

**Testimony of Peter Kirsanow before the House Judiciary Committee  
February 11, 2021**

Chairman Lofgren, Member McClintock, Members of the Committee, 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 appearing 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. They 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 hearings 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 a report on educational attainment after the Commission issued its report. This report 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

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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.

<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>.

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> More recently, Professor George Borjas of Harvard wrote:

Classifying workers by education level and age and comparing differences across groups over time shows that a 10 percent increase in the size of an education/age

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<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://jmitsolserver.shorensteincenete.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.

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.

group due to the entry of immigrants (both legal and illegal) reduces the wage of native-born men in that group by 3.7 percent and the wage of all native-born workers by 2.5 percent. ... The same type of education/age comparison used to measure the wage impact shows that a 10 percent increase in the size of a skill group reduced the fraction of native-born blacks in that group holding a job by 5.1 percentage points.<sup>15</sup>

Furthermore, these statistics reflect an economy that was not experiencing the persistent stagnation we are experiencing today. The country's economic woes have 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>16</sup> According to the Bureau of Labor Statistics, the seasonally adjusted January 2013 unemployment rate for all black Americans—not just those with few skills—was 13.8 percent, nearly twice the white unemployment rate of 7.0 percent.<sup>17</sup> The economy has a glut of low-skilled workers, not a shortage.

Not only do illegal immigrants compete for jobs with African-Americans, but that competition drives down wages for the jobs that are available. Harvard professor George Borjas wrote:

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 illegal) increased the supply of workers unevenly, the impact varies across skill groups, with high school dropouts being the most negatively affected group.<sup>18</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>19</sup> As discussed above, these people are

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<sup>15</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-BorjasStudy4\\_8\\_2013&utm\\_medium=email](http://cis.org/immigration-and-the-american-worker-review-academic-literature?utm_source=E-mail+Updates&utm_campaign=344e45830d-BorjasStudy4_8_2013&utm_medium=email).

<sup>16</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>17</sup> BUREAU OF LABOR STATISTICS, *Employment situation summary* (Feb. 1, 2013), available at <http://www.bls.gov/news.release/empst.nr0.htm>

<sup>18</sup> Borjas, *supra* note 15.

<sup>19</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

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>20</sup> A \$960 annual decrease may not seem like much to a lawyer or a doctor. But as President Obama noted in regard to the 2012 payroll tax cut extension, an extra \$80 a month makes a big difference to many families: “It means \$40 extra in their paycheck, and that \$40 helps to pay the rent, the groceries, the rising cost of gas . . .”<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, 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>

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>23</sup> It is one of the great tragedies of modern America that the disintegration of the African-American family has not abated.<sup>24</sup> 72 percent of African-American children are born out of wedlock.<sup>25</sup> It is now a truism that children

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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>20</sup> THE IMPACT OF ILLEGAL IMMIGRATION, *supra* note 1, at 46.

<sup>21</sup> Amie Parnes, *Obama: Payroll tax cut extension will help with higher gas prices*, THE HILL, Feb. 21, 2012, available at <http://thehill.com/blogs/e2-wire/e2-wire/211765-obama-payroll-tax-cut-extension-will-help-with-higher-gas-prices>.

<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).

<sup>23</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>24</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>25</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).

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>26</sup>

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>27</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>28</sup> Yet there are fewer and fewer jobs available—and at lower wages—for men in traditionally masculine industries.<sup>29</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

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<sup>26</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 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>27</sup> See Murray, *supra* note 26, at 156-157 (2012) (discussing the “marriage premium”).

<sup>28</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>29</sup> See Rosin, *supra* note 28, 71-97 (2012).

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.

Granting amnesty to illegal immigrants will only further harm African-American workers. 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.

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.

Commissioner Peter N. Kirsanow is a member of the U.S. Commission on Civil Rights. He was appointed to the Commission in 2001 and was reappointed in 2007, 2013, and 2019. Commissioner Kirsanow is also a former member of the National Labor Relations Board. He is a partner at the Cleveland, Ohio law firm of Bensech, Friedlander, Coplan, and Aronoff, LLP in the Labor and Employment Practice Group. He received his B.A. in 1976 from Cornell and his J.D. with honors in 1979 from Cleveland State University.

# **The Impact of Illegal Immigration on the Wages and Employment Opportunities of Black Workers**

A Briefing Before  
The United States Commission on Civil Rights  
Held in Washington, DC

Briefing Report





## Letter of Transmittal

The President  
The President of the Senate  
The Speaker of the House

Sirs and Madam:

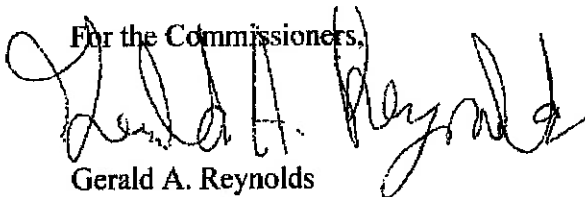
The United States Commission on Civil Rights (Commission) is pleased to transmit this report, *The Impact of Illegal Immigration on the Wages and Employment Opportunities of Black Workers*. A panel of experts briefed members of the Commission on April 4, 2008 regarding the evidence for economic loss and job opportunity costs to black workers attributable to illegal immigration. The panelists also described non-economic factors contributing to the depression of black wages and employment rates. Based on that discussion, the Commission developed the findings and recommendation that are included in this report.

Among its findings, the Commission notes that the illegal workers are estimated to account for as much as one-third of total immigrants in the United States, and that illegal immigration has tended to increase the supply of low-skilled, low-wage labor available. The Commission found also that about six in 10 adult black males have a high school diploma or less, and are disproportionately employed in the low-skilled labor market in likely competition with immigrants. Evidence for negative effects of such competition ranged from modest to significant, according to the experts who testified, but even those experts who viewed the effects as modest overall found significant effects in occupations such as meatpacking and construction.

The Commission views this topic as complex, and therefore makes no specific recommendations at this time. The Commission recommends generally, however, that the Bureau of Labor Statistics and other appropriate governmental agencies collect data concerning the presence of illegal workers in the U.S. workforce and on the employment and wage rate effects of such workers on low-skilled and low-wage workers of all races. The Commission believes that such data should be made available to the public.

Part A, which consists of the body of this report, was approved on January 15, 2010 by Chairman Reynolds and Commissioners Kirsanow, Heriot, and Taylor. Vice Chair Thernstrom and Commissioners Gaziano and Melendez abstained. Commissioner Yaki voted against. Vote tallies for each of the Commission's findings and recommendation, which make up Part B of the report, are noted therein.

For the Commissioners,



Gerald A. Reynolds  
Chairman



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## Executive Summary

In the midst of public debate over immigration reform, the U.S. Commission on Civil Rights voted to examine the possible effects of illegal immigration on particularly vulnerable segments of the U.S. working population, specifically low-skill black workers.<sup>1</sup> Since the April 4, 2008 briefing, the severe economic downturn has affected workers in general, and—if unemployment rates are any indication—has had an even more severe impact on low-skill workers.<sup>2</sup>

To help air important aspects of the debate, the Commission invited experts who have published and spoken on this issue to weigh the relative effects of factors that influence black low-skill workers' wages, job gains or losses and report their conclusions to the Commission. The speakers discussed factors that included the economic costs to this particular group,<sup>3</sup> fiscal costs to taxpayers of social services for low-skill workers, competing skill levels of affected workers, the economic gains to the U.S. economy as a whole from flexible, low-cost labor,<sup>4</sup> and what constitutes a fair comparison between legal and illegal workers and their job opportunities.<sup>5</sup>

The Commission selected balanced panels that included Harry Holzer, professor of public policy at Georgetown University; Gordon H. Hanson, professor of economics at the University of California, San Diego; Julie Hotchkiss, research economist and policy advisor at the Federal Reserve Bank of Atlanta; Vernon Briggs, professor emeritus of labor economics at Cornell University; Gerald Jaynes, professor of economics and African American Studies at Yale University; Richard Nadler, president of Americas Majority Foundation; Carol Swain, professor of political science and law at Vanderbilt University; and Steven Camarota, director of research at the Center for Immigration Studies in Washington, DC.

<sup>1</sup> See, e.g., Lori Montgomery, "Immigration Lifts Wages, Report Says, White House Asserts Only Least-Skilled Native Workers Are Hurt," Washington Post, June 21, 2007, at D3.; Charles Herman, "Illegals: Will They Be Taking Jobs Away From U.S. Citizens?" ABC News Business Unit, May 18, 2007, <http://abcnews.go.com/Business/IndustryInfo/story?id=3189288&page=1>; "Illegal Aliens Depress Wages for Some in US," New York Times, March 20, 1988, at section 1, p. 25.

<sup>2</sup> The Bureau of Labor Statistics notes that as of November 2008, unemployment rates for individuals over the age of 25 with less than a high school diploma was 15.0%, 5 percent more than the national unemployment average of 10 percent for the same time period.

<sup>3</sup> See, e.g., Vernon M. Briggs, Jr., "The Economic Well-Being of Black Americans: The Overarching Influence of U.S. Immigration Policies," *The Review of Black Political Economy*, 15-42 (2003).

<sup>4</sup> See, e.g., Gordon H. Hanson, "The Economic Logic of Illegal Immigration," Council on Foreign Relations, CSR No. 26, April 2007, <http://www.cfr.org/content/publications/attachments/ImmigrationCSR26.pdf> (accessed August 31, 2009).

<sup>5</sup> See, e.g., George J. Borjas, Jeffrey Grogger, and Gordon H. Hanson, "Imperfect Substitution Between Immigrants and Natives: A Reappraisal," March, 2008, <http://irps.ucsd.edu/assets/022/8778.pdf> (accessed August 31, 2009); but see Gianmarco Ottaviano and Giovanni Peri, "The Effects of Immigration on U.S. Wages and Rents: A General Equilibrium Approach," September 26, 2007, [http://www.econ.ucdavis.edu/faculty/gperi/Papers/Perott\\_city\\_Sept\\_2007.pdf](http://www.econ.ucdavis.edu/faculty/gperi/Papers/Perott_city_Sept_2007.pdf) (accessed September 9, 2009).

Although available data did not distinguish precisely between legal and illegal immigration in their effects on wages and employment of black workers, most panelists agreed that illegal immigration appears to have had at least some negative effects on the wages and employment of workers in the low-skill labor market. The panelists disagreed as to the magnitude of that effect, which ranged from very small to substantial. Three of the panelists who were economists argued that immigration, both legal and illegal, has economically benefited the United States on a national basis in the form of lower prices to consumers and increased economic investment in the country.<sup>6</sup> One presented employment statistics only for the State of Georgia that she asserted could be generalized to a nationwide inquiry, but did not express an opinion as to the magnitude of the national effects.<sup>7</sup> Another panelist spoke to the specific negative effects of illegal immigration on the population at risk, black male workers.<sup>8</sup>

The panelists addressed the following issues in response to Commissioners' questions:

- The consensus by panelists that there is a negative effect on wages of low-skill black workers and the range of the negative effects;
- The importance of other factors contributing to low-skill black unemployment;
- Possible discrimination resulting from the use of ethnic networks;
- Benefits and costs to the U.S. economy from illegal immigration;
- Policy recommendations from panelists, including strict enforcement of existing immigration laws;
- Effect of capital flows, including those across and within national borders that decrease the negative effects of immigration;
- Tradeoffs to employers between increasing their capital investment versus hiring more low-wage workers;
- The potential disruption to the economy and to low-wage workers and communities of abrupt economic changes resulting from enforcing immigration laws strictly;
- The sharp differences between the employment opportunities of low-skill black men and low-skill black women;
- The ethical and civil rights implications of using immigration to drive down low-skill wages.

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<sup>6</sup> Dr. Hanson, Dr. Jaynes, and Dr. Holzer.

<sup>7</sup> Dr. Hotchkiss.

<sup>8</sup> Dr. Swain.

## Findings and Recommendation

### Findings

1. There has been a significant rise in U.S. immigration, both legal and illegal, over the past four decades. Experts at our briefing testified that immigrant workers now make up approximately one-seventh of the American workforce, and they estimated that illegal workers account for one-third of the total immigrants now in the U.S. [Approved (4-1): Chairman Reynolds and Commissioners Gaziano, Heriot and Kirsanow voted in favor; Commissioner Yaki voted against; Commissioner Taylor did not vote.]
2. Illegal immigration to the United States in recent decades has tended to increase the supply of low-skilled, low-wage labor available in the U.S. labor market. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]
3. About six in 10 adult black males have a high school diploma or less, and black men are disproportionately employed in the low-skilled labor market, where they are more likely to be in labor competition with immigrants. [Approved (4-1): Chairman Reynolds and Commissioners Heriot, Kirsanow and Taylor voted in favor; Commissioner Yaki voted against; Commissioner Gaziano abstained.]
4. The average worker with a high school degree or less earns less today, adjusted for inflation, than someone with a similar education earned thirty-five years ago. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]
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. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]
6. To be sure, factors other than illegal immigration contribute to black unemployment. The problem cannot be solved without solving the problems of the high school dropout rate, high rates of family instability, and low job-retention rates. Moreover, halting illegal immigration is not a panacea even for the problem of depressed wage rates for low-skilled jobs. If upward pressure is brought to bear on low-skilled wages, increasing globalization of the economy may result in some of these jobs simply being exported to other countries. Still, the effect of illegal immigration on the wages of low-skilled workers, who are disproportionately minority members, is a piece of the puzzle that must be considered by policymakers in formulating sound immigration policy. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]



7. Data collection and analysis of the effects of illegal immigration are necessary to develop sound public policy. Much of the data on this question is currently limited by the fact that it does not distinguish clearly between legal and illegal immigration. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]

**Recommendation**

The issue of illegal immigration is so complex that it would not be appropriate for us to make specific recommendations at this time. However, the Commission does recommend that the Bureau of Labor Statistics and other appropriate governmental agencies should collect data concerning the presence of illegal workers in the U.S. workforce and compile data on the employment and wage rate effects of such workers on low-skilled and low-wage workers of all races, making such data available to the public. [Approved (5-1): Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and Taylor voted in favor; Commissioner Yaki voted against.]

## Summary of Proceedings

### Panel One

#### Gordon Hanson

Professor Hanson<sup>9</sup> began his remarks by noting the dramatic rise in U.S. immigration, which rose from 5 percent in the 1970s to 12 percent by 2006. According to Dr. Hanson, immigrant workers make up one-seventh of the American workforce, and illegal workers account for one-third of the total immigrants now in the U.S. Dr. Hanson stated that around 60 percent of illegal immigrants have less than a high school education and compete for low-skilled jobs with native workers. He observed that economic theory would predict downward wage pressure as the result of the increase in the supply of workers in the U.S. economy. He noted the disagreement among economists, however, as to whether the data allows such a conclusion, indicating that studies on wage trends in different local labor markets often find small effects, and studies that look at wages on a national basis find larger effects. He stated that the strongest adverse impacts would be felt by workers competing for jobs with immigrants directly, that is, by low-skilled native workers.

