

U.S. COMMISSION ON CIVIL RIGHTS

+ + + + +

BRIEFING

+ + + + +

FRIDAY, APRIL 4, 2008

+ + + + +

The meeting convened in Room 540 at 624 Ninth Street, N.W., Washington, D.C. at 9:30 a.m., Abigail Thernstrom, Vice Chairman, presiding.

PRESENT:

ABIGAIL THERNSTROM, Vice Chairman
GAIL L. HERIOT, Commissioner
PETER N. KIRSANOW, Commissioner
ARLEN D. MELENDEZ, Commissioner (via telephone)
ASHLEY L. TAYLOR, JR., Commissioner (via telephone)
MICHAEL YAKI, Commissioner

DR. ROBERT LERNER, Delegated the Authority of the Staff Director, OSD

STAFF PRESENT:

PAMELA A. DUNSTON, Chief, ASCD
LATRICE FOSHEE
MONICA KIBLER
SOCK-FOON MACDOUGALL
LENORE OSTROWSKY
KARA SILVERSTEIN
VANESSA WILLIAMSON
AUDREY WRIGHT
MICHELE YORKMAN

COMMISSIONER ASSISTANTS PRESENT:

TIM FAY
DOMINIQUE LUDVIGSON
RICHARD SCHMECHEL

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

PANELISTS:

PANEL 1:

DR. GORDON HANSON (via telephone)
DR. GERALD D. JAYNES
DR. VERNON BRIGGS
DR. HARRY HOLZER

PANEL 2:

DR. JULIE HOTCHKISS
DR. STEVE CAMAROTA
MR. RICHARD NADLER
DR. CAROL SWAIN

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

Page

Topic: The Impact of Illegal Immigration on the Wages
& Employment Opportunities of Black Workers

I. Introductory Remarks by Vice Chairperson 4

II. Speakers' Presentations 8

 Panel 1 8

 Panel 2 88

III. Questions by Commissioners and Staff 119
 Director

IV. Adjourn Briefing

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

B-R-I-E-F-I-N-G-S

9:33 a.m.

VICE CHAIR THERNSTROM: On the record.

I. INTRODUCTORY REMARKS BY VICE CHAIR THERNSTROM

VICE CHAIR THERNSTROM: Good morning, everybody. I am the Vice Chair Abigail Thernstrom and on behalf of the U.S. Commission on Civil Rights I welcome everyone to this briefing on the Impact of Illegal Immigration on the Wages and Employment Opportunities of Black Workers and I'm sure all of you agree that this is an unbelievably interesting and important topic and I am just delighted that Commissioner Kirsanow not very long ago suggested that we do because I can't think of anything more important that we will be doing this year.

Before we start, let me just note that this is the day that commemorates the assassination of Dr. Martin Luther King and it's -- I'm not going to try to give a little talk trying to sum up his contributions to civil rights in America and the tragedy of his loss to this country. But we do rightly continue to honor his central injunction to judge people by the content of their character, not the color of their skin, and we wish to remember, I think all of us, Dr. King's vision of dealing with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 painful problems in a spirit of cooperation, trust and
2 a principled commitment to nonviolence. He was, as it
3 were, one of our founding brothers and I very deeply
4 honor his legacy.

5 So let us now move on to the briefing.

6 COMMISSIONER YAKI: Point of order.

7 VICE CHAIR THERNSTROM: Yes.

8 COMMISSIONER YAKI: Madam Chair, just to
9 accentuate the remarks that you said on this, the 40th
10 anniversary of the assassination of Dr. King, I would
11 like us to begin with a moment of silence in his
12 memory.

13 (Moment of silence.)

14 COMMISSIONER YAKI: Thank you.

15 VICE CHAIR THERNSTROM: And thank you.
16 That was very appropriate and I'm glad that you
17 thought of it.

18 So one aspect of the illegal immigration
19 debate is whether and to what extent illegal
20 immigration has an impact on wages and employment
21 opportunities for black workers and, in particular,
22 low income black workers. Research of a number of
23 economists suggest a strong negative correlation
24 between --

25 (Off the record comments.)

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 VICE CHAIR THERNSTROM: Research of a
2 number of economists suggest a strong negative
3 correlation between immigration rate and black wages,
4 black employment, even black incarceration rates.
5 However, studies of other researchers purport to show
6 that immigration may actually have a positive effect
7 on wages in some cases and only a small negative
8 impact where low income workers are concerned.

9 In this briefing, the Commission will
10 assess the extent to which research reliably
11 differentiates between the effects of illegal
12 immigration versus all immigration. The record will
13 be open until May 5, 2008 and public comments may be
14 mailed to the U.S. Commission on Civil Rights, Office
15 of Civil Rights Evaluation, Room 740, 624 9th Street,
16 NW, Washington, D.C. 20425.

17 So we are this morning going to welcome,
18 pleased to welcome, two panels of experts who will
19 address this topic. The first panel will have four
20 scholars dealing with the topic. The participants are
21 Dr. Gordon H. Hanson, Professor of Economics at the
22 University of California San Diego, Director of the
23 Center on Pacific Economies and he will be joining us
24 by conference call and I believe, Dr. Hanson, you are
25 connected to us. Is that correct?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 DR. HANSON: Yes, I am. Good morning.

