

**U.S. ECONOMY, U.S. WORKERS, AND
IMMIGRATION REFORM**

HEARING
BEFORE THE
SUBCOMMITTEE ON IMMIGRATION,
CITIZENSHIP, REFUGEES, BORDER SECURITY,
AND INTERNATIONAL LAW
OF THE
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U.S. ECONOMY, U.S. WORKERS, AND IMMIGRATION REFORM

THURSDAY, MAY 3, 2007

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP,
REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to call, at 3:22 p.m., in Room 2141, Rayburn House Office Building, the Honorable Zoe Lofgren (Chairwoman of the Subcommittee) presiding.

Present: Representatives Lofgren, Gutierrez, Jackson Lee, Sánchez, Davis, Conyers, and King.

Staff present: Ur Mendoza Jaddou, Chief Counsel; David Shahoulian, Majority Counsel; George Fishman, Minority Counsel; and Benjamin Staub, Professional Staff Member.

Ms. LOFGREN. The hearing of the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law will come to order.

I would like to welcome the Immigration Subcommittee Members, our witnesses, and members of the public who are here today for the Subcommittee's seventh hearing on comprehensive immigration reform.

I would like first to apologize for our tardiness in beginning the hearing. We had a series of votes on the House floor. That is the bad news. The good news is those were the last votes for today, so we will not be interrupted further by matters on the floor.

In our first six hearings, we examined the need for comprehensive immigration to secure our borders, to address economic and demographic concerns, and for historical reasons. We examined the immigration reform in 1986 and 1996 in an effort to avoid the mistakes of the past. Last week, we considered the problems with and the proposed solutions for our current employment and worksite verification system. This Tuesday, we examined immigration point systems and whether such an immigration system is the right solution for our country.

Today we are turning our attention to the effects of immigrants on the nation's economy, with particular attention to the native-born workforce.

Recognizing the importance of this issue, the Subcommittee has gathered leading Government and academic experts to discuss the primary scholarship in this area. I am looking forward to the testimony from Government experts who will discuss the economic need for immigrant labor and the effect of immigrant workers on the em-

ployment and wages of native-born workers. We will then hear from a panel of labor economists and other witnesses who will further discuss the impacts of immigrant workers on the native-born workforce.

Some have raised concerns that immigrant workers undermine the welfare of native-born workers by reducing wages and raising unemployment levels. Applying basic rules of supply and demand, this argument appears convincing. The more workers there are, the more competition there is for jobs. Hence, the downward pressure on wages and fewer available jobs.

However, the experts on our panel today will explain to us that the majority of the scholarship indicates that simple economic arguments of supply and demand fail to reflect the economic complexities of the real world of immigration. They will explain that immigrants don't just fill jobs, they also create them in a variety of ways, thereby increasing demand for native-born workers and actually increasing wages throughout most of the economy.

The witnesses will also show that there is some downward effect on wages at some levels. However, the weight of the scholarship shows that this effect is much smaller than some have argued, even as small as 1 percent.

Thank you again to our distinguished witnesses for being here today to help us sort through what is a complex and very important issue for Americans, American jobs, and our economy.

[The opening statement of Ms. Lofgren follows:]

PREPARED STATEMENT OF THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRWOMAN, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

I would like to welcome the Immigration Subcommittee Members, our witnesses, and members of the public to the Subcommittee's seventh hearing on comprehensive immigration reform.

In our first six hearings, we examined the need for comprehensive immigration to secure our borders, to address economic and demographic concerns, and for historical reasons. We have examined immigration reform in 1986 and 1996 in an effort to avoid the mistakes of the past. Last week we considered the problems with and proposed solutions for our current employment and worksite verification system. Just this Tuesday, we examined immigration point systems and whether such an immigration system is the right solution for our country.

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Some have raised concern that immigrant workers undermine the welfare of native-born workers by reducing wages and raising unemployment levels. Applying basic rules of supply and demand, this argument appears convincing—the more workers there are, the more competition there is for jobs, and hence a downward pressure on wages and fewer available jobs.

