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

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United States Senate,

Committee on the Judiciary,

Subcommittee on Immigration and the National Interest

Washington, DC

The Committee met, pursuant to notice, at 10:06 a.m., Room 226, Dirksen Senate Office Building, Hon. Jeff Sessions, Chairman of the Subcommittee, presiding.

Present: Senators Tillis and Schumer.

OPENING STATEMENT OF HON. JEFF SESSIONS, A U.S. SENATOR FROM THE STATE OF ALABAMA, CHAIRMAN, SUBCOMMITTEE ON IMMIGRATION AND THE NATIONAL INTEREST, COMMITTEE ON THE JUDICIARY

Chairman Sessions. The Subcommittee will come to order.

Senator Schumer is Ranking on the Subcommittee and should be here shortly and he suggested I go ahead, and I think that would be the appropriate thing to do.

I thank all of you for being here. I want everyone present to be able to watch the hearing without obstruction. If people stand up for block the view of those behind them or speak out of turn, it is not fair or considerate to others and officers will remove those from the room.

Before we begin with opening statements, I want to explain how we are going to proceed today. We have one panel of witnesses today. I will make an opening statement, followed by opening statements from Senator Schumer.

Each witness will then have 5 minutes for an opening statement. Following their statements, we will begin with the first round of questions, in which each Senator will have 5 minutes. After the first round, if any

Senator wishes to continue with questions, we will have a second round of questions.

With that, I would share my opening statement at this time.

Today's hearing addresses a critical issue; that is, what is the impact of high levels of immigration on U.S. workers? Does immigration at this current level increase or suppress wages or job growth for U.S. workers? Does it create or diminish job opportunities for U.S. workers?

By way of background, the United States admits lawfully over 1 million aliens each year to permanent resident status. All are then eligible to take any job in the country and be eligible for virtually all government benefit programs. And these are not seasonal workers, but permanent residents.

In addition to the 1 million new lawful permanent residents with green cards, we have approximately 100,000 refugees and asylees. They are able to take any job in the economy. And we have 700,000 guest workers, the majority of whom are not seasonal workers, who come for the specific purpose of taking jobs.

There are 600,000 students who come to the United States every year and although Congress has not authorized them to work in the economy, Homeland Security, through its rules and manipulation really of

its rules, have allowed many of them to work through the criticized optional practical training program.

Furthermore, hundreds of thousands are illegally in the United States by visa overstays or cross the border every year and further swell the population who tries to take jobs in the economy.

A recent analysis by the Pew Research Center found that nearly 59 million immigrants have arrived in the United States since 1965 and currently constitute a near record 14 percent of the U.S. population. Now, this is reaching the largest proportion in history and will surge beyond that 14 percent unless law in the United States is changed.

We are really on an extreme, unprecedented pattern of immigration into the United States. I think it is unlike most established countries in the world.

This large and relentless increase has created great stress on the job prospects and wages of Americans, of course, as well as on schools, hospitals, public safety and jails.

All of us must understand that the future portends even more economic damage if current immigration levels are not altered. Specifically, Pew found that if current levels continue for 50 years, immigrants are projected, quote, "to account for 88 percent of the U.S. population

increase or 103 million people, as the Nation grows to 441 million."

For decades, the Washington elites, the corporatist, the global open borders advocates, and there are quite a number there, have lobbied for even higher levels of immigration, arguing that immigration increases the GDP, that immigration raises wages, and has no impact on job opportunities for those who are already here, that is a shortage of available workers, or that there are jobs Americans simply will not do, that immigration only produces economic benefits for America.

So at every opportunity, they have pushed for more, greater immigration flows, more amnesty, and they block any efforts that would actually fix the problem.

I have offered time and again and seen bills time and again that would actually work, but they have always been blocked. Only legislative pieces that advance this agenda are the ones that seem to get promoted.

So what are the facts? Today, we are fortunate to have five experts in this area to present and discuss the key issues. Three, Dr. George Borjas, Mr. Peter Kirsanow, and Dr. Steven Camarota, represent one viewpoint. Representing a different view are Mr. Benjamin Johnson and Mr. David Kallick.

Dr. Borjas, widely recognized as perhaps the

preeminent expert on immigration, author of a number of books, particularly, he has studied wages and employment. His testimony today reveals one plain fact, and that is that significant immigration depresses the wages of workers who are most likely to compete with the immigrants that enter the country.

In substance, the wage depression hurts American workers while benefitting the employers. Surely, this is a factor in the wealth gap that so many have been talking about. It just is.

Mr. Peter Kirsanow, who has studied the impact of immigration on U.S. workers for many years, has expressed concern that our immigration flow is undermining the wages and job opportunities of U.S. workers, having a particularly severe impact, he finds, on African-American men.

Dr. Camarota has done extensive research on the impact of immigration on the labor market and job opportunities for Native Americans and has made shocking findings, such as the fact that all job gains between 2000 and 2014 went to immigrants and not to Native-born Americans.

While the Native-born U.S. population went up almost 17 million during this time, the number of Native-born workers actually declined while 5.7 million immigrants

were added to the employment rolls. All these new jobs, thus, went to immigrants. This is not in the people's interest of America at this time.

Our goal should be to work every day to create policies that advance the training and job prospects of Americans first, lawful immigrant and Native-born alike. That is our responsibility. The plain truth is that technology and robotics advance the quality of our lives in many ways and lowers the cost of products, but they may also eliminate good jobs.

Senator Schumer, I deeply regret you have not heard my brilliant comments, but you probably have heard them in some effect before.

Senator Schumer. I know your general position.

[Laughter.]

Chairman Sessions. Well, Senator Schumer is an exceedingly knowledgeable and able advocate for his views, though sometimes we disagree. Not always. On a lot of issues, we see eye-to-eye.

At this point in time, our economy cannot sustain this current lawful rate of immigration, much less the illegal flow. It is time to listen to the voices of good and decent Americans who want someone to protect their interests for a change.

It is time to abandon the old thinking and ask what

is the proper rate for immigration. What is one that will protect the economic well being of immigrants and Native-born and continue to refresh America with new and vibrant people?

So this panel will perhaps begin that discussion.

With that, I will turn to the Ranking Member for his opening statement.

[The prepared statement of Chairman Sessions appears in the appendix.]

OPENING STATEMENT OF HON. CHARLES E. SCHUMER, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator Schumer. Thank you, Mr. Chairman. As you said, on trade issues, we agree more than we disagree. On the H-1B program, we disagree, although our immigration bill, bipartisan, which you were unable to support, did have real reforms of the H-1B program, which everyone agrees, people like Senator Durbin, who has been working with you on this, agrees would do a good thing.

I just want to give a statement. I apologize to the witnesses, given everything that is going on today, I am going to have to leave.

Jeff Sessions and I are going to talk about why he might support our -- no.

[Laughter.]

Senator Schumer. We do not agree that much, yes, right.

Let me just say this. The topic of today's hearing s the impact of immigration on U.S. workers and it presents another opportunity to discuss the historic bipartisan immigration reform bill that passed the Senate in 2013.

Before I do, I have to say I think the Majority is challenging some very basic assumptions with this hearing. Is the United States not a Nation of

immigrants? Do you know who the first major immigrants were to New York City? The English, because the Dutch had settled New York City and then the English came in. And there was tension. Two of our oldest schools, one is called the Collegiate School -- I did not know this until about a year ago.

The Collegiate School, I thought it was helping you get into college, but it was settled by the Royal Dutch Collegiate Church, it was created. And when the English came, the Anglicans wanted nothing to do with this sort of more Calvinist institution and they set up the Trinity School.

These are the two longest-running high schools in America. But it shows you we have always been a Nation of immigrants and even those of English ancestry, at some places and some times, were the new immigrants at that point.

So I know it is uncommon sentiment to express in the presidential season, but I think one of our bedrock values is to look at immigrants as people who enrich our culture and our country and infuse energy into our economy.

I do not know people who work harder than immigrants. In New York City, these people are working two, three jobs. All they want is to provide a decent life for

their families.

And you know what else they want? To be Americans. They are as proud of America as we are. They love America. They have seen how bad it is everywhere else compared to this place.

So can we have completely open borders? Of course not. But should we cherish immigrants and should we welcome them? Absolutely, and we have to do it in a careful and rational way. I think that is what our immigration bill did. That is why it got the votes of a good number of our Republican colleagues, including some on this committee. But this idea that immigrants are terrible for America, frankly, is un-American.

We need to crack down on illegal immigration. I agree with that. We need to provide resources at the border. No one has provided more resources at the border than our immigration bill.

So some of those, including presidential candidates who said do the border first, our bill does the border first. It absolutely does. But we cannot cease to be a Nation that welcomes immigrants without ceasing to be Americans.

Who wants to come here? The best and the brightest. I always say immigrants are special in this sense. They could be poor over the centuries. They could have had no

education. But they have the get-up-and-go, the gumption to say "I want a better life" and cross the oceans and often come to a country with a different language and different customs. They have something special that is in the American fiber. And our great entrepreneurialism and our great idea that no matter who you are, you achieve and work hard, you get somewhere, that is part of the American way, and immigration is part of that, too.

In America, we have never looked at legal immigration as a zero sum game. We know there is a way to carefully calibrate our immigration laws to keep immigration the job-creating, economy-boosting force it is.

That is why in our bill we limited the number of construction workers to 15,000, because we thought Americans could do those jobs at better pay. So we limited it. On the other hand, we are desperately short of engineers, according to most people, and desperately short of people to pick our crops, high end, low end in terms of skills. So we were more generous in our bill on those things.

It was careful. It had the support of just about everybody. It had the support of business, it had the support of labor, it had the support of religion, whether it be the liberal churches or the evangelical conservative churches, the Catholic Church, had the

support of the tech community, had the support of agriculture, both farm workers and growers.

It only did not have the support of the Tea Party. But the Tea Party was enough to block it. Shame. Shame on them. Shame on them. They should not have done it. They are not a majority of America. They are not a majority, thank God, of the Republican Party. But they were able to block it.