2 VICE CHAIR THERNSTROM: Good morning.
3 Thanks for joining us. He received his Ph.D. in
4 Economics from MIT. We are, by the way, going to have
5 much longer bios that will be part of the public
6 record and will be posted at the time that we post the
7 record of this morning. I'm trying to abbreviate the
8 bios simply in the interest of time and getting on
9 with the meat of the meeting.

10 The second participant this morning on the
11 first panel, Dr. Gerald D. Jaynes, Professor of
12 Economics and Professor of African American Studies at
13 Yale University. Dr. Jaynes was Study Director of the
14 National Research Council's Committee on Status of
15 Black Americans and co-edited "A Common Destiny:
16 Blacks and American Society."

17 Dr. Vernon Briggs, Emeritus Professor of
18 Labor Economics at the New York State School of Labor
19 and Industrial Relations, Cornell University, served
20 on the board of directors of the Center for
21 Immigration Studies from 1987 to the present and has
22 testified frequently before Congressional committees
23 on immigration policy. He received his doctorate in
24 Economics from Michigan State University.

25 And Dr. Harry Holzer, Professor of Public

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Policy at Georgetown University, Washington, D.C., a
2 senior fellow as well at the Urban Institute. He was
3 formerly the Chief Economist for the U.S. Department
4 of Labor. He's a member of the Editorial Board at the
5 Journal of Policy Analysis and Management and received
6 his AB and Ph.D. from Harvard in Economics.

7 Panelists, we obviously welcome all of
8 you.

9 (Panelists sworn in.)

10 VICE CHAIR THERNSTROM: Dr. Hanson, I
11 assume you're swearing and affirming over the phone.

12 DR. HANSON: I am.

13 VICE CHAIR THERNSTROM: I will call on you
14 according to the order that you've been given for the
15 record. So, Dr. Hanson, you are first.

16 II. SPEAKERS' PRESENTATIONS

17 PANEL 1

18 DR. HANSON: Good morning and I'd like to
19 thank the Commission for the opportunity to testify
20 this morning.

21 During the last several decades, as we all
22 know, there has been --

23 (Off the record comments.)

24 VICE CHAIR THERNSTROM: You can go ahead.

25 DR. HANSON: Very well. Thank you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 As we all know, during the last several
2 decades, there's been a dramatic rise in the U.S.
3 immigration. If you go back to the 1970s, only five
4 percent of the U.S. population was foreign born and
5 today that fraction is around 12 percent. In terms of
6 employment, immigrants now account for about one out
7 of every seven U.S. workers with illegal immigrants
8 accounting for about one-third of total immigrants in
9 the United States.

10 There is considerable interest in the
11 impact of immigration in the U.S. labor market.
12 Following the logic of economic theory, since
13 immigration increases the supply of workers in the
14 U.S., we would expect it to put downward pressure on
15 the wages of native labor. This would be true whether
16 that immigration is legal or illegal. The adverse
17 wage impacts are likely to be strongest for workers
18 that compete most directly with immigrants with jobs
19 with 30 percent of immigrants having less than a high
20 school education and around 60 percent of illegal
21 immigrants having less than a high school education.
22 It's low skill native workers who we expect to feel
23 the greatest effects from foreign labor.

24 But among economists, there is
25 disagreement about whether the data bear out the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 negative predictions of immigration for U.S. labor.
2 Without rehashing this debate, I'll share with you my
3 own view based on consideration research is that
4 immigration has, in fact, lowered wages for native-
5 born high school dropouts. During the discussion, I
6 will be happy to discuss the state of the literature
7 in more detail.

8 But what I would like to focus on in my
9 brief remarks today is some specific research I've
10 done on the impact of immigration of the wages,
11 employment and incarceration rates of African American
12 men. This work is joint with George Borjas of Harvard
13 University and Jeff Grogger of the University of
14 Chicago and I will be discussing research from our
15 recent National Bureau of Economic Research working
16 paper, "Immigration and African American Employment
17 Opportunities: The Response of Wages and Employment
18 and Incarceration to Labor Supply Shocks."

19 We also all know that low skill black men
20 have had a rough past few decades in the U.S. labor
21 market. The employment rates of African Americans
22 fell from 75 percent in 1960 to 68 percent in 2000.
23 This stands in contrast to a very modest decline of 87
24 to 85 percent of white men. The employment gap widens
25 even more for low skill persons. Among black high

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 school dropouts, the employment rate fell from 72 to
2 42; whereas it fell from 83 to 64 percent among white
3 high school dropouts.

4 The decline in labor market participation
5 among black men was accompanied by a rapid increase in
6 the number of black men in correctional institutions.

7 In 1980, less than one percent of black men and about
8 1.4 percent of black high school dropouts were
9 incarcerated. By 2000, ten percent of African
10 American men and 21 percent of African American high
11 school dropouts were in correctional institutions.

