

Testimony of  
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Executive Director  
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Thank you, Mr. Chairman, for the opportunity to testify before this panel on the issue of immigration.

There is broad dissatisfaction with the current state of our immigration policy. We have in our country 11 or 12 million illegal aliens among a total immigrant population of 35 million, the largest number in our nation's history and soon to be the largest percentage of the population in our history. Despite misleading reports to the contrary, the pace of immigration is not abating; in the past five years, eight million people from abroad have settled in the United States, about half of them illegally.

How should we deal with the illegal aliens who are here? How should we structure future immigration policy to prevent this situation from recurring? There are two major proposals before this house attempting to answer these questions, one by Senators Kyl and Cornyn, the other from Senators Kennedy and McCain. In addition, there are at least two comprehensive proposals before the other house. And, of course, the Administration has its own proposal. The plans differ widely, but most have some form of legalization (i.e., amnesty) for illegal aliens already here, plus provisions to import large numbers of foreign workers in the future, whether through guestworker programs or large increases in permanent immigration.

Rather than examine the minutiae of the various measures, I want to address some of the fallacies that pervade the discussion of immigration in general, and of amnesty and foreign-worker schemes in particular, in order to offer some principles by which to judge the soundness of the various proposals.

Immigration is not inevitable

The bedrock assumption underlying most of the immigration plans being offered is that the flow of workers from Mexico and elsewhere is unstoppable - a natural phenomenon like the weather or the tides, which we are powerless to influence. Therefore, it is said, managing the flow in an orderly and lawful manner is preferable to the alternative.

On the surface, the flow of Mexican immigration may indeed seem inevitable; it is very large, rapidly growing, and spreading throughout the country. But a longer view shows that this flow has been created in large part by government policies, both in the United States and Mexico. And, government policy having created the migration flows, government policy can interrupt the flows, though a social phenomenon like this is naturally more difficult to stop than to start.

Migration is often discussed in terms of pushes and pulls - poverty, corruption, oppression, and general societal dysfunction impel people to leave their homelands, while high wages and expanded economic and social opportunities attract people to this country. While true, this analysis is incomplete because it overlooks the connection between the sending country and the receiving country.

No one wakes up in Timbuktu and says, "Today I will move to Milwaukee!" - migration takes place by way of networks of relatives, friends, acquaintances, and fellow countrymen, and few people immigrate to a place where these connections are absent. Consider two countries on the other side of the planet - the Philippines and Indonesia. These neighbors both have large, poor populations and share many cultural similarities, yet there are more than one million Filipino immigrants in the United States and only a handful of Indonesians, and annual immigration from the Philippines is routinely 40-50 times greater than immigration from Indonesia. Why? Because the ties between the United States and the Philippines are numerous and deep, our having ruled the country for 50 years and maintained an extensive military presence there for another 50 years. On the other hand, the United States has very few ties to Indonesia, whose people tend to migrate to the Netherlands, its former colonial ruler.

At the end of the Mexican War in 1848, there were only a small number of Mexican colonists living in the Southwest, many of whom soon returned to Mexico with the Mexican government's assistance. The immigration of Mexican workers began in a small way with the construction of the railroads beginning in the 1870s and later with the expansion of other industries. But the process of mass migration northward to the United States, and the development of the networks which made further immigration possible, began in earnest during the Mexican Revolution of 1910-1920. The Cristero rebellion of the late 1920s was the last major armed conflict in Mexico and was centered in the states of west-central Mexico; partly to prevent further trouble, the newly consolidated Mexico City regime adopted a policy of encouraging emigration from these very states. The power of government-fostered migration networks is clear from the fact that even today these same states account for a disproportionate share of Mexican immigrants to the United States.

On the U.S. side, federal policies that established migration networks between the United States and Mexico arguably began in the 1920s, when Congress specifically excluded the Western Hemisphere from the newly enacted immigration caps so as not to limit the flow of Mexican immigrants. Then in 1942, the Bracero Program to import Mexican farmworkers was started under the cover of World War II, and it continued until 1964. About 4.6 million contracts were issued to Mexican workers (many were repeat contracts for workers who returned several times, so that an estimated one to two million individuals participated). By creating vast new networks connecting the United States and Mexico, the Bracero Program launched the mass illegal immigration we are still experiencing today. Illegal immigration networks were reinforced by the

IRCA amnesty of 1986, which granted legal status to nearly three million illegal aliens, at least two-thirds of whom were Mexican. This new legal status conferred by the federal government generated even more immigration, legal and illegal, as confirmed by a 2000 INS report. And the federal government's effective abandonment of interior immigration enforcement has served to further promote immigration from Mexico.

As a result of this series of government decisions, the flow of Mexican immigration to the United States is very large. The Mexican immigrant population ballooned from less than 800,000 in 1970 to nearly eight million in 2000, and is more than 10 million today, most having arrived since 1990. This rapid growth has created a snowball effect through the reinforcement of old networks and the establishment of new ones. If present trends continue, within a few years Mexico will have sent more immigrants to the United States in 100 years than Germany (currently the leading historical source of immigrants) has in more than 300 years.