I do not disparage my colleague or any of my colleagues who were opposed to the bill. Obviously, there is not one way to wisdom, but I do think we lost a real opportunity.

Now, let me just say a couple of things about the bill. Our bill protected American workers in at least four ways, particularly by cracking down on illegal immigration.

If you want to be against illegal immigration, you should have supported our bill, because we stop it. I was asked by somebody -- Republicans said, "I know what you are doing, Schumer. You want to use these 11 million people to become Democrats." I said, "Sir, the first person who would be able to vote after our bill passed was 13 years from now."

If you Republicans have not solved your problems with immigrants, Hispanics and others in 13 years, this bill

is not going to matter much, because you have to go to the back of the line.

We have a new employment verification system. Americans would no longer have to compete for jobs with illegal immigrants.

In the bill's legal worker programs, Americans must be recruited first. All foreign workers would be required to be paid the same wage as an American would be paid and all foreign workers would be given portability to change employers so they would not be sort of stuck and forced to take the patterns of the others.

So it was hard for me to understand why those who were worried about open borders or those who were worried about American labor losing benefits and jobs would not support our bill. It might not have been perfect, but it was a lot better than the status quo.

The status quo, I would say, Mr. Chairman, we still have today because of the gridlock. And me, I am a guy who says do not let the perfect be the enemy of the good.

Is this the exact bill I would have written if I were the only Senator? No. I had to make a lot of compromises. I had some of my friends on the left side of the spectrum not happy. But it was so much better than what we have for both job growth in America and protecting American workers from low wage competition,

unfair low wage competition.

So I will close with saying this, Mr. Chairman. Again, I have respect for you. We are in the gym in the morning pounding away on the bicycles. There are a lot more athletic people than either Jeff or me in that gym, too.

But American workers do need help. We need to get incomes rising again. That is my number one goal as a Senator. But to say that getting rid of immigrants is the answer, to say that rejecting our bill is the answer, no. Doing nothing is certainly not the answer. Doing nothing is certainly not the answer, and we still have not had a comprehensive proposal from any of the opponents on the other side of the aisle.

So in conclusion, I am in my green tie, tomorrow we celebrate St. Patrick's Day and all the rich cultural heritage of Irish immigrants and, indeed, all immigrants have brought to the Nation.

If you could march in the St. Patrick's Day parade in New York, you would not see just Irish people. You would see people of every race, religion, creed and color, all celebrating the grand tradition that America welcomes people, like we did in the 1840s when the Irish first came and like we should be doing today.

Thank you, Mr. Chairman.

[The prepared statement of Senator Schumer appears in the appendix.]

Chairman Sessions. Thank you, Senator Schumer. I appreciate your comments. You have been an active member in dealing with these issues. But I would note that your bill would have increased the lawful immigration by 50 percent, would have granted amnesty and a promise of enforcement in the future. But we -- go ahead.

Senator Schumer. If you believe that you had to pay back taxes, admit you did wrongdoing, pay a fine, work, learn English before you got a green card, go to the back of the line, so if someone waited patiently at their embassy, noone believes that is amnesty.

I know that some of the Right Wing radio started saying amnesty and now everyone says amnesty. That is not amnesty. That is not amnesty.

Thanks.

Chairman Sessions. Well, it is, in my perspective, because none of those back taxes were going to be collected or paid in any effective way and none of those proposals would.

I would just say this. It is time for us to discuss the issue before us in this committee, and that is do we not need to consider the mix of people who come to our country and do we not need to consider the number that

comes. Nobody is talking about eliminating immigration. Nobody is talking about stopping people from coming to America in any kind of long-term way.

But we do need to focus on what is good for the American people and I intend to do that, and I think the facts at the end of this day are going to be real clear.

So our witnesses, if you will please rise and raise your right hands, I will be glad to ask you to take this oath.

[Witnesses sworn.]

Chairman Sessions. Thank you. Please have a seat. I will briefly introduce our witnesses as they are each provided an opportunity to make an opening statement. Their full biographies are available on the committee Website.

First, we have Dr. George J. Borjas. Dr. Borjas is the Robert Scrivner Professor of Economics and Social Policy at Harvard Kennedy School. He was awarded the IZA Prize in Labor Economics in 2011. Professor Borjas is a research associate the National Bureau of Economic Research and a research fellow at IZA.

Professor Borjas is the author of many articles and several books, including one that will be published this fall entitled *We Wanted Workers: Unraveling the Immigration Narrative*.

He received his Ph.D. in economics from Columbia University in 1975.

Dr. Borjas, we would be pleased to have your opening statement at this time.

TESTIMONY OF GEORGE J. BORJAS, ROBERT W. SCRIVNER PROFESSOR OF ECONOMICS AND SOCIAL POLICY, HARVARD KENNEDY SCHOOL, CAMBRIDGE, MASSACHUSETTS

Mr. Borjas. Thank you very much, Senator, for giving me the opportunity to come here today and talk a little bit about my work.

As you all know, one of the most contentious issues in the immigration debate is what happens to the job opportunities of Native workers when immigrants enter the labor market.

The economic theory, forgetting about the data, the economic theory has actually very clear implications about that. In general, when immigrants come in, those who compete with immigrant workers will tend to do a little worse off and those who use immigrant workers or complement the immigration workers will tend to do better off.

A good example of trying to understand that process is by actually thinking of something concrete. And I -- walking here today -- the trains were out, so I actually walked the 3 miles to the hearing today -- I thought of something that maybe people here can relate to, which is let us create a new immigration program that admits only attorneys and, say, 50,000 attorneys a year and call it

the A-1B program for attorney.

And what would happen to the labor market for attorneys if we had 50,000 more attorneys coming a year after you set up a test, where attorneys all over the world could take some kind of LSAT or something like that and qualify for a licensee in the U.S. immediately?

Well, clearly, attorneys here, many of whom are in this room, would not like it very much. The job market for attorneys is bad enough as it is and if you have 50,000 more entrants every year, that would clearly create a concern among attorneys.

But people like me and people who employ attorneys would love that, because you can now hire attorneys at a much lower wage. I could then not have to worry about my taxes at all. I mean, I could just hire some cheap foreign attorney to do my taxes next month and fill out my 1040.

And that is what immigration is about. There are winners and there are losers. People who compete with immigrants tend to be worse off, in this case, attorneys. People who use immigrants, law firms and myself, will benefit a lot. And the question is what is the end results of that.

And one of the implications of the theory is that with free -- the same thing as free trade. People who

gain gain by more than the people who lose. Now, the question is, is that net gain large, and, remarkably enough, the more the pain in terms of the distributional impact, the greater the gain. And that is something we ought to talk about in terms of the actual facts.

So let me talk a little bit about the facts and summarize what I think we know from the data. If we look at the impact of immigration over the last year few decades in the U.S., one rough rule of thumb that comes out is that when you increase supply of workers in a particular group by around 10 percent, the weight of that group will go down by 3 percent, which is not a trivial number, but it is not a huge number either.

And that is true whether we look at a particular city, for example, like Miami after Mariel where the impacts are likely greater or just follow school groups over the last 50 years.

The fact is that the groups who do a little worse -- the groups that we see the most immigrants will tend to do slightly worse off after that by around 3 percent for every 10 percent increase in supply.

Now, what that would imply in terms of the net gain is that the net gain to the U.S. economy is only around $50 billion a year, and that sort of comes -- a number that comes straightforwardly out of the loss of supply

and demand.

And one of the lessons from that model is it is actually very difficult to manipulate the model in a way that will make the number much bigger.

So we have a $50 billion gain on net that accrues to Natives and a huge redistribution from the people who compete with immigrants to people who use immigrants of around half a trillion dollars a year, and that is what the laws of supply and demand tend to imply.

Now, there are a couple of lessons that I want to stress, because as you all know, there is a lot of contention over all these facts. And it is very important to look at the -- sort of underneath the hood to sort of see what people really do to get these numbers.

And one of the things that people tend to do is to confuse the group of people affected. So, for example, I gave you the -- I gave the example of attorneys coming in and what happens to the wage of attorneys. Well, if I had looked at attorneys coming in and look at what happens to the wage of all people with professional degrees, including attorneys and doctors and engineers and so on, that would dilute the impact. And that kind of thing is actually done in the literature, believe it or not.

When people want to sort of show that the impact on low skill wages, a high school dropout, is not very high, what they will tend to do is pool high school dropouts with high school graduates, thereby diluting the impact.

So it is very important -- one of the lessons that is very important, to isolate the group of people most affected by the shock to be able to see the impact. And the more you isolate the group, the more you see the obvious impact on the wage.

But do not forget, the obvious impact on the wage is actually a good thing in the end in the sense that the pie gets bigger and it gets bigger by around $50 billion a year. So what immigration does is increase the pie slightly in terms of like $50 billion a year, which is -- to me, it is a lot of money. In terms of the U.S. economy, which is including all GDP, it is not a huge amount of money. It is just really a rounding-off error.

So what immigration does in the end is really redistribute wealth. It changes the split of the pie from people who compete with immigrants to people who use immigrants.

I notice that I am over my time, so I will stop at this point.

[The prepared testimony of Mr. Borjas appears in the appendix.]

Chairman Sessions. Next, we have Mr. Peter Kirsanow. Peter Kirsanow is a partner with Benesch Labor Employment Practice Group. He returned to Benesch in 2008 after serving on the President's appointed National Labor Relations Board for 2 years.

He was recently reappointed by the Speaker of the House of Representatives to his third consecutive 6-year term on the U.S. Commission on Civil Rights. Chair of the Board of Directors of the Center for New Black Leadership. Mr. Kirsanow also serves on the Advisory Board for the National Center for Public Policy Research.

He received his BA in 1976 from Cornell University, his JD with honors from Cleveland State University, where he served as articles editor for the *Cleveland State Law Review*.

Mr. Kirsanow, we would love to hear your opening statement at this time.

TESTIMONY OF PETER N. KIRSANOW, PARTNER, BENESCH, FRIEDLANDER, COPLAN & ARONOFF, LLP, COMMISSIONER, UNITED STATES COMMISSION ON CIVIL RIGHTS, CLEVELAND, OHIO

Mr. Kirsanow. Good morning, Mr. Chairman, Senator Tillis. As you indicated, I am a member of the U.S. Commission on Civil Rights. I am here in my personal capacity.