His co-authored study<sup>10</sup> based on these data found that the employment rate of black high school dropouts fell from 72 percent in 1960 to 42 percent in 2000, compared to an 83 to 64 percent decline among white high school dropouts. In addition, the number of black men in correctional institutions rapidly increased during a shorter period (1980–2000), going from 1.4 percent of black high school dropouts to 21 percent.

Dr. Hanson noted that, surprisingly, there is little research on the connection between immigration and the employment and incarceration of black men. He questioned whether diminished wages resulting from immigration have encouraged some black men to leave the labor force and turn to crime.

To find the specific effects of immigration on black low-wage workers, Professor Hanson and his coauthors examined U.S. census data from 1960 to 2000 and found a strong correlation between immigration, wages, employment rates, and incarceration rates for

<sup>9</sup> Gordon Hanson, testimony, pp. 8–16. Briefing transcript of record before the U.S. Commission on Civil Rights, *Impact of Illegal Immigration on the Wages & Employment of Black Workers*, Washington, DC, Apr. 4, 2008, (Hereinafter cited as “Briefing Transcript”).

<sup>10</sup> Borjas, Grogger and Hanson, “Immigration and African-American Employment Opportunities: The Response of Wages, Employment and Incarceration to Labor Supply Shocks,” 2006, NBER Working Paper 12518, <http://ksghome.harvard.edu/~GBorjas/Papers/Borjas,%20Grogger,%20Hanson,%202006.pdf>; see also Borjas, Grogger and Hanson, “Immigration and the Economic Status of African-American Men,” January, 2009, <http://irps.ucsd.edu/assets/027/9473.pdf>, cf. Footnote 11; for a related inquiry concerning the United Kingdom, see also “The Economic Impact of Immigration,” House of Lords Economic Affairs Committee, HL Paper 82-I, 2008, <http://www.publications.parliament.uk/pa/ld200708/ldselect/ldeconaf/82/82.pdf> (all accessed Apr. 1, 2009).

blacks. He did not address the effects of illegal immigration separately. Dr. Hanson's coauthored research suggested that a 10 percent immigrant-induced increase in the labor supply is associated with a 4 percent decrease in black wages, a 3.5 percent decrease in the black employment rate, and a 0.8 percent increase in the black incarceration rate.<sup>11</sup> This correlation held true in both national and state-level data, according to Hanson. The same data source showed that the effect of immigration on white men also produced a 4.1 percent decrease in wages, but had much less effect on employment and incarceration rates. Thus, wages went down for the skill group generally, but black men lost proportionally more jobs and disproportionately increased in incarceration rates.

Dr. Hanson stated that the economic changes created by the large immigrant inflow from 1980 to 2000 (half of which he attributes to illegal immigration) resulted in a labor supply shock that increased the number of workers in the U.S. by 10 percent, with an increase in the number of high school dropouts in the population by over 20 percent. These adjustments account for about 40 percent of the overall 18 percent decline in black employment rates and 10 of the 20 percentage point increase in the incarceration rate of black high school dropouts over the same period. Dr. Hanson noted that this influx reduced the employment rate of low-skill black men by eight percentage points. Dr. Hanson emphasized that although immigration played an important role in generating these trends, much of the decline in employment and increase in jail time would have occurred with a far smaller immigrant influx, and remains unexplained. He recommended that it not be restricted. In his opinion, the inflow of foreign workers accompanies more productive use of resources such as technology, plants, and equipment, and has brought overall benefits to the U.S. economy; therefore, he recommended instead that the country find ways to help those who have been hurt by immigration.

### **Gerald Jaynes**

Professor Jaynes<sup>12</sup> began his remarks by stating that his views on this topic had changed on the basis of his research on immigration and its effects on race and ethnic relations. He contrasted his initial view that immigration had negative effects on the jobs and wages of blacks with his present view that negative effects are mostly absent or modest at worst, for a small segment of the lowest skilled workers. His thinking changed, he said, due to a large-scale statistical analysis of the U.S. labor market he conducted with University of Wisconsin social demographer Franklin Wilson, which was published in 2000. Among other variables, their study looked at race, ethnicity, gender, and blue-collar versus white-collar workers. Dr.

<sup>11</sup> A later paper by Hanson and his colleagues, published in January 2009, only slightly modified these original findings, noting that "a 10 percent immigrant-induced increase in the supply side of a particular skill group is associated with a reduction in the black wage of 2.5 percent, a reduction in the black employment rate of 5.9 percentage points, and an increase in the black institutionalization rate of 1.3 percentage points." See Borjas, Grogger and Hanson, *Immigration and the Economic Status of African-American Men* (Jan. 2009), at <http://irps.ucsd.edu/assets/027/9473.pdf>.

<sup>12</sup> Briefing Transcript, pp. 17–23. See also, Gerald Jaynes, *Immigration and Race: New Challenges for American Democracy*, Yale Univ. Press, 2000; "Economic Effects of Contemporary Immigration," Gerald Jaynes, Testimony presented to the Subcommittee on Immigration, U.S. House of Representatives, Committee on the Judiciary, 110<sup>th</sup> Congress, May 3, 2007.

Jaynes said he was surprised to discover that employment effects were negligible and wage effects only modestly negative for the least-skilled blacks.

Dr. Jaynes' written testimony recognized that the surge in immigration over the past thirty-five years occurred simultaneously with a large drop in the inflation-adjusted wages of less-educated American workers.<sup>13</sup> Between 1969 and 1984 (measuring in 1984 constant dollars), black male high school graduates' mean weekly wages fell 22 percent from \$357 to \$278 per week, and for black male dropouts, 32 percent, from \$312 to \$213. By 1985, the average weekly salary of a black male high school graduate aged 20-24 was \$165 per week; for black male dropouts the same age, it was \$146 per week. Black male high school dropouts also experienced precipitous increases in unemployment over the same period. Black high-school dropouts had an unemployment rate of 45 percent by the mid-1980s, whereas in 1970, dropouts had an employment rate of 85 percent. But he cautioned that a host of socioeconomic changes provide an alternative explanation for the deteriorating economic circumstances of low-skilled black workers.

Similarly, in his briefing testimony, Dr. Jaynes acknowledged that since his study was published, other economic studies had found negative effects, but he referred to the difficulty of controlling for the increases in competition and international trade, declines in unionization and in blue-collar employment, changes in discrimination that more negatively affect low-skill black workers, and anti-social trends such as lower marital rates. He pointed out that the impact of illegal immigration was difficult to quantify because the data were not precise as to illegal immigrants.<sup>14</sup> As a result of his skepticism of the available data, Dr. Jaynes stated that he would not make recommendations for policy changes relating to the negative effects on the least-skilled black workers.<sup>15</sup>

### **Vernon Briggs, Jr.**

In both his written and oral testimony, Professor Briggs<sup>16</sup> stated that no issue has negatively "affected the economic well-being of African Americans more" than immigration<sup>17</sup>. His view is that blacks have been both victims of involuntary immigration themselves (through slavery) and unintentional, but significant victims of job losses and lowered wages as a result of the mass, low-skilled immigration that has occurred since 1965. Dr. Briggs viewed such losses as a denial of basic civil rights and economic opportunity.<sup>18</sup>

<sup>13</sup> In particular, the earnings of full-time high school graduate men fell significantly compared to the earnings of male college graduates of the same age. Jaynes Written Statement, p. 29 of this briefing report.

<sup>14</sup> *But see* Dr. Jaynes's submitted written statement, in which he notes that in some job markets, immigrants exert significant influence on natives' job prospects, showing a significant drop in meatpacking, where undocumented workers composed 25 percent of the workforce in Iowa and Nebraska, and in the poultry industry in the South. Latino immigrants constitute about three-quarters of the poultry workers in Arkansas, for example.

<sup>15</sup> Briefing Transcript, p. 22.

<sup>16</sup> *Id.* at 23-31.

<sup>17</sup> *Id.* at 23.

<sup>18</sup> "[W]ith the accidental revival of mass immigration in the years since 1965 that has continued to this day, immigration has served largely to marginalize the imperative to address squarely and affirmatively the legacy of the denial of equal opportunity that had resulted from the previous centuries of slavery and segregation which

Dr. Briggs stated that about 12 million illegal immigrants are currently in the U.S. labor market, which represents about 30 percent of the total foreign-born population in the United States. He added that there have been seven amnesties since 1986, and that in his view, further legalization of such immigrants with family reunification would be economically devastating to low-wage workers of all races and black workers in particular.

Dr. Briggs emphasized that the distinguishing characteristic of the illegal immigrant population is that 81 percent of them are probably in the low-skill sector of the job market; about 57 percent of them are without a high school diploma, and 24 percent have only a high school diploma. Since they often come from poor countries, he said, the quality of their education is likely poor, and they frequently lack English language skills. According to Dr. Briggs, the competition they pose for native youth and 43 million low-skilled U.S. workers causes the low-skilled labor market to suffer the highest unemployment levels of any measured segment. He further noted that the low skilled labor market is most vulnerable to economic hardship. During an economic downturn, higher skilled workers back up into the low skilled labor market, producing even more competition for low-skilled jobs.

Dr. Briggs noted that blacks account for approximately 10 percent of the total low-skilled workforce that numbers about 50 million, but have the highest unemployment rates of any of the four racial or ethnic groups in the data; in February 2008 this rate was 12.8 percent. Black youths also have the highest unemployment rates—in February 2008, it was 31.7 percent, which does not count those discouraged from seeking work, or those who were incarcerated.

Dr. Briggs stated that both black Americans and illegal immigrants are disproportionately concentrated in many central cities of large metropolitan areas where job competition between them is likely to be extensive. In non-metropolitan areas, blacks are found in large numbers only in the rural Southeast—a legacy, he said, of the area's history of slavery—but in recent decades, they have been joined in that labor market by the foreign-born who have grown to be a significant population segment in these rural areas.<sup>19</sup>

He noted that to an immigrant worker, the low wages offered in the U.S. are still higher than in his home country, and thus relatively acceptable, often regardless of the conditions that accompany it.<sup>20</sup> That employers take advantage of this comparison by preferring illegal workers reflects pragmatism by employers, not necessarily bad intent, according to Dr. Briggs. He stated that this occurs because the federal government has not enforced its labor and immigration laws in such workplaces, leaving employers who wish to follow the law at a competitive disadvantage to those who find it more profitable to break it.

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the civil rights movement and legislation of the 1960s sought to redress.” Briggs Written Testimony at p. 36 of this briefing report.

<sup>19</sup> In his briefing testimony, Briggs noted that 26 percent of the nation's foreign-born population now resides in the rural Southeast. Briefing Transcript, p. 29.

<sup>20</sup> For example, illegal immigrants are more likely to take lower wages and work under harsh or dangerous conditions and less likely to complain about sub-minimum wage pay or denial of overtime pay because of the vulnerability imposed by their illegal status. See Briggs Written Testimony at p. 39 of this briefing report.

Dr. Briggs also stated that the inflow of immigrants has resulted in low-skilled wages not rising over time.<sup>21</sup> He viewed the reduction of both wages and jobs as a massive violation of the civil rights of all low-skilled workers, and of black workers in particular. He recommended, therefore, that the federal government should adhere to the findings of the U.S. Commission on Immigration Reform, chaired by the late Congresswoman Barbara Jordan (D-TX): "People who should get in, do get in; people who should not get in, are kept out; and people who are judged deportable, are required to leave."<sup>22</sup>

## Harry Holzer

Professor Holzer<sup>23</sup> made four major points in his remarks to the Commission. The first was his assertion that most statistical evidence suggests that immigration over the past few decades has had a modest negative effect on the employment outcomes of blacks, especially those without high school diplomas. Dr. Holzer's review of economic studies indicated that work by Borjas, Grogger, and Hanson showed the greatest negative effects on wages and employment of black male high school dropouts. He cautioned, however, that this result was likely overstated, since it was based on significant statistical assumptions and limited also by its short-run assessment of the effect of immigration, which did not take into account capital inflows (meaning investments) that likely mitigated such impacts on black workers. Dr. Holzer added that recent scholarly papers using data across metropolitan areas had found effects ranging from very modest for black men to somewhat larger where black and white teens were studied, but that these effects lessened as they aged into their twenties.

Dr. Holzer's next point was that other evidence, including that by ethnographers, indicates that employers filling low-wage jobs that require 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. Dr. Holzer's review found that employers prefer immigrants because of a perceived superior work ethic and tolerance for low wages, and use ethnic networks to recruit. He suggested that this might reflect discrimination, although it might also merely reflect real differences, on average, in attitudes and behaviors of workers from different racial and ethnic groups.<sup>24</sup>

His third point was that the evidence does not allow economists to distinguish the effects of legal versus illegal immigration on black workers. Dr. Holzer stated that many black men would likely take residential construction or transportation jobs but doubted whether they would be drawn by the wages offered in agricultural or service jobs, even if the absence of immigrant wages led to an increase in such wages. He said the evidence does not allow clear

<sup>21</sup> See Vernon Briggs, "U.S. Immigration Policy and the Plight of Unskilled Workers," 1999, <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1103&context=cahrswp> (accessed September 9, 2009).

<sup>22</sup> Briefing Transcript, p. 31 (citing testimony of former U.S. Representative Barbara Jordan (D-TX), Chair, U.S. Commission on Immigration Reform, U.S. House of Representatives Committee on the Judiciary Subcommittee on Immigration and Claims, Feb. 24, 1995, <http://www.utexas.edu/lbj/uscir/022495.html> (accessed Oct. 29, 2008)).

<sup>23</sup> Briefing Transcript, pp. 31–38.

<sup>24</sup> Harry Holzer, "The Labor Market and Young Black Men," September, 2007, [http://www.urban.org/UploadedPDF/1001111\\_moynihan\\_perspective.pdf](http://www.urban.org/UploadedPDF/1001111_moynihan_perspective.pdf) (accessed September 9, 2009).

distinctions regarding the impact of legal versus illegal immigration on native-born black workers.

Fourth, Dr. Holzer concluded from the modest negative impact of immigration that other factors are much more responsible for the negative trends in employment of black men and their rising incarceration rates, and, therefore, that other policies besides immigration reform might be needed to change these trends. Dr. Holzer suggested that immigration should have similarly affected black women, yet the employment rates of low-income black women improved dramatically during the 1990s because of welfare reform and the expansion of programs such as the Earned Income Tax Credit and child support subsidies.