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The witnesses will also show that there is some downward effect on wages at some levels. However, the weight of the scholarship shows that this effect is much smaller than some have argued, even as small 1.1%.

Thank you again to our distinguished witnesses for being here today to help us sort through what is a complex and very important issue for Americans, American jobs, and our economy.

Ms. LOFGREN. I would now like to recognize our distinguished Ranking Member, Congressman Steve King, for his opening statement.

Mr. King?

Mr. KING. Thank you, Madam Chair.

I very much appreciate you holding this hearing in this ongoing effort legitimately to educate the Members of this Subcommittee and, by osmosis, Members of the broader Judiciary Committee, the Members of Congress and people across this country, so that we can continue with this dialogue and hopefully arrive at a policy that is good for the future of America.

But we all learned in school that Members of Congress debate policy and amend statutes to address the concerns of the American people. Protecting jobs and economic opportunity for Americans is one of the most important topics Congress must address.

A comprehensive immigration reform bill, like the one being discussed by the Senate, the Administration and the open-borders lobby, will not protect American jobs or the aspiration of so many Americans to better their lives. Importing millions of poorly educated foreign workers won't help our country but will only hinder its growth.

Americans are conditioned to believe that such immigrants are necessary to our economy, because they supposedly take jobs Americans will not do. The reality is employers hire desperate aliens who will work for much less than Americans, driving wages down and making it impossible for American workers to compete.

Even Alexander Aleinikoff, a very aptly named former Clinton administration INS official and current dean of the Georgetown University's Law Center, has stated that it is a myth to say that there is little or no competition between undocumented workers and American workers.

And what about the claims that there are jobs Americans won't do? That claim is a slap in the face to the millions of U.S. citizens who go to work every day, working those very same jobs side by side. In fact, even in the occupations that have the highest percentage of illegal laborers, the vast majority of workers are Americans. Seventy-nine percent of all service workers are native-born. And according to the Department of Labor, construction workers currently have an 8.6 percent unemployment rate.

Americans are willing to work at any job. The hottest, most difficult, dirtiest and dangerous job in the world is rooting terrorists out of Iraq. And Marines are doing that job for about \$8.09 an hour.

We have 69 million Americans who are of working age but who are not in the workforce. There are 6.9 million working illegal immigrants. We would only have to recruit one-tenth of the Americans not in the workforce in order to replace the illegal labor in America.

Some say enforcement hasn't worked, so our only option is to amnesty millions of illegal immigrants. But enforcement has never been truly given a chance, because no Administration has taken it seriously.

Just 2 weeks ago, this Subcommittee held a hearing exploring the 1986 Immigration Reform and Control Act. Every witness and most of the Members present at the hearing agreed that while the amnesty portion of that bill was executed, the employer sanctions provision never was.

Now America's illegal immigration problem is worse than it was in 1986, and some are pushing to change the system. But we can't just change the system without regard to the effects of those changes on Americans.

Americans are our primary interest. The effect of importing millions of foreign workers at lower wages and fewer jobs is against the American citizens. I know we have academics testifying today who will claim the opposite. But you don't have to look any further than what happened after recent ICE worksite enforcement actions to see the practical effects.

After last year's enforcement actions at Georgia's Crider Inc, the company lost over 600 illegal workers. But Crider increased wages more than \$1 an hour and within days hired 200 legal workers. They continue to fill positions with legal workers.

And just 3 weeks after the March 2007 ICE worksite enforcement action at Michael Bianco Incorporated in New Bedford, Massachusetts, 400 legal workers applied to fill the 361 positions left by illegal immigrants who were deported.

The companies were forced to raise wages and recruit local employees, many of whom had previously had a difficult time finding jobs.

The American dream means you are the driver of your own destiny, and you can work hard to be successful. But you can't work hard toward that dream if your job is taken by someone willing to work for lower wages, or if wages in an entire occupation are depressed by illegal immigration.

Our focus should be on creating an immigration policy that puts the interest of U.S. citizens first instead of the interest of citizens from foreign countries.