The U.S. Commission on Civil Rights was established pursuant to the 1957 Civil Rights Act to, among other things, examine matters related to discrimination and denials of equal protection and because immigration very often implicates matters pertaining to national origin and race, the Commission has conducted several hearings over the years on various aspects of immigration, particularly illegal immigration.

In fact, this year we are once again examining the effect of illegal immigration on black wage and employment levels, and Dr. Borjas talked about the group that is most isolated and most affected by it. And the evidence that we adduced before the Commission shows that among those groups are black Americans.

This year, again, as I said, we will be examining that, but one of our most recent hearings was on the effect of illegal immigration on black wage and

employment levels and the evidence that we gathered shows that unequivocally the wage and employment levels of black Americans are disproportionately adversely affected by illegal immigration, particularly when it pertains to the effect on black males.

It should be noted, I think, that the witnesses that appeared before the Commission were experts and scholars on immigration that spanned the etiological spectrum and while they may have disagreed with respect to policy and maybe matters of degree, every single witness before the Commission agreed that illegal immigration has a decidedly negative impact on the wage and employment levels of black Americans, particularly black males.

And the evidence shows that the reason for this is actually pretty basic. Black Americans, especially black males, are disproportionately concentrated in the low skill labor market and are disproportionately more likely to have no more than a high school diploma. Likewise, illegal immigrants disproportionately concentrate in the low skill labor market, disproportionately more likely to have low levels of academic achievement. And these two groups compete with one another in the low skill labor market.

The competition is often most fierce in those industries in which blacks have traditionally and

historically had high concentrations of employment, such as hospitality, service, construction, agriculture, and blacks very often lose out in this competition to illegal immigrants for a variety of reasons that are self-evident.

Certain employers prefer to hire illegal immigrants. As Professor Vernon Briggs of Cornell's School of Industrial and Labor Relations noted, it is not because low skilled American workers, regardless of race, are unwilling to perform such jobs. It is that they are unwilling to do such jobs at the cut-rate wages and sometimes substandard working conditions tendered to illegal immigrants, a cohort which is unlikely, highly unlikely to then go and complain about those conditions to OSHA, EEOC or the Wage and Hour Division of the Department of Labor. And we see that this competition is most pronounced in large metropolitan areas.

The effect, the deleterious effect of illegal immigration on the low skilled American worker is most severe during the current economic stagnant times.

Since the beginning of the 2008 recession, there has been an increase of 2 million working-age blacks in the population. However, during the same period of time, the number of blacks currently in the workforce was also 2 million less. So that there has been no net increase in

the number of employed blacks, despite a substantial increase in the black population. And what is curious about that, though, is during the same period of time, 4.4 million foreign-born workers were employed in the United States.

And this has substantial negative sociological implications, also. Unemployment is linked to higher incarceration rates. Both are linked to lower levels of family formation. Indeed, research shows that immigration accounts for 40 percent of the 18-point percentage decline in black employment levels in the last several years. An 18-point decline is hundreds of thousands of blacks without jobs.

In addition to depressing black employment levels, the evidence that we adduced shows that illegal immigration, frankly, any low skilled immigration tends to drive down the wages of jobs that are existing for -- are available for black Americans.

One study, in addition to studies that we have reviewed from Dr. Borjas, an economist from the Federal Reserve Bank of Atlanta showed that for the increase in the undocumented worker population, there has been a $960 reduction in the wages of the average Georgian worker from 2007 -- between 2000 and 2007.

Mr. Chairman, it is respectfully submitted that the

massive influx of immigrants, both legal and illegal, has been demonstrably bad for the employment prospects of low skilled Americans generally, black Americans particularly, especially black males, and continued failure to address this issue is not without profound and substantial cost to the average American worker.

Thank you, Mr. Chairman.

[The prepared testimony of Mr. Kirsanow appears in the appendix.]

Chairman Sessions. Thank you very much.

Next, we have Mr. Benjamin Johnson. He is the Executive Director of the American Immigration Lawyers Association in Washington, DC. He is glad he is not having 50,000, whatever, lawyers coming in the country. As a recovering lawyer, I sympathize with that idea.

He previously served as Executive Director of the American Immigration Council in Washington. Mr. Johnson has studied and worked in the immigration field for more than 20 years. A native of Arizona, he earned his JD from the University of San Diego School of Law and studied international and comparative law at Kings College, London.

Mr. Johnson?

TESTIMONY OF BENJAMIN E. JOHNSON, EXECUTIVE DIRECTOR, AMERICAN IMMIGRATION LAWYERS ASSOCIATION, WASHINGTON, DC

Mr. Johnson. Thank you very much, Mr. Chairman, Senator Tillis. Thank you for the opportunity to appear before you today on behalf of the American Immigration Lawyers Association.

AILA is the national association of immigration lawyers established to promote justice and advocate for fair and reasonable immigration law and policy. AILA counts among its members over 14,000 attorneys and law professors -- many, many of them immigrants -- across the Nation who are involved in every aspect of our Nation's immigration laws.

And maybe it is dangerous to respond right out of the gate, but I find it interesting -- you know, Dr. Borjas' question or analogy is an interesting one. I think my testimony here will reflect a different view of that.

If you think of the four most prominent economists looking at this issue of immigration in the United States, I think of David Card, Giovanni Peri, George Borjas, and Manuel Pastor, all of them immigrants; David Card from Canada, Giovanni Peri from Italy, George Borjas from Cuba, and Manuel Pastor from Mexico.

We can talk about whether they have had -- whether

the arrival of immigrants in that economics space have had an impact on wages, but we cannot debate the fact that they have elevated the discussion about the economic impacts of immigration.

They have brought to the debate through their experiences and through their commitment to their work an intensity level and made contributions that are profound and significant.

That is the way it has always been. Since the first newcomers arrived here in the early 1600s, immigration has shaped and transformed the economic, social and political development of our Nation. Immigrants have played a substantial role in every major social, economic and technological transformation in our Nation's history.

Immigrants are the innovators and entrepreneurs who helped build and invent the industrial age, the atomic age, and now the computer age. They are the family members who helped build stable communities and raised generations of new Americans, and they are the every day workers who helped drive the engine of our economy forward.

The overwhelming weight of the research shows that immigration has had and continues to have a profoundly positive impact on our society, our economy, and on the wages and employment opportunities of the Native-born

workers who immigrants work shoulder-to-shoulder with every day.

In short, immigration has been and remains vital to America's growth and prosperity.

Despite the obvious and overwhelming evidence that immigration has greatly benefitted our Nation, our history has been marked by ugly periods of fear and anger towards each successive wave of immigrants and by political efforts to blame them for a host of social and economic challenges.

The mistake we make over and over again is to romanticize the immigrants from our parents' or our grandparents' age, but to question whether the new arrivals are as valuable, patriotic or law-abiding as those who came before.

Time and again, these new immigrants have proven that they carry with them the same dedication to build a better life for themselves and their children and the same desire to make America stronger than ever before.

Immigration is a powerful resource for revitalizing our economy, filling gaps in our labor market, and re-energizing the American dream. But it is a resource that must be managed. Like any other area of law, immigration law and policy should be updated to reflect the changing realities of our economy and society.

Almost noone disputes that the current immigration system is outdated and must be reformed to meet the needs of our 21st century economy. Yet, for more than a quarter of a century, Congress, led by both parties, has failed or refused to modernize our immigration system in any meaningful way.

Current legal challenges of immigration date back to 1990. They remain frozen in a time before most Americans had cell phones or computers and before the exodus of millions of baby boomers out of our labor force and into retirement.

By refusing to do its job and update our immigration system to reflect the needs of our modern economy, Congress is ignoring powerful resources and squandering the opportunity to fully harness its full potential.

Despite decades of neglect, the fact is that meaningful comprehensive immigration reform is an achievable objective. Bipartisan legislative proposals have been introduced in Congress many times in the past decade and the policy prescriptions for reform are well known and strongly supported.

A strong majority of Americans support efforts to reform the immigration system, including proposals to provide permanent status for the undocumented who have been part of our communities for decades. America wants

and needs an immigration system that is flexible and smart, one that responds to the demographic realities of the U.S. population, the demands of the U.S. economy, and the needs of American families.

A functional immigration system can and should play a supporting role in ensuring fair wage levels and humane working conditions for all workers, Native and foreign-born alike.

Importantly, these goals can be achieved while creating a system that operates effectively so that employers can hire needed workers quickly and efficiently, and family members can be united with their loved ones in a timely manner.

The bottom line is this. Our Nation needs forward-looking immigration policies that marshal the power of immigration as an economic tool and embrace the contribution of immigrants to our shared prosperity.

AILA urges Congress to put forward and pass meaningful bipartisan solutions that will bring our system into the 21st century. The reward for this kind of leadership will be an immigration system that is even better for American workers, better for American families, and better for the American economy.

[The prepared testimony of Mr. Johnson appears in the appendix.]

Chairman Sessions. Thank you.

Next is Mr. David Kallick. He joined the Fiscal Policy Institute as a Senior Fellow in 2001 and since 2007 has directed FPI's Immigration Research Initiative.

Prior to his work with the Fiscal Policy Institute, Mr. Kallick was a Senior Fellow at Preamble Center, and, before that, he spent 8 years as editor of *Social Policy Magazine*.

He is a graduate of Yale University and can make presentations in French, German, and Danish, which is a skill I am impressed with.

Mr. Kallick?

TESTIMONY OF DAVID D. KALLICK, SENIOR FELLOW, FISCAL POLICY INSTITUTE, NEW YORK, NEW YORK

Mr. Kallick. Would you like to hear this one in Danish?

[Laughter.]

Mr. Kallick. Thank you for inviting me to testify today.

Chairman Sessions. Long may Denmark remain.

[Laughter.]

Mr. Kallick. The 10 years that I have been doing research on immigration have only deepened my appreciation for the very robust contribution that immigrants make to the economy.