12 A large body of academic research examines
13 wage and employment trends for African Americans. One
14 strand emphasizes the impact of government programs
15 such as Social Security disability programs and
16 minimum wages in driving black men out of the labor
17 market. Another analyzes whether the decline in real
18 wage of low skill workers, which is generalized in the
19 U.S. economy, discouraged low skill black men from
20 entering the labor force. A third strand of
21 literature examines whether black incarceration rates
22 were shaped by the crack epidemic of the 1980s.

23 Remarkably, there hasn't been very much
24 work on the link between immigration and the
25 employment and incarceration of black men.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Immigration has disproportionately increased the
2 number of low skill workers in the U.S., as we've
3 discussed and illegal immigration even more so. As
4 I've mentioned, there's disagreements over whether
5 this influx has adversely affected competing native
6 workers. The conflicting evidence hinges crucially on
7 the nature of the empirical exercise. Studies that
8 look at the impact of immigration on local labor
9 markets tend to find small effects, while studies that
10 examine the evolution of the national wage structure
11 tend to find larger effects.

12 Regardless of the geographic unit being
13 used to analyze immigration, we would expect any such
14 impact of foreign labor inflows to be larger in the
15 black workforce because of lower rates of educational
16 attainment among that group. In fact, some of the
17 earliest literature on the labor market consequence of
18 immigration focused on African Americans, but that
19 work was been less pursued for over a decade.

20 What we do in our research is examine the
21 relationship between immigration and black employment
22 outcomes. Our empirical analysis shows that
23 immigration has indeed lowered the wages of blacks
24 and, in particular, for the low skilled. Our main
25 interest, however, is on the consequences of this

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 reduction of market wages. What we want to know is
2 has this immigration-induced reduction in the wages
3 for African American men encouraged them to exit the
4 labor force and shift them to crime. Here we're
5 really talking about the low skilled, those with less
6 than a high school education, in particular.

7 Using data from the 1960 to 2000 U.S.
8 population censuses, we find a strong correlation
9 between immigration and wages, employment rates and
10 incarceration rates for African American men. What
11 our study suggests is that a ten percent increase in
12 the labor supply due to immigration for a particular
13 skill group would result in a reduction in the wages
14 of black men of about four percent and in the black
15 employment rate of 3.5 percent and an increase in the
16 black institutionalization rate of less than one
17 percent. Among white men, the same increase in labor
18 supply reduces the wage by about four percent such
19 that the wage impact of immigration of black men and
20 white men appear to be about the same, but has a
21 smaller impact on employment and incarceration. We
22 find evidence of these effects both in national level
23 data and in state level data, which is an indirect way
24 of addressing the discrepancy in the larger literature
25 over outcomes of research using local labor market

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 data versus national labor market data.

2 What do these results imply about the
3 cumulative effect of illegal immigration on African
4 American men? The economic adjustments unleashed by
5 the 1980 to 2000 immigration influx -- about half of
6 that influx can be attributed to illegal immigration -
7 - is a labor supply stock that increased the number of
8 workers in the U.S. by ten percent and increased the
9 number of high school dropouts in the population by
10 over 20 percent. This influx reduced the employment
11 rate of low skill black men by eight percentage
12 points. Immigration by our estimate can account for
13 about 40 percent of the 18 percentage point decline in
14 black employment rate.

15 Similarly, the changes in economic
16 opportunities caused by the 1980 to 2000 immigrant
17 influx raised the black incarceration rate of black
18 men by 1.7 percent, accounting for about 10 to 20
19 percent of the percentage point decline observed
20 during that period.

21 What we are finding then is that although
22 our research indicates immigration played an important
23 role, it also appears that much of the decline in
24 employment and increase in incarceration for the low
25 skill black population would have taken place even if

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 the immigrant influx had been far smaller. We're
2 finding a significant role for immigration, but one
3 that is dominated by other events that have been
4 occurring in the U.S. labor market.

5 Obviously, there is still some potential
6 controversy here because we're identifying an explicit
7 link between immigration and employment and
8 incarceration outcomes for African Americans. We've
9 done as well as we can to control for other factors --
10 and they account for the large rise in black
11 unemployment and incarceration rates over the 40 year
12 period that we've studied. But no study can account
13 for all possible factors.

14 It's also important to emphasize that
15 although the evidence suggests immigration played an
16 important role in generating these trends, much of the
17 increase in black incarceration rates and decrease in
18 employment rates remains unexplained. A further
19 caveat is we're looking at changes over ten year time
20 periods. In the much longer run, we might expect
21 adjustments in the U.S. economy due to capital
22 accumulation or innovation or other sources to
23 attenuate some of these effects.

24 In closing, suppose one believes our
25 result that immigration has, in fact, played a role in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 lowering wages and raising incarceration rates among
2 African American men. Does this mean that
3 restrictions on immigration are called for?