Dr. Holzer enumerated the forces he believed were more responsible than immigration for the decline in jobs and wages for low-skilled black men and the increase in incarceration rates.<sup>25</sup> These included the decline of well-paying jobs available to less-educated males in general, especially outside the service sector; rising returns to illegal drug trade in the 1980s; growing numbers of blacks in single-parent families in poor neighborhoods; changes in attitudes and behavioral norms related to schooling, marriage and employment; increases in jail sentence time for convictions involving the drug trade; and increased enforcement of child support orders resulting in default judgments.

Dr. Holzer suggested remedies that did not require changes in immigration law, since he said that such changes would be unlikely to produce improved outcomes for low-skilled black workers. These proposed remedies included 1) policies improving educational outcomes throughout all school grades, 2) enhancing youth development opportunities and mentoring for adolescents in black communities, 3) improving early work experience and training with high-quality education, 4) reducing incarceration rates without increasing crime and reducing barriers to work by ex-offenders, 5) extending the Earned Income Tax Credit to childless adults, including non-custodial fathers, and 6) reforming child support regulations to encourage non-custodial fathers to seek and find work.

## **Discussion**

Vice Chair Thernstrom began by asking the first panel, all of whom were labor economists, to comment on each others' remarks in order to clarify the points of agreement and disagreement among those using similar data sets and with similar academic training. Commissioner Kirsanow observed that there appeared to be a consensus that illegal immigration had an impact on wages and that most of the economists viewed it as small, with the exception of Dr. Briggs, who found it egregious.

Dr. Briggs objected to viewing this issue purely in terms of numbers because of what he believed were limitations of the data sets used by econometricians. He specifically criticized the practice of lumping all foreign-born persons together into one category and drawing economic inferences from that grouping as an untenable concept. He stated that some

<sup>25</sup> See also, "Economic Impacts of Immigration," Holzer, H., Testimony to the Committee on Education and the Workforce, U.S. House of Representatives, Nov. 16, 2005, [http://www.urban.org/UploadedPDF/900908\\_Holzer\\_111605.pdf](http://www.urban.org/UploadedPDF/900908_Holzer_111605.pdf) (accessed September 9, 2009).

workers in the data sets were naturalized citizens, permanent resident aliens, or non-immigrant workers and others were illegal immigrants, but there was no distinction made between them. He objected strongly on civil rights grounds to permitting competition from illegal sources to depress the wages and job numbers of what he believed are the most vulnerable citizens in our society. He pointed to the depressed wages caused by the desperation of illegal workers for any job and the unfair displacement their sheer numbers (12 to 14 million) are having on the legal low-skill labor force.<sup>26</sup>

Although recognizing the various studies' limitations, Dr. Holzer defended the quality of the data, citing a long tradition of many good empirical comparisons, such as Dr. Hanson's, that looked across metropolitan areas or states, and at aggregated views over time.<sup>27</sup> Dr. Holzer stated that economists' comparisons across geographic areas may understate the effects somewhat, and the comparisons over time perhaps overstate the effects somewhat, but most economists have arrived at a consensus that the effects are modest. He added that the forces affecting wages and employment are much more complicated than Dr. Briggs indicated, and include immigrants as consumers who affect demand for products and services as well as supply. He suggested that immigrants likely generate more capital flowing into the country, more efficiency in the use of capital, and higher economic growth, which offset some of the negative effects on low-skilled black workers. In addition, where there is a lot of low-wage labor available, employers will switch production to more labor-intensive methods, whereas employers without such labor availability will choose more capital-intensive methods rather than raise wages. Finally, he stated that workers sort themselves into different kinds of jobs rather than compete for the same jobs.<sup>28</sup>

Dr. Briggs interjected that Dr. Holzer was referring to all immigration, whereas he (Dr. Briggs) was referring only to illegal immigration.

Dr. Hanson agreed with Dr. Holzer's arguments, and added that the important issue for a policy discussion was how to resolve the problem. Dr. Hanson stated that immigration policy was a very blunt instrument with which to improve the livelihoods of disadvantaged workers, and that even in the absence of illegal immigration there were many factors that negatively affected their opportunities and labor market outcomes. Also, he stated that even in the absence of illegal immigration, changes in the economy resulting from globalization and technological change, and conditions affecting inner cities, would also likely outweigh effects from immigration policy changes.<sup>29</sup> Dr. Jaynes reaffirmed his agreement with Dr. Hanson's remarks, and stated that changes in either public policy or immigration flows were low on his list of what could affect jobs and wages of native-born low-wage workers.

Commissioner Kirsanow observed that perceptions depend very much on context, referring specifically to his conversations with inner-city low-skill workers in Cleveland who believed that illegal immigration had a big impact on them. He asked the panelists whether the

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<sup>26</sup> Briefing Transcript, pp. 40-41.

<sup>27</sup> Id. at 43.

<sup>28</sup> Id. at 43-44.

<sup>29</sup> Id. at 45-47.



perception of the problem had an effect on the workers, and whether ethnic networking limited opportunities for those outside the network.<sup>30</sup>

Dr. Briggs responded that if illegal immigrants in such great numbers were competing for the jobs of professors, lawyers, and doctors, the debate would not be occurring because public policy would already have demanded reform. But because many illegal immigrants go into low-income jobs, Dr. Briggs viewed policy makers as deciding that freshman economics (the law of supply and demand) does not apply. Dr. Briggs objected strongly to loading up a labor market with a big labor force that is not legally in the country. He said that while ethnic networking is illegal under the Civil Rights Act of 1964, sociology recognizes its strength, especially in finding employment.<sup>31</sup> Vice Chair Thernstrom observed that there has never been a black labor market network in the same sense as other ethnic networks.

Commissioner Kirsanow then asked Dr. Briggs about testimony on this topic that he had provided to the House of Representatives in 1999, and whether he had any policy prescriptions now that differed from those offered in that testimony. While he could not recall the specific testimony, Dr. Briggs responded that his views had not changed over the years. He advocated strict enforcement of employer sanctions, but noted also that possible solutions should include more than border enforcement, since 40 percent of illegal immigrants violate immigration laws by overstaying their visas. He emphasized his opposition to amnesty because it would perpetuate the problem, due to family reunification provisions that continue to bring in low-skilled immigrants.<sup>32</sup>

Commissioner Heriot then asked about the effect of the movement of capital across borders; specifically, if illegal immigration were to end immediately and low-skill wages went up, would capital then move away from some industries or cause industries to move jobs out of the country—in effect hiring from the same pool of workers but in their native countries. Dr. Holzer responded that it varied a great deal, depending on which sector of the economy. For instance, he noted that garment or textile industry jobs have already largely left the country, and many more would leave even without illegal immigration. Other low-skilled jobs could not leave, such as construction, retail, restaurant, and health care work, where the work has to be done locally. He cautioned, however, that mobility of capital across borders was only one force, and that equally important were other forces, such as improvements in technology that gave employers more choices of how to produce. This would result in employers investing in such improvements and reducing their dependence on low-wage labor. He suggested that over time, in the absence of illegal immigration, some jobs would see wages rise but many would not. He also warned that if there were dramatic reductions in the presence of illegal workers, the economic disruption to some of the affected sectors in the short run would be enormous.<sup>33</sup>

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<sup>30</sup> Id. at 48–49.

<sup>31</sup> Id. at 49–51.

<sup>32</sup> Id. at 53.

<sup>33</sup> Id. at 54–56.

Dr. Hanson agreed, adding that if the experiment being considered was dramatic reduction in immigration for the purpose of creating jobs, there was a parallel to consider in the case of Mexico's liberalization of its foreign investment laws in the 1990s: There was a huge surge of investment by the United States in Mexico during that period, but nonetheless a continuing increase in Mexican immigration to the United States. Dr. Hanson concluded that the expected increase in capital spending following a halt in illegal immigration would likely increase jobs available to native-born workers or raise wages only somewhat.<sup>34</sup> Dr. Briggs objected, saying that Mexico had also devalued its currency dramatically after the passage of the North American Free Trade Agreement (NAFTA), which meant that low-wage workers would still earn more in the United States.

Dr. Jaynes agreed with Dr. Hanson that simply stopping all illegal immigration would not automatically result in a transfer of jobs to native-born workers, even in industries such as meat processing in Southern and Western states, because the formerly high wages were unsustainable for reasons unconnected to immigration. He gave the example of immigrant women working in household services, an occupation formerly filled by black women, and stated that even if immigrants were suddenly absent, there would not be an influx of black women into such occupations. His second example was the meat processing industries in Arkansas, Georgia, and Nebraska, in which high wages circa 1979 (approximately \$22 an hour in today's prices) were, in his view, unsustainable even absent the influx of immigrant workers willing to accept lower wages. He argued that those jobs would have moved elsewhere, or there would have been changes in capital techniques and allocation if immigrants had not taken those jobs.<sup>35</sup>

Dr. Briggs disagreed, recounting instances in which immigration enforcement had forced employers to raise wages and thereby attract native-born workers, particularly in the meatpacking industry in the South. Dr. Jaynes said that that was precisely his point, that there would be higher wages, but that those wages were unsustainable. Dr. Briggs objected strongly to what he viewed as the use of public policy to drive down wages artificially. Dr. Jaynes agreed on that point, noting that this is indeed a civil rights issue, since such policy was being used to trample on the rights of all workers by driving down wages and avoiding employment rights.<sup>36</sup> Vice Chair Thernstrom asked whether "artificial" was the correct word. Dr. Briggs responded that it was, since deliberate failure to enforce the law was responsible for the wage suppression, and such action was indefensible. He also disagreed with the contention that black women would not do household service work. Dr. Jaynes again questioned the duration of any rise in wages, a point joined by Dr. Holzer. Dr. Holzer added that no one in the room was arguing in favor of illegal immigration, but the fact remained that it exists and that legal and illegal workers were complements rather than substitutes. He stated that there were benefits and costs to changing the current numbers of illegal workers, and that such change creates disruptions that are hard to predict.<sup>37</sup>

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<sup>34</sup> Id. at 56–57.

<sup>35</sup> Id. at 57–59.

<sup>36</sup> Id. at 59–60.

<sup>37</sup> Id. at 61–64.

Commissioner Yaki objected to the focus on race, and asked the panel whether race in this particular debate was a proxy for lack of educational and job training opportunities. Dr. Hanson agreed that education was very much an issue, but stated that talking about the wage impact of immigration was not a statement about race, but necessary to an analysis of distributional impacts. He added that negative effects of immigration on wages of low-skilled workers were consistent with immigration raising overall gross national product, although those gains could be undone by importing low-skilled workers who use more in benefits and government services than they pay in taxes.<sup>38</sup>

Commissioner Yaki asked for views on whether our society has failed to provide blacks in inner cities with adequate education and job training and whether discrimination has had an effect as well. Dr. Holzer responded that extreme residential isolation affects where people live and go to school, and thereby the skills they bring to the labor market. He added that men of all racial groups with low skills have been negatively affected by illegal immigration, although behaviors such as unwed parenthood and child support obligations have hindered employment viability among low-skilled workers.<sup>39</sup>

Dr. Briggs addressed Commissioner Yaki's objection to discussing and collecting information about illegal versus legal immigration because of its potential to foster an "us" versus "them" attitude. Briggs pointed out that the only way to measure the impact of immigration was to collect and analyze data, and that every Western nation was a nation of immigrants, making immigration policy a central issue. Dr. Briggs viewed the quality of data in this case as problematic, but said that raising the immigration issue should not lead to accusations of racism to stifle important policy debates.<sup>40</sup> He reiterated his objection to illegal immigration because it undermines the integrity of U.S. immigration policy and violates public policies directed at ensuring a minimum wage and occupational health and safety standards by promoting unfair competition.

Vice Chair Thernstrom disagreed with the view that urban school systems are starved for money, since the per-pupil spending in those districts is much higher than the average in the rest of the country. Dr. Holzer responded that he did not make that claim, although there was evidence that pre-kindergarten educational programs would benefit from more funds. He claimed that better teachers were fundamental to improvement, but Vice Chair Thernstrom pointed out that getting better teachers had been attempted and failed, and that no one knew how to make it succeed.<sup>41</sup>

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<sup>38</sup> Id. at 68–69. The Commission did not solicit testimony on the costs of social services or benefits to communities with large influxes of illegal immigrants, or the effect, positive or negative, of illegal immigration on urban social pathologies such as crime, disease, and overcrowding in high-immigration areas. See, for example, chapter three ("Immigrant Demands on Public Benefits") of *Why Does Immigration Divide America? Public Finance and Political Opposition to Open Borders*, by Dr. Gordon Hanson (Washington, DC: Institute for International Economics 2005).

<sup>39</sup> Id. at 72–73.

<sup>40</sup> Id. at 73–75.

<sup>41</sup> Id. at 80.

Commissioner Kirsanow noted that a number of people say that the effect of unwed motherhood in the black community is the principal civil rights issue, and that social pathologies flow from that. He asked if illegal immigration had a domino effect on rates of unemployment, wages, marriage, and incarceration in the black community, and, if so, to what extent. Dr. Holzer did not see direct links, but posited that illegal immigration could drive down wage and employment opportunities that, in turn, could affect the marriageability of black males. Commissioner Kirsanow asked if the competition for jobs between illegal workers and young workers robbed young people of the typical path of progressive employment. Dr. Holzer agreed that young black men probably do not see how they are going to get good jobs, and, as a result, may disengage from school, the labor market, and the mainstream society. He concluded, however, that low marriage rates, the disappearance of strong career and technical education, and the deterioration of job networks, among other factors, far outweighed immigration in limiting access to good jobs and wages.<sup>42</sup>

Dr. Briggs again disagreed that the size of the immigration effect justified the abandonment of immigration law enforcement. Dr. Jaynes responded that it was more important to address much bigger causative elements such as unwed motherhood and lack of education, which predated the growth in immigration.<sup>43</sup> Commissioner Kirsanow stated that births to unwed black mothers had grown from about 24 to 70 percent during the same period as the increase in immigration. Dr. Jaynes agreed with these growth figures, but disagreed that they occurred contemporaneously. He stated that the urban illegitimacy rate was already in the 40 percent range by the mid 1960s at the start of the great influx of immigration, and that fundamental attitudes responsible for the rise were formed already. Dr. Briggs added that the black female labor force exceeded that of black males, a statistic he found alarming.<sup>44</sup>

## **Panel Two**

### **Julie Hotchkiss**

Dr. Hotchkiss,<sup>45</sup> speaking on her own behalf, presented an economic analysis that she had undertaken with Myriam Quispe-Agnoli, currently a research economist and assistant policy adviser in the Latin America Research Group of the Federal Reserve Bank of Atlanta, which addressed three questions: 1) How are wages affected when the concentration of undocumented workers increases? 2) Is there any evidence that documented workers are displaced when firms fire a greater share of undocumented workers? and 3) Does the presence of undocumented workers exert more downward pressure on wages than the presence of legal immigrants?