And I would add in my opening remarks that we have had some serious and intense discussions about how to go about these hearings. There is an empty chair down there because I have been denied a witness to this panel.

And I find no precedent in the history of this Immigration Subcommittee that would set that standard, but I do find that if we will be using the rules, it is important that the other side of this argument be heard.

And so I hereby formally ask unanimous consent to introduce this letter into the record, requesting a minority hearing.

And I thank you, Madam Chair, and I would yield back the balance of my time.

[The letter referred to is inserted in the Appendix.]

Ms. LOFGREN. Thank you, Mr. King. I will certainly review this letter and act according with the rules upon it.

I would like to note we have two distinguished panels today. The first is a panel of Government witnesses, and the second a panel of other distinguished Americans.

I will reserve opening statements for the Chairman of the full Committee, Mr. Conyers, who is delayed, and Mr. Smith, our Ranking Member, if he should attend.

First, I would like to introduce the Honorable Leon Sequeira, the Assistant Secretary for Policy at the U.S. Department of Labor. Mr. Sequeira was confirmed by the Senate to his post with the Labor Department in February of this year after having served as Deputy Assistant Secretary for 2 years. Mr. Sequeira came to the Department after having served as the Legal Counsel to Senator Mitch McConnell of Kentucky and as a Counsel to the Senate's Rules Committee. Like Congressman King, Mr. Sequeira was once a Bearcat at Northwest Missouri State University, and he later earned his law degree from George Washington University.

We are also pleased to have Dr. Patricia Buckley with us, the Senior Economic Advisor to the Secretary of the U.S. Department of Commerce. Dr. Buckley joined the Commerce Department in 1999 after having served as an economist for 10 years for the Manufacturers Alliance and for 2 years as an economist for Congress's Joint Economic Committee. She holds her bachelor's degree from Clemson University and her Ph.D. from Georgetown University.

Finally, I would like to welcome Dr. Peter Orszag, the Director of the Congressional Budget Office. Dr. Orszag began his 4-year term with the CBO on January 18 of this year, after having served as the Joseph A. Peckman Senior Fellow and Deputy Director of Economic Studies at the Brookings Institution. Prior to his work at Brookings, Dr. Orszag served as Special Assistant to the President for Economic Policy and the Senior Economic Advisor at the National Economic Council. Dr. Orszag earned his bachelor's degree from Princeton University and his master's and doctorate degrees from the London School of Economics as a Marshall Scholar.

We have distinguished people here.

Your written testimony will be made part of our official record. We do ask that you summarize your written statements in about 5 minutes so that we will have an opportunity to ask questions. These little machines have lights on them. When the yellow light comes on, it means you have got about a minute left. And when the red light comes on, it means your 5 minutes are surprisingly over.

So, Mr. Sequeira, if you could begin with your 5 minutes of testimony, we would be honored to hear it.

TESTIMONY OF THE HONORABLE LEON R. SEQUEIRA, ASSISTANT SECRETARY FOR POLICY, U.S. DEPARTMENT OF LABOR

Mr. SEQUEIRA. Thank you, Madam Chair. Good afternoon, Mr. King and Members of the Subcommittee. I appreciate the opportunity to testify today about the U.S. economy, our workforce needs and the importance of comprehensive immigration reform to our nation's continued economic prosperity.

The U.S. economy is healthy, resilient, and continues to grow. America's workers are among the most productive of any major in-

Ms. LOFGREN. Thank you very much, Dr. Jaynes.
Dr. Friedberg?

**TESTIMONY OF RACHEL M. FRIEDBERG, Ph.D.,
SENIOR LECTURER IN ECONOMICS, BROWN UNIVERSITY**

Ms. FRIEDBERG. Thank you, Chairwoman Lofgren, Chairman Conyers, Ranking Member King and Members of the Subcommittee. Thank you for the opportunity to appear before you today.

When we think about the impact of immigration on American workers, there are two principal dimensions to consider, jobs and wages, or what an economist would call quantities and prices.

In my testimony, I will summarize what economists have learned about both. And let me begin with the bottom line. The academic literature has found that immigration does not have a negative effect on the employment of native-born workers.