4 My own answer to that question would be
5 no. Most economists believe that immigration, like
6 international trade, has beneficial effects for the
7 U.S. economy overall. An inflow of foreign workers
8 allows U.S. technology, equipment and other resources
9 to be used more productively, which raises national
10 income. Yet, while immigration may help U.S.
11 employers and consumers, we have seen evidence in the
12 research I've just discussed that it may harm some
13 groups, especially the low skilled. But the
14 appropriate policy response to immigration's negative
15 effects is not to shut down immigration, which would
16 deny the U.S. economy the overall gains that foreign
17 labor brings, but to seek other ways to help those
18 that lose out from immigration.

19 Thank you very much.

20 VICE CHAIR THERNSTROM: Thank you very
21 much and thank you for sticking to the ten minutes
22 that is a restriction for everyone as I'm sure you've
23 been told and given the number of people who are
24 appearing this morning, I very much appreciate keeping
25 within the time.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Dr. Jaynes, you are the next to be making
2 a ten minute presentation.

3 DR. JAYNES: Thank you. Good morning and
4 I certainly will as well.

5 Let me say first that I have been
6 something of a convert on this particular issue of the
7 overall effects of immigration on the employment and
8 earnings of African Americans. Several years ago, I
9 was quite convinced based on sort of straightforward
10 economic logic that everyone talks about, increases in
11 supply, of any particular factor type of labor ought
12 to, in fact, of course, other things equal, decrease
13 the wages or salaries or remuneration of the workers
14 or those factors that are there. Ergo, one would
15 expect to see large scale immigration on the scale
16 that we have seen over the last 20 to 30 to 40 years
17 to have had a significant effect on African American
18 workers and, particularly as the story goes, with
19 respect to less educated African American workers.

20 So not completely convinced would simply
21 believing something because it sort of made sense and
22 also because any kind of casual empiricism which I
23 think drives a lot of people's opinions if one simply
24 looks at work in many different sectors, say,
25 construction industry and, of course, the housing boom

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 that we had over the last decade, decade and a half,
2 one sees many, many obviously immigrant workers
3 working in those areas and particularly, I think, for
4 African Americans looking at a worksite like that and
5 seeing very few African American men and women, that
6 the first thing that occurs to them is if it weren't
7 for all these immigrants being on that site that
8 African Americans would have some of those jobs and
9 that's a very strong empirical observation which is
10 highly salient for people's views and very difficult
11 to change or undermine. And I must confess that
12 observing just such things and various other kinds of
13 labor markets as well across the country in many
14 different cities and states, I had my initial reaction
15 just simply based on that.

16 I started to review the literature and
17 found that the literature was as we have just been
18 told by the previous speaker was quite divided on what
19 those effects really were. And as our Chairman has
20 said this morning, some of the literature,
21 particularly the earliest literature, even suggested
22 quite strongly that immigrant had positive effects on
23 the wages of native born workers.

24 So a colleague at the University of
25 Wisconsin, Franklin Wilson, a social demographer, and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 I designed a statistical study of the national labor
2 market where we attempted to measure more or less
3 precisely the effects of immigration nationally and in
4 given labor markets on different levels or types of
5 workers and we looked at, obviously, race or
6 ethnicity. We looked gender. We looked at blue
7 collar versus white collar workers and a few other
8 things as well.

9 And to our surprise, we found that most of
10 the effects that we found across the country were for
11 employment either not there or they were pretty
12 negligible and that was each one of these specific
13 types of groups. With respect to wages, we found
14 pretty much the same, although there were modest
15 negative effects on the least skilled African American
16 workers.

17 So the overall conclusions that we came to
18 were pretty consistent with the literature as it
19 existed at that time. This work was published in 2000
20 and that is that there are modest negative effects at
21 the low skill or low education level that those
22 effects are either nonexistent or quite possibly a
23 somewhat positive at other skill levels.

24 Being one who attempts to be consistent
25 and absolutely honest with respect to what the data is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 telling me despite what I might have previously
2 believed, I was forced to, for the most part, change
3 my mind about what I thought these effects were.
4 That's pretty much where I stand.

5 What I found is that there's been more
6 literature over the past eight years or so since the
7 work of mine and Professor Wilson's had been published
8 which has purported to find effects, negative effects
9 of immigration on African American workers. But let
10 me just simply say something about that. This is
11 obviously, I think we all understand, a very, very
12 complicated issue and what we have is the problem of
13 looking at very large macro and micro changes which
14 have been occurring over the past 40 odd years across
15 the country with respect to things like levels of
16 employment in various industries, increases in
17 competition and international trade, changes in
18 attitudes towards working in labor markets, changes in
19 attitudes towards all kinds of things including
20 marital rates, things like that. All of these things,
21 of course, have some effects on labor supply,
22 employment levels and wages of various groups.

23 So the question really comes down to can
24 we in effect attempt to isolate one particular area,
25 immigration, or even more so, more difficult, because

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 of the difficulty in giving a precise number for
2 illegal or undocumented immigrants. Can we isolate
3 even further what the effects of that kind of
4 immigration might be on a particular group?