According to Dr. Hotchkiss, this analysis, based on restricted data from the Georgia Department of Labor in administering Georgia's unemployment insurance program, can be generalized to the Commission's nationwide inquiry because Georgia had the fastest growth

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<sup>42</sup> Id. at 80-83.

<sup>43</sup> Id. at 84.

<sup>44</sup> Id. at 84-85.

<sup>45</sup> Id. at 88-96.

in undocumented persons of any state between 2000 and 2006; is ranked sixth in the country for the size of the undocumented population; and is fourth in the nation for the size of the black population (30 percent of the state's population self-identifies as black). Dr. Hotchkiss's data set allowed her to distinguish between wages of documented and undocumented Georgia workers, to estimate movement within and outside of particular employment sectors and thus to quantify the effect of undocumented workers on documented workers, but did not include racial categories or information on workers' education levels.

Dr. Hotchkiss's data found dramatic growth of undocumented workers in expected sectors such as construction, leisure and hospitality, and services such as landscaping. She noted, however, that estimates by the Center for Immigration Studies suggest that her data set substantially undercounts the number of undocumented workers in Georgia primarily because it does not include workers not reported on official wage reports.

Dr. Hotchkiss performed several separate statistical analyses to isolate effects on wages from other effects such as job losses as a result of an influx of illegal immigrant workers. Her first statistical analysis considered the effects of undocumented workers on wages, holding all other factors constant. Given the increase in the share of undocumented workers in Georgia from 4 to 7 percent between 2000 and 2007, Dr. Hotchkiss found that the annual earnings of the average documented worker in 2007 were 2.9 percent or \$960 lower than in 2000. In the leisure and hospitality industry, average documented worker earnings were 9.1 percent or \$1520 lower than in 2000.

Dr. Hotchkiss's next statistical analysis showed that, holding all other factors constant including wages, an increase in a business's undocumented workers led to a decrease in the separation of documented workers. Instead, newly arrived undocumented workers displaced existing undocumented workers, suggesting greater substitutability among undocumented workers than between undocumented and documented workers. (The data could not distinguish between different types of separation—e.g., voluntary versus involuntary) She suggested that her analysis showed that newly arriving undocumented workers had no adverse effect on separation of documented workers.

Dr. Hotchkiss attributed this result to two forces. One is that the influx of undocumented workers exerted a downward pressure on wages, which led businesses to hire greater numbers of workers at lower salaries, in effect, substituting lower labor costs for capital expenditures. Second, businesses benefited from less expensive total production costs as a result of undocumented workers' smaller wages.

Finally, Dr. Hotchkiss observed that the impact of undocumented workers on wages is expected to be and, in her data, was greater than the impact of immigrants as a whole on wages. When workers, such as undocumented workers, do not have many alternative job prospects, Dr. Hotchkiss's analysis showed that they were only about half as likely as documented workers to leave their jobs in response to a lower wage. Businesses take advantage of this by paying lower wages. The sensitivity to wage changes varies considerably among documented workers, depending on their alternative job prospects. Generally, these workers are more responsive to such changes than undocumented workers.

Dr. Hotchkiss's conclusions were that 1) wages will be higher in the absence of undocumented workers; 2) employment will not necessarily be higher, and may even be lower, in the absence of undocumented workers; and 3) any effective policy that increases undocumented workers' employment and grievance rights will lead to higher wages for all workers on average.

### Steven Camarota

Dr. Camarota,<sup>46</sup> a public policy analyst, agreed that illegal immigration increases the supply of workers in the low-skilled labor market, where black men are already disproportionately employed. He agreed, also, that in recent times, less-educated workers have fared relatively worse than better-educated workers, regardless of the measure—wages, benefits, or job security.

He reported on studies that looked at the impact of immigration generally, stating that the primary effect of immigration on wages and jobs comes about because of the increase in the supply of workers competing for the same jobs, which would be true regardless of their legal or illegal status. He did not view workers at that skill level as scarce.<sup>47</sup>

Dr. Camarota summarized the studies that discussed the effects of immigration on wages of minorities, and claimed that it is difficult to measure because we live in a national economy:

- A 1995 statistical analysis by Augustina Kposowa found that “non-whites appear to lose jobs to immigrants and their earning are depressed by immigrants.”<sup>48</sup>
- A 1998 study by Howell and Mueller found that each 1 percent increase in the immigrant proportion of an occupation reduced wages for blacks in that occupation by about half a percentage point.<sup>49</sup>
- More recent research from Sum, Harrington, and Khatiwada found negative effects from immigration on less-educated natives overall, particularly on less educated minorities under the age of 30.<sup>50</sup>
- A qualitative study by anthropologists Newman and Lennon examining the fast food industry in Harlem indicated that immigrants had an advantage over native-born

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<sup>46</sup> Id. at 96–104.

<sup>47</sup> See also, Steven Camarota, “Immigration Employment Gains and Native Losses, 2000-2004” in *Debating Immigration* at 139-156 (Carol Swain, ed., Cambridge Univ. Press, 2007); Steven Camarota, “Dropping Out: Immigrant Entry and Native Exit From the Labor Market, 2000-2005” (March 2006) (CIS Background), <http://www.cis.org/articles/2006/back206.html> (last accessed September 9, 2009).

<sup>48</sup> See Augustine J. Kposowa, “The Impact of Immigration on Unemployment and Earnings among Racial Minorities in the United States,” *Ethnic and Racial Studies*, vol. 18, no. 3 (July 1995).

<sup>49</sup> See David Howell, Elizabeth J. Mueller, “The Effects of Immigrants on African-American Earnings: A Job-Level Analysis of the New York City Labor Market, 1979-89” (November 1997), Levy Economics Institute Working Paper No. 210, available at <http://ssrn.com/abstract=104648> or DOI: 10.2139/ssrn.104648.

<sup>50</sup> See Andrew Sum, Paul Harrington, and Ishwar Khatiwada (hereafter Sum, Harrington, and Khatiwada), “The Impact of New Immigrants on Young Native-Born Workers, 2000–2005,” Center for Immigration Studies (Washington, DC: Center for Immigration Studies, September 2006), available at <http://www.cis.org/articles/2006/back806.html>.

blacks, and that this advantage almost certainly reflected the prejudices and biases of employers.<sup>51</sup>

- Other studies had not found an impact from immigration on blacks.

Dr. Camarota stated that the movement of labor and investment across cities creates an equilibrium that includes wages and employment, and as a result, studies looking at the country as one labor market have found a larger impact.

Dr. Camarota concluded that there is no debate that 1) immigration generally increases the supply of low-skilled workers; 2) a significant share of native-born blacks are more likely to be in labor competition with immigrants; and 3) employment and wages have declined for less-educated men. However, he believed that the question of whether immigration reduces wages or employment among black Americans was not entirely settled, but that if one is concerned about the prospects of less-educated workers in the country, it would be difficult to justify continuing high levels of immigration that disproportionately affect the bottom end of the labor market.

He noted a 1997 study, *The New Americans*,<sup>52</sup> conducted by the National Research Council, which found that immigration caused the poorest 10 percent of workers to lose about 5 percent of their wages, while the wages of the remaining workforce increased by 0.1 to 0.2 percent. As such, Dr. Camarota said that a central part of the immigration debate was how we weigh these benefits against the losses suffered by the poorest and least-educated Americans.<sup>53</sup>

### **Richard Nadler**

Mr. Nadler<sup>54</sup> questioned the assumption of an oversupply of low-wage labor in analyzing the connection between immigration and unemployment of low-wage black workers. Focusing particularly on state-by-state trends from 2000 to 2007, Mr. Nadler matched the immigration patterns of the 50 states and the District of Columbia to data that immigration ostensibly affects, including gross state product, personal income, disposable income, median income, rates of poverty, unemployment, and crime.

Mr. Nadler's analysis examined what he termed "high immigration jurisdictions" ("HIJs"), meaning 1) states with the highest proportion of immigrants in their resident population, 2) high-influx states (those states whose population in 2007 was most altered as a percentage by an influx of immigrants since 2000), and 3) states with the highest number of foreign-born individuals, regardless of percentages. Together, these 19 states contained over 80 percent of the immigrant population, and about 60 percent of the native-born black population.

<sup>51</sup> See Katherine Newman, Chauncy Lennon, "Finding Work in the Inner City: How Hard is it Now? How Hard Will It Be for AFDC Recipients?" (Russell Sage Foundation Working Paper 76, Oct. 1995).

<sup>52</sup> See James P. Smith, Barry Edmonston, eds., *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Research Council, (Washington, DC: National Academy Press, 1997).

<sup>53</sup> See also, "Sum, Harrington, and Khatiwada, "The Impact of New Immigrants on Young Native-Born Workers, 2000-2005 (CIS Backgrounder), <http://www.cis.org/articles/2006/back806.pdf> (accessed September 9, 2009).

<sup>54</sup> Briefing Transcript, pp. 104-112.

His analysis showed that the HIJs had gross state product growth that was significantly higher than in low-immigration jurisdictions (LIJs). According to Mr. Nadler, this ran contrary to the expectation that high immigration resulted in a decrease in gross state product because of a slow-down in capitalization per worker. He found that in HIJs, personal income per capita and median income were higher, personal income grew faster, and disposable income and disposable income per capita, whether measured in dollars or rates of increase, were higher. Based on a comparison of state and local tax rates in all 50 states and the District of Columbia, he concluded that the tax burden in the HIJs did not vary from that of the LIJs. He concluded that this finding undermined the assumption that high levels of immigration resulted in increased taxes to pay for the social services used by immigrants. He found that, in general, unemployment was lower in HIJs than in LIJs, and that the crime rates for HIJs were virtually identical to those in the LIJs.<sup>55</sup> His summary was that high levels of immigration correlated with above-average performance in the measures mentioned above and with below-average rates of individual and household poverty and unemployment.

Mr. Nadler next analyzed black unemployment data, and found that although black rates are higher than non-black rates, they were lower in HIJs than in LIJs. His data did not separate low-wage employment from black employment as a whole, but he examined state data on child poverty to find an analogy to low-wage employment effects among blacks. He found that child poverty rates among blacks in the HIJs was lower than both the national average and in the LIJs, although he noted that child poverty is not the same as household poverty. He concluded that the migration of labor to HIJs reflected a cause, not just an effect of prosperity. He expressed support for comprehensive immigration reform that would provide a path to legalization for illegal immigrant workers.

### **Carol Swain**

Dr. Swain,<sup>56</sup> editor of *Debating Immigration*,<sup>57</sup> invoked the memory of Dr. Martin Luther King, Jr. and noted that this briefing occurred on the 40<sup>th</sup> anniversary of his assassination, a day on which he had gone to Memphis to support black sanitation workers on strike to protest poor working conditions. Dr. Swain referred to national surveys showing general support among all Americans for immigration reform, and observed that well-recognized problems that stem from illegal immigration affect the social, political and economic well-being of black and other Americans together. She also noted that it was important to find the systemic causes of black unemployment, which has not only been consistently greater than unemployment among the general population, but even rose at a time when unemployment among non-black workers fell.

Dr. Swain observed that a disproportionate number of black unemployed are high school dropouts. In addition, she stated that the 40 percent of the black population who are high school graduates were more adversely affected by the 2003 recession than members of other

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<sup>55</sup> Id. at 108.

<sup>56</sup> Id. at 112-119.

<sup>57</sup> *Debating Immigration*, (Carol Swain, ed., Cambridge Univ. Press 2007).



racial and ethnic groups. Of those who are newly employed, the gains have more often occurred in low-wage, dead-end jobs.

Dr. Swain put forth several possible causes for high rates of black unemployment: 1) an oversupply of low-skilled workers, 2) racial discrimination by employers, and 3) inadequate education and training. She referred to figures developed by another panelist, Dr. Steven Camarota, which showed that new low-skilled immigrants have increased the supply of labor by 25 percent since 1990, and constituted 40 percent of workers without a high school diploma. This created competition among what she termed “people at the margins of society,”<sup>58</sup> a group that includes less-educated workers of all races generally. She believed that black males, however, faced more employment discrimination in general, and that employers preferred whites, even those with worse employment credentials than blacks. In her view, low-skilled workers of any race receive inadequate education as a result of cuts in state and federal education programs.

Dr. Swain concluded by stating that blacks are facing increased competition for jobs by immigrants that is unlikely to end. Dr. Swain also stated that black unemployment might be a contributing factor to neighborhood dysfunctions in the African-American community. These dysfunctions also include violent crime, single-parent households, illegitimacy, infant mortality, drug use, and infectious diseases. She recommended that an independent commission take on the responsibility of reforming immigration, making it costlier for employers to discriminate against native-born workers and increasing penalties for anyone in this country illegally. Investments in education, training, and a tamper-proof Social Security card, she said, would help protect all disadvantaged workers.

## **Discussion**

Dr. Robert Lerner<sup>59</sup> asked for clarification of Dr. Hotchkiss’s results. She responded that her statistical estimate of the impact of illegal workers in Georgia was greater than what other scholars found for immigrants as a whole—an expected result, she said, due to the absence of legal protections afforded illegal workers and the resulting financial advantages to employers. She added, however, that because there were fewer illegal workers than immigrant workers as a whole, the practical impact on wages was small, about 2.9 percent lower wages for workers generally, but was much larger (9 percent) in sectors such as leisure and hospitality that employed a larger share of illegal workers.<sup>60</sup> In response to another question from Dr. Lerner, Dr. Hotchkiss stated that 2.9 percent is about \$960 on an annual basis, and 9 percent is about \$1,500 annually.<sup>61</sup> Commissioner Yaki inquired as to the presence of unionization, and Dr. Hotchkiss answered that it was low in Georgia, as it was considered to be in all Southeastern states.

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<sup>58</sup> Briefing Transcript, p. 117.

<sup>59</sup> Assistant Staff Director, Office of Civil Rights Evaluation, United States Commission on Civil Rights.

<sup>60</sup> Briefing Transcript, p. 120.

<sup>61</sup> *Id.* at 121–22.

Dr. Camarota pointed out that the National Research Council had estimated that immigration reduced wages of the poorest 10 percent of workers by about 5 percent, and that such reduced wages were similar in effect to a cut in the Earned Income Tax Credit of about 50 percent. He considered this reduction large.<sup>62</sup>

Mr. Nadler objected to using non-longitudinal skill levels (skill levels not measured over time) as a measure, since he did not view the labor market as a zero-sum pie; nor did he believe that skill-level categories captured actual large wage trends that showed gains in those areas with the most immigration. Dr. Camarota disagreed, referring to statistics showing that as immigrants move into an area, less-educated natives move out, and those who would have moved in, do not. For example, workers moved from the East during the 1960s and 1970s to Southern California, but as immigration greatly increased in Southern California, domestic migration to that area diminished considerably. Mr. Nadler agreed that there were labor flows on a nationwide basis, and concluded that it was not sound public policy to disrupt the natural flows of capital and labor throughout the economy, which is why the high-immigration jurisdictions that he studied showed higher median income.<sup>63</sup> Dr. Camarota found unconvincing Mr. Nadler's assertion that immigration contributed to higher median incomes, noting that Nadler's statistics are more likely a reflection that immigrants are more likely to be attracted to areas experiencing high employment growth.