There is some debate about the effect on wages, but most studies have found the effect to be small, ranging from small negative to small positive.

Now, in general, the field of economics has two things to offer, theory and evidence.

First, theory. Since it seems that principles of economics always bears repeating, when the supply of something goes up, its price will fall, and so will the price of things that are close substitutes.

But on the other hand, there will be an increase in the price of things that are used in combination with it, what we call complements.

So for example, if the supply of lettuce pickers in the United States increase through immigration, theory predicts that the wages of lettuce pickers will fall, and so will the wages of workers with similar skills.

But there will be an increase in the earnings of truck drivers, restaurant workers, supermarket stockers and all of the people who work together with lettuce pickers in getting lettuce to our dinner tables.

Theory predicts the same pattern for employment. Immigration will make it harder for native-born lettuce pickers and those with similar skills to find work, but it will also create more jobs for supermarket and restaurant workers and so on.

Finally, because immigrants not only work but, like everyone else, also spend money, the increased demand for goods and services will create jobs and raise wages throughout the economy.

Now, economic theory tells us about the direction of these three effects, negative effects on substitutes, positive effects on complements, and then what we call the scale effect, the positive effect overall.

But theory alone can't tell us anything about the magnitude. For that, we need data. And we need to directly observe cases of immigration and measure the changes that it brought about.

It is challenging to figure out how to do this right. One approach that has been used is to compare the wages and unemployment rates of people in cities with more versus fewer immigrants.

One issue here with this approach is that if we see cities with a lot of immigrants booming, we don't know if the immigrants

caused the economic boom or if it was the boom that attracted immigrants there in the first place.

Careful studies that account for this issue find no impact of immigration on the employment of the native-born and only a small impact on wages. The estimates are that roughly a 10 percent increase in immigration is found to lower wages by, at most, 1 percent.

A second approach does something similar, but rather than comparing across cities—say, Los Angeles versus Cleveland—it divides the national workforce into skill groups—say, comparing high school dropouts to college graduates—and asks have the native-born workers who are most similar to immigrants in terms of their education and skills—have those natives done worse than others.

These studies find somewhat larger effects on wages, with a 10 percent increase in immigration lowering native wages by about 3 percent.

A final approach analyzes cases in which history has given us something close to a lab experiment, cases in which a large number of people left one country for another, driven by forces other than the current state of the economy in their destination.

One famous example is the 1980 Mariel boat lift, when about 125,000 people left Cuba for Miami. The exodus occurred because people were suddenly allowed to leave Cuba, and Miami was the closest destination.

Following the boat lift, did natives in Miami do worse compared to natives in Houston or Los Angeles, what we can think of as the control group in this experiment?

The answer is no. Natives in Miami did not, in fact, have higher unemployment or slower wage growth than similar natives in other cities.

These findings have been supported by studies of other natural experiments from different countries and time periods, including France in the 1960's, Portugal in the 1970's, and my own work on the mass migration of Russians to Israel in the 1990's.

None of these studies finds a significant negative effect of immigration on native employment or wages.

So what is the bottom line of all of this labor economics research? There is no evidence of a negative effect of immigration on native employment. And while there is not a clear consensus about wages, most studies point to small effects.

Now, I have discussed Americans as workers, but that is not all we are. We are also consumers, employers and taxpayers. How does immigration affect us in these roles?

Well, as consumers, we benefit from the lower prices of goods and services that result from immigrant labor.

As employers—and in fact, as anyone with money in the bank—we gain from the higher return to capital that results from an increase in the size of the labor force. And as employers, we also gain from the increased demand for our products.

Finally, as taxpayers, on the one hand, immigrants use Government-funded services like schools and hospital emergency rooms, and legal immigrants also have some limited access to means-tested public programs.

On the other hand, immigrants pay taxes: payroll tax, income tax, sales, property, and so on.

How does the extra spending compare to the extra revenue? Some groups have immigrants clearly impose a fiscal burden on the cities and States where they live. But at the Federal level, the foreign-born are a net fiscal benefit.