It might surprise some people even in this room to know that in the United States, about half of immigrants have at least some college education. Forty-six percent of immigrants work in white collar jobs, more than in blue collar, service or farm jobs. Yes, that includes all immigrants; that is to say, all people born in another country, regardless of legal status.

Immigrants make up 14 percent of registered nurses, 17 percent of accountants, 28 percent of physicians, and 31 percent of economists, something I did not realize how relevant it was going to be today's discussion.

We sometimes hear that immigrants are doing jobs that U.S.-born workers do not want to do. I think that sells immigrants short. There are concentrations of immigrants in many low wage jobs and some in high wage jobs, but the majority of immigrants are somewhere in the middle. And it sells U.S.-born workers short. There are plenty of U.S.-born workers who work in very tough jobs.

Increases in immigration are also closely linked to economic growth. In comparing 25 metro areas around the United States, we found that where there is growth, there is immigration, and that the only places where you are likely to find little immigration are places where there is little economic growth.

This does not prove that immigration causes growth. It does suggest, though, that if you are serious about having a growing economy, you should be finding ways to welcome immigrants.

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

Google and PayPal are great and they were also started by immigrants, but Main Street businesses are the bread and butter of local economic development. They are what gives a commercial area its character and often

spark local revitalization. Twenty-eight percent -- 28 percent of Main Street business owners are immigrants.

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

That said, several studies also point to some negative impact on African-American men with less than a high school degree and in some cases, also, white men with less than high school degree. This is an important finding, but reducing immigration is not an effective way to improve the living standards of these groups.

The best response is for Americans to become more educated, and, indeed, that is happening at a truly impressive rate. Even as the population increased, there were 3 million fewer men with less than a high school degree in 2014 than there were just 14 years ago in 2000.

Blacks, including black men, are improving at the fastest rate, although they still have not closed the gap with whites.

There are also numerous ways we can improve labor market conditions for these men, from better schools to investing in job training and workforce development,

expanding opportunities for union membership and reforming the criminal justice system and reentry into the workforce.

In other words, we can provide opportunities for men with less than a high school degree while still allowing the country to take advantage of the overall economic benefits of immigration.

It is actually rather amazing that America does as well as we have with immigration considering how little we have done to update the country's immigration system. Maybe it is just in our DNA as a country to draw and integrate immigrants irrespective of what happens here in Washington. But there is only so long we can go without addressing some fundamental problems.

Fixing immigration policy would be good for the economy and it would be good for U.S.-born workers, too, particularly those in the lowest rungs of the labor market. It is not good for anyone when some workers can be taken advantage of.

I am not suggesting that more immigration will always be better for the economy. We have to strike a balance. What I do want to say clearly is that the United States has tremendously benefitted from the immigration that we have had and we would benefit even more with a properly functioning immigration system that recognizes where

there are problems and addresses them constructively. That would help immigrants to reach their full potential while making sure U.S.-born workers share in the prosperity that a vibrant and growing economy brings.

Thank you again and I look forward to your questions.

[The prepared testimony of Mr. Kallick appears in the appendix.]

Chairman Sessions. Thank you.

Finally, we have Dr. Steven Camarota, Director of Research for the Center for Immigration Studies. He has testified before Congress more than any other non-government expert on economic and fiscal impacts of immigration. His research has been featured on the front pages of *the New York Times*, the *Washington Post*, and *USA Today*, as well as numerous media outlets, and published in a variety of journals.

Dr. Camarota received a master's degree in political science from the University of Pennsylvania, later earned a doctorate degree from the University of Virginia in public policy analysis.

Dr. Camarota, welcome back.

TESTIMONY OF STEVEN A. CAMAROTA, DIRECTOR OF RESEARCH, CENTER FOR IMMIGRATION STUDIES, WASHINGTON, DC

Mr. Camarota. Well, thank you for having me back and thank you for inviting me. I appreciate it.

It is always important to come and talk about this vitally profound issue of immigration, particularly its impact on workers and the economy.

First, when thinking about immigration's impact on the economy, there is simply no question that adding workers makes the U.S. economy larger by perhaps $1.8 trillion every year. But everyone agrees almost all of that goes to the immigrants themselves in the form of wages and benefits, as it should. They are the one doing the work. They are the workers.

By itself, a larger economy is not a benefit to Americans, in the same way that Mexico has a larger economy than Norway, but that does not mean that Mexico is somehow richer than Norway. What matter is per capita income or per capita GDP.

Though the immigrants themselves may benefit, there is no body of research indicating that immigration significantly increases the per capita GDP or income of the Native-born. Basic economic theory does predict that immigration should create a small net gain for some

Natives, but to do it, it must redistribute income from workers in competition with immigrants to the businesses that employ immigrants and those who are not in competition with immigrants.

Unfortunately, though there are exceptions, those who face the most competition are often the poorest and least educated Americans. So, for example, one-third of meat packers and one-third of construction laborers are immigrants, but only 7 percent of lawyers are immigrants. So that helps maybe explain the immigration debate itself, because if lawyers face the kind of job competition that some of the low wage skill categories do, maybe the debate might be different.

Now, looking at immigration-induced increases in the supply of labor indicates that immigration may reduce wages by about $530 billion a year for those in competition, but it should create gains for these other groups that I talked about and the net gain should be around three-tenths of 1 percent of GDP or about $50 billion a year.

Now, when we actually try to look at the impact of immigration on wages, it shows pretty much what the economic theory predicts those in competition with immigrants tend to lose.

Putting aside economic theory, the last 15 years have

witnessed an extraordinary situation in the U.S. labor market. Much of the employment gains have gone to immigrants, even though Natives have accounted for two-thirds of the growth in the working age population; that is, those 16 to 65.

Now, even despite the recent improvements in the last 2 years, in the fourth quarter of 2015, only about two-thirds of working age Native-born Americans actually had a job. As recently as 2000, about three-fourths were working. And the situation is dramatically worse for minorities, less educated people, and young workers.

Although many advocates of immigration argue that America has a great need for immigrant workers, there is just no evidence this is the case. Wages are generally stagnant or have declined, especially at the bottom end, and the share of working age people not working is at or near a record.

If the same percentage of working age people -- again, those 16 to 65 -- had a job today as had one in 2000, almost 11 million more people should be working. We do not have a worker shortage. We have a job shortage.

Finally, the argument is often made that we do not -- we need immigration because our society is aging and we do not have enough working age people to support the

economy or government, but, in fact, immigration has only a tiny impact on slowing aging.

Whether we look at its effect right now -- we can actually pull all the immigrants out and their children and see how much effect it has on aging or we project it into the future, immigration has only a modest impact on slowing the aging of American society.

I can explain it, but basically immigrants age like everyone else. Their fertility is not that different. So it does not make that much difference.

In 2015, there were about 19 million immigrants who said that they had come in the last 15 years. Now, we certainly have tried the high immigration approach and wages have stagnated and job growth has not come close to keeping pace with the number of immigrants we are allowing in and just natural population growth among the population.

Given the reality of the U.S. labor market, the fundamental question that must be asked is whether it makes sense to continue bringing in 1 million new legal permanent immigrants each year and hundreds of thousands of guest workers.

Thank you.

[The prepared testimony of Mr. Camarota appears in the appendix.]

Chairman Sessions. Thank you very much. Well, this is an important hearing and we have heard arguments and the anecdotal stories about the value of immigration, and there are so many good stories out there and I certainly acknowledge that.

I would just say that we need, at this point in history, real economic data to help us make public policy decisions that impact America and American people, and particularly American workers, many of whom are suffering substantially, and, in particular, the lower the income, the more they are adversely impacted, it seems.

Dr. Borjas, Mr. Johnson, in his remarks, made this statement and I think it represents conventional wisdom. I would like to ask you to respond to it.

He said that immigration has a profoundly positive impact on our economy and, quote, "on the wages and employment opportunities of Native-born workers who immigrants work shoulder-to-shoulder with every day," closed quote.

Does your research validate that?

Mr. Borjas. I do not quite know what he means by shoulder-to-shoulder, but let me --

Chairman Sessions. It means the same job classifications.

Mr. Borjas. So if it is the same job, I think what

the evidence shows is that when immigrants come in, that people who are most like them, and that is true regardless of whether people who are most like them are themselves Native-born or foreign-born.

So if you look at the preexisting workforce, the people who are most like the new immigrants, those are the one who are going to face more competition in the labor market.

In the short run, there is just no doubt that the people who face more competition in the labor market are going to be affected adversely by the increased competition. So that if that means shoulder-to-shoulder, that means that the people that the employers can now choose from, which is a much larger pool, are going to be having lower wages.

But that is not the end of the story and that is the point I was trying to make in my testimony, which the Senator also referred to. There are also gains. Somebody's lower wage is somebody else's higher profit. That is a very important thing to remember, because what immigration really does is redistribute wealth. One of the things that people tend to forget about immigration is that it changes the split of the pie and it changes the split of the pie from people who work shoulder-to-shoulder or people who are competing with immigrants to

people who use immigrants.

Then the pie -- then the question is how much does the pie go up, and almost all of the evidence in economics -- as long as you stick to the traditional supply-demand framework we do in the classroom in Economics 101, as long as you stick to that framework, the fact of the matter is that the pie will go up by around $50 billion a year.

Now, that does not mean that the GDP itself went up by $50 billion a year. Like Dr. Camarota said, GDP will actually go up by much more. It is almost inevitable that when you increase supply by 15 percent, GDP will go up by a lot, you know, almost $2 trillion. But most of that increase in GDP goes to the immigrants themselves for their work.

So the question really is -- the question that economists usually focus on is not the increase in GDP, it is the increase in GDP that accrues to Natives, which is a very different question and it is very easy to get confused about that. And people often refer to one without really saying specifically what it is they are talking about.

When I talk about the gains to immigration, I am talking the way most economists would talk about it, which is the gains accruing to Natives. And by Natives,

I really mean the preexisting population. That gain is very small. It is $50 billion a year in an $18 trillion economy.