5 Now, not saying that that's impossible,
6 but let's recognize that this is a very difficult
7 problem. We can see gross correlations. We even see
8 correlations that withstand controls for various kinds
9 of demographic variables that we think might have also
10 played an important role, the decline in unionization,
11 the decline in blue collar employment itself which is
12 obviously not uniform across the country in various
13 cities, changes in discrimination for the most part in
14 a good direction but not necessarily in a good
15 direction for the least skilled African American
16 workers. So all of these things would have to be
17 controlled.

18 And we could isolate what is the
19 particular specific effect of immigration on low skill
20 African American workers or any other group of workers
21 and we would have to be of a very high mind that we
22 really have controlled for really all of the
23 significant factors that could explain changes in the
24 wages of African Americans at lower levels and in
25 their employment and once we have done that I think we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 can obviously accept, say, for example, incarceration
2 rates are likely to change if we have reductions of
3 men. But particularly if men aren't working or, at
4 least, aren't working in a formal legal market, we
5 would expect, of course, to have increases in
6 incarceration rates even if law enforcement had
7 remained constant.

8 So the question then comes down, and I'm
9 about to finish, that we would ask ourselves how much
10 faith do we have in any particular precise number that
11 someone purports to say that this is the effect on the
12 wages of lower skilled African Americans and then move
13 from that to making some kind of policy prescription.

14 So I would simply say that I as I started believe
15 that there are modest effects on the least skilled
16 African Americans. Exactly what those effects are I
17 couldn't say with enough belief in how good those
18 estimates are to want to make a strong policy
19 prescription on that basis.

20 Others put forth numbers. I have a
21 healthy, healthy dose as one might suspect from what
22 I've said of skepticism about recommending what those
23 numbers really are particularly because I know from
24 reading papers, reading many of these papers, that
25 some very important factors that would also be able to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 explain changes in wages and employment have not
2 really properly been controlled for and as a
3 consequence healthy skepticism is required.

4 Thank you.

5 VICE CHAIR THERNSTROM: Thank you very
6 much. This is obviously going to be an incredibly
7 interesting debate.

8 Dr. Briggs, you are up next.

9 DR. BRIGGS: Thank you very much for the
10 opportunity to speak on this incredibly important
11 issue. I believe that no issue over the long haul has
12 affected the economic well-being of African American
13 more than the phenomena of immigration. No group, in
14 my view, has benefitted less or been harmed more by
15 immigration over the long haul.

16 Today's topic is no less the overall
17 perspective which I gave you a reading that deals with
18 the overall issue. The focus today is on the illegal
19 immigration and with respect to illegal immigration in
20 the low wage labor market, we know that there are 12
21 million or perhaps even more illegal immigrants in the
22 labor market at the present time. This represents
23 about 30 percent of the foreign born population of the
24 United States which is an incredible comment on public
25 policy that 30 percent of that population can have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 illegally entered the country.

2 If we recall, we've had seven amnesties
3 since 1986 and for six million persons and we can
4 almost fairly say that maybe half of the foreign born
5 population in the United States has entered the
6 country illegally regardless of the fact that their
7 status may be changed. And I might also say
8 parenthetically, one of the most dangerous
9 propositions currently pending before this country is
10 the prospective of a pathway to citizenship for the
11 vast number of illegal immigrants with the family
12 reunification prospects that will come with that will
13 be enormous for the low wage worker in this country of
14 all races and of African American workers in
15 particular. But that's another side issue.

16 The most distinguishing character of the
17 illegal immigrant population which is today's topic,
18 not immigration but illegal immigration as I
19 understand it, is that about 57 percent of the illegal
20 immigration population do not have a high school
21 diploma. Another 24 percent have only a high school
22 diploma. That's 81 percent of the illegal immigration
23 population as best can be estimated are in the low
24 wage labor market, less than 19 percent of that adult
25 population have more than a high school degree.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Since illegal immigrants quite often come
2 from poor countries, even the issue of educational
3 attainment is questionable. That's why, if people
4 have a high school diploma from a poor country, quite
5 that's probably still a pretty poor level of
6 education. So it's overwhelmingly a low skill
7 component to the labor market coming from illegal
8 immigrants.

9 Despite their low levels of human capital,
10 they often lack English-speaking abilities. The large
11 number of illegal immigrants tends to concentrate in
12 the low skilled occupations. This is because in fact
13 they are low skilled and they actually are working in
14 that sector. But even if they have higher skills, the
15 tendency is for those that have higher skills that
16 they, too, are pushed into the low wage labor markets
17 because they can't use their credentials given their
18 illegal status in the labor force.

19 Here they compete with the enormous low
20 skilled population in the labor force in the United
21 States. There are 43 million adult, low skill workers
22 in the United States, plus the seven million who are
23 illegal immigrants that are believed to be in that
24 labor market of workers in that low skilled labor
25 market. It's an enormous labor market, the low skill

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 labor market, in the United States with over 50
2 million persons in the civilian labor force, adults,
3 in that low skilled labor market in part because the
4 large supply of low skilled workers in the United
5 States, and that higher-skilled workers, remember also
6 can work in the low skilled labor market. This is
7 part of the incongruity, that is, especially if we go
8 into a recession, that high skilled people can always
9 back up in the low skilled labor market and everyone
10 who lives in a college town knows this phenomenon all
11 the time especially during recessions. So the low
12 skilled labor market is always the most vulnerable.
13 The low skilled can't move into the higher skilled
14 labor market, but the high skilled can always drop
15 back.