Dr. Hotchkiss stated that most economic analyses that showed negligible or positive employment outcomes in high-immigration areas were good quality studies that controlled for self-selection. Dr. Camarota objected to this view, arguing that the gains to the economy as a whole were miniscule, and lowering the wages to the poor by even a small amount was substantial, since they had so little income. Mr. Nadler disagreed with Dr. Camarota entirely, reiterating his point that the unemployment data did not support that view.<sup>64</sup>

Dr. Swain described the perceptions of blacks and Hispanics, and also low-income whites, that immigration has hurt the American worker.<sup>65</sup> She said that the discussion should take account of the ethnic violence between blacks and Hispanics and how perceptions lead to violence. She also stated that black unemployment is a contributing factor to dysfunctional conditions in black communities, such as violent crime, single-parent households, illegitimacy, infant mortality, drug use, and infectious diseases, and that these are all loosely connected.

Mr. Nadler interjected that Dr. Hanson's research had been misrepresented to create resentment against immigrants.<sup>66</sup> Dr. Swain disagreed, stating that until recently, the discussion assumed that immigration was a win-win situation and that even black leaders and groups have not spoken up for low-skilled black workers.

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<sup>62</sup> Id. at 123–24.

<sup>63</sup> Id. at 124–28.

<sup>64</sup> Id. at 128–30.

<sup>65</sup> Id. at 130–31.

<sup>66</sup> Id. at 132.

Commissioner Yaki disagreed with Dr. Swain's view, arguing instead that the issue of immigration effects is a proxy for the failure to discuss the plight of young men in inner cities for whom education and job training are unavailable, and that immigration was being made a scapegoat for such failures. Commissioner Yaki complained also that the Commission briefing itself was oversimplifying the issue.<sup>67</sup>

Dr. Swain disagreed with Commissioner Yaki, stating that one of the reasons she compiled her book, *Debating Immigration*, was that the discussion up to then had been one-sided on the part of the pro-immigration debaters, and that anyone in disagreement had been demonized.<sup>68</sup>

Vice Chair Thernstrom asked in what way the educational needs of ethnic minorities and working class whites in inner cities had not been addressed, considering that the amount of money spent per pupil in inner cities frequently was double the amount spent elsewhere.<sup>69</sup>

Dr. Swain answered that teachers who invest themselves in the students and encourage them are important, and also that it is important to offer alternatives, such as vocational training, for those who do not belong in college or on an academic track. Dr. Swain felt that community colleges should be available to all students and were under-valued as a resource. Vice Chair Thernstrom disagreed that community colleges are not available, but agreed that inner city students may not know of the existence of such colleges.<sup>70</sup>

Commissioner Melendez asked the panel whether economic research on this topic had been communicated to the public effectively, and whether the research had been misused to build anti-immigrant sentiment and other discriminatory messages. Mr. Nadler agreed that it had been misused. Dr. Swain disagreed, stating that the general public does not think about data or research, but instead looks at what they see around them.<sup>71</sup>

Dr. Camarota agreed with Dr. Swain that raising questions about illegal immigration and its potential impact on job competition and low income workers is received with hostility and accusations of bigotry, and also that the general public does not pay attention to research. Mr. Nadler stated that, to the contrary, it had been discussed on cable news channels extensively. Dr. Swain agreed with Dr. Camarota that it is difficult to hold views that are not politically palatable, and she felt pressure to conform her views to what is considered politically acceptable.<sup>72</sup>

Commissioner Heriot asked Mr. Nadler that, if economic boomtowns raised average wages, then why were they not attracting low-skilled labor from other more economically depressed

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<sup>67</sup> Id. at 133–34.

<sup>68</sup> Id. at 136–38.

<sup>69</sup> Id. at 138.

<sup>70</sup> Id. at 142.

<sup>71</sup> Id. at 143.

<sup>72</sup> Id. at 144.

geographic areas. Mr. Nadler did not address that question, but observed only that mobility of labor is not dependent on the numbers of immigrants in the workforce.<sup>73</sup>

Vice Chair Thornstrom asked Mr. Nadler to clarify his testimony about crime rates. He stated that immigration is very far down on the list of factors that have some correlation with crime, so that high-influx states ranged from low to high crime, and low-influx states also ranged from low to high crime. Vice Chair Thornstrom pointed out that he had not controlled for other demographic factors that would distinguish those states. Mr. Nadler responded that the high immigration states had 60 percent of the black population and roughly half of the Hispanic population.<sup>74</sup>

In reference to Vice Chair Thornstrom's question about mobility of low-skilled labor, Dr. Swain observed that poor people cannot always afford to relocate to find jobs, and may lack good credit for such things as paying for a security deposit on housing. Therefore, when immigrants displace native-born workers, it is more difficult for such workers to find work elsewhere. Mr. Nadler again disagreed on the grounds that his unemployment data did not reflect this finding. Dr. Camarota pointed out that unemployment statistics are aggregates of all workers, not just low-wage workers, and the statistics are usually quite different for low-wage workers. In addition, those who have fallen entirely out of the workforce do not even show up in the statistics. He surmised that if illegal immigration decreased, those workers would attempt to get jobs. Dr. Swain then offered a personal view drawn from her own family: that to a low-skilled worker the paperwork and administrative requirements for obtaining required documentation are overwhelming. Dr. Camarota countered, observing that low-skill workers would probably be more likely to seek work if immigration were reduced and there was a scarcity of workers.<sup>75</sup>

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<sup>73</sup> Id. at 146–49.

<sup>74</sup> Id. at 149–50.

<sup>75</sup> Id. at 150–54.

## Statements

### **Gordon H. Hanson**

University of California, San Diego and National Bureau of Economic Research

#### **Immigration and Labor Market Outcomes for African-Americans**

During the last several decades, there has been a dramatic rise in U.S. immigration. In 1970, 5 percent of the U.S. population was foreign born; by 2006, the foreign born population share was 12 percent. In terms of employment, immigrants now account for one out of every seven U.S. workers. There is considerable interest in the impact of immigration on the U.S. labor market. Following the logic of economic theory, since immigration increases the supply of workers in the U.S. economy, it should put downward pressure on the wages of native labor. The adverse wage impacts are strongest for workers that compete most directly with immigrants for jobs. With over 30 percent of immigrants having less than a high school education, it is low skilled native workers who are likely to feel the greatest effects from immigration.

Among economists, there is disagreement about whether the data bear out the negative predictions of immigration for U.S. labor. Without rehashing this debate, I will share with you that my own view—based on extensive data analysis—is that immigration has lowered wages for native born U.S. high school dropouts. What I would like to focus on in my brief remarks today is some specific research I have done of the impact of immigration on the wages, employment, and incarceration rates of African-American men. This work was written jointly with George Borjas of Harvard University and Jeffrey Grogger of the University of Chicago. I will summarize the results of our recent National Bureau of Economic Research Working Paper, “Immigration and African-American Employment Opportunities: The Response of Wages, Employment, and Incarceration to Labor Supply Shocks.”

Low skilled black men have had a rough past few decades in the U.S. labor market. The employment rate of African-American men fell from 75 percent in 1960 to 68 percent in 2000.<sup>76</sup> This stands in contrast to the contemporaneous decline from 87 to 85 percent among white men. The employment gap widened even more for low-skill persons: the employment rate of black high school dropouts fell from 72 to 42 percent, whereas it fell from 83 to 64 percent among white high school dropouts. The decline in labor market participation among black men was accompanied by a rapid increase in the number of black men in correctional institutions. In 1980, only 0.8 percent of black men (and 1.4 percent of black high school

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<sup>76</sup> The “employment rate” gives the average fraction of weeks worked during the calendar year prior to the Census (the ratio of weeks worked, including zeros, to 52). The “incarceration rate” gives the fraction of persons who are institutionalized at the time of the Census.

dropouts) were incarcerated. By 2000, 10 percent of black men (and 21 percent of black high school dropouts) were incarcerated.<sup>77</sup>

A large body of academic research examines wage and employment trends for African-Americans. One strand emphasizes impacts of government programs, such as the Social Security disability program or the minimum wage, in driving black men out of the labor market. Another analyzes whether the decline in the real wage of low-skill workers discouraged low-skill black men from entering the labor market. A third examines whether black incarceration rates were shaped by the crack epidemic of the 1980s.

Remarkably, there is little work on the link between immigration and the employment and incarceration of black men. Immigration has disproportionately increased the number of low-skill workers in the United States, but, as I have mentioned, there is disagreement over whether this influx has adversely affected competing native workers. The conflicting evidence hinges crucially on the nature of the empirical exercise: studies that measure the impact of immigration by looking at wage trends across local labor markets tend to find small effects, while studies that examine the evolution of the national wage structure find large effects. Regardless of the geographic unit used to analyze the impact of immigration, any such impact would presumably be larger in the black workforce. (In fact, some of the early studies in this literature specifically attempted to measure the impact of immigration on black wages.)

In our research, we examine the relation between immigration and black employment outcomes. Our empirical analysis shows that immigration has indeed lowered the wage of blacks. Our main interest, however, is on the consequences of this reduction in market wages. In particular, has the immigration-induced reduction in the black wage encouraged some black men to exit the labor force and shift to crime?

Using data drawn from the 1960–2000 U.S. Censuses, we find a strong correlation between immigration and wages, employment rates, and incarceration rates for blacks. Our study suggests that a 10 percent immigrant-induced increase in the supply of a skill group is associated with a reduction in the black wage of 4.0 percent, a reduction in the black employment rate of 3.5 percentage points, and an increase in the black institutionalization rate of 0.8 percentage points. Among white men, the same increase in supply reduces the wage by 4.1 percent, but has much weaker employment and incarceration effects: a 1.6 percentage point reduction in the employment rate and a 0.1 percentage point increase in the incarceration rate. These correlations are found in both national and state-level data.

What do these estimates imply about the cumulative effect of recent immigration on African-American men?

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<sup>77</sup> Ignoring the prevalence of incarceration rates provides a very misleading picture of employment trends in the black population.

The economic adjustments unleashed by the large 1980–2000 immigrant influx, a labor supply shock that increased the number of workers in the United States by nearly 10 percent and the number of high school dropouts by over 20 percent, reduced the employment rate of low-skill black men by about 8 percentage points. Immigration, therefore, accounts for about 40 percent of the 18 percentage point decline in black employment rates. Similarly, the changes in economic opportunities caused by the 1980–2000 immigrant influx raised the incarceration rate of black high school dropouts by 1.7 percentage points, accounting for about 10 percent of the 20 percentage point increase observed during that period. Although immigration played an important role, much of the decline in employment and increase in incarceration for the low-skill black population would have taken place even if the immigrant influx had been far smaller.

These potentially controversial findings can be easily misinterpreted. Although we have attempted to control for other factors that may account for the large shifts in black employment and incarceration rates over the 40-year period that we examine, no study can control for all possible factors. It is equally important to emphasize that although the evidence suggests that immigration played a role in generating these trends, much of the decline in employment or increase in incarceration in the black population remains unexplained.

In closing, suppose one believes our results that immigration has lowered wages and raised incarceration rates among black men. Does this mean that restrictions on immigration are called for? The short answer is no. Most economists believe that immigration, like international trade, has beneficial effects for the U.S. economy overall. An inflow of foreign workers allows U.S. technology, plant and equipment, and other resources to be used more productively, raising national income. Yet, while immigration benefits U.S. employers and consumers, we've seen that it harms some groups, including the low skilled. The appropriate policy response to immigration's negative effects would not be to restrict immigration, which would deny the U.S. economy the overall gains that foreign labor brings, but to seek ways to help the losers from immigration.

**Gerald D. Jaynes**

Professor of Economics and African American Studies, Yale University

**Economic Effects of Immigration on Black Workers**

Chairman Reynolds and members of the Commission, my name is Gerald Jaynes and I am Professor in the department of economics and in the department of African American Studies at Yale University. One of my major research interests during the past decade and a half has been immigration and its effects on race and ethnic relations and the economy. It is my pleasure to offer you my thoughts on the economic effects of immigration on the wages and employment of African American workers. My conclusions carry the weight of one whose views have been converted by objective evidence and personal research. Several years past, a colleague (Franklin Wilson—University of Wisconsin) and I were convinced that immigration had profound negative effects on the jobs and wages of African Americans. To ascertain the quantitative effect of immigration, we undertook a large scale statistical analysis of the U.S. labor market. Despite strong convictions for our hypothesis that immigration had large negative effects on black workers in particular, the data forced us to conclude otherwise: negative effects were mostly absent and modest at worst for only a small segment of lowest skilled workers.

Summarizing my views today, I know of no credible analysis separating the effects of documented and undocumented immigration, but the evidence supports the conclusion that from an economic standpoint immigration's broader benefits to the nation outweigh its costs. An assessment of the effects of immigration on the employment prospects of less educated native born black workers is that the effect is negative but modest, and probably is significant in some specific industries and geographic locations. A small set of specific labor markets are negatively impacted by undocumented immigration; important examples are meat packing in several areas of the South and Midwest and certain types of construction work throughout the nation. However, the relative importance of less educated black workers' job losses due to the competition of immigrants is swamped by a constellation of other factors diminishing their economic status. A significant minority of our most disadvantaged young people persist in low educational achievement, dropping out of high school, and engaging in negative behaviors such as criminal activity. Substantial improvement of the economic status of disadvantaged African American workers will require considerable change in their social status on many dimensions.

**Labor Market Losers?**

The charge that immigrants reduce the wages and employment of native-born black Americans is one of the most contentious issues of the debate over immigration. Despite the highly organized and publicly visible forces touting evidence of immigrants' devastating effects on native workers, and especially young black workers, how immigrant workers affect native labor markets remains a topic of uneasy debate among both lay people and economists. Some people argue current levels of immigration are literally destroying communities because undocumented workers are driving blue-collar wages so low a middle class standard of living is becoming unattainable for many working Americans. Such



arguments often claim foreign workers are particularly detrimental to the job prospects of young African-American men lacking high school diplomas. Yet, according to polls, at least until very recently, possibly a majority of American citizens believes otherwise. Many Americans are more likely to believe immigrants fill jobs that without them would remain vacant and that their labor accelerates economic growth and expands overall employment.