Far from being an inevitable process with deep historical roots, then, mass immigration from Mexico is a relatively recent phenomenon created by government policies. The same is true for most other sources of immigration to the United States, such as Cuba, India, Central America, Russia, Vietnam, and elsewhere.

We have not seriously tried to enforce the law

A supporter of a guestworker/amnesty program might respond that while interrupting immigration flows may be possible in theory, it cannot be accomplished in practice, and the proof of that is that we have tried to enforce our immigration laws and failed.

We have done no such thing. Increases in immigration enforcement over the past decade have been confined almost exclusively to patrolling the border; as important as that is, enforcement of the immigration laws inside the country has declined precipitously, and without such a combined strategy, success is impossible. In particular, enforcement of the ban on hiring illegal aliens, the centerpiece of any effort to regain control of our chaotic immigration system, has been all but abandoned. We might date the abandonment from INS raids in Georgia during the Vidalia onion harvest in 1998, which caused large numbers of illegal aliens - knowingly hired by the farmers - to abandon the fields to avoid arrest. By the end of the week, both of the state's senators and three congressmen had sent an outraged letter to Washington complaining that the INS "does not understand the needs of America's farmers," and that was the end of that.

So, the INS tried out a "kinder, gentler" means of enforcing the law, which fared no better. Rather than conduct raids on individual employers, Operation Vanguard in 1998-99 sought to identify illegal workers at all meatpacking plants in Nebraska through audits of personnel records. The INS then asked to interview those employees who appeared to be unauthorized - and the illegals ran off. The procedure was remarkably successful, and was meant to be repeated every two or three months until the plants were weaned from their dependence on illegal labor.

Local law enforcement officials were very pleased with the results, but employers and politicians vociferously criticized the very idea of enforcing the immigration law. Gov. Mike Johanns organized a task force to oppose the operation; the meat packers and the ranchers hired former

Gov. Ben Nelson to lobby on their behalf; and, in Washington, Sen. Chuck Hagel (R-Neb.) pressured the Justice Department to stop. They succeeded, the operation was ended, and the senior INS official who had thought it up in the first place was forced into early retirement.

The INS got the message and developed a new interior enforcement policy that gave up trying to actually control immigration and focused almost entirely on the important, but narrow, issues of criminal aliens and smugglers. As INS policy director Robert Bach told The New York Times in a March 9, 2000, story appropriately entitled "I.N.S. Is Looking the Other Way as Illegal Immigrants Fill Jobs": "It is just the market at work, drawing people to jobs, and the INS has chosen to concentrate its actions on aliens who are a danger to the community."

The enforcement statistics tell the story in a nutshell: According to the GAO, even in 1999, only 417 notices of intent to fine were levied against employers who knowingly hired illegal aliens; but in 2004, the number of employer fines was 3. That's "three". Nationwide.

Tony Blankley, the Washington Times' editorial-page editor, summed it up last year:

I might agree with the president's proposals if they followed, rather than preceded, a failed Herculean, decades-long national effort to secure our borders. If, after such an effort, it was apparent that we simply could not control our borders, then, as a practical man I would try to make the best of a bad situation. But such an effort has not yet been made.

Amnesties and foreign-worker programs can't stop illegal immigration

Even if it is possible to enforce the law, wouldn't accommodating the immigration flow through a guestworker program or increased issuance of green cards (plus an amnesty for those already here) be another way of eliminating illegal immigration?

No.

Putting aside their other effects, amnesties and increased immigration (whether permanent or "temporary") simply cannot eliminate illegal immigration. To begin with expansions in immigration: The sense seems to be that the economy demands a certain amount of foreign labor each year, but that the various legal channels only admit a portion of the needed flow, with the rest entering illegally. It would follow, then, that establishing a legal means for those foreign workers "forced" to come illegally would all but eliminate ordinary illegal immigration.

This represents a simplistic understanding of both the economy and of immigration. Immigration always creates more immigration and, as the discussion above about Bracero Program made clear, the proliferation of connections created by the arrival of workers from abroad will continually expand the pool of people who have the means to come here, leading to more immigration, legal and illegal. In fact, a large body of sociological research shows that one of the best predictors of a person's likelihood to immigrate to the United States illegally is whether he has legal immigrant family members already here.

This is why the momentum of immigration continues regardless of economic circumstances; the economy today no longer serves as a regulator of immigration levels. For instance, if we examine the four years before and after 2000, we see that the first period, 1996-2000, was a time of dramatic job growth and rapid expansion, while 2000-2004 saw slower economic growth and weaker labor demand. Immigrant unemployment grew significantly during that period, as did the number of unemployed immigrants. And yet immigration actually increased slightly, from 5.5 million arrivals during the first period and 6.1 million new immigrants during the second.