16 It's also the phenomenon that the youth
17 labor market also heavily works in the low skilled
18 labor market during their young age. And youth
19 unemployment rates are among the highest in the labor
20 market in the United States. This is because when the
21 youth go into low skilled labor markets they are
22 always less preferred than are adults. So it's a very
23 competitive labor market, the low skilled labor
24 market. It's the one that deserves desperately the
25 attention of public policy makers because they are so

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 vulnerable to all kinds of competition, the worst of
2 all coming from illegal immigrants.

3 With respect to black employment in the
4 low skilled labor market, of the 50 million low
5 skilled adults in the civilian labor force, about 5.6
6 million of those or about ten percent are African
7 Americans. These African Americans have the highest
8 unemployment rates of any of the four racial and
9 ethnic groups for which data is collected. The black
10 American adults without high school diplomas had an
11 unemployment rate last month of 12.8 percent. I
12 haven't heard the March monthly rate, it came out this
13 morning, but it was 12.8 percent last month. For
14 those with a high school diploma it was 7.3 percent.
15 The 5.6 million low skilled labor black workers
16 account for one-third of the entire black labor force.
17 So the black labor force is disproportionately in that
18 low skill labor market.

19 With respect to black youth, of course,
20 it's absolutely abysmal. The unemployment rate last
21 month for black teenagers 16 to 19, who are in that
22 low wage labor market was 31.7 percent, absolutely a
23 disaster already and we haven't even gotten into the
24 recession. And those are simply the data for the
25 people still looking for jobs and, of course, it makes

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 no allowance for the million black men that are
2 incarcerated in prisons or out of the labor market.
3 They're institutionalized. Clearly, black American
4 workers who are poorly skilled have the greatest
5 difficulty finding jobs of all the workers in the low
6 skill labor market.

7 With respect to illegal immigrants and
8 black workers, illegal immigrants tend to concentrate
9 in the same labor markets, in the same metropolitan
10 areas and in central cities. In the African American
11 communities, heavily metropolitan, concentrated and as
12 such are the immigrant population and the illegal
13 immigrant population in all likelihood in the same
14 labor market. This is because the illegal immigrants
15 tend to cluster where the large number of immigrants
16 of the same ethnicity tends to be found also. This is
17 because it's more difficult to apprehend them when
18 they're in the same group and also it's because there
19 are ethnic networks that are very favorable to illegal
20 immigrants if they can get into those same
21 communities. So it's quite likely that there's going
22 to be competition in the same metropolitan areas.

23 In respect of rural areas, the only areas
24 in which black community is found in rural America is
25 in the southeast, a legacy of our slavery heritage

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 which, of course, was an immigration phenomenon to
2 begin with and so then we still see it to this day.

3 Today, however, we're getting something
4 we've never had in American history before and that's
5 the growth of the foreign born population in these
6 southeastern states. Twenty-six percent of the
7 foreign born population today is now in the southern
8 states, especially now of Georgia, the Carolinas,
9 especially North Carolina, Virginia. Those that never
10 had large foreign born populations are now having
11 rapidly growing populations and it's not just Texas
12 and Florida anymore and it's all throughout the South
13 and Louisiana is the same way, too, for that matter.

14 The cost of illegal immigrants working in
15 the low skilled labor market is because most of black
16 American workers are also disproportionately in that
17 same labor market. It is very logical. There's
18 competition. They're in the same labor market. They
19 don't have to compete for exactly the same jobs. They
20 just have to be available to affect the way labor
21 markets operate.

22 In the competition with illegal
23 immigrants, there's one great institutional factor and
24 I'm an institutional economist who stresses the
25 institutional factors which are much more important

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 often than simply the data numbers. That is that in
2 competition for jobs illegal immigrants are always
3 preferred workers, always preferred workers. In the
4 competition for employment, employers would always
5 hire an illegal immigrant over a citizen worker if
6 they can get them, if public policy allows the illegal
7 immigrants to be there. This is because the illegal
8 immigrant's comparison is the wage rates of his
9 homeland which is quite often quite low compared to
10 what the low wages of the United States are, which is
11 what the U.S. worker compares it with and those wages
12 look very good in terms of the illegal worker.

13 Again, it's not that employers are evil in
14 hiring illegal immigrants. It's simply if they're
15 there, they will gratefully hire them and, in doing
16 so, they will prefer them. And doing so, those
17 employers who follow the law are always punished
18 because those who break the law by hiring illegal
19 immigrants tend to have advantage over those who
20 follow the law, and that's one of the great
21 perversities.

22 I would also say that I believe, since
23 time is running out, that the public policy is that
24 illegal immigration, in my view, is the civil rights
25 issue of this century. It is the impact of illegal

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 immigrants, especially on American workers, the low
2 skill workers, in general, and African American
3 workers in particular given the scale of what we're
4 talking about. It's enormous.

