

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

WORKERS

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WEDNESDAY, MARCH 16, 2016

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.

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

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6 Chairman Sessions. The Subcommittee will come to
7 order.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 increase or 103 million people, as the Nation grows to
2 441 million."

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

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

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

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

25 Dr. Borjas, widely recognized as perhaps the

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

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

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

17 Dr. Camarota has done extensive research on the
18 impact of immigration on the labor market and job
19 opportunities for Native Americans and has made shocking
20 findings, such as the fact that all job gains between
21 2000 and 2014 went to immigrants and not to Native-born
22 Americans.

23 While the Native-born U.S. population went up almost
24 17 million during this time, the number of Native-born
25 workers actually declined while 5.7 million immigrants

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

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

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

14 Senator Schumer. I know your general position.

15 [Laughter.]

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

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

25 It is time to abandon the old thinking and ask what

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

5 So this panel will perhaps begin that discussion.

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

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

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

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

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

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

16 [Laughter.]

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

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

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

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

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

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

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

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

1 their families.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 unfair low wage competition.

2 So I will close with saying this, Mr. Chairman.

3 Again, I have respect for you. We are in the gym in the
4 morning pounding away on the bicycles. There are a lot
5 more athletic people than either Jeff or me in that gym,
6 too.

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

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

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

25 Thank you, Mr. Chairman.

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

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

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

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

17 Thanks.

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

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

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

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

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

10 [Witnesses sworn.]

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

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

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

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

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

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1 TESTIMONY OF GEORGE J. BORJAS, ROBERT W. SCRIVNER
2 PROFESSOR OF ECONOMICS AND SOCIAL POLICY, HARVARD KENNEDY
3 SCHOOL, CAMBRIDGE, MASSACHUSETTS
4

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

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

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

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

1 the A-1B program for attorney.

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

7 Well, clearly, attorneys here, many of whom are in
8 this room, would not like it very much. The job market
9 for attorneys is bad enough as it is and if you have
10 50,000 more entrants every year, that would clearly
11 create a concern among attorneys.

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

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

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

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

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

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

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

22 Now, what that would imply in terms of the net gain
23 is that the net gain to the U.S. economy is only around
24 \$50 billion a year, and that sort of comes -- a number
25 that comes straightforwardly out of the loss of supply

1 and demand.

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

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

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

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

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

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

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

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

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

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

1 Chairman Sessions. Next, we have Mr. Peter
2 Kirsanow. Peter Kirsanow is a partner with Benesch Labor
3 Employment Practice Group. He returned to Benesch in
4 2008 after serving on the President's appointed National
5 Labor Relations Board for 2 years.

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

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

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

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1 TESTIMONY OF PETER N. KIRSANOW, PARTNER, BENESCH,
2 FRIEDLANDER, COPLAN & ARONOFF, LLP, COMMISSIONER, UNITED
3 STATES COMMISSION ON CIVIL RIGHTS, CLEVELAND, OHIO
4

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

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

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

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

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

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

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

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

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

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

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

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

1 the number of employed blacks, despite a substantial
2 increase in the black population. And what is curious
3 about that, though, is during the same period of time,
4 4.4 million foreign-born workers were employed in the
5 United States.

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

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

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

25 Mr. Chairman, it is respectfully submitted that the

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

7 Thank you, Mr. Chairman.

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

10 Chairman Sessions. Thank you very much.

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

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

23 Mr. Johnson?

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

3

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

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

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

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

25 We can talk about whether they have had -- whether

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

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

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

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

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

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

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

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

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

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

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

1 Almost no one disputes that the current immigration
2 system is outdated and must be reformed to meet the needs
3 of our 21st century economy. Yet, for more than a
4 quarter of a century, Congress, led by both parties, has
5 failed or refused to modernize our immigration system in
6 any meaningful way.

7 Current legal challenges of immigration date back to
8 1990. They remain frozen in a time before most Americans
9 had cell phones or computers and before the exodus of
10 millions of baby boomers out of our labor force and into
11 retirement.

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

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

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

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

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

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

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

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

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

1 Chairman Sessions. Thank you.

2 Next is Mr. David Kallick. He joined the Fiscal
3 Policy Institute as a Senior Fellow in 2001 and since
4 2007 has directed FPI's Immigration Research Initiative.

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

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

12 Mr. Kallick?

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

3

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

6 [Laughter.]

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

9 Chairman Sessions. Long may Denmark remain.

10 [Laughter.]