The experience with amnesties is no different. About 2.7 million people were legalized in the late 1980s and early 1990s as a result of the amnesties contained in the Immigration Reform and Control Act (IRCA) of 1986. But INS figures show that by the beginning of 1997 those former illegal aliens had been entirely replaced by new illegal aliens, and that the unauthorized population again stood at more than 5 million, just as before the amnesty.

In fact, INS estimates show that the 1986 amnesty almost certainly increased illegal immigration, as the relatives of newly legalized illegals came to the United States to join their family members. The flow of illegals grew dramatically during the years of the amnesty to more than 800,000 a year, before dropping back down to "only" 500,000 a year.

To sum up: If increased admission of foreign workers served to limit illegal immigration, how can it be that all three - legal immigration, "temporary" work visas, and illegal immigration - have all mushroomed together? In 1974, legal immigration was less than 400,000; in 2004, it was nearly 1 million. In 1981, about 45,000 "temporary workers and trainees" were admitted; in 2004, the number was 684,000. Twenty years ago, the illegal population was estimated to be 5 million; today it is 11-12 million, even after nearly 3 million illegals were amnestied.

Whatever other arguments might be made for them, neither amnesties nor foreign-worker programs are a solution to illegal immigration.

The poor are not overpaid

But perhaps an amnesty and foreign-worker program, despite the illegal immigration they spark, are worth it because a reliable supply of cheap labor is needed to fill low-paying jobs that Americans won't take.

This too is false.

Rejecting amnesty and worker-importation programs, and enforcing the immigration law instead, would result in a gradual decline in the number of foreign workers. Employers would respond in two ways, both of them good for America, by 1) making the jobs more attractive for legal workers, and 2) using existing workers more efficiently.

As to the first: in a free-market economy, when a prospective buyer can't find sellers to trade with, he increases what he is willing to pay until a seller comes forward. With regard to employment, if workers are not responding in sufficient numbers to job offers, employers offer more money, or additional compensation in some other form, in order to purchase their labor.

If we assume, for the sake of argument, that a labor shortage exists at the bottom of the labor market, one needs to ask whether Congress should interfere with the natural workings of that market (by increasing either temporary or permanent immigration) to prevent wage increases. A foreign-worker program would do precisely that - by artificially inflating the supply of low-skilled workers, it would short-circuit any market incentives for employers to increase the wages and benefits, or improve working conditions, for entry-level blue-collar workers.

Support for a foreign-worker program, then, must be based on the assumption that the poor are overpaid and that the government should intervene to lower their wages. The inflation-adjusted wages of full-time workers with less than a high school education actually declined more than 7 percent during the 1990s. What's more, high-school dropouts are already the poorest workers in our country, so the drop in wages caused by additional imported labor, or the rise in wages caused by the lack of such labor, would have a much greater impact on their quality of life.

The drop in wages has been even more pronounced among farmworkers, the subset of the low-skilled workforce which would be most immediately affected by the admission of more foreign workers. According to a March 2000 report from the Department of Labor, the real wages of farmworkers fell from \$6.89 per hour in 1989 to \$6.18 per hour in 1998 - a drop of more than 10 percent. A new guestworker program would continue this downward trend in farmworker wages.

And wages aren't the only indicator. Of full-time workers without a high-school diploma, fully 54 percent are not offered health insurance by their employers. There are signs, however, that this trend may be shifting. Because of difficulty in recruiting and retaining low-skilled workers at the end of the 1990s expansion, the fast food industry, for instance, began to offer medical and dental insurance. What's more, these employers, such as McDonald's, Burger King, and Taco Bell, began to offer 401(k) plans, stock options, home and car insurance, etc.

Some fear that allowing wages at the bottom of the economic ladder to rise in this way would spark inflation. Mexican immigration in the 1990s, for instance, held prices down by, at most, two-tenths of 1 percent. But since all high-school dropouts - native-born and foreign-born, legal and illegal - only account for about 4 percent of total output in the United States, even a substantial increase in their wages from tighter immigration policies could not have more than the most minute impact on prices.

The purpose of a foreign-worker program is to slow the rise in wages for the poor by removing the natural incentives for businesses to increase compensation. Passage of such a program, then, would reflect the sense of Congress that the poor do not require the better pay that the market would otherwise begin to offer them in the absence of unskilled foreign labor.

Jobs Americans will do

But even at higher wages, aren't there jobs that Americans simply won't do, and that foreign workers - either as illegal aliens, guestworkers, or conventional immigrants - must be imported for?

It seems very likely that most jobs held by Mexican immigrants are jobs that would not interest the majority of Americans, because they are generally low-paying jobs done by unskilled workers. However, it is also clear that there are millions of Americans who are already doing precisely these kinds of jobs. In March 2003, there were 8.8 million native-born full-time workers without a high-school education, 1.3 million native-born dropouts unemployed, and a further 6.8 million not even in the work force. There is a good deal of evidence that these workers are in direct competition with Mexican immigrants - i.e., these are jobs that Americans will do and are doing already.