Consistent with these polls, rigorous analyses of the effects of immigration on less-educated native workers suggests these effects are relatively small and in any event secondary to other causes of less educated native workers' often dismal employment experience. As I have commented elsewhere, in addition to an abundance of anecdotal evidence showing immigrant "takeover" of specific jobs (Jaynes, 2000:23), both common sense and straightforward economic reasoning explain why some Americans say they believe immigrants lower wages and displace native-born workers from jobs. The common sense behind these fears emerges from the most basic principles of supply and demand; mass immigration of millions of migrants looking for work in a new country should be expected to exert a large and negative effect on the wage and employment opportunities of workers already in the country. The strongest evidence concerns male employment, and we focus on it.

### **Recent Labor Market Experience of Black Males**

Supply and demand theory is supported by the fact that the surge in immigration during the past 35 years occurred simultaneously with a large drop in the inflation-adjusted wages of less-educated American workers. The adverse trend in the wages of less educated men in particular was both absolute and relative to the wages of college educated men (Jaynes, 2006). As the average education levels of arriving immigrants declined significantly after 1980, the compensation of less-educated U.S. workers fell dramatically relative to wages of the highly educated. One way to understand the increases in earnings inequality is to compare the earnings of high school and college graduates. The earnings of full-time high school graduate men fell significantly compared to the earnings of college graduate men of the same age. Underlying the disadvantageous change in high school men's relative wages were two basic trends; while the inflation adjusted earnings of college graduates increased significantly after the mid-seventies, the inflation adjusted earnings of high school graduates at best stagnated and at times declined.

The largest reductions in earnings occurred among less educated men and women and for all races. During the decade and a half period encompassed by the early 1970s and the late 1980s, the earnings of the poorest 10 percent of working men fell more than 30 percent even as the earnings of the most affluent 40 percent held steady. To illustrate the point, between the years 1969 and 1984 (measuring in 1984 constant dollars) the mean weekly wages of white male high school graduates fell from \$481 to \$393; this was a reduction of 18 percent. The fall in mean weekly earnings among white male high school dropouts was much sharper; 37 percent. Sharp reductions in the already lower wages of comparably educated African American men decimated working conditions among young black males. During this fifteen year period, black male high school graduates' mean weekly wages fell 22 percent from \$357 to \$278, and for black male dropouts mean weekly wages were in a period of free fall, dropping 32 percent from \$312 to \$213.

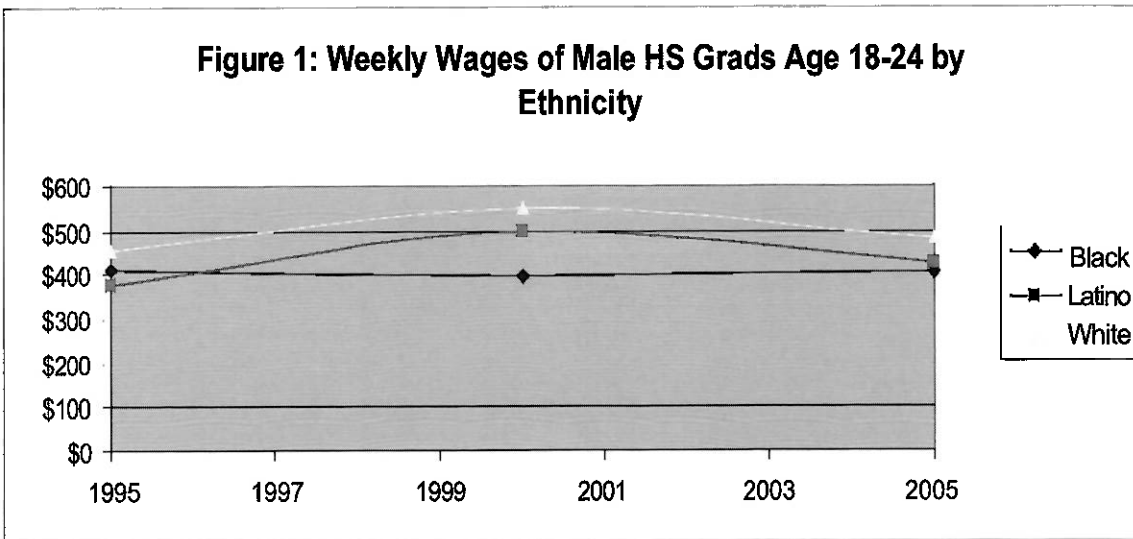
Falling inflation-adjusted wages and rising earnings inequality were accompanied by increasing male joblessness, and as any one remotely familiar with the recent socioeconomic history of the United States knows, joblessness and low earnings were especially severe among young black males. Deteriorating wage opportunities had already precipitated severe reductions in young black men's employment during the decade of the 1970s, but their labor market position deteriorated even further during the 1980s. Overall, the unemployment rate of black men exceeded 20 percent during the early 1980s. At the midpoint of the eighties decade, the average black man aged 20 to 24 who had dropped out of high school earned only \$146 per week when employed, unfortunately such black men had an unemployment rate of 45%. Their high school graduate counterparts fared little better, averaging earnings of \$165 per week. White dropouts that age earned a third more and faced half the unemployment rate, a situation still burdensome for their communities. The response to these catastrophically low wages was a marked detachment of many black men from legal market employment. Thus, although in 1970, black high school graduates and college graduates ages 25–34 had similar employment rates (90 percent versus 90.4 percent), by 1985 high school graduates had an employment rate 13 percentage points lower (66.3 percent versus 79.6 percent). The employment rate of same age black high school dropouts during 1985 was 57.2 percent, more than 20 points lower than the college graduates. During 1970, even the dropouts had enjoyed an employment rate of 85 percent. An indicator of the extent to which these young men took recourse through black and gray market work is that the proportion of black high school dropouts in this age group reporting no earnings more than tripled, from 7 percent in 1970 to 23 percent in 1985.

More recent labor market experience of young American men has continued to bolster the claims of critics of immigration who say immigration deteriorates the employment prospects of African American males. While the wages of full-time working white and Latino male high school graduates rose sharply during the economic boom between 1995 and 2000, the wages of similar black men were flat, leading many people to speculate that heavy Latino immigration during this period was indeed deteriorating employment and wage opportunities for black men. See Figure 1, which also illustrates the general deterioration in the wages of young white and Latino men since 2000. The fact that the wages of young Latino men overtook the wages of similar young black men during this period merely flames the fires of discontent over immigration.

### **Assessing the Evidence of Immigration's Labor Market Effects**

One need not search hard to find disturbing evidence that recent immigrants may exert negative effects on sectors of the U.S. labor market. But how convincing is the evidence? Social scientists require stronger proof than mere correlation between arriving numbers of immigrants and deteriorating job market conditions for natives. After all, the last four decades of U.S. history have encompassed a host of socioeconomic changes, each of which offers an alternative explanation for the deteriorating economic circumstances of lower skilled black workers. The specifics of the alternatives make the conjecture especially salient for young black males. No remotely credible argument blames immigration for the large and near steady reduction in blue-collar jobs in the U.S. which began during the 1950s. Nor did immigration cause the weakening of labor unions, automation, growth of the computerized information economy, or deteriorating U.S. import-export balances that suck up good paying

jobs.



Data calculated from CPS Annual Social and Economic Supplement, 2006, Table PINC-04; 2001 March Supplement, Table PINC-04; 1996, Table PINC-06A. Wages of Full-time workers are annual earnings divided by 52.

And, indeed, social scientists' rigorous statistical analyses initially stood upon its head the common sense of straightforward supply and demand theory. Until well into the 1990s, the great preponderance of rigorously designed and executed studies of immigration's effects on the economic position of U.S. citizens concluded that the effects were either ambiguous and in any case negligible or that immigrants in fact had a positive effect on the employment and wages of natives. These results held for both skilled and unskilled native-born workers and for women, minorities, and whites. The one demographic group providing an exception to the findings of no negative effects was recent Latino immigrants, who were found to be hurt by those who arrived behind them.

The counterintuitive results of this research were explained in the following terms. The job skills brought into the country by less-educated immigrants were complementary to the skills of higher educated and trained natives; therefore immigrants did not compete for natives' jobs. On the contrary, the rising supply of immigrant workers ready and able to work hard for low wages is said to spur the expansion of many existing firms and the growth of new firms able to profit from the low wages. The expanding firms based on low wage immigrant labor also hired more skilled native labor as their revenues grew. Janitorial services, car washes, landscapers, and poultry processing plants with growing numbers of employees require more supervisors, clerical workers, accountants, etc. Using this literature, proponents of immigration argued that immigrants in fact improved the working position of natives.

### **More Recent Analyses**

Dissatisfaction with the statistical methods used in early studies of the effects of immigration on the employment opportunities of natives led to the use of different models. Using more sophisticated statistical methods than the earlier literature, Borjas, Freeman, and Katz (1992) estimated that during the 1980s increased imports of goods produced with lower-skilled labor and rising immigration of lower-skilled labor were important contributors to the adverse turn

in the weekly wages of American high school dropouts as they compared to the weekly wages of American college graduates. These authors estimated the "implicit" increase in the supply of lower-skilled labor within the U.S. that is consistent with the increased volume of U.S. imports and immigrant labor supply. They estimated 30 percent to 50 percent of the decline in the relative weekly wage of high school dropouts between 1980 and 1988 should be attributed to increased immigration and trade. Wilson and Jaynes (2000:22-3) decomposed the effects of immigration on geographic labor markets into separate effects of flows and stocks of immigrant workers. Their analysis also estimated separate effects for various native-born ethnicities and skill-education groups. They found that immigration flows across geographic areas were a negligible factor on the declining wages and employment of less educated native born workers. That finding is consistent with the no effects findings of earlier literature. However, they also found that the size of the immigrant population within a given area did have a modest negative affect on the employment of less educated African Americans.

More recently, Borjas and Katz (2005) have refined earlier methods even further and updated analysis of the effects of Mexican immigration on low skilled workers to cover the 1990s. They conclude that the large growth in immigration during the eighties and nineties (particularly the acceleration of low-skilled Mexican laborers) lowered the wages of native-born high school dropouts by about 8 percent and exerted a modest influence in widening overall wage inequality within the U.S (2005: 37-38, Table 11, p. 63).

### **Special Labor Markets**

Despite the relatively modest effects on natives' wages in the U.S. overall, there are obviously some job markets where immigrants exert significant influences on natives' job prospects. Meatpacking is a salient example of an industry where case study provides strong evidence that low-wage undocumented immigrant workers have displaced native-born workers. Always an especially dirty, physically demanding, and often dangerous occupation, meatpacking jobs have historically attracted only the least educated members of the workforce. The industry has typically offered employment to large numbers of African Americans. Today immigrants dominate jobs in meatpacking and the undocumented are a significant force. During the late nineties, the Immigration and Naturalization Service estimated that undocumented workers composed 25 percent of the labor in meatpacking plants in Iowa and Nebraska. During the past two decades, immigrant labor has come to dominate the poultry industry in the Southern states. In these earliest years of the 21<sup>st</sup> century, Latino immigrants are about three-fourths of the workers in the poultry plants located in Northwest Arkansas, the vast majority of the remaining workers are from Southeast Asia and the Marshall Islands. Native-born workers are now rare.

Through the 1970s and into the eighties, larger meat packing firms were heavily unionized with nearly one-half (46 percent) of the industry's workers unionized. The larger unionized plants paid a wage premium, and during 1982 the base wage rate of the largest union was \$10.69 per hour (\$22.33 per hour in terms of 2006 inflation adjusted prices). Rapid immigration of workers from Southeast Asia, Mexico, and Central America during the 1980s coincided with firm demands that workers accept wage cuts. Extremely turbulent employer-union relations in terms of strikes and corporate attacks on unions characterized the 1980s.

During the period 1983–1986 there were 158 work stoppages involving some 40,000 workers in cattle and hog plants. By 1987, the union percentage of the workforce had been cut to 21 percent, and wages were down to the \$8 to \$9 range in union and non-union plants. A sharp decrease in workers' health and safety accompanied the collapse of the unions. Even though the meatpacking industry already had the highest rates of occupational injuries and illness of all U.S. industry, on the job illness and injury rates peaked in 1991 at 45.5 per 100 workers. Jobs in the industry deteriorated so badly that only the steady influx of cheap immigrant labor compensated for the extraordinarily high turnover rates, reaching as high as 100 percent annually at some plants during the 1990s. Under these conditions, it is true that meatpacking plants have difficulties attracting native workers (Macdonald, et al, 1999:15-16).

### **Further Policy Directions**

What are the policy implications of findings that low-skill immigrants lower the employment opportunities of some less educated native workers? If the United States allocates much larger resources to border security to significantly reduce the number of undocumented workers while also tightening legal channels of immigration, would the reduction in immigrant workers result in more and higher pay jobs for American citizens? The easy answer is that the reduced labor supply would indeed raise wages and allow more employment of the native-born. However, as with any question of economic effects, the demand side of the equation must also be considered. Undocumented workers with few legal protections take jobs for lower pay and do them under more undesirable working conditions. Such immigrant workers lower employers' costs. Take away the immigrants and the result will be increased costs and lower business profits. Where possible, a greater proportion of jobs will be outsourced. Some of the more marginal businesses that will have to pay higher wages to workers who are not as productive will not survive, and the demand for less educated workers will likely decrease. The net effect is that wages and employment of native-born workers will likely rise, but not nearly as much as a simple comparison of raw numbers suggests.

Low-wage labor conditions unbecoming an affluent democratic society exist because in the present climate of immigrant bashing there is little support for social and political action saying let's protect illegal workers. But this is short sighted, ultimately, if working conditions are allowed to deteriorate to levels where migrants are exploited, all labor with whom the migrants compete become exploited as well. This is true even if natives' exploitation materializes in the form of joblessness and poverty. The terms of the debate must be changed to a desire to protect the integrity of the nation's low-wage labor markets and the citizens working in them from conditions inconsistent with standards of living and values of justice in affluent representative democracies.

It is crucial that the nation adopt social policies designed to protect the rights and living standards of all low wage workers. Such policies need not require draconian migration policies that ban immigrants. Indeed, the worldwide globalization of markets ensures such migration will continue. However, migration must be better regulated to ensure numbers consistent with work conditions appropriate to the living standards in host countries. Wages consistent with standards of decency for the least remunerated workers will need to be supported by a program of explicit policies and reforms:

- minimum wage laws covering all workers
- enhancement of earnings by expanding the current Earned Income Tax Credit system to all citizen households who work fulltime
- documented immigrant workers must be guaranteed reasonable paths to citizenship
- protection of low wage markets through stronger enforcement of existing laws against undocumented migration

There are costs to instituting these policies. If employment conditions and compensation are increased enough to attract citizen workers, employers' profits will fall, and prices of some services and products will rise. This will necessarily raise strong opposition to these policies from obvious political constituencies. The simple fact that high migration of poor low skilled workers into more affluent geographic regions raises the profits of employers of less-educated workers explains why employers continue to clamor for more migrants and guest workers (documented or not). In so far as middle class households employ such labor to clean houses, landscape, do repair work or consume products and services priced lower because of the cheap labor, a wide spectrum of middle class and affluent citizens gain economically from migration. Other interest groups demand an end to all immigration, claiming the migrants are devastating the employment prospects of young, less educated native workers and depriving poor unassimilated minorities the opportunity to work themselves into the lower middle class.

