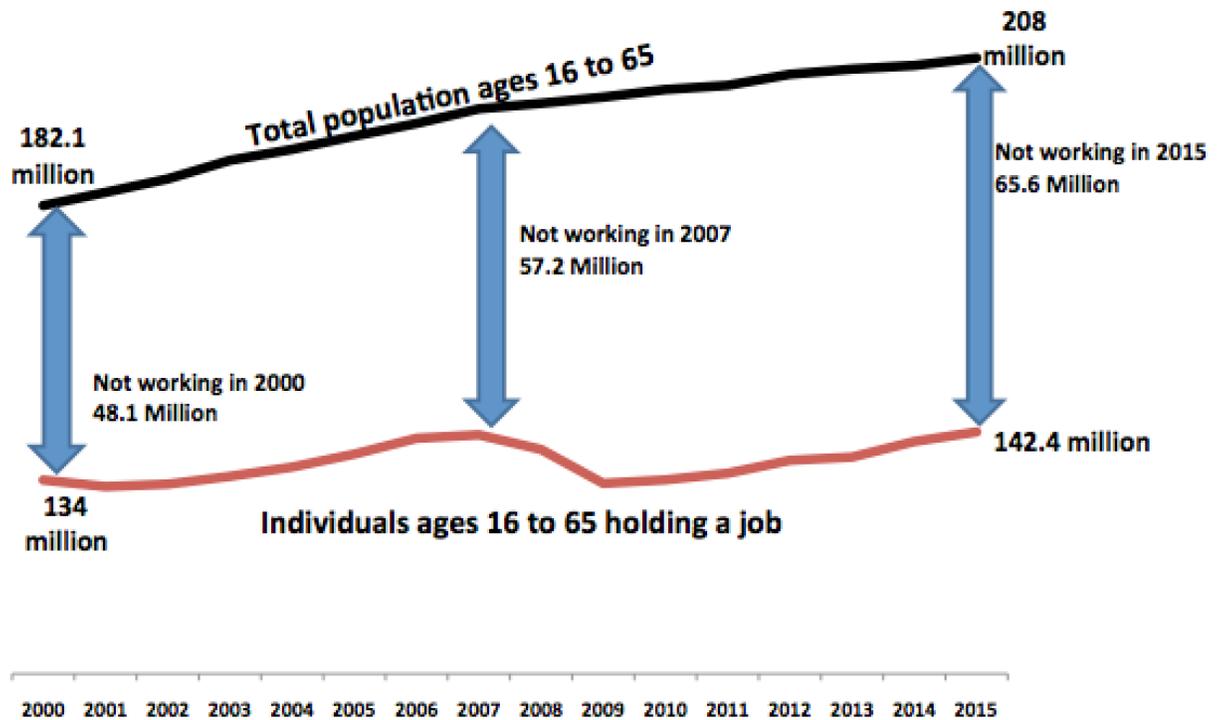
<sup>2</sup> Includes those not in the labor force and unemployed.

Immigrant matches Census definition of foreign-born. These are individuals who were not U.S. citizens at birth.

To be sure, things have looked better for natives in the last two years. However, though the number of natives working has gone up significantly, it has still not gotten back to the level it was in 2007. In contrast, the number of immigrants working has entirely recovered. Perhaps most important, despite improvements in job growth in the last two years, in the fourth quarter of 2015 only 68.2 percent of working-age native-born Americans actually had a job; this compares to 71.8 percent in the fourth quarter of 2006, a year before the Great Recession started, and 74 percent in the fourth quarter of 2000. Of course, the employment rate (share of working-age people working) fluctuates with the economy, but the long-term trend over the last 15 years is clearly downward for the native-born. At the same time, the number of working-age immigrants holding a job increased 32 percent, from 18.5 million in 2000 to 24.3 million in 2015.

**A Dearth of Jobs.** One way to think about what has been happening in the labor market is that employment or job growth has not come close to matching new immigration and natural population increase. As the figure shows, between 2000 and 2015 the number of working-age people (both immigrant and native) in the country increased by 25.9 million. But the number working increased by only 8.4 million. The difference of 17.5 million represents the increase in the last 15 years in the number of people ages 16 to 65 who are not working. (It should be noted the figures do not include those in institutions such as prisons and nursing homes.)

## Natural population growth and new immigration have greatly exceeded employment growth, 2000-2015.



Source: Public-use files of the Current Population Survey from the fourth quarter of 2000 to the fourth quarter of 2015. Those not working are either unemployed (looking for work) or not in the labor force (not working or looking for work). Figures are only for natives and immigrants ages 16 to 65.

Of course, not everyone wants to work. Parents staying home with young children, the disabled and those with disabilities, and others often cannot work or do not wish to do so. But this has always been true. Looking at the entire population ages 16 to 65, if the same percentage were working in the fourth quarter of 2015 as in the fourth quarter of 2000, there would be 152.9 million immigrants and natives employed, rather than the 142.4 million who were actually working — a 10.5 million difference. It is reasonable, therefore, to argue that there is currently a jobs deficient of 11 million. To be clear, the big growth has been among those entirely out of the labor market. That is, they are not working nor are they looking for work.