With the exception of agricultural labor, native-born and Mexican-born workers have a similar distribution across occupations. Thus, natives who lack a high school education and Mexican immigrants appear to be doing the same kind of jobs and are therefore in competition with one another. Another way to think about whether Mexican immigrants compete with unskilled native-born workers is to look at their median wages. If Mexican immigrants were employed in jobs that offered a very different level of remuneration than native-born dropouts, then it would imply that the two groups do very different kinds of work. But, in fact, the median wage of Mexican immigrants and native-born high school dropouts is very similar; the median weekly wage for native-born high school dropouts who work full time is \$350, while the median weekly wage for full-time Mexican immigrants is \$326. Like their distribution across occupations, the wages of the two groups seem to indicate that they hold similar jobs.

Other research has shown the same thing - that unskilled immigrants and natives compete for the same jobs. A report prepared by the Bureau of Labor Statistics concluded that native-born and immigrant high school dropouts are almost perfect substitutes for one another in the labor market. That is, they compete directly with one another for the same jobs. In a paper published by the Brookings Institution in 1997, Harvard economists George Borjas, Richard Freeman, and Lawrence Katz also found that natives and immigrants who lack a high school education tend to hold similar jobs and concluded that immigration had a significant adverse impact on the wages of natives without a high school education. And a National Academy of Sciences report also came to the same conclusion - unskilled natives and immigrants tend to compete with one another for the same jobs.

#### Mass immigration slows innovation

Even if wages were increased and American blue-collar workers flocked to the jobs that immigrants now fill, wouldn't there still be a shortage of labor that foreign workers would need to fill?

No.

The above discussion focussed on the first part of an employer's response to a drop in the number of foreign workers - offering higher wages and benefits. The other part of the response would be to use existing labor more efficiently, more productively, through mechanization and reorganization of work. And mass immigration (whether of illegal aliens, "temporary" workers, or permanent immigrants) slows this process of technological innovation and increasing productivity in the industries where foreign workers are concentrated.

Elementary economics tells us that capital is likely to be substituted for labor only when the price of labor rises, something a foreign-labor program is specifically intended to prevent. A 2001 report by the Federal Reserve Bank of Boston highlights this problem by warning that a new wave of low-skilled immigrants over the course of this century may slow growth in U.S. productivity.

That this is so should not be a surprise. Julian Simon, in his 1981 classic, *The Ultimate Resource*, wrote about how scarcity leads to innovation:

It is all-important to recognize that discoveries of improved methods and of substitute products are not just luck. They happen in response to scarcity - a rise in cost. Even after a discovery is made, there is a good chance that it will not be put into operation until there is need for it due to rising cost. This point is important: Scarcity and technological advance are not two unrelated competitors in a Malthusian race; rather, each influences the other.

This is true for copper or oil, and is just as true for labor; as wages have risen over generations, innovators have devised ways of substituting capital for labor, increasing productivity to the benefit of all. The converse, of course, is also true; the artificial superabundance of a resource will tend to remove much of the incentive for innovation.

Stagnating innovation caused by excessive immigration is perhaps most apparent in the most immigrant-dependent activity - the harvest of fresh fruit and vegetables. The period from 1960 to 1975 (roughly from the end of the "Bracero" program, which imported Mexican farmworkers, to the beginning of the mass illegal immigration we are still experiencing today) was a period of considerable agricultural mechanization. Although during hearings on the proposed termination of the Bracero Program in the early 1960s, California farmers claimed that "the use of braceros is absolutely essential to the survival of the tomato industry," the termination of the program prompted mechanization which caused a quintupling of production for tomatoes grown for processing, an 89 percent drop in demand for harvest labor, and a fall in real prices.

But a continuing increase in the acreage and number of crops harvested mechanically did not materialize as expected, in large part because the supply of workers remained artificially large due to the growing illegal immigration we were politically unwilling to stop.

An example of a productivity improvement that "will not be put into operation until there is need for it due to rising cost," as Simon said, is in raisin grapes. The production of raisins in California's Central Valley is one of the most labor-intensive activities in North America. Conventional methods require bunches of grapes to be cut by hand, manually placed in a tray for drying, manually turned, manually collected.

But starting in the 1950s in Australia (where there was no large supply of foreign farm labor), farmers were compelled by circumstances to develop a laborsaving method called "dried-on-the-vine" production. This involves growing the grapevines on trellises, then, when the grapes are ready, cutting the base of the vine instead of cutting each bunch of grapes individually. This new method radically reduces labor demand at harvest time and increases yield per acre by up to 200 percent. But this high-productivity, innovative method of production has spread very slowly in



the United States because the mass availability of foreign workers has served as a disincentive to farmers to make the necessary capital investment.

We've seen this phenomenon in manufacturing, as well. A 1995 report on Southern California's apparel industry, prepared by Southern California Edison, warned of the danger to the industry of reliance on low-cost foreign labor:

In Southern California, apparel productivity gains have been made through slow growth in wages. While a large, low-cost labor pool has been a boon to apparel production in the past, overreliance on relatively low-cost sources of labor may now cost the industry dearly. The fact is, Southern California has fallen behind both domestic and international competitors, even some of its lowest labor cost competitors, in applying the array of production and communications technologies available to the industry (such as computer aided design and electronic data interchange).