Now, what that tells me, after I have looked at this for a while now, is that what immigration really does is not so much increase the pie as redistribute wealth.

So what I have learned from all this is that immigration happens to come out to be just another government redistribution program. And once you see it that way, you get a much better sense of who is on which side of the immigration battles.

Chairman Session. Well, thank you for that insightful comment.

Mr. Kallick. Senator, can I respond to that?

Chairman Sessions. Just briefly --

Mr. Kallick. I wondered if I could respond to that.

Chairman Sessions. Let me follow one thing. The Congressional Budget Office, scoring the Gang of 8 comprehensive bill, found that it reduced per capita GDP, did it not, Mr. Camarota, which is consistent with your--

Mr. Camarota. Right. Well, the immigrants are poor. So that if you accelerate immigration, that bill almost doubled legal immigration, yes, the overall per capita GDP goes down.

Chairman Sessions. Mr. Kallick?

Mr. Kallick. I just -- to extend the metaphor that Professor Borjas used about lawyers coming into the country, I think what happens when immigrants come -- and there is a great deal of flexibility in the American labor market. So when people come -- immigrants do not come as restaurant workers, for example. They come as people and they come and if there is a big concentration of immigrants in restaurant work, for example, there are a number of reactions that happen.

So for the U.S.-born workers, it may very well be that the ones who were working in the back of the house as dishwashers or as prep cooks start to work in the front of the house as waiters because they have better communication skills, their English is better and so on.

It may also be that if the wages start to go down, if there is pressure on restaurant work, that maybe some of those immigrants decide that they are going to go and work in health care or work in retail instead. And so they are not competing in the same narrow labor market.

Some of them, also, are very likely to say, "Well, if I cannot -- I am working in a restaurant, I see how it goes, maybe I will go and start a food cart or start my own restaurant." And so you see their role as entrepreneurs, as well, in creating jobs.

So I think that although it is true that Econ 101

will show that if you just look at labor market conditions and just -- and do not take into consideration the other factors in growth, then, yes, immigration is going to have a depressing effect on that narrow range of workers.

Chairman Sessions. Well, I am not sure that rebuts what Dr. Borjas said, but it is an insight.

Senator Tillis, thank you for coming and participating in this and for your interest.

Senator Tillis. Thank you for assembling such a great group of panelists. I thank you all for being here.

Dr. Borjas, I find your proposition of flooding the market with a bunch of attorneys to be mildly appealing, but I am not an attorney.

[Laughter.]

Senator Tillis. But in all seriousness, this issue -- I have come to this committee probably with a different perspective than Senator Sessions in some areas and Senator Schumer in others.

Part of this is because I have had specific experience with both ends of the spectrum about legal immigration.

First, I want to stipulate that this committee is talking about getting immigration policy right that

matches our supply chain of workers to the needs here in the context of the global economy that we work in and that on the illegal immigration front, we need to deal with that separately.

The question is what kind of policies can we put into place that are a comprehensive approach to immigration that really addresses a number of problems that we tend not to talk about when we get in these committee hearings. How do we not -- to use the hockey metaphor, oftentimes our immigration policy is about where the puck is versus where the puck is going to go.

I am concerned with the economic conditions of 2035 as much as I am of 2016. I am worried about replacement rates that have to weigh into it and a number of other factors. I am worried about global competition. And if we pursue a protectionist-oriented path toward immigration reform, it could be at the expense of our global -- it could be at our expense because our global competitors can take advantage of it.

And I am going to use North Carolina as a -- some of my personal experience in North Carolina. I love the fact there are only two of us here, because that means we can do multiple rounds.

But in North Carolina, we are a State that probably is worth looking at in terms of a study for a variety of

reasons. I was Speaker of the House there. We passed E-Verify to try and do everything that we could -- E-Verify laws for agriculture and other workers, any business. We had an exemption for some small businesses, but a large swath of the business population was subject to doing E-Verify to determine that people were properly documented for employment and there were penalties for businesses that did not.

We are also the only State in the Nation that did not extend long-term unemployment benefits. When that additional 26-week extension was offered to every other State and every other State took it, we did not, $750 million in unemployment compensation benefits were not taken into the State coffers and we cut the monthly benefit by 25 percent.

We were an outlier in the southeast in terms of what we were paying. We cut the duration from 26 weeks to a maximum of 20 and a minimum of 13 weeks indexed to the prevailing rate of unemployment.

Over the course of 5 quarters, we saw our unemployment rate go from fourth highest in the Nation at 10.4 percent to the then national average of 6.4 percent. However, we still had a shortage of workers in many areas. So where did those folks go who got reemployed? I am not really sure. But I do know that we continue to

have a strain in certain areas, and it was at both ends of the spectrum.

After a lot of these unemployment policies were implemented, after E-Verify was implemented, we had a shortage in agriculture, we had a shortage in seafood picking, we had a shortage in IT.

Mr. Camarota, I come from the IT business. In North Carolina, we said -- I think in your opening comment, you said we had a shortage of jobs. But in the Charlotte-Mecklenburg area, a group of people that I know, IT professionals, put together a group called IT-oLogy. Their sole purpose was to figure out how they were going to fill 1,000 unfilled IT jobs in the Mecklenburg County area.

So as we move down the line, I was sympathetic or could find sympathy with almost everything one of you said. But I am trying to figure out how we connect the dots in terms of creating a solution to the problems that I have in North Carolina. I simply have a backlog of jobs in certain areas.

We have done things. As a matter of State policy, one thing that I agree with -- I think it was Mr. Kallick that brought it up -- was education policy. We are doing a pilot program in one county where we raise the dropout age to 18, created an analytics framework to try and

identify students in ninth grade and tenth grade who looked like they were on a trajectory for either not completing high school or not going beyond it and not having deployable skills once they graduated, to try and engage them and figure out how we could vector them into a technical skill and ultimately maybe bet them into community college or technical school.

We are doing those sorts of things to try and make our American population better positioned to compete. But this stuff is not working. And I think one thing that I would like to do in this discussion, Senator Sessions -- and I think you and I probably agree on a lot more than we disagree -- is how do we actually get to a productive place where we kind of separate at the polls, where people come at it from an ideological perspective and unless you get to their ideological end, then we get nothing done, and how do we get to a point to where we get the policy right?

I get to rotate, so I will be back in 5 minutes. So I will leave you with this. We cannot have this discussion in a vacuum. If we do, then we will have the outcomes that we have seen in Western Europe. We will lose in productivity. We will end up seeing more and more dependence on government for livelihood and we will not be the global competitive powerhouse that we are

today.

If we do not recognize that air travel -- I think air travel is going to take off. I really do. I think it is going to be around for a while. People are going to travel fairly easily. I think the Internet, as I said at a prior committee meeting, is going to take off. It is probably going to stick around.

We are in a global competitive environment. If we make our policies based solely on what we think we need to do for the here and now and do not recognize the global economic forces that will absolutely eat our lunch if we get it wrong, then we will be back here 15 or 20 years from now having a very different conversation about the economic on immigration.

I did not get to ask you a question, but I will come back and let you all respond to anything I said in that first 5 minutes.

Thank you.

Chairman Sessions. Well, thank you. You raise a lot of important questions and we have been wrestling with them for a long time. Much of what you said is, I think, conventional wisdom today, but I do believe it is time to be challenged and looked at.

Dr. Camarota, you said in 2000, three-fourths of the Americans in the working ages were working, but in 2015,

only two-thirds were. Does this not suggest that we are not creating as many jobs as we think and people are not working?

Mr. Camarota. When you look at all the data the government collects, including probably North Carolina -- I have looked at North Carolina's status some. I cannot cite it from memory, I wish I could. But real wages for STEM workers nationally -- so this is science, technology, engineering and math -- real wages for accountants or high school dropouts or janitors, maids, nannies and busboys all show basically the same trend -- little to no wage growth and at the bottom, in some ways, people actually earn less than they used to.

If you look at the kinds of people who do those jobs, people who, say, have only a high school education or less than high school education, the fraction holding a job is even worse sometimes than just two-thirds. Sometimes only half are working and it is really bad for young people and minorities.

My only point is that all the data of the government suggests, whether it is STEM or whether it is high school dropouts, shows no evidence of a labor shortage. The only evidence we have is testimonials from owners of business.

So at least maybe one thing to do when a chicken

plant says, "Gosh, you know, we cannot find anybody," try to see how much they have raised wages. If they have not raised their wages in 10 years or they just did it to keep inflation, that may suggest that, yes, they just want to pay really low wages. But that is very different than I cannot find anybody. I cannot find anybody given how I want to treat workers. I cannot find anybody given what I want to pay.

Senator Tillis. Mr. Chair, would you mind if I just ask him a follow-up? I do not want to lose this thought.

Chairman Sessions. All right.

Senator Tillis. But to what extent does that have to be driven by the global competition in a given sector? In other words, to what extent is that driven by -- I get what you are saying. Well, if I pay somebody $30 an hour in a chicken processing plant -- we have got the biggest one in the United States in eastern North Carolina.

But to what extent do you think that that is driven by global economic forces, where you can only go so far before you run afoul? I mean, because we send a lot of chickens overseas, for example. So the price point is going to be affected by the labor input.

So at what point -- and I will yield a minute of my time back, but I think it is important to continue that thought, because we cannot have that discussion in the --

yes, let us make minimum wage $30 an hour. Then we will have everybody going to jobs that maybe they would not today.

But then what are the competitive forces that are going to make that plant for the year that it pays $30 an hour? Everybody will be happy until such time it closes because they lose on the global or national front.

Mr. Camarota. Well, remember, about 75 percent of the U.S. economy is for domestic consumption. So the vast majority of jobs do not face import competition in the way that maybe -- actually, food processing less so than, say, manufacturing. Manufacturing, a lot more import penetration.

But if the argument is essentially we have to keep wages as low as possible and if they start to rise, we are going to bring in immigrant workers, that means that basically the argument is essentially we have to have all these poverty level jobs.

Well, that creates of problems, because people who only make $10 an hour are on an enormous fiscal drain, for example. It is very hard for them to ever save the money to own a home or join the middle class.