Furthermore, estimates of the long-run impact of immigration on the overall fiscal balance suggest a positive effect as the children of immigrants who cost money today begin to work and pay taxes.

[The prepared statement of Ms. Friedberg follows:]

PREPARED STATEMENT OF RACHEL M. FRIEDBERG

**Testimony of Rachel M. Friedberg, Ph.D.
Senior Lecturer in Economics
Brown University**

before the

**U.S. House of Representatives
Committee on the Judiciary
Subcommittee on Immigration, Citizenship, Refugees,
Border Security, and International Law**

Hearing on the U.S. Economy, U.S. Workers, and Immigration Reform

May 3, 2007

Thank you, Chairwoman Lofgren and Ranking Member King, for the opportunity to appear before the Subcommittee. I am a labor economist at Brown University. My research specialty is the economics of immigration.

When we think about the impact of immigration on American workers, there are two principal dimensions to consider: jobs and wages.

To summarize, the academic literature finds that immigration does not have a negative effect on the employment of native-born workers. There is some debate about the impact on wages, but most studies have found the effect to be small.

The field of Economics has two things to offer: Theory and evidence.

Theory

Economic theory predicts that, when the supply of something goes up, its price will fall. So will the price of things that are close substitutes. On the other hand, there will be an increase in the price of things that are used in combination with it, i.e., complements.

So for example, if the supply of lettuce pickers in the United States increases through immigration, theory predicts that the wages of lettuce pickers in the United States will fall. So will the wages of workers with similar skills. But there will be an increase in the earnings of lettuce growers, truck drivers, supermarket stockers, and restaurant workers, all of whom work with lettuce pickers to put lettuce on our dinner tables.

Theory predicts the same pattern for employment: Immigration will make it harder for native-born lettuce pickers and those with similar skills to find work. But it will also create more jobs for supermarket and restaurant workers.

Finally, because immigrants not only work, but also spend money, the increased demand for goods and services will create jobs and raise wages throughout the economy.

Economic theory tells us the direction of these various effects. However, theory alone cannot tell us anything about their magnitude.

Evidence

To gauge the size of these effects, we need data. We need to observe and analyze cases of immigration and the changes it brought about. It is challenging to devise an empirical strategy that adequately accounts for the complexity of the economic forces at play.

One approach compares the wages and unemployment rates of people in geographic areas with more versus fewer immigrants. One issue here is that if we see cities with a lot of immigrants booming, we don't know if the immigrants caused the economic boom, or if it was the boom that attracted immigrants there in the first place. When studies take into account the fact that immigrants seek out places with better opportunities, they still find no impact on native employment. The estimated impact on native wages is small. A 10% increase in immigration is found to lower wages by at most 1%. A concern with this approach is the possibility that the free flows of goods, workers, or capital within the country could spread immigration's consequences to other cities, blunting the cross-city variation in outcomes resulting from immigration.

A second empirical approach does something similar, but rather than comparing across geographic areas, it divides the national workforce into groups defined by their level of education and work experience. This approach then asks whether natives in education-experience groups into which there has been more immigration have had worse labor market outcomes, compared to other natives. These studies find somewhat larger effects on wages, with a 10% increase in immigration lowering native wages by 2-4%. Similar studies that take into account the increase in capital investment that takes place in response to immigration actually find a positive effect of immigration on native wages.

A final empirical approach analyzes cases in which history has given us something close to a lab experiment, cases in which a large number of people left one country for another, driven by forces other than economic conditions in their destination. One example is the 1980 Mariel Boatlift, when about 125,000 people left Cuba for Miami. This exodus occurred because people were suddenly allowed to leave Cuba, and Miami was the closest destination. Following the Boatlift, did natives in Miami do worse, compared to natives in Houston or Los Angeles or Atlanta (whom we can think of as the control group in this experiment)? The answer is no. Natives in Miami—including African-Americans—did not in fact experience higher unemployment, lower employment, or slower wage growth than similar natives in other cities.