Conversely, homebuilders, who are still less reliant on foreign workers than some other industries, have begun to modernize construction techniques. The higher cost of labor means that "In the long run, we'll see a move toward homes built in factories," as Gopal Ahluwalia, director of research at the National Association of Home Builders, told the Washington Post several years ago. But as immigrants increasingly move into this industry, we can expect such innovation to spread much more slowly than it would otherwise.

And, despite the protestations of employers, a tight low-skilled labor market can spur modernization even in the service sector: automated switches long ago replaced most telephone operators, continuous-batch washing machines reduce labor demand for hotels, and self-service ordering allows restaurant staff to be more efficient. As unlikely as it might seem, many veterans' hospitals are now using mobile robots to ferry medicines from their pharmacies to various nurse's stations, eliminating the need for a worker to perform that task. And devices like automatic vacuum cleaners, lawn mowers, and pool cleaners are increasingly available to consumers. Artificially suppressing the cost of low-skilled labor through any kind of foreign-worker program would stifle this ongoing modernization process.

There's nothing as permanent as a "temporary" worker

But whatever the effects of a guestworker program, at least the "temporary" workers will go home - right?

Wrong.

The distinguishing feature of a guestworker program, as indicated by its name, is that the "guests" are expected to return home rather than settle permanently. This is an attempt to make the importation of people operate more like the importation of goods, such that only the product of their labor stays behind. As President Bush said of his proposal last year, "This program expects temporary workers to return permanently to their home countries after their period of work in the United States has expired." Toward that end, the White House has suggested "tax-preferred savings accounts" for foreign workers who returned home and totalization agreements

which would apply U.S. work experience toward qualifying for the home country's pension system.

But history conclusively shows that such efforts are in vain and that the "guests" stay long after the party is over - precisely because people are not objects, but instead have their own plans and purposes. The Bracero program from Mexico, for instance, was supposed to be a temporary expedient during a wartime emergency. Yet once farmers became addicted to it, they devoted resources to lobbying to keep it rather than to mechanization and innovation. Thus the "wartime" measure lasted for 22 years, until it was ended in 1964.

Not only did the program last longer than intended, but it also dramatically increased Mexican legal and illegal immigration; during the 22 years the program lasted, there were a total of 4.6 million Bracero entries, but also 5.3 million illegal-alien apprehensions and more than half a million Mexican legal immigrants. Rather than work temporarily and go home, large numbers of Mexican guestworkers over time settled and served as magnets for further immigration, sparking one of the largest migrations in human history.

Overseas the story is the same. Germany has become a "reluctant land of immigration" because of its program for guestworkers from Turkey and elsewhere. The number of these workers peaked in 1973 at 2.6 million, when the oil crisis prompted the German government to stop recruiting guestworkers. The government had been told that the now-unemployed guestworkers were part of a "circular" migration pattern, like the supposed back-and-forth migration among Mexican workers in the Southwest. Instead, the Turks and other workers stayed in Germany (just like the Mexicans here), figuring correctly that neither job prospects nor the social safety net were any better at home. What's more, now that they were established in Germany, they had their families join them, leading to an 82 percent increase in the number of foreigners in Germany between 1973 and 1999.

This could not have been otherwise. Once employers come to depend on foreign workers, they cease looking for alternatives, and foreign workers come to depend on their guestworker wages to support their families. In addition, guestworker programs distort the economy, as employers factor in the presence of workers in their future plans, vastly increasing the likelihood that the "guests" will move in for good.

The old aphorism is as true today as it has ever been: There is nothing as permanent as a temporary worker.

The high cost of cheap labor

Supporters of amnesty and foreign-worker programs also claim that such schemes don't negatively impact taxpayers. Temporary workers don't use government services, the story goes, while illegal aliens, once they are amnestied, will start to pay taxes and carry their own weight.

This, too, is false.

In fact, because of the inevitable large-scale settlement of guestworkers and their families, friends, acquaintances, and fellow countrymen, the long-term budgetary fallout of a guestworker program would likely be enormous.

The modern American economy increasingly rewards skilled workers, while offering very limited opportunities to the unskilled, a category that would include current illegal aliens as well as most guestworkers and those who follow them into the United States. The best way to gauge the fiscal reverberations of a guestworker program is to look at the characteristics of current Mexican immigrants, since many of them who are now illegal would participate in such a program and because they are similar to the new guestworkers who would arrive from Mexico.

Due to their low levels of education, Mexican immigrants experience limited economic mobility in the United States. The average income of Mexican immigrants is less than half that of natives. While their income rises steadily the longer they live in the United States, even long-time Mexican immigrants do not come close to closing the gap with natives. According to data from the Census Bureau's March 2000 Current Population Survey, more than half of legal Mexican immigrants who have been in the United States for more than 20 years and their U.S.-born children (under age 18) live in or near poverty.