I guess I would say that as America, we want to be a high wage economy. If it is really true that the only way for a business to survive is to pay poverty level

wages and then the workers all receive all these indirect subsidies, whether they be food stamps for the kids of free school lunch or the earned income tax credit and the additional child tax credit, if that is the only way for that business to stay in business, well, then maybe that is a business that we do not want.

But I think what we would see is higher wages and a substitution of capital for labor.

Chairman Sessions. Well, Mr. Kirsanow, you cited an Atlanta study and the $960 decline in -- is it African-American wages or all wages?

Mr. Kirsanow. All Georgians, all workers in Georgia.

Chairman Sessions. Repeat that again, and maybe you can contribute to the position Dr. Borjas has suggested that the poor are getting hurt worse in this process than other groups in the economy.

Mr. Kirsanow. Right. Thank you, Senator. And that is precisely what our evidence showed at various commission meetings. It is not just $960. That was for all Georgians. When you look at this aggregated labor segment, such as --

Chairman Sessions. Repeat that, what the $960 was.

Mr. Kirsanow. There was a $960 reduction in the average annual earnings of workers in Georgia related to

immigration.

Chairman Sessions. This is a Federal Reserve of Atlanta study.

Mr. Kirsanow. That is exactly right.

Chairman Sessions. So they found directly that immigration for all workers in Georgia resulted in a $960 decline in their annual wage.

Mr. Kirsanow. And in certain segments, it is worse. In hospitality, it was over $1,500 a year. And I think what we are doing is -- I think it is important not to look at immigration and labor policy in the disjunctive, because what we are seeing is immigration policy that is dysfunctional, but we also have a dysfunctional labor and employment policy in this country.

Just in the last few years, we have increased the aggregate cost of doing work in this country by $1.8 trillion because of the overlay of regulations and labor policies that make it much more difficult for employers to employ people, whether it is overtime regulations, whether it is the overlay of EPA regulations, whether it is the National Labor Relations Board's edicts, whether it is the EEOC, OSHA.

It has become much more expensive to employ people in this country. So when we have a reduction in the number of workers in this country, part of it is a function of

the fact that we are making it punitive to employ people in this country and folks are starting to outsource -- not starting to -- increasing outsourcing, and outsourcing occurs in segments of the economy where certain workers are affected the most.

Most of my comments have been about black workers, but usually it is really lower skilled workers, a disproportionate number of which happen to be minority.

Chairman Sessions. Which definitely includes recent immigrants, Hispanics and others.

Mr. Kirsanow. Exactly right. And we have to remember, too, I am the only person in my family born in the country. I am a family of immigrants, love immigration. Okay. But immigration needs to be orderly, lawful, and, most importantly, benefit Americans first.

Now, with that in mind, think about what we are doing in this country with respect to our immigration policy. It does not necessarily benefit only -- it may benefit a certain strata of Americans, but not a lot of Americans.

When you take a look at what is happening to low income Americans, folks who are out of -- we have a labor participation rate that is at 40-year lows. We have a surplus of labor. We have got 94 million people who are not in the labor market and what we have as opposed to previous years when, for example, my family came here,

this was not a welfare state. We did not have suffocating regulations superimposed over businesses that make it more difficult for them to employ people.

As Dr. Camarota indicated, there is a cost associated with welfare benefits, and by that I mean not necessarily income redistribution, but I am talking about the additional governmental obligations, whether it is paying certain taxes or fees or the cost of regulation.

Now that we have a more profound, quote-unquote, "welfare state," the entire dynamic by which you employ people necessarily changes. It has become more expensive and, also, we have got to pay money into the system, which, again, reduces the ability of employers to employ so that we can sustain the welfare safety net.

So we have a situation that is much less tenable than it was 40, 50, 60 years ago. When we talk about immigration is great, understand we are looking at not a static model. We are looking at an evolving model that makes it more difficult to employ people in the country.

Chairman Sessions. Well, thank you. I will go to Senator Tillis, but I would note one more thing. It has become clear to me that as government officials, pure economic discussions do not answer everything. These are human beings. They are not products.

We are talking about citizens of the United States,

recent lawful immigrants to the United States. We owe them, first, responsibility and we need to be sure that our policies do not exacerbate wealth gaps or declining wages, particularly for poor people. And you can fix that through some sort of wealth transfer, some tax or regulatory or tax credit or welfare benefit.

But I think creating a healthy economy and not overloading the labor market with more workers than we have jobs for is a legitimate concern and we should analyze it and I think that is where we are getting to today in this panel. Are we having an adverse impact on substantial numbers of Americans as a result of this labor flow that is perhaps the highest in the world?

Senator Tillis?

Senator Tillis. Is it Kirsanow?

Mr. Kirsanow. That is correct, Senator.

Senator Tillis. Mr. Kirsanow, what you just said previously I think was brilliant.

Mr. Kirsanow. Will you tell my wife that?

[Laughter.]

Senator Tillis. We will send you the video clip. But, no, honestly, the point that you made about the regulatory burden that is placed on businesses, which will cut into resources that they could otherwise spend on higher wages, is a very, very important part of why

there has got to be a downward pressure on the inputs to business to try and actually -- you know, I am not one of these people that think that everybody is flush with money.

Certainly, the 28 percent of the small businesses that are the job creators, in North Carolina, 80 percent of our jobs are created by small businesses.

So, Mr. Kallick, if your numbers are accurate, that means more than a third of the businesses, the job creators in North Carolina are actually businesses owned by immigrants.

Mr. Kallick. That is right, what we call Main Street business owners, but, also, business owners in general are more likely to be immigrants.

Senator Tillis. But I think you have also said something else about the welfare state. A part of what we were trying to get at with the change in unemployment policy in North Carolina is that we had reached such a high level of unemployment compensation that I think that it was incenting people who were on unemployment who may want to enter the workforce, but do it in a timeframe that coincided with the end of their unemployment benefits, because the wages that they could potentially receive were close enough to where they were kind of - they were kind of creating -- we were creating sort of an

expectation it was just a bridge and then you went back to work.

So I think what you all are pointing to here is a discussion that is a lot richer in terms of all the things that should be considered in coming up with the right sort of immigration policy.

But one thing I will tell you. One of the things, Mr. Camarota, I was kind of curious to know is in the late 2000s, when I worked at Pricewaterhouse, we could not find enough people to keep up with the demand for resources. We just simply could not do it. We would hire every qualified U.S. citizen that we could find and we still could not keep up with the demand that came with the Y2K, all the IT challenges, the dot-com boom, everything else that was going on at the time.

I, for one, hope we get to a point where we have that problem again and I think that our immigration policy, legal immigration policy, our workplace policy, visa policy, better get keyed again to that long-term goal of having inputs that will almost invariably -- for us to provide an adequate number of supply for a growing workforce, we will have to rely on some level of orderly immigration policy and if we do not, I think we are going to find at some point in time, hopefully in the near future, that the lack of resources will be one of the

single greatest impediments to increasing our GDP and economic growth.

I guess, Mr. Chair, for the purposes of -- I could stay here all morning on this topic, particularly with only two -- I usually sit down there. So it is two hours into a committee before I get to talk.

What would you all just -- we can go down the line here. Do any of you all disagree that any one of the other -- there are two on one side of the issue and three on the other side of the issue.

But are there things that you would just say are patently wrong based on the perspectives of the other people or do you see some need to try and reach a middle ground? And by no means, a Gang of 8. We saw where that got people here. But some sort of more well rounded, thoughtful approach and whether or not you have found any -- Mr. Camarota, we will start with you -- kernels of wisdom that Mr. Kallick or Mr. Johnson offered or vice versa?

Mr. Camarota. Well, I assume we all agree that immigration is supposed to benefit the United States. Right? Immigration clearly benefits the immigrants. We have research on that and that is something to think about. But I think we all agree that it is supposed to benefit Americans. Right? The people here. So that

would be an area of agreement.

Are you asking about sort of should we legalize illegal immigrants or the flow of guest workers or the flow of legal permanent immigrants? What reform are you thinking of, because all those things become contentious?

Senator Tillis. To be honest with you, I am just tired of -- I do not know if you all remember, years ago, there was this great commercial. I think it may have been Miller Lite. The argument was tastes great, less filling.

I am tired of the tastes great, less filling endless, ad nauseam discussion that we have around immigration reform, because if we continue to have the same discussion, we are going to continue to have the same result.

Republicans and Democrats have failed on immigration policy for decades. It started back in the 1980s and we simply have not been successful. We have great discussions, the pep rallies are fantastic, but we never get into a game and we never end it.

So I guess what I am trying to do is turn the dialogue to something that really gets us to a point to where we make sure that the American worker, the person who has come here legally is treated fairly, their working conditions are appropriate, and that the working

conditions of those who may be here on a work visa are up to the standards that any American would expect anyone working in the United States should work in.

The wages have to be legal. They have to be set by the minimum wage standards and prevailing standards within the States. But really get to a policy to where I do not -- I want to get out of -- I have only been here for 14 months. Fourteen months from now, I do not want to be having this same discussion. But if past is prologue, we will.

Maybe that was an unfair question to ask you, but I think these minds around the room or on this table and around the room could, I think, help us and people like you help us get to a point to where we are drawing down this problem and recognizing that every single one of you made very valid comments that should factor into a policy stream that still puts the American worker first, get to a rationale , more certain immigration policy, and get this off of our table.

Mr. Camarota. Very briefly. If you want to bring in more workers, show evidence other than employers say I want more workers. You probably know this, but the meat and poultry processing industry, the statistics show that they pay about 45 percent less in inflation-adjusted today than they did in 1980. Now, they have a reason why

they will say that and they will say, "Look, it is the market bears." But that seems to be incredibly powerful evidence there is no shortage there.

Senator Tillis. But how do we do that, though? I get the problem. What is the solution?

Mr. Camarota. I mean, the government --

Senator Tillis. How do you provide the transparency or the data to make that practice either a self-evident, good thing or a bad thing?