On average, Americans receive positive economic benefits from immigration, but, at least in the short run, residents of particular localities and members of certain groups may lose. Cost benefit analysis is only concerned with a comparison of aggregate costs and benefits; who bears the costs is not considered. But in any large-scale social reorganization, there are inevitably winners and losers. Economists call the welfare principle that legitimates cost-benefit analysis as a decision-making criterion for social policy the Hicks Compensation Principle. Stated succinctly, it merely says that if aggregate benefits of immigration exceed costs, the gains of all society's winners are sufficient to adequately compensate all society's losers. In theory, such payments from winners to losers would make everyone better off. In practice, such compensation is seldom forthcoming. Along with localities hosting disproportionately few immigrant residents but benefiting from the employment of many immigrant workers, owners of capital, and most consumers and workers gain at the expense of some native-born workers. The losers are low-skilled, poorly paid, and disproportionately minority.

Democratic concepts of justice suggest the losses of a few should not override the gains of the many. Democratic concepts of justice also demand that society's least advantaged members should not be paying for the immigration benefits enjoyed by the entire nation. A democratic society benefiting from immigration and debating how to reshape its immigration policies should also be discussing social policies to compensate less-skilled workers through combinations of better training, relocation, and educational opportunities. It should also be debating how the federal government should address the unequal burdens of immigration among localities.

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**Illegal Immigration: The Impact on Wages and Employment of Black Workers****Overall Perspective**

Before addressing the specific issue of illegal immigration and its economic effects on black Americans, the broad subject needs to be placed in perspective. No issue has affected the economic well-being of African Americans more than the phenomenon of immigration and its related policy manifestations. Immigration defined the entry experience of the ancestors of most the nation's contemporary black American community (as slaves who were brought as involuntary immigrants); it placed them disproportionately in the states that today comprise the "South" (at no point in American history has less than half the black population ever lived outside the South); it disproportionately tied them for centuries to the rural sector of the Southern economy, where they were linked with the region's vast agricultural economy (the black migration out of the South did not begin until after 1915, when the mass immigration of the late 19<sup>th</sup> and early 20<sup>th</sup> Centuries from Europe and Asia were cut off by war from 1914–1918 and by restrictive legislation from 1921–1965); and, with the accidental revival of mass immigration in the years since 1965 that has continued to this day, immigration has served largely to marginalize the imperative to address squarely and affirmatively the legacy of the denial of equal economic opportunity that had resulted from the previous centuries of slavery and segregation, which the civil rights movement and legislation of the 1960s sought to redress. In this post-1965 era of mass immigration, no racial or ethnic group has benefited less or been harmed more than the nation's African American community.

From 1965 to 2007, the foreign-born population of the United States has soared from 8.4 million persons to 39.3 million persons (from being 4.4 percent of the nation's population to being 12.7 percent). As for origin of this current wave of mass immigration, only 2.5 percent of the nation's foreign born population in 2000 (when the last Census was conducted) were from Africa [whereas 51 percent were from Latin America (including Mexico and Central America); 25.5 percent were from Asia; and 15.3 percent were from Europe; and the residual from Canada, Australia, New Zealand and various Pacific Islands]. Indeed, by 2004, the surge in immigration led to the replacement for the first time in the nation's history of black Americans as the nation's largest minority group by Hispanics, who now hold that distinction. Although black Americans were 13.5 percent of the nation's native-born population, they were only 7.8 percent of the foreign-born population in 2000. Hispanics, on the other hand, were only 8.5 percent of the native-born population while being 45.2 percent of the foreign-born population.

**Illegal Immigration and the Low Wage Labor Market**

A major explanation for the rapid growth of the nation's post-1965 immigrant population has been—and continues to be—illegal immigration. It is estimated that there are 11.3 million illegal immigrants in the country as of 2007 (plus another 1.1 million persons who are believed to be undercounted in the published estimates). This means that about 30 percent of the total foreign-born population are illegal immigrants. When one recalls that there have



been seven amnesties given by Congress since 1986 that have legalized the status of over 6 million former illegal immigrants, it is not too much of a stretch of the imagination to conclude that upwards of half the current foreign-born population of the country entered in violation of the nation's immigration laws.

The most distinguishing characteristic of the illegal immigrant population is their paucity of human capital. It is currently estimated that 57 percent of the adult illegal immigrant population have not completed high school while an additional 24 percent have only a high school diploma. Thus, less than 19 percent of the illegal immigrant adult population have more than a high school education as of 2007. Since most illegal immigrants come from some of the world's poorest nations, the quality of the education received is likely to be poor as well, which means that the low levels of educational attainment are only part of the story.

Because of the low levels of human capital and the fact that they often lack adequate English-speaking skills, the vast majority of illegal immigrant workers are employed in low skilled occupations. Even those few with higher skills are often forced to work in the low skilled sector because their illegal status means that they often cannot use their credentials to get better jobs. Thus, the estimated 7.4 million illegal immigrant workers (who are about one-third of the total foreign-born labor force) compete for jobs and income with the other 43 million adult members of the low skilled labor force who are legally entitled to work in the civilian labor force (i.e., native born workers and the remainder of the foreign-born workforce who are naturalized citizens, permanent resident aliens, and non-immigrants with visa authorizations to work) in 2007.

In part due to the large supply of workers who comprise the low skilled labor force of the United States and in part due to the fact that higher skilled workers can (and often do) also work in this low skilled sector when they cannot find jobs for their talents, the low skilled labor market always has the highest level of unemployment of any of the segments of the U.S. labor force for whom educational attainment is measured. In February 2008, for instance, 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. Low skilled adults also often must compete with youth who seek employment in large sectors of the unskilled labor market. Youths usually lose in this competition for jobs as employers typically prefer adults, who are more dependent on the labor market for their income than are young people. The unemployment rate for youth 16–19 years old was 16.8 percent and for young adults 20–24 years old was 8.9 percent in February, 2008.

### **Black Employment in the Low Skilled Labor Market**

Of the 50 million low skilled adults (those 25 years of age and over) in the civilian labor force in 2007, black Americans accounted for about 5.6 million of such workers (or about 10 percent of the total). These black American workers, however, had the highest unemployment rates of any of the four racial and ethnic groups for which the data was collected. 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 in 2007. These 5.6 million low skilled black workers accounted for one-third of the entire black labor force of slightly over 17 million workers.

Black youths (16–19 years old) also had the highest unemployment rate of any of the racial groups for whom data is collected. Their unemployment rate for February 2008 was an astounding 31.7 percent. These data are, of course, only for those still actively seeking employment and who are not institutionalized. They do not include those who have been discouraged from seeking employment because they feel it would not be worthwhile even to try to find a job under these conditions of high unemployment among their peers. Nor do they include any of the more than 1 million black youth and adults who are incarcerated in the nation's penal system (often because of the inability to find regular employment).

Clearly, black American workers who are poorly skilled have the greatest difficulty finding jobs of all such workers similarly situated in the U.S. labor force.

### **Illegal Immigration and Black Workers**

Illegal immigrant workers tend to concentrate in labor markets that have high concentrations of legal immigrants and citizens (native born and naturalized who are from similar ethnic and racial backgrounds). It is more difficult for authorities to identify them under these circumstances, and they can rely on networks of friends and family members as well as other employers and community assistance organizations composed of members of their same backgrounds to find employment. As a consequence, there is a tendency for illegal immigrants to cluster in metropolitan areas (especially central cities) or in rural areas that already have concentrations of persons from similar backgrounds.

Black workers also tend to be concentrated in metropolitan areas—especially in central cities. The only rural labor markets where black Americans are of significant number are in the Southeastern states—a legacy of the slavery heritage of yesteryear.

Thus, it 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.

Because most illegal immigrants overwhelmingly seek work in the low skilled labor market and because the black American labor force is so disproportionately concentrated in this same low wage sector, there is little doubt that there is significant overlap in competition for jobs in this sector of the labor market. Given the inordinately high unemployment rates for low skilled black workers (the highest for all racial and ethnic groups for whom data is collected), it is obvious that the major loser in this competition are low skilled black workers. This is not surprising, since if employers have an opportunity to hire illegal immigrant workers, they will always give them preference over legal workers of any race or

ethnic background. This is because illegal immigrant workers view low skilled jobs in the American economy as being highly preferable to the job opportunities in their homelands that they have left. A job that pays the federal minimum wage of \$7.15 an hour (some states and localities have even higher minimum wages) is often several times higher than the daily wage they could earn in their homelands, if they could get a job at all. Even the worst working conditions in the United States are typically better than what many have experienced before they came to this country. Illegal immigrants, therefore, are often grateful to receive these low wages, and they will do whatever it takes to get these jobs (even if it means living in crowded and substandard living conditions and working under harsh and dangerous conditions). It is also easier for some employers to exploit illegal immigrant workers by paying them less than the minimum wage and not paying them overtime wages because they are fearful of revealing their vulnerable status if they were to complain. Citizen workers know that paying the minimum wages means that the employer values your work at the lowest level that he/she can legally pay. Furthermore, citizen workers expect labor and safety laws to be enforced because they believe they have legal rights to job protections. It is not that citizen workers will not do the work that illegal immigrants are willing to do. Rather, it is that citizens often will not do the work for the same pay and under the same working conditions as will illegal immigrants—nor should they.

It is not that employers are evil in their willingness to give preference to illegal immigrants. It is that they are pragmatic in their decision making. Illegal immigrants are available because the federal government has chosen to do little to monitor the work sites of the nation. Seldom are any penalties placed on employers who violate the ban against hiring illegal immigrants working even though it has existed since 1986. Moreover, because of this self-imposed impotence by the federal government, employers who try to follow the law are penalized because they must compete with employers who violate the law and benefit by paying lower wages and providing cheaper working conditions that are more profitable to these employers but hazardous to the illegal workers. The status quo, therefore, is a perversity of justice. Law breakers are rewarded while law abiders are punished.

Economists long ago have realized that there is no way to prove or to measure the job displacement of citizens by illegal immigrants. This is because when immigrants (including the large illegal immigrant component) move into a local labor market, citizens tend to move out. Mass immigration has affected the internal migration patterns of citizen workers. As they leave the area or as they drop out of the labor market because they cannot find jobs, immigrants move in to claim the jobs. But there is no way to measure the loss since many of the victims are no longer in the local labor market.

As for wage suppression, all studies show that the large infusion of immigrants has depressed the wages of low skilled workers. It is the illegal immigrant component of the immigration flow that has most certainly caused the most damage, but there is no way to isolate their singular harm. But even these studies most likely underestimate the true adverse impact because there is a floor on legal wages set by minimum wage laws that do not allow the market to set the actual wage level. What is known is that wages in the low wage labor market have tended to stagnate for some time. It is not just that the availability of massive numbers of illegal immigrants depress wages, it is the fact that their sheer numbers keep

wages from rising over time, and that is the real harm experienced by citizen workers in the low skilled labor market.

What is apparent is that the unemployment rates in the low skilled labor market are the highest in the entire national labor force. This means that the low skilled labor market is in a surplus condition. Willing workers are available at existing wage rates. By definition, therefore, illegal immigrants who are overwhelmingly present in that same labor market sector adversely affect the economic opportunities of legal citizen workers because the illegal workers are preferred workers. No group pays a higher penalty for this unfair competition than do low skilled black Americans, given their inordinately high unemployment levels

The willingness of policy makers to tolerate the presence of illegal immigrants in the nation's labor force exposes a seamy side of the nation's collective consciousness. Illegal immigrants—who themselves are often exploited even though they may not think so—are allowed to cause harm in the form of unemployment and depressed wages to the most vulnerable workers in the American workforce. The continued reluctance by our national government to get illegal immigrants out of the labor force—and to keep them out—by enforcing the existing sanctions at the work site against employers of illegal immigrants is itself a massive violation of the civil rights of all low skilled workers in the United States and of low skilled black American workers in particular. Illegal immigrants have no right to work in the United States. In fact, they have no right to even be in the country. Enforcing our nation's labor laws—including the protection of the legal labor force from the presence of illegal immigrant workers—is the civil rights issue of this generation of American workers.

It is time, therefore, to make our immigration laws credible. The way to do this is to adhere to the findings of the U.S. Commission on Immigration Reform chaired by the late Barbara Jordan, who boldly stated what should be the goal of public policy: “The credibility of immigration policy can be measured by a simple yardstick: people who should get in, do get in; people who should not get in, are kept out; and people who are judged deportable, are required to leave.”

No one would benefit more by the adherence to that standard than would low skilled black American workers and their families.

## **Harry J. Holzer**

### **The Effects of Immigration on the Employment Outcomes of Black Americans**

I'd like to address the question of how immigration—whether legal or illegal—affects the labor market opportunities and outcomes of native-born African-Americans. In doing so, I'd like to make several points.

- Most econometric evidence suggests that immigration over the past few decades has had a modest negative effect on the employment outcomes of blacks, especially those without high school diplomas.

The strongest evidence of negative effects comes from work by Borjas, Grogger and Hanson (2006). They find quite strong negative effects on the wages and employment of black male high school dropouts, and somewhat less on these outcomes for high school graduates, plus very small impacts on black incarceration rates for either group.<sup>78</sup>

This evidence is based on some quite strong statistical assumptions, and only considers the effects of immigration in the short-run—in other words, before capital inflows have occurred that would mitigate the negative impacts of immigrants on native-born workers. It is therefore likely that these estimates overstate any real negative impacts, even though some of these estimates themselves are already small.<sup>79</sup>

But the notion that there are at least some negative effects is bolstered by some newer papers that have been written more recently. For instance, Deborah Reed and Sheldon Danziger (2007) also find some very modest negative effects of immigration on the employment of black men, using a simpler methodology that compares outcomes across metropolitan areas. In an MIT doctoral dissertation, Christopher Smith (2008) has found somewhat larger negative effects on the employment rates of both white and black teens, but much more modest effects as they age into their 20s.<sup>80</sup> These papers are significant, because analysis of

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<sup>78</sup> For instance, their estimates suggest that immigration between 1980 and 2000 has reduced wages by 8.3 percent, reduced employment by 7.4 percentage points, but raised incarceration by only 1.7 percentage points among black male high school dropouts (among whom over 60 percent now spend some time in prison). The corresponding estimates for black male high school graduates are 3.2 percent, 2.8 percentage points and 0.6 percentage points.