This poverty guarantees high levels of welfare use. Even after welfare reform, welfare use among Mexican immigrant households remains much higher than that of natives. Based on Center for Immigration Studies analysis of the same Census Bureau survey, an estimated 33.9 percent of households headed by a legal Mexican immigrant and 24.9 percent headed by an illegal Mexican immigrant used at least one major welfare program. In contrast, 14.8 percent of native households used welfare. Moreover, Mexican immigrant welfare use remains much higher than that of natives even among those who have lived in the United for many years.

Also, more than half (52.6 percent) of Mexican immigrants do not have health insurance, compared to 13.5 percent of natives; Mexican immigration by itself accounted for 3.3 million or 29 percent of the growth in the size of the nation's total uninsured population from 1987 to 2000. Even among legal Mexican immigrants who have lived in the country for more than 20 years, more than one-third are still uninsured.

It is unlikely that our society would want, or be able, to deny public services to millions of foreign workers. Much of the 1996 welfare reform that limited welfare eligibility for immigrants has been rolled back, and even those portions that remain have been almost completely negated by state decisions to provide benefits. Congress expressed an unwillingness in 1996 to give states even the option of denying public education to illegal-alien children - so there would seem to be little likelihood that even a suspension of automatic birthright citizenship for children born here to guestworkers (as has been suggested by some) would have any effect in limiting their use of public services.

The above discussion has been about the fiscal fallout of a foreign-worker program. But even an amnesty of the illegal aliens already here would result in huge additional costs to taxpayers. We estimate that households headed by illegal aliens paid \$16 billion in taxes in 2002 - but imposed more than \$26.3 billion in costs on the federal government. The result was a net fiscal deficit of more than \$10 billion a year, or \$2,700 per illegal-alien household. Amnesty advocates are

correct in saying that legalization would increase tax payments from illegal-alien households, as more of them "came out of the shadows" and worked on the books; our estimate is that tax payments would increase by 77 percent. However, the same "out of the shadows" phenomenon would cause use of government services to balloon by 118 percent. This means that legalizing the illegal population would cost federal taxpayers \$29 billion, or \$7,700 per illegal household, nearly triple the current costs. Note that these estimates are only for federal taxes and services; the cost to taxpayers at the state and local level is likely to be even larger.

In short, there is no way to avoid the high cost of cheap labor.

No amnesty or foreign-worker program is administratively feasible

In any large government program, plans on paper must translate into policies on the ground. Any amnesty or foreign-worker program would require extensive background checks as well as simple management of the program - processing applications, interviewing applicants, checking arrivals, tracking whether a worker is still employed, enforcing the departure of those who are supposed to leave. Supporters of the various amnesty and foreign-worker proposals have assumed that administering these programs would not be a problem.

But it is not explained how the immigration bureaus within the Department of Homeland Security, already choking on massive workloads, are supposed to be able to accomplish these goals. The GAO has reported that the backlog of pending immigration applications of various kinds was at 6.2 million at the end of FY 2003, up 59 percent from the beginning of FY 2001. It has since shrunk to "only" 4.1 million.

Because of the enormity of the backlog, the immigration service often issues work permits and travel documents to green-card applicants right when they submit their forms, knowing that it will be years before anyone actually reads the application. What's more, the immigration bureaus are trying to implement vast new tracking systems for foreign students and foreign visitors. The crush of work has been so severe, that many important statutory deadlines have been missed.

And the context for all this is a newly created Department of Homeland Security, which incorporates pieces of the old Immigration and Naturalization Service and many other agencies in various combinations. To add to DHS's well-known management problems, all three immigration bureaus are currently without a head.

The registration and screening and tracking of million of additional aliens for amnesty or foreign-worker programs would result in complete institutional paralysis and breakdown. After all, the workload created by any such program would be larger than the total number of visas issued annually worldwide by the State Department (approximately 5 million), and many, many times larger than the total number of green cards issued each year by DHS (around 1 million). None of this is to pin blame on the bureaucrats charged with implementing congressional mandates. Rather, the immigration proposals themselves are the problem, because they are not based on any real-world assessment of the administrative capacity of the immigration agencies.

Massive fraud is a security threat

In addition to widespread paralysis, overloading administrative agencies with the vast and complicated new responsibilities of an amnesty and foreign-worker program would cause staggering levels of fraud, as overworked bureaucrats are pressured to rubber-stamp applications.

In fact, even without the tsunami of paperwork that new immigration programs would cause, fraud is already dangerously widespread. Stephen Dinan of The Washington Times reported earlier this month that internal investigators at U.S. Citizenship and Immigration Services (USCIS) have uncovered thousands of cases of misconduct, including bribery, exchanging immigration benefits for sex, and being influenced by foreign governments. And new charges are being added at the rate of 50 per week.

Nor is this a new development. A January 2002 GAO report addressed the consequences of such administrative overload. It found that the crush of work has created an organizational culture in the immigration services bureau where "staff are rewarded for the timely handling of petitions rather than for careful scrutiny of their merits." The pressure to move things through the system has led to "rampant" and "pervasive" fraud, with one official estimating that 20 to 30 percent of all applications involve fraud. The GAO concluded that "the goal of providing immigration benefits in a timely manner to those who are legally entitled to them may conflict with the goal of preserving the integrity of the legal immigration system."