Mr. Camarota. Well, if you want to bring people in because you think there is a genuine shortage, show evidence, and the two key pieces of evidence would be wages. Right? You do not want to just listen to what the employer says. You want to show that, hey, wages have really gone up and he is offering more. Right? Because in a tight labor market, that should happen. And the other thing is employment rates. What fraction of people actually have a job?

Senator Tillis. Mr. Chair, I think that is an area where I have -- I definitely believe that the Department of Labor on this subject is broken. I think they do a horrible job of really -- we have got to figure out how we actually do a better job of that, and they are doing a horrible job. And that is why we have some of these anecdotal real examples of shortages in one area and

maybe not shortages in another.

Another area that we have to do a better job of that is in IT. I tell everybody if you are not in the IT business, you say I am an IT guy, that is great, what kind of an IT guy or gal are you? Are you a specialist in the apps that are coming up or in some area of open source? Are you someone who practiced COBOL and if you are still a COBOL expert, then you probably still have an 8-track tape player playing your music.

So are your IT skills consistent with the demands of the market? I think we have to work on having a discussion about what we are really looking at as a match. And then the question becomes who is actually responsible for getting your skills up to a level to where you are competitive? Is it my responsibility as government to have you go to school at night or do what you have to do get the skills? Is it your responsibility or somewhere in between?

I am one of those guys that went to school at night. I didn't get my degree until I was 37 years old. I took courses that got me into a competitive position to allow me to compete and become a partner of Pricewaterhouse. That was my responsibility.

So how do we kind of sit down and have a discussion about the roles and responsibilities of all the different

actors in here and not necessarily assume this is something we are going to solve just through a government solution?

Mr. Chair, this is one of the most enjoyable committees I have been on. I hope we can find other ways to keep other members from showing up.

[Laughter.]

Chairman Sessions. Well, you know a lot about it.

I would say the economy changes. It seems to be a really superb immigration policy would adjust. WE had a shortage of IT workers during 2000, Y2K, but I just saw a report issued that the ITO industry would lay off 300,000 jobs in America this year. We have had decline in jobs in the IT industry.

Then we, at the same time, are using H-1Bs to fire entire IT divisions within Disney and California Edison, firing the whole department. And it apparently is lawful, according to the Department of Labor.

Dr. Borjas, let us sort of follow-up on his question, Senator Tillis. I believe you are correct. It is indisputable that a substantial immigration flow creates some winners and some losers.

Is it not the right policy for America to try to create an immigration policy that creates the most winners and the fewest losers and how would we do that?

Mr. Borjas. Thank you very much for that question, because I want to add to address also what you were saying, Senator. This is a shameless plug for my forthcoming book, but the last chapter is actually entitled "Who Are you Rooting For?" And that is really the underlying question in the immigration debate that people do not address very often.

What is it that we want immigration to accomplish? It is impossible to devise an immigration policy where everybody is happy. And one of the questions I ask ion the book is, for example, if it were really true that immigration -- that 40 million immigrants over the last 30-40 years made everybody wealthier, why are we in this room? So the fact is there are winners and there are losers.

Then the question becomes who are you rooting for. Are you rooting for the Native worker? Are you rooting for the immigrants? I want to make very good arguments about both sides. I mean, immigration policy in the U.S. historically has given an incredible opportunity to the total masses from abroad to live the American dream, and that is a nice, a very nice thing about this country.

It is also true that immigration creates dislocations for people who are here already and we have a responsibility to them.

So when we think about immigration policy, we should not think about immigration policy just in terms of how many immigrants to admit and which immigrants to admit, but also about how to fix or address the dislocations that every single immigration policy will inevitably cause on people here. And that is the thing that we tend to have ignored for the last 30-40 years, which explains a lot why we are now in the position we are in.

So my question is before we start making up a policy description of what the world should look like, let us first answer the question what do we care about. What is it that we want to accomplish from immigration policy?

IF what we want to do is make Americans wealthier, economics has really taught us a lot about how to do that and what we should do is only admit high school immigrants.

Now, is that the kind of country we want to live in, where we do not give a chance to the poor people from abroad to live the American dream? Some people might say yes. I would actually say no.

So we have to make a choice and that is where the political system comes in. What kind of country do we want to be? I mean, it is one thing to debate about the facts, you know, is immigration lowering the wage by $10 a year or by $20,000 a year, but it is another thing to

sort of address the more fundamental issue, which is who do we care about and what kind of country do we want and what kind of country do we want to leave our children.

Now, if you were to give me those choices -- if you were to give me an answer for what we want, it is not hard to use the empirical data we have to sort of work out a plan of how to get there. But I do not know what kind of country we want, because that has never really been debates and that is what I think we should be concerned about.

Chairman Sessions. Well, I agree with you, because I have begun to think about it a lot and it has impacted how I analyze this. I believe, maybe it is the lawyer in me, that we have a trust and our trust, our stockholders, the people we are accountable to are American citizens and lawful immigrants and we should make their lives better, not worse.

Now, you have studied, I believe, the chicken plant in Georgia little bit and when they were denied illegal labor and lost of lot of workers, did the wages go up or down at the chicken plant in Georgia?

Mr. Borjas. I did not do that study in Georgia. I have looked at several firms in that area and it is pretty clear that things happen when -- there was actually a great *Wall Street Journal* article that was

published around 10 years ago or so about a chicken processing plant or some kind of processing plant in Stilwell, Georgia, and the plant's name was Crider. And Crider was affected by the Bush Administration, at that point in time, I think it was 2006, they had some kind of raid and a lot of the plant's employees were basically carted out.

Many of the -- and what happened immediately after that was that Crider put an ad in the paper, in the local paper, and the ad said two very important words, "increased wages." And that is what happens when you have a cut in supply.

Crider sort of faced an existential problem. Right? How are we going to open the plant on Monday morning, and the solution that the plant demand tells you is you try to attract workers. How do you attract workers? You pay them more.

So it is pretty clear that these shocks have an effect on the wage. And to the extent that these shocks tend to affect -- in the Crider plant, many of the workers were African-Americans who had been replaced by the undocumented workers and then got rehired again after the undocumented workers were carted away.

So to the extent that their responsibility is mainly to the immigrants who are here legally already and to the

native population, and particularly, I would think, to the low skill native population, a lot of what we have done in recent years seemed very contradictory to that.

Chairman Sessions. Well, it seemed like it was $1 or so an hour increase, which does not sound like much, except for a person making $6 an hour, that is almost 20 percent. That is a pretty sizeable increase.

Mr. Borjas. Right.

Chairman Sessions. And I do not think the price of chicken is going up much per pound if they pay a little more for their workers.

Mr. Camarota. Could I comment very briefly on that? Yes. The research shows that when you buy processed meat, only about 6 to 8 percent is actually the person who cut it up. We could let wages rise in lots of industries at the bottom, but the bottom is such a small part of economic output that it would not affect inflation.

Other things determine consumer prices, not the unskilled labor that cuts up the meat or even does the harvesting on a farm.

Chairman Sessions. Well, there is a concern about a wealth gap and people want to deny it and look away and pretend it is not happening, but it is happening. It just is. I wish it were not so. And I think there is no

doubt, just common sense would tell you if we maintain a very large immigration flow of workers, particularly lower skill workers that focus in one area, that that area is going to see depressing of wages and either not increasing as much or declining, and I think we want wages to go up.

We need wages to go up. That is what the policy of politicians needs to be for the American people, wages to go up. It makes the *Wall Street Journal* nervous. You read the *Wall Street Journal*, wages go up, oh, this is bad. That is the way it is written implicit in the article.

But it is not bad, not if you really want a healthy, vibrant culture out there, I think.

Well, I am over my time. I will let you speak and then I will reserve Senator Tillis his time.

Mr. Johnson. I just -- maybe in response to Senator Tillis, as well. I mean, I think the point of a functioning immigration system, to the extent that I think there are moments of agreement on this panel, it is that -- right now the immigration system is not as smart as it needs to be. We do not know enough about where immigrants are going to, their long-term impacts.

Congress has not required the Department of Homeland Security to collect the kind of data and report and

analyze the kind of data that would give us opportunities to understand more about these kinds of issues with regard to immigration.

So I think we can and should build an immigration system that is smarter and more flexible and responsive to conditions in our economy, but those conditions cannot be uniformly and uniquely focused on one issue. And we certainly do not want to create across the Nation a culture or an environment of widespread scarcity.

What we want to be able to do in order to get ourselves out of the economic situation that we are in is to create opportunities for growth. That is the only way that the economy is going to be able to absorb more workers across the spectrum is to find opportunities for growth.

So the goal of an immigration policy cannot simply be to say that we will not have any immigrants as long as we have an unemployed worker someplace in America.

The goal of an immigration system is to provide employers and local communities another option in terms of providing opportunities for growth and expansion. It is a tool, one tool, not the only tool, but one important tool in a toolbox for building economic opportunities. And then we need other social policies to figure out how do we make sure that African-Americans and other less

skilled workers have opportunities to partake in that economic growth.

The idea that immigration is going to solve the problems of African-American exclusion from the growth opportunities in the United States is a fiction that is just not going to withstand scrutiny.

I mean, if you look at Steve's recent study that goes back to 1970, marking the dramatic increase in immigration since 1970, he has picked the lowest points of immigration in the United States to show this dramatic increase. But I would note that in 1970, at that time, African-American unemployment rates were above 10 percent. They were then, when there were very, very few immigrants in our labor force, still twice as high as native-born unemployment rates.

The idea that you can solve those kinds of system problems of exclusion from economic growth of certain groups in our society by looking at the immigration system is a fiction.

Here is another thing I think we can agree on. Undocumented immigration is a huge problem. I will be brief. But -- and to the extent we see negative impacts, particularly at the low wage or the low skilled sector, it is because of the fact that we have turned our back on the immigration system, ignored the fact that we had a

legitimate demand for workers coming into our economy, and we provide no legal way for them to come into the United States to do that work.

They came in in an undocumented way. That is the worst of all possible situations, unregulated and powerless in our economy.

The answer is not to pretend that the demand did not exist. The answer is to provide those workers we need with the legal status that they deserve and that gives them an opportunity to fit themselves into the labor market.