At the heart of the immigration debate is the idea that there are not Americans available for work. The data collected by the government shows this is not the case. Rather, there has been a dramatic decline in work, particularly among the young and less educated.<sup>19</sup> The employment situation in the United States is so bad that it is absurd to suggest that there is a general shortage of workers.

<sup>19</sup> Steven Camarota and Karen Zeigler, "[The Employment Situation of Immigrants and Natives in the Fourth Quarter of 2015](#)", Center for Immigration Studies.

## The Impact of Immigration on Aging

When the issue of immigration and workers is discussed, its impact on slowing the aging of the U.S. population often comes up. While it may seem plausible that arrivals of relatively young immigrants who have higher fertility rates than natives would rejuvenate the age structure of the U.S. population, in fact immigration's impact on aging is quite modest. We can see this is the case using the most comprehensive dataset the government collects on the U.S. population, called the American Community Survey (ACS). The most recent ACS available is from 2014 and it shows that the median age of an immigrant was 43 years compared to a median of 35 years for natives. The median overall age in the United States was 37. The same survey also shows that 13 percent of both immigrants and natives are over age 65. Immigrants typically arrive in their late twenties, but the higher median age for the overall immigrant population and the share over 65 is a reminder that immigrants age over time like everyone else.

The main concern with an aging society is that there will not be enough people of working-age to pay for government or support the economy. In 2014, 66.2 percent of the total population was 16 to 65. If all 17.3 million immigrants in 2014 who indicated that they arrived in 2000 or later are removed from the data, 65.1 percent of the population would be of working age. If we remove post-2000 immigrants plus the 3.9 million native-born children born post-2000 immigrants, 66 percent of the U.S. population would be of working age. Again this compares to 66.2 percent when these immigrants and their children are included. Clearly the impact of immigration on the share of the population that is of working-age is quite small even though it added 21.2 million people to the population. Immigration adds to the working-age population, but it also adds to the population too old or too young to work.

We can also use the ACS to estimate immigrant and native fertility. Looking at fertility provides insight into the long-term impact of immigration on the aging of America. The total fertility rate (TFR) of immigrant women is 2.2 children, compared to 1.78 for natives. The TFR is a measure of fertility used by demographers to measure the number of children a woman can be expected to have in her lifetime given current patterns.<sup>20</sup> The total fertility rate in the United States (immigrant and native) is 1.85. Without immigrants the rate would be the TFR for natives of 1.78. Thus the presences of immigrants raises the TFR of the country by .08 — 4 percent.<sup>21</sup> While immigrants do tend to arrive relatively young, and have somewhat higher fertility rates than natives, immigrants age just like everyone else, and the differences with natives are not large enough to fundamentally alter the nation's age structure. Demographers, the people who study human populations, have long known this is the case.

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For a more technical definition of the Total Fertility Rate see the United Nations Statistics Division [definition](#) of TFR.

The TFR for natives is actually 1.778 and the overall TFR is actually 1.854, so the difference is .08.

In an important 1992 article in *Demography*, the leading academic journal in the field, economist Carl Schmertmann, explained that, mathematically, "constant inflows of immigrants, even at relatively young ages, do not necessarily rejuvenate low-fertility populations. In fact, immigration may even contribute to population aging."<sup>22</sup> The Census Bureau also concluded in projections done in 2000 that immigration is a "highly inefficient" means for increasing the percentage of the population that is of working age in the long run.<sup>23</sup> In a paper presented at the annual meeting of the Population Association of American in 2012 by myself and several co-authors we also showed that immigration has only a small impact on aging, but a large impact on the size of the U.S. population.<sup>24</sup> There is a clear consensus among demographers that immigration has a positive but small impact on the aging of society like ours.

## Conclusion

It is difficult to find a government policy that impacts American society more than immigration. There are currently 61 million immigrants and their young children living in the United States, accounting for nearly one in five U.S. residents. In my testimony I have tried to make clear that immigration makes our economy larger, but the gains to natives seem to be extremely small. However, economic theory and a significant body of research indicates that immigration does adversely impact the wages and employment of the native-born. And the impact can be significant for some workers, often the poorest and least educated. However, the size of the impact is debated among economist.

What is not in dispute is that the employment situation for Americans looks dismal when we expand our analysis beyond just those who are officially unemployed. The number and share of native-born Americans ages 16 to 65 who are not in the labor market (not working or looking for work) is at or near a record level, with no meaningful improvement in the last two years. Any suggestion that the nation needs immigration because there is a shortage of labor is not supported by the available data.

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<sup>22</sup> "Immigrants' Ages and the Structure of Stationary Populations with Below-Replacement Fertility", Carl P. Schmertmann, *Demography*, Vol. 29, No. 4, November 1992.

<sup>23</sup> The 2000 Census Bureau population projections mentioned above can be found [here](#).

<sup>24</sup> Stephen Tordella, Steven Camarota, Tom Godfrey, and Nancy Wemmerus Rosene, "[Evaluating the Role of Immigration in U.S. Population Projections](#)", presented at the annual meeting of the Population Association of America, May 2012. Using the Census Bureau's projections as a baseline, the paper shows that immigration between 2010 and 2060 would add roughly 140 million residents to the U.S. population. However, immigration would only increase the share of the population in 2060 that was of working-age (16 to 65) from 58.5 percent of the population (without immigration) to 59.9 percent. (See Figures 4 and 5 in that report.)