5 The appropriate public policy in my view,
6 as I sum up is that of Barbara Jordan's commission,
7 The Commission on Immigration Reform, on how we build
8 a credible immigration policy in the United States.
9 That report was very clear on what credibility is.
10 The credibility of that policy can measure by a simple
11 yardstick. "People who should get in do get in,
12 people who should not get in are kept out and people
13 who are deportable are required to leave." And that
14 should be our public policy and allow me elaborate on
15 that, when we have more time.

16 Thank you.

17 VICE CHAIR THERNSTROM: You're obviously
18 laying the ground for some fireworks which is very
19 nice.

20 Dr. Holzer.

21 DR. HOLZER: Thank you, Madam Chairwoman.
22 Good morning.

23 I'd like to address the question of how
24 immigrant whether legal or illegal affects the labor
25 market opportunities and outcomes of native born

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 African Americans. In doing so, I'd like to make four
2 broad points.

3 First point. Most statistical evidence
4 suggest immigration over the past few decades has had
5 a quite modest negative effect on the employment
6 outcomes of blacks, especially those without high
7 school diplomas. The strongest evidence of negative
8 effects comes from the work of Professors Brojas,
9 Grogger and Hanson. We heard Gordon Hanson talk about
10 those this morning. They find quite strong negative
11 effects on the wages and employment of black male high
12 school dropouts, somewhat less on these outcomes for
13 high school graduates, plus very small impacts on
14 black incarceration rates for either group.

15 I believe this evidence is based on some
16 quite strong statistical assumptions and only
17 considers the effects of immigration in the short run,
18 in other words, before capital inflows have occurred
19 that would offset some of the negative impacts of
20 immigration on the native born workers. It's,
21 therefore, likely that these estimates overstate any
22 real negative impacts, even though some of these
23 estimates already like the one in the incarceration
24 reported is small.

25 But the notion that there are at least

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 some negative effects, I think, is bolstered by some
2 newer papers written much more recently. For
3 instance, a paper by Deborah Reed and Sheldon
4 Danzinger find some very modest negative effects of
5 immigration on the employment of black men using a
6 much simpler methodology that compares immigration and
7 outcomes across metropolitan areas and in a new MIT
8 doctoral dissertation of economics, Christopher Smith
9 has found somewhat larger negative effects of
10 immigration on the employment rates of white and black
11 teenagers but again much more modest effects as they
12 age into their twenties and beyond. I think these
13 latter papers are significant because analysis of
14 differences across metropolitan areas by people like
15 David Card of Berkeley and others has traditionally
16 found much weaker evidence of negative effects of
17 immigration. So overall, considering over all of this
18 literature, I think there are negative effects, but I
19 believe they are quite modest.

20 Secondly, other evidence including by
21 ethnographers shows that employers filling low wage
22 jobs that require little reading or writing and little
23 communication tend to prefer immigrants to native born
24 blacks and encourage informal networks through which
25 immigrants gain better access to these jobs. The

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 native born black workers themselves would likely be
2 interested in some but not all of these jobs depending
3 on their wage levels.

4 Now a variety of ethnic graphic work shows
5 that employers perceive stronger work ethic among the
6 immigrants and a greater willingness to tolerate low
7 wages. They use networks to encourage a steady flow
8 of applicants from the friends and relatives of these
9 immigrant workers.

10 Now some of the employer perceptions of
11 hiring behavior might well reflect discrimination
12 especially against black men whom employers are often
13 fearful of and some of that also likely reflects real
14 differences in the attitudes and behaviors of
15 different groups of workers on average such as between
16 native born and immigrant workers.

17 As for the workers themselves, I think
18 their interest in these jobs will likely vary
19 depending on the wages paid and the sectors of the
20 economy which the jobs are found. I'm inclined to
21 believe that many black men would be interested in the
22 jobs in residential construction and in transportation
23 that are often filled by immigrants both legal and
24 illegal, but they would be much less interested in the
25 low wage agricultural and service jobs that are also

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 filled by immigrants.

2 Now, of course, the absence of immigrants'
3 wages in these other sectors would rise as well, but
4 whether they would ever rise sufficiently to attract a
5 much greater supply of black labor is really quite
6 questionable.

7 The third point I want to make is that our
8 evidence doesn't really allow us to distinguish the
9 effects of legal versus illegal immigration on black
10 Americans. So we can only speculate on those
11 differences. On the one hand, illegal immigrants will
12 often be paid sub market wages. So the competition
13 they generate will be even more intense for native
14 born workers than those from legal immigrants and
15 their willingness to accept poorly working conditions
16 is often greater for those people. But on the other
17 hand, the extent to which legal versus illegal
18 immigrants are in the sectors where native born blacks
19 really might be interested in working, I think,
20 remains quite unclear.

21 My fourth point, this is a summary point.
22 The fact that the impacts of immigration appear modest
23 suggest that other factors are much more responsible
24 for the negative trends in employment of black men and
25 their rising incarceration rates and, therefore, other

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 policies besides immigration reform really might be
2 needed to change those trends.