Chairman Sessions. Well, you have to know that I reject the business idea argument that just because they prefer to hire somebody from abroad at a lower wage, they are entitled to do so. We are a Nation State with a lawful system of immigration that should serve the national interest.

Mr. Johnson. Totally agree with that.

Chairman Sessions. That includes American people.

Mr. Johnson. Totally agree with that and we can and should do that in a way that does not --

Chairman Sessions. They want to come here illegally because they could not come legally. They do not get to come here illegally whether they want a job or not or whether they are willing to work below the standard wage

to come here and work. They do not get to do that. That is not the way --

Mr. Johnson. They do not get to do that.

Chairman Sessions. -- that the lawful system is, if you believe in one.

Mr. Johnson. But nor should Congress have the --

Chairman Sessions. Senator Tillis?

Mr. Johnson. Nor should Congress create a situation where we have pitted the immigration system against the world's largest economy. That is setting us up for failure. The idea is to align our immigration system with our economic realities and our labor needs so that immigration becomes part of the solution, not part of the problem.

Chairman Sessions. All right. Well, we have got less people working today, three-fourths in 2000 and two-thirds today. That is not a positive trend.

Senator Tillis?

Senator Tillis. Mr. Chair, just when I thought I could not enjoy this committee meeting any more, I am enjoying it more.

[Laughter.]

Senator Tillis. Because it is important to have this sort of open discussion and oftentimes we do not really get to have this dialogue.

Chairman Sessions. You are right.

Senator Tillis. So thank you again.

Chairman Sessions. And we are getting to the core issue here, do you not think?

Senator Tillis. That is exactly right.

Chairman Sessions. About what we are dealing with as an American State.

Senator Tillis. Dr. Borjas, in your comments -- you know, I am a management consultant, so I have to reduce everything down to a graphic or a PowerPoint, but I think as I am looking at this, the American worker is always in the center of everything we do. They have to be.

What can we do to get them employed at a wage that is as high as it can possibly be for us to continue to be globally competitive, recognizing that some of these jobs -- if we do not figure out the right way to do them here, they will be somewhere else because of the global networked economy that we find ourselves in.

Outside of that circle are people like yourself who I assume came here through a legal immigration policy, as do about a million a year. I went to a naturalization ceremony a couple of weeks ago in North Carolina, 53 excited people to pledge their allegiance to the country.

Outside of that is the guest worker program, people that come here legally through visas, having identified

what inputs we need that are not at odds with the American worker.

And then the final circle is the circle dealing with illegal immigration. I do not think there is anyone in here that says that we should be an open border Nation, accept as many people that choose to come over, allow them to work wherever they want to if they are, then I have found the first argument that I cannot find some middle ground on, because I do not believe that that makes sense. It creates uncertainty and it creates difficulty in the marketplace.

Chairman Sessions. Could I just add to that? I was stunned in the Democratic debate that both candidates moved to the left of President Obama's policy and said they would not deport anybody unless they were convicted of a violent crime, which is, in essence, if you can get into America illegally, you can stay, and I think that is a radical thing.

Senator Tillis. Mr. Chair, I think it is dangerous rhetoric that puts us further away from solving the problem in a manner that actually continues to make the United States the most attractive for people to come to, to want to immigrate to legally.

So, gentlemen, I am not going to ask anymore questions, because if I did, I could go another hour.

But I do think that this is probably the most productive discussion that we have had in terms of setting the landscape to try and get to the point to where we come up with policy that keeps the American worker in the center, figure out how much of this is done through immigration policy, how much of it is actually addressed through a number of other things that we need to do in terms of the regulatory burden, in terms of the education gap that we have, all the other things.

When we start talking about immigration policy that really sets the scope on that broader basis, that may be the first time that any Congress has ever really addressed this in a way that will produce a productive end.

Otherwise, I look forward to seeing you all back here next year having exactly the same discussion. Actually, I do not look forward to seeing you all back here having the other discussion.

So, Mr. Chair, thank you for focusing on this and thank you for having such a productive dialogue.

Chairman Sessions. Well, great. Thank you for your contributions. And this is a good panel. All of you have contributed significantly. We are trying to decide the question, fundamentally, does a large flow of immigration impact adversely wages in America, and I

think it is indisputable now that at least for categories of workers that face competition, wages do go down. And wages need to increase just to stay equal with inflation. We would like them to increase faster than inflation.

One quick question, Dr. Borjas. Something I have seen in debates and I have faced in debates is the Mariel boat lift argument and it was said that that proves wages are not depressed.

You studied that and have reached a conclusion. I know you have a flight and need to leave.

Mr. Borjas. Yes. The original by study by David Card had basically looked at the average wage in Miami, and, indeed, if you look at the average wage in Miami before and after Mariel in 1980, not much happens compared to other cities.

One thing we have learned since David Card has published that paper back in 1990 is the point I made earlier, which is that it is very important to isolate the group most affected by immigrants to be able to find the effect.

It turned out that over -- not over, but around two-thirds of the people who came in Mariel were high school dropouts. So that would suggest that perhaps the group to look at in terms of the wage trend before and after Mariel in 1980 was the group of high school dropouts in

Miami. And what I did was to basically look at men who were non-Hispanic, who were high school dropouts in the prime age, 25 to 59.

Once you do that, you see a very steep decline in the average wage of the people most likely to be affected by the Mariel supply shock, by the Mariel refugees.

So, again, it is the same lesson. The narrower -- immigration usually targets very particular groups and that is true whether it is Mariel, it is true whether it is the H-1Bs in the high tech sector, it is true in the example I gave earlier about lawyers, do you want to look at lawyers. And once you specifically look at that group, you do tend to find effect.

It is when you start to aggregate that the effect gets diluted away. So that is a very important lesson from the studies.

Chairman Sessions. Thank you. Well, that study, I could never understand it because it goes against common sense, a free market, greater supply, lower cost. That is just the way the world works.

Mr. Kallick. I am sorry. Could I say something about that, also? So if you look at the city level impacts of immigration, I think what you see is that the places where there are immigrants is where the economy is doing better. And so, for example, if you think about

one of the big effects on the economy or on African-American workers, actually, in particular over the last half-century, the big decline in population in a number of our biggest cities.

We looked at -- so there were 29 cities that had a big population decline between -- in the mid-20th century. Some of them rebounded. There were 14 that rebounded. All of those had substantial immigration as part of their population rebound.

How many cities rebounded without having a lot of immigrants? Zero. I think that what you see is it is not just a question -- so where would you rather be a U.S. foreign worker, what would be your chances of getting a job? Would you be better off in places like Detroit or St. Louis, where the population has continued to decline -- so you should be at a comparative advantage in that sense -- or are you better off in places like Philadelphia or St. Paul, where the populations have started to decline?

Why does it happen? It does seem like it makes a certain kind of sense. If you just add workers, then, of course, you are going to have more competition among workers. But you are not just adding workers. You are also adding consumers, you are also adding business owners, you are also adding investment, and, in many

cases, you are adding the people -- we have seen this in neighborhood after neighborhood in these kinds of cities -- that the immigrants are the ones who are willing to take a chance on opening a little store, there is another store that comes next door, there is a restaurant, and gradually I think that there is an opportunity for the local neighborhood to revive.

Chairman Sessions. Well, I think that is a plausible argument.

Mr. Camarota. Could I weigh in on that very quickly?

Chairman Sessions. All right.

Mr. Camarota. Very good. Well, here is the problem. The problem with that kind of analysis is obvious and it is replete in the economics literature, is that immigrants go where there are jobs. Right? They do not go to West Virginia because there are no job growth there. They do not even go that much to New Mexico because it is not quite as good as Arizona, even though it is right on the border.

So that is the reason why, if you look across cities, you will find immigrants in high job growth areas. There is very little evidence they created it. They went there because of it. And what seems to happen is they short-circuit the migration of natives that would otherwise

have gone there, and so that is the troubling thing.

We see that in Los Angeles and DC, for example.

Chairman Sessions. And I suppose suppress, to some degree, wage growth in those cities where they come in in larger numbers.

Mr. Camarota. But it is very hard to say because they are --

Chairman Sessions. If the city has a shortage or at least a tight labor market, wages start going up. When you bring them in, it suppresses the growth that would have occurred otherwise.

Dr. Borjas, would you agree with that?

Mr. Borjas. There is an obvious thing. Immigrants are not irrational human beings. Immigrants are going to end up by choice in those cities that provide job opportunities, and, of course, cities that do well have more immigrants. But it does not mean they are doing well because of immigrants. It means that immigrants chose to be in those cities, because just like us, they want to do well. They want to go into cities that have a lot of good job offerings.

What the Mariel example shows is that a particular city where immigrants randomly were basically dropped from a boat lift overnight and the fact is that the supply of high school dropouts in Miami went up by 20

percent in basically 6 weeks, and that is why it is almost inconceivable that nothing happened. And when you look at high school dropouts in Miami, something, indeed, did happen and it is very, very obvious from the data.

Chairman Sessions. All right. Thank you all. We are over our time. Thank you. The record will be open 1 week. We are now recessed.

[Whereupon, at 11:52 a.m., the hearing was concluded.]

C O N T E N T S

PAGE

STATEMENT OF:

THE HONORABLE JEFF SESSIONS
A United States Senator
from the State of Alabama 2

THE HONORABLE CHARLES E. SCHUMER
A United States Senator
from the State of New York 9

A Panel Consisting of:

GEORGE J. BORJAS
Robert W. Scrivner Professor of Economics
and Social Policy
Harvard Kennedy School
Cambridge, Massachusetts 19

PETER N. KIRSANOW
Partner
Benesch, Friedlander, Coplan & Aronoff, LLP
Commissioner
United Commission on Civil Rights
Cleveland, Ohio 25

BENJAMIN E. JOHNSON
Executive Director
American Immigration Lawyers Association
Washington, DC 30

DAVID D. KALLICK
Senior Fellow
Fiscal Policy Institute
New York, New York 36

STEVEN A. CAMAROTA
Director of Research
Center for Immigration Studies
Washington, DC 41