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

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

22 Immigrants make up 14 percent of registered nurses,
23 17 percent of accountants, 28 percent of physicians, and
24 31 percent of economists, something I did not realize how
25 relevant it was going to be today's discussion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Chairman Sessions. Thank you.

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

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

21 Dr. Camarota, welcome back.

22

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

3

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

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

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

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

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

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

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

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

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

25 Putting aside economic theory, the last 15 years have

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

6 Now, even despite the recent improvements in the last
7 2 years, in the fourth quarter of 2015, only about two-
8 thirds of working age Native-born Americans actually had
9 a job. As recently as 2000, about three-fourths were
10 working. And the situation is dramatically worse for
11 minorities, less educated people, and young workers.

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

18 If the same percentage of working age people --
19 again, those 16 to 65 -- had a job today as had one in
20 2000, almost 11 million more people should be working.
21 We do not have a worker shortage. We have a job
22 shortage.

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

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

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

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

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

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

23 Thank you.

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

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

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

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

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

20 Does your research validate that?

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

23 Chairman Sessions. It means the same job
24 classifications.

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

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

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

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

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

1 people who use immigrants.

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

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

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

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

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

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

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

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

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

15 Chairman Sessions. Just briefly --

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

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

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

25 Chairman Sessions. Mr. Kallick?

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

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

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

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

25 So I think that although it is true that Econ 101

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

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

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

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

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

16 [Laughter.]

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

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

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

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

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

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

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

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

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

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

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

20 Over the course of 5 quarters, we saw our
21 unemployment rate go from fourth highest in the Nation at
22 10.4 percent to the then national average of 6.4 percent.
23 However, we still had a shortage of workers in many
24 areas. So where did those folks go who got reemployed?
25 I am not really sure. But I do know that we continue to

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

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

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

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

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

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

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

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

1 today.

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

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

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

18 Thank you.

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

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

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

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

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

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

25 So at least maybe one thing to do when a chicken

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

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

11 Chairman Sessions. All right.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 immigration.

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

4 Mr. Kirsanow. That is exactly right.

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

8 Mr. Kirsanow. And in certain segments, it is worse.

9 In hospitality, it was over \$1,500 a year. And I think
10 what we are doing is -- I think it is important not to
11 look at immigration and labor policy in the disjunctive,
12 because what we are seeing is immigration policy that is
13 dysfunctional, but we also have a dysfunctional labor and
14 employment policy in this country.

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

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

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

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

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

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

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

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

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

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

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

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

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

25 We are talking about citizens of the United States,

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

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

14 Senator Tillis?

15 Senator Tillis. Is it Kirsanow?

16 Mr. Kirsanow. That is correct, Senator.

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

19 Mr. Kirsanow. Will you tell my wife that?

20 [Laughter.]

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

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

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

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

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

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

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

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

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

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

1 single greatest impediments to increasing our GDP and
2 economic growth.

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

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

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

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

1 would be an area of agreement.

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

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

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

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

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

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

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

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

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

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

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

6 Mr. Camarota. I mean, the government --

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

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

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

1 maybe not shortages in another.

2 Another area that we have to do a better job of that
3 is in IT. I tell everybody if you are not in the IT
4 business, you say I am an IT guy, that is great, what
5 kind of an IT guy or gal are you? Are you a specialist
6 in the apps that are coming up or in some area of open
7 source? Are you someone who practiced COBOL and if you
8 are still a COBOL expert, then you probably still have an
9 8-track tape player playing your music.

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

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

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

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

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

7 [Laughter.]

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

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

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

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

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

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

8 What is it that we want immigration to accomplish?
9 It is impossible to devise an immigration policy where
10 everybody is happy. And one of the questions I ask in
11 the book is, for example, if it were really true that
12 immigration -- that 40 million immigrants over the last
13 30-40 years made everybody wealthier, why are we in this
14 room? So the fact is there are winners and there are
15 losers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Mr. Borjas. Right.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 skilled workers have opportunities to partake in that
2 economic growth.

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

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

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

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

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

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

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

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

18 Mr. Johnson. Totally agree with that.

19 Chairman Sessions. That includes American people.

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

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

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

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

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

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

7 Chairman Sessions. Senator Tillis?

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

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

18 Senator Tillis?

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

22 [Laughter.]

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

1 Chairman Sessions. You are right.

2 Senator Tillis. So thank you again.

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

5 Senator Tillis. That is exactly right.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 Chairman Sessions. All right.

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

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

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

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

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

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

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

12 Dr. Borjas, would you agree with that?

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

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

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

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

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

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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

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41