This last point was reinforced in an especially lurid way by the last big amnesty program, which was part of the Immigration Reform and Control Act (IRCA) of 1986. As Paul Virtue, then general counsel of the INS, testified before Congress in 1999, "the provisions of IRCA were subject to widespread abuse, especially the Special Agricultural Worker (SAW) program." There were nearly 1.3 million applications for the SAW amnesty - double the total number of foreign farm workers usually employed in the United States in any given year, and up to six times as many applicants as congressional sponsors of the scheme assured skeptics would apply. INS officials told The New York Times that the majority of applicants in certain offices were clearly fraudulent, but that they were approved anyway, since the INS didn't have the means to prove the fraud. Some women came to interviews with long, painted nails, while others claimed to have picked strawberries off trees. One woman in New Jersey who owned a five-acre garden plot certified that more than 1,000 illegal aliens had worked on her land.

This is a problem not just because it offends our sensibilities but because ineligible people will get legal status - people like Mahmud Abouhalima, a cabbie in New York, who got amnesty as a farmworker under the 1986 law and went on to help lead the first World Trade Center attack. Having an illegal-alien terrorist in your country is bad; having one with legal status is far worse, since he can work and travel freely, as Abouhalima did, going to Afghanistan to receive terrorist training only after he got amnesty.

And we cannot safely assume that at least those illegal aliens who have snuck across the Mexican border are no threat, since they want only to wash our dishes. For example, Iraqi-born smuggler George Tajirian pled guilty in 2001 to forging an alliance with a Mexican immigration officer to smuggle "Palestinian, Jordanian, Syrian, Iraqi, Yemeni, and other illegal aliens through

Mexico and into the United States." And in late 2003, the former Mexican consul in Beirut was arrested for her involvement in a similar enterprise.

Another amnesty or large foreign-worker program is guaranteed - guaranteed - to give legal residence to a future terrorist.

A third way - neither roundups nor amnesty

The final selling point for supporters of amnesty and foreign-worker programs is that there are only two options available to us - either massive roundups and a huge burst of deportations, or some form of legalization. And since it's clear there's no way we can remove 11 million people all at once, the only option available to us is amnesty, however it might be labeled or camouflaged.

But there is a third way that rejects this false choice, and it is the only approach that can actually work: Shrink the illegal population through consistent, across-the-board enforcement of the immigration law. By limiting the settlement of new illegals, by increasing deportations to the extent possible, and, most importantly, by increasing the number of illegals already here who give up and deport themselves, the United States can bring about an annual decrease in the illegal-alien population, rather than allowing it to continually increase. The result would be attrition of the illegal population, shrinking it over a period of several years to a manageable nuisance, rather than today's looming crisis. This is analogous to the approach a corporation might take to downsizing a bloated workforce: a hiring freeze, some layoffs, plus new incentives to encourage excess workers to leave on their own.

Churn in the illegal population. This strategy of attrition is not a pipe dream, or the idle imaginings of a policy wonk. The central insight is that there is already significant churn in the illegal population, which can be used to speed the decline in overall numbers. According to a 2003 report from the Immigration and Naturalization Service, thousands of people are subtracted from the illegal population each year. From 1995 to 1999, an average of 165,000 a year went back home on their own after residing here for at least a year; the same number got some kind of legal status, about 50,000 were deported, and 25,000 died, for a total of more than 400,000 people each year subtracted from the resident illegal population. The problem is that the average annual inflow of new illegal aliens over that same period was nearly 800,000, swamping the outflow and creating an average annual increase of close to 400,000.

A strategy of attrition would seek to reverse this relationship, so that the outflow from the illegal population is much larger than the number of new illegal settlers from abroad. This would be a measured approach to the problem, one that doesn't aspire to an immediate, magical solution to a long-brewing crisis, but also does not simply surrender, as the amnesty and foreign-worker proposals do.

There are a number of real-world examples of successful enforcement. During the first several years after the passage of the IRCA, illegal crossings from Mexico fell precipitously, as prospective illegals waited to see if we were serious. Apprehensions of aliens by the Border Patrol - an imperfect measure but the only one available - fell from more than 1.7 million in FY

1986 to under a million in 1989. But then the flow began to increase again as the deterrent effect of the hiring ban dissipated, when word got back that we were not serious about enforcement and that the system could be easily evaded through the use of inexpensive phony documents.

That showed that reducing new illegal immigration is possible; but what about increasing the number of illegals already here who give up and leave? That, too, has already been demonstrated. After the 9/11 attacks, immigration authorities undertook a "Special Registration" program for visitors from Islamic countries. The affected nation with the largest illegal-alien population was Pakistan, with an estimated 26,000 illegals here in 2000. Once it became clear that the government was getting more serious about enforcing the immigration law - at least with regard to Middle Easterners - Pakistani illegals started leaving on their own in large numbers. The Pakistani embassy estimated that more than 15,000 of its illegal aliens left the United States, and the Washington Post reported the "disquieting" fact that in Brooklyn's Little Pakistan the mosque was one-third empty, business was down, there were fewer want ads in the local Urdu-language paper, and "For Rent" signs sprouted everywhere.