These findings have been supported by studies of other “natural experiments” from different countries and time periods. These include the return of colonialists to France

following Algerian independence in 1962; a similar return migration of Portuguese colonialists from Africa in 1974; and my own work on the mass migration of Russian Jews to Israel in the early 1990s, which compares the outcomes of natives in occupations that received more versus fewer immigrants. None of these studies finds a significant negative effect of immigration on native employment or wages.

To summarize: The empirical literature finds no evidence of a negative effect of immigration on native employment. And while there is not a clear consensus about wages, most studies point to small effects.

Other Dimensions

Americans are not only workers. We are also consumers, employers, and taxpayers. How does immigration affect us in these roles?

As consumers, we benefit from the lower prices of goods and services that result from immigrant labor. As employers, we gain from the higher return to capital that results from an increase in the size of the labor force. This is true for other owners of capital as well, e.g., people with money in the bank or the stock market. Employers also gain from the increased demand for their products.

How do immigrants affect us as taxpayers? On the one hand, immigrants use government-funded services, such as schools and hospital emergency rooms. Depending on the state, legal immigrants who satisfy certain conditions also have some access to means-tested programs like TANF and Medicaid, and once naturalized, are eligible for the same public assistance as natives. On the other hand, immigrants pay taxes—income, payroll, sales, property, and so on.

How does the extra spending compare to the extra revenue? The evidence on this issue is not clear cut. Some groups of immigrants clearly impose a fiscal burden on the cities and states where they live. At the federal level, however, the foreign-born yield a net fiscal benefit. Furthermore, the positive effect at the federal level has been found to outweigh the negative effect at the state and local level. Estimates of the long-run impact of immigration on the overall fiscal balance suggest a positive effect, as the children of immigrants—who impose costs today—begin to work and pay taxes.

Illegal immigrants are preferred workers. When you put them into competition—and if an employer can have them—our business men are not evil. They are pragmatic.

If you give me people who are glad to work for \$5 an hour, or \$5.15 an hour, because they make \$5 a day in Mexico, I want those people. I don't want American workers.

And that is what anybody, regardless of their race—it is impossible to compete with illegal immigrants. Of course they say that—but I will tell you this. I don't think Americans are going to stop eating just because—if they had to pay a little bit more to agricultural workers. I got in this—

Ms. JACKSON LEE. Well, may I reclaim my time?

Would the Chairwoman just indulge me an additional minute just to answer the gentleman?

Ms. LOFGREN. Without objection.

Ms. JACKSON LEE. And I will leave it at this.

Dr. Briggs, I can step away from this seat and come down and shake your hand and say we can work together. Let me tell you why. I think you are not listening.

In the course of the testimony here, everything you said a new comprehensive immigration reform will cure. One, increase of wages. Two, a non-discriminatory workplace. Three, the recruiting of workers from all over, giving people the opportunity—American workers, for example—you want to be in the agriculture business in the—I want to put a scientific terminology to it—the gathering of products.

Do you want to be in the service industry? Do you want to be in the construction industry? All of those opportunities—we are trying to cure the cancer of illegal immigration.

Mr. BRIGGS [continuing]. Guest worker program.

Ms. JACKSON LEE. Let me reclaim my time.

Mr. BRIGGS. Because it will not—it will lower wages.

Ms. JACKSON LEE. Let me reclaim my time, and I appreciate your intensity. I am not putting any names on anything. One, we have 12 million or a number undocumented. And what I am saying to you is we will cure the ailment by documentation.

And therefore, no one on this panel is arguing for low wages, so I thank you. I want to work with you.

Ms. LOFGREN. The gentlelady's time—

Ms. JACKSON LEE. Dr. Henderson, I just—

Ms. LOFGREN [continuing]. Has expired.

Ms. JACKSON LEE [continuing]. I would just finish on this point. This is an excellent construct. I believe it needs to be in conjunction with the traveling vehicle, because that will bring forward the people who, if you will, have bought into the myth that their jobs are being lost.

And I thank the gentleman. I would love your answer, but I yield back to the—

Ms. LOFGREN. The gentlelady's time has expired.