<sup>79</sup> Borjas et al. assume a stable demand function over a 40-year period. They allow for only a limited number of shifts by education or experience but otherwise assume constant employment responses to wage changes over time and across groups. In a period where labor demand has shifted so dramatically against less educated groups, it is very possible that some effects of demand shifts are attributed in this work to immigrant-induced labor supply shifts. Also, capital inflows in the long run are expected to fully offset the higher supplies of immigrant labor on average, thereby also dampening any negative effects for particular groups. See Ottaviano and Peri (2006).

<sup>80</sup> Reed and Danziger estimate that immigration over the 1990s reduced the employment of black males with or without high school degrees by roughly one percentage point, and reduced their wages by 3.5 percent. Smith estimates that immigration over the past 15 years might have reduced teen employment rates by 5 percentage points overall, and about 4 points for blacks, but these effects diminish very quickly for young people over age 20.

differences across metropolitan areas (by Prof. David Card of Berkeley and others) have traditionally found much weaker evidence of negative impacts of immigration.

- 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.

The ethnographic work (Moss and Tilly, 2001; Kirschenman and Neckerman, 1991) shows that employers perceive stronger work ethic among the immigrants, and a greater willingness to tolerate low wages. They use networks to encourage a ready flow of applicants from the friends and relatives of their immigrant workers. Some of these perceptions and the hiring behavior they generate might well reflect discrimination, especially against black men whom employers generally fear; some of it also likely reflects real differences in the attitudes and behaviors of workers from different groups, on average.<sup>81</sup>

As for the workers themselves, their interest will likely vary across the wages paid and sectors of the economy in which these jobs are found. I am inclined to believe that many black men would be interested in the residential construction or transportation jobs often filled by immigrants, but somewhat less interested in the low-wage agricultural or service jobs. Of course, in the absence of immigrants, these wages would rise somewhat. But whether they would rise sufficiently to induce a greater supply of black labor is questionable.<sup>82</sup>

- Our evidence does not allow us to distinguish the effects of legal v. illegal immigration on black Americans, though we can speculate about these differences to some extent.

On the one hand, illegal immigrants will often be paid sub-market wages, so the competition they generate will be even more intense for native-born workers; while their willingness to accept poor working conditions is greater than that of legal immigrants. On the other hand, the extent of their relative presence in the sectors where native-born blacks might really be interested in employment is unclear.

- The fact that the impacts of immigration are modest suggests that other factors are much more responsible for the negative trends in employment of black men and their

<sup>81</sup> Survey data in Holzer (1996) on application and hiring rates by race confirm that employers generally prefer Hispanic (including immigrant) applicants to those of blacks, while Holzer (1987) shows some of the difficulties blacks have using informal networks to gain employment. Falcon and Melendez (2001) also show that Hispanics use informal networks very effectively, though the jobs generated pay quite low wages. Evidence of continuing discrimination against black men in hiring clearly appears in the tester studies conducted by Pager (2003), while employer fears of this group are well-documented by Kirschenman and Neckerman *op. cit.*

<sup>82</sup> Evidence on the "reservation wages" (or minimally necessary wages for accepting employment) of young blacks relative to those of whites appears in Holzer (1986), while ethnographic data on the occupational perceptions and preferences of young black men appears in Young (2003). Lewis (2006) shows that employers who face fewer immigrants frequently use more capital-intensive production techniques, at least within manufacturing industries, rather than creating many higher-wage jobs. Thus, many such jobs would disappear in the absence of immigration before reaching the wages that might induce young blacks and other native-born workers to accept them.

rising incarceration rates, and therefore that other policies besides immigration reform might be needed to change these trends.

Interestingly, we might expect black women to have suffered as much from the influx of immigrants as did black men; yet the employment rates of low-income black women improved dramatically in the 1990s, as a result of welfare reform and the expansion of financial supports for the working poor (like the Earned Income Tax Credit and child support subsidies).<sup>83</sup>

Likewise, other forces are likely much more responsible for the decline in employment outcomes of black men and their rising incarceration rates. These include: 1) The declining availability of good-paying jobs to less-educated (and lower achieving) male workers, especially outside of the service sector; 2) The rising returns to illegal work, especially in the “crack” trade, in the 1980s; 3) The growing numbers of young blacks growing up in single-parent families and in poor neighborhoods; 4) Changes in attitudes and behavioral norms, on issues like schooling, employment and marriage; 5) Criminal justice policies that resulted in dramatically higher incarceration rates for those in the drug trade; and 6) Changes in child support enforcement that resulted in many default orders being set and many young men going into “arrears” on their payments.<sup>84</sup>

Accordingly, it is unlikely that any changes in immigration law will dramatically improve employment opportunities and outcomes for young blacks. To the extent that we “reform” immigration, we would want to carefully consider the full range of benefits that accrue to our economy and society from immigration, as well as its costs.<sup>85</sup> But, when considering how to improve outcomes of young blacks, we should instead focus mostly on:

1. Improving educational outcomes and achievement, starting with pre-kindergarten programs and continuing into higher education;
2. Enhancing youth development opportunities and mentoring for adolescents;
3. Improving their early work experience and occupational training with high-quality career and technical education;
4. Reducing incarceration rates (without increasing crime) and also the barriers to work faced by ex-offenders;
5. Extending the EITC to childless adults, including non-custodial fathers; and
6. Reforming child support regulations and taxes on “arrears” to encourage more labor force participation by non-custodial fathers.

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<sup>83</sup> See Blank (2002).

<sup>84</sup> See Edelman *et al.* (2006) and Holzer *et al.* (2005) for more evidence and discussion of these issues.

<sup>85</sup> The benefits include lower prices for important consumer commodities, like food and housing, that are heavily used by lower-income families; these lower prices help raise their real incomes and offset the lower wages that might be generated by competition with immigrants. The provision of health care and elder care, which frequently suffer from worker shortages, is likely enhanced by immigration as well.

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### **The Labor Market Experience and Impact of Undocumented Workers**

(Version: March 28, 2008) by Julie L. Hotchkiss, Ph.D. and Myriam Quispe-Agnoli, Ph.D.

#### **I. Introduction and Disclaimer**

Thank you Mr. Chairman; I appreciate the opportunity to share with you and your fellow Commissioners the results of recent research I have undertaken with my colleague, Myriam Quispe-Agnoli, who is also here in the audience, on the issue of the impact and experience of undocumented workers here in the United States.

Before I begin, let me stress that the statements I make today are my own and do not represent the opinions or policy of the Federal Reserve Bank of Atlanta, or of the Federal Reserve System. Further, the motivation for undertaking this research was to inform the policy discussion, not to make specific policy recommendations.

#### **II. Questions of the Analysis**

A. How are wages impacted when the concentration of undocumented workers increases?

B. Is there any evidence of displacement of documented workers from firms that hire a greater share of undocumented workers?

C. Would we expect any greater downward pressure on wages in response to the presence of undocumented workers than in response to the presence legal immigrants?

#### **III. Structure of the Statistical Analysis and Caveats**

While I'm sure you'd rather I get straight to the answers to the questions I just listed, it's important to make sure that you are aware of some of the caveats and limitations of the research. All statistical analysis is limited by the data available, statistical tools at hand, and, I must admit, the imagination of the researcher.

The analysis is performed with information on workers and firms in the state of Georgia only. This research was possible as a result of a data sharing agreement that allowed me to have access to the Georgia Department of Labor administrative records used for administering the Unemployment Insurance program. These data are highly confidential and restricted in their access.

While analysis using data from only one state may seem limiting, Georgia was determined by one study to have experienced the fastest growth in its undocumented population between 2000 and 2006.<sup>86</sup> In addition, Georgia is ranked as sixth in the nation for size of

<sup>86</sup> U.S. Department of Homeland Security, Office of Immigration Statistics (August 2007), estimates 123% growth.

## Illegal Immigration and Crime – Just the Numbers

### Arizona

Arizona Population 2015: 6,758,251

Arizona Illegal Immigrant Population 2015: 325,000

Arizona Citizen and Legal Resident Population 2015: 6,433,251

### SCAAP Primary Offenses

**Drug offenses:**  $7310/6,433,251=113$  per 100,000 citizens

$1757/325,000 = 540$  per 100,000 illegal immigrants – minus 10 percent is **486 per 100,000 illegal immigrants**

**Sex offenses:**  $4222/6,433,251=0.000656$  – **66 per 100,000 citizens**

$620/325,000=190$  per 100,000 illegal immigrants – minus 10 percent is **171 per 100,000 illegal immigrants**

**Kidnapping:**  $1,028/6,433,251=0.000159$  – **16 per 100,000 citizens**

$402/325,000=123$  per 100,000 illegal immigrants – minus 10 percent = **111 per 100,000 illegal immigrants**

**Assault:**  $5,026/6,433,251=0.00078$  – **78 per 100,000 citizens**

$389/325,000=0.00119$  – 119 per 100,000 illegal immigrants – minus 10 percent = **108 per 100,000 illegal immigrants**

**Traffic violations** (seems to be only DUI):  $1569/6,433,251=0.000243$  – **24 per 100,000 citizens**

$228/325,000=0.00070$  – 70 per 100,000 illegal immigrants – minus 10 percent is **63 per 100,000 illegal immigrants**

**Homicide** (murder, manslaughter, negligent homicide):  $3318/6,433,251=0.000515$  – **52 per 100,000 citizens**

$494/325,000=0.00152$  – 152 per 100,000 illegal immigrants – minus 10 percent is **137 per 100,000 illegal immigrants**

### Florida

Florida Population 2015: 20,612,439

Florida Illegal Immigrant Population 2015: 775,000

Florida Citizen and Legal Resident Population 2015: 19,837,439

### SCAAP Primary Offenses

**Homicide:**  $14,722-1449=13,273/(19,837,439)=0.000669$  – **67 per 100,000 citizens/legal residents**

$1449/775,000 = 0.00186$  – 187 per 100,000 illegal immigrants – minus 10 percent is **169 per 100,000 illegal immigrants**

**Sex offenses:**  $12,465-1386=11,079/19,837,439=0.000558$  – **56 per 100,000 citizens/legal residents**

$1386/775,000 = 0.00178$  – 178 per 100,000 illegal immigrants – minus ten percent is **161 per 100,000 illegal immigrants**

**Drug offenses:**  $14,671-882=13789/19,837,439=0.000695$  – **69 per 100,000 citizens/legal residents**

$882/775,000=0.00113$  -113/100,000 illegal immigrants, minus 10 percent is **102 per 100,000 illegal immigrants**

**Burglary:**  $16,214-756/19,837,439=0.000779$  – **78 per 100,000 citizens and legal residents**

$756/775,000=0.000975$  – 98 per 100,000 illegal immigrants – minus 10 percent is **89 per 100,000 illegal immigrants**

**Robbery:**  $12,737-441/19,837,439=0.000619$  – **62 per 100,000 citizens/legal residents**

$441/775,000=0.000569$  – 57 per 100,000 illegal immigrants – minus 10 percent is **52 per 100,000 illegal immigrants**

## **New York**

New York Population 2015: 19,747,183

New York Illegal Immigrant Population 2015: 725,000

New York Citizen and Legal Resident Population 2015: 19,022,183

### **SCAAP Primary Offenses**

**Homicide:**  $10,509-1,122/19,022,183=0.00049$  – **49 per 100,000 citizens and legal residents**

$1,122/725,000=0.00154$  – 154 per 100,000 illegal immigrants – minus 10 percent is **139 per 100,000 illegal immigrants**

**Sex Offenses:**  $5179-544/19,022,183=0.00024$  – **24 per 100,000 citizens and legal residents**

$544/725,000=0.00075$  – 75 per 100,000 illegal immigrants – minus 10 percent is **68 per 100,000 illegal immigrants**

**Robbery:**  $7696-340/19,022,183=0.000386$  – **39 per 100,000 citizens and legal residents**

$340/725,000=0.000468$  – 47 per 100,000 illegal immigrants – minus 10 percent is **43 per 100,000 illegal immigrants**

**Drug Offenses:**  $6780-340/19,022,183=0.000338$  – **34 per 100,000 citizens and legal residents**

$340/725,000=0.000468$  – 47 per 100,000 illegal immigrants – minus 10 percent is **43 per 100,000 illegal immigrants**

**Assault:**  $3701-306/19,022,183=0.000178$  – **18 per 100,000 citizens and legal residents**

$306/725,000=0.000422$  – 42 per 100,000 illegal immigrants, minus 10 percent is **38 per 100,000 illegal immigrants**

**Burglary:**  $7,137-272/19,022,183=0.00036$  – **36 per 100,000 citizens and legal residents**

$272/725,000=0.000375$  – 38 per 100,000 illegal immigrants - minus 10 percent is **35 per 100,000 illegal immigrants**

## **Texas**

Texas Population 2015: 27,695,284

Texas Illegal Immigrant Population 2015: 1,600,000

Texas Citizen and Legal Immigrant Population 2015: 26,095,284

### **SCAAP Primary Offenses**

**Sex offenses:**  $24,497-2,208/26,095,284=0.00085$  – **85 per 100,000 citizens and legal residents**

$2,208/1,600,000=138$  per 100,000 illegal immigrants – minus 10 percent is **125 per 100,000 illegal immigrants**

**Drug offenses:**  $18,870-1,536/26,095,284=0.00066 = 66$  per 100,000 citizens and legal residents  
 $1,536/1,600,000=0.00096 - 96$  per 100,000 illegal immigrants – minus 10 percent is **87 per 100,000 illegal immigrants**

**Assaults:**  $20,663-1,248/26,095,284=0.00074 - 74$  per 100,000 citizens and legal residents  
 $1,248/1,600,000=0.00078 - 78$  per 100,000 illegal immigrants – minus 10 percent is **71 per 100,000 illegal immigrants**

**Traffic violations:**  $6,632-1,152/26,095,284=0.00021 - 21$  per 100,000 citizens and legal residents  
 $1,152/1,600,000=0.00072 - 72$  per 100,000 illegal immigrants – minus 10 percent is **65 per 100,000 illegal immigrants**

**Robbery:**  $21,036-1,056/26,095,284=0.000765 - 77$  per 100,000 citizens and legal residents  
 $1,056/1,600,000=0.0006 - 66$  per 100,000 illegal immigrants – minus 10 percent is **60 per 100,000 illegal immigrants**

**Homicide:**  $16,024-960/26,095,284=0.000577 - 57$  per 100,000 citizens and legal residents  
 $960/1,600,000=0.0006 - 60$  per 100,000 illegal immigrants – minus 10 percent is **54 per 100,000 illegal immigrants**