And in an inadvertent enforcement initiative, the Social Security Administration in 2002 sent out almost a million "no-match" letters to employers who filed W-2s with information that was inconsistent with SSA's records. The intention was to clear up misspellings, name changes, and other mistakes that had caused a large amount of money paid into the system to go uncredited. But, of course, most of the problem was caused by illegal aliens lying to their employers, and thousands of illegals quit or were fired when they were found out. The effort was so successful at denying work to illegals that business and immigrant-rights groups organized to stop it and won a 90 percent reduction in the number of letters to be sent out.

A policy of attrition through enforcement would have two main components: an increase in conventional enforcement - arrests, prosecutions, deportations, asset seizures, etc. - plus expanded use of verification of legal status at a variety of important points, to make it as difficult and unpleasant as possible to live here illegally.

Conventional enforcement. As to the first, the authorities - from the White House on down - need to make an unambiguous commitment to immigration enforcement. There must be an end to the climate of impunity for border-jumping, and illegal employment, and fake documents, and immigration fraud. To use only one example of the longstanding lack of commitment, aliens who repeatedly sneak across the border are supposed to be prosecuted and jailed, and the Border Patrol unveiled a new digital fingerprint system in the mid '90s to make tracking of repeat crossers possible. The problem is that short-staffed U.S. attorneys' offices kept increasing the number of apprehensions needed before they would prosecute, to avoid actually having to prosecute at all.

It would be hard to exaggerate the demoralizing effect that such disregard for the law has on immigration enforcement agents. Conversely, the morale of immigration workers would soar in the wake of a real commitment to law enforcement.

Among measures that would facilitate enforcement: hiring more U.S. Attorneys and judges in border areas, to allow for more prosecutions; expanding our laughably small Border Patrol which, even with recent increases, is barely one-quarter the size of the New York Police

Department and is only able to deploy an average of one agent per mile along the Mexican border during any given shift; promoting enhanced cooperation between federal immigration authorities and state and local police; and seizing the assets, however modest, of apprehended illegal aliens; expanding detention capacity; streamlining the immigration appeals process to deport aliens more quickly.

Firewalls. Even if we were somehow to increase deportations ten-fold, most of the decline in the illegal population would have to come through self-deportation, illegal aliens giving up and going home. Unlike at the visa office or the border crossing, once aliens are inside the United States, there's no physical site to exercise control, no choke point at which to examine whether someone should be admitted. The solution is to create "virtual choke points" - events that are necessary for life in a modern society but are infrequent enough not to bog down everyone's daily business. Another analogy for this concept is to firewalls in computer systems - filters that people could pass through only if their legal status is verified. The objective is not mainly to identify illegal aliens for arrest (though that will always be a tool) but rather to make it as difficult as possible for illegal aliens to live a normal life here.

This is the rationale for the prohibition against employing illegal aliens - people have to work, so requiring proof of legal status upon starting a job would serve as an important firewall. Congress instituted this firewall tactic in 1986 when it prohibited the employment of illegal aliens; but in the absence of a mandatory verification mechanism, such a system could not succeed. The immigration service has already developed a verification system which has proven both workable and popular with participating businesses (including my own Center for Immigration Studies). Building on this fledgling system, we need to find other instances in which legal status might be verified, and thus illegals barred, such as getting a driver's license, registering an automobile, opening a bank account, applying for a car loan or a mortgage, getting a business or occupational license, and obtaining government services of any kind.

An important element in this firewall tactic is secure documentation. By enacting the Real ID Act, Congress has already taken a step toward establishing uniform standards for state driver's licenses, which serve as our nation's de facto national identification system. At least as important is to formally prohibit acceptance of consular registration cards, chiefly Mexico's "matricula consular" card, which functions as an illegal-alien ID; when accepted by U.S. jurisdictions and companies as a valid ID, it enables illegal aliens to pass through many firewalls.

An important point about using verification of legal status as a way to downsize the illegal population is that its effects would be felt gradually, rather than all at once. A new, functional verification system for employment, for instance, would be applied mainly to new hires (though employers should have the option of checking existing employees as well). The same is true for getting a driver's license or a mortgage - these are not things people do every day, so the effects of verifying legal status would unfold over a period of time.

Mr. Chairman, you and your colleagues should deliberate on immigration policy secure in the knowledge that reasserting control over immigration requires no land mines, no machine guns, no tattoos - none of the cartoonish images invoked by opponents of tight immigration controls. All that is needed is the consistent application of ordinary law-enforcement tools - plus a



rejection of measures that would undermine enforcement, such as amnesties or expanded foreign-worker programs. I look forward to any questions you might have.