I am going to be very quick, because the hour is late. But I do want to just follow up with Dr. Friedberg very carefully on her analysis.

And I was interested in the economic analysis that I have read, talking about some industries where there is heavy participation of

immigrant labor—for example, in the landscaping industry and some others—and the assertion being made that actually I think I—just the way I have lived, I have observed, is that at some point, rather than raise wages, you eliminate the industry.

And I will just give you an example. I mean, growing up in California, I didn't know anybody who had ever hired anybody to mow their lawn other than a kid for 50 cents. Now, everybody has a landscaping service that they pay.

So you know, I think that is a—and if it was a lot more—there is a limit to how much you will pay. I mean, at some point you will go buy your own lawn mower and go back to the way it used to be.

So I thought that was an interesting piece of the testimony. I also wanted to talk about, and have you explain, the Mariel boat lift study, because I am fascinated by that.

We had how many? Thousands of Cubans who came, but they came legally, and I don't understand—if you could just detail the specifics of who didn't get displaced and how that could happen.

Can you explain that?

Ms. FRIEDBERG. Well, the Mariel boat lift study, which was done by David Card, analyzed the 125,000 Cubans who came to Miami and compared them—excuse me, looked at the outcomes of native-born workers in Miami, and compared them to similar workers in similar cities.

So he broke workers down into groups—White, African-American, Hispanic and earlier waves of Cubans—and looked at cities that had similar demographic and economic characteristics—Houston, L.A., Atlanta, and Tampa.

And basically, he compared what happened to the natives in Miami compared to the similar natives in other cities, and found virtually no effect on the wages or unemployment rates of less-killed workers in any of these groups.

Ms. LOFGREN. Well, how could that be?

Ms. FRIEDBERG. So the first part, the study, is what empirical economists are good at. The next part is somewhat speculation. Further research is needed to see exactly what are the mechanisms that enabled the economy to absorb such a large number of immigrants.

Some ideas are, first, that production techniques are flexible, so in places where there is a large supply of less-killed workers, we see that firms shift—find ways to use those workers in order to increase efficiency and lower cost.

And second, to some extent, immigrants and natives are almost never perfect substitutes.

If you think about it, even when on paper they have the same education and experience, the native-born worker has English as a native language, American education, American work experience, networks of people for, you know, job networks, informational networks. So you know, that is something also that economists are looking into.

But the fact that the economy is able to absorb a large number of immigrants is something that the research has found, and the mechanism for that is something that the research is working on.

Ms. LOFGREN. I would just like to thank all the panelists and note that as we have gotten the testimony about how immigrants who are risk-takers have actually increased the economic activity of the United States, and your eloquent testimony, really, about not allowing divisiveness to defeat that opportunity for the United States—as we listen to this testimony, I have been thinking about the other roles we have on the Judiciary Committee.

And some of the testimony and efforts that we have made to address the issues of racism and poverty—and Bobby Scott in particular, our Chairman of our Crime Subcommittee, addressing the issues of especially African-American young men who are disproportionately incarcerated.

And the issue that we—as a country, we are doing nothing about that—nothing about that. And preventing the creation of Google is not going to address that issue. But it is an issue that our country needs to resolve.

And so I am actually very appreciative of the time you have spent here.

And in addition to coming up with a comprehensive approach to the immigration issues that we face, I am now beginning to understand that this may also lead us, finally, to have a more vigorous effort to address these other issues, these typically American issues that we have for so long ignored.

So on that note, I will note that we will—may have additional written questions that we will send to each of you, and we would ask—the record will be open for 5 days, and we ask that if we send you questions, if you are able to respond promptly we would appreciate that very, very much.

I would note that next week we have two additional hearings. On Tuesday at 9:30 in this hearing room, we will have a hearing on the role of family-based immigration in the U.S. immigration system. And on Friday morning at 9 a.m., again in this room, we will have a hearing on the impact of immigration on States and localities.

Thank you very, very much for your participation.

This hearing is adjourned.

[Whereupon, at 5:40 p.m., the Subcommittee was adjourned.]