3 Now, for instance, if immigration really
4 mattered a lot, we might expect black women to have
5 suffered as much from the influx of immigration in
6 recent decades as do black men. Yet the employment
7 rates of low income black women improved dramatically
8 in the 1990s because of welfare reform and the
9 expansion of a range of financial supports for the
10 working poor.

11 Likewise, other factors are likely much
12 more responsible for the decline in the employment of
13 black men and their rise in incarceration rates over
14 time. I think those factors include the following:

15 (1) the decline and availability of the
16 good paying jobs for less educated and lower achieving
17 male workers especially outside of the service sector;

18 (2) rising returns to illegal work
19 especially in the crack trade in the 1980s and early
20 1990s;

21 (3) the growing numbers of young blacks
22 growing up in single parent families and in poor
23 neighbors;

24 (4) changes in attitudes and behavioral
25 norms on issues like schooling, employment and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 marriage;

2 (5) criminal justice policies that result
3 in a dramatically higher incarceration for those in
4 the drug trade; and

5 (6) changes in child support enforcement
6 that resulted in many default orders being sent among
7 young men with low earning capacity and many young men
8 going into arrears on their payments. And I think
9 those child support policies often drive these men out
10 of the formal labor market. Accordingly, it is
11 unlikely that any changes in immigration law will
12 dramatically improve employment opportunities and
13 outcomes for young blacks. To the extent that we want
14 to reform immigration, we want to carefully consider
15 the full range of benefits that accrue to our economy
16 and society from immigration as well as its costs for
17 different groups of workers.

18 But when considering how to improve the
19 outcomes of young blacks, I think we should mostly
20 focus on the following kinds of policies:

21 (1) policies that improve educational
22 outcomes and achievement, starting with pre-
23 kindergarten programs and continuing all the way up to
24 higher education;

25 (2) enhancing youth development

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 opportunities and mentoring for adolescents in their
2 communities;

3 (3) improving early work experience and
4 occupational training with high quality career
5 technical education, such included in high school;

6 (4) if possible, reducing incarceration
7 rates in ways that don't raise crime and also the
8 legal barrier to work faced by men with criminal
9 records;

10 (5) extending the earned income tax credit
11 to childless adults, including non-custodial fathers
12 who are paying child support; and

13 (6) reforming child support regulations
14 and taxes on arrears to encourage more labor force
15 participation by non custodial fathers. I believe
16 overall this set of policies much more than
17 immigration reform would tend to raise the employment
18 opportunities available to young black men.

19 Thank you very much.

20 VICE CHAIR THERNSTROM: And thank you very
21 much.

22 I'm going to do something that we don't
23 usually do here, but I think is appropriate given the
24 fact that we have four panelists here who are working
25 more or less with the same data sets and as Dr. Jaynes

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 said, "Look. This is very complicated stuff" and you
2 are -- and with a lot of variables to control.

3 So I'd like, before we get to questioning
4 you, to give the four of you some brief time to just
5 address the points that your colleagues on the panel
6 has made and see if we can kind of clarify where the
7 starting point, and for me, where the starting point
8 in the differences is such that looking at same sets
9 of numbers on this limited amount of data out there
10 you're coming to somewhat divergent paths. And, Dr.
11 Hanson, I hope you're still with us on the phone.

12 DR. HANSON: Yes, I am.

13 VICE CHAIR THERNSTROM: Good.

14 COMMISSIONER KIRSANOW: Madam Chair.

15 VICE CHAIR THERNSTROM: Yes.

16 COMMISSIONER KIRSANOW: To clarify a
17 little bit, I'm not sure how divergent it is. One, I
18 think there is consensus that there's an impact.

19 VICE CHAIR THERNSTROM: Yes.

20 COMMISSIONER KIRSANOW: Like the nature of
21 the impact ranges from modest to Dr. Briggs indicated
22 something a little bit more egregious.

23 VICE CHAIR THERNSTROM: Yes, I agree with
24 that that there is a clustering towards the kind of
25 modest impact. Nevertheless, I at least would like to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 give these panelists a chance to respond to each other
2 briefly and then go on to questions from the
3 Commissioners. And I hope, Dr. Hanson, you'll come in
4 as well.

5 Anybody who wants to talk. Yes.

6 DR. BRIGGS: There are different ways to
7 make a decision. Again, if you're going to stick
8 simply to numbers, then you have to deal with
9 questions about quality of data and I'm more suspect
10 of people who simply run numbers and think numbers are
11 going to solve anything. That is, there are real
12 problems with it with the datasets, the immigration
13 data.

14 Especially in the foreign born, it deals
15 with a group that simply is you can't really
16 effectively lump them all together quite often. You
17 have naturalized citizens, permanent resident aliens.

18 You have illegal immigrants. You have non-immigrant
19 workers. You throw them all in and you get the
20 foreign born population and that's what most of the
21 econometricians use as others, Doug Massey has pointed
22 out, it's simply untenable.

23 They find that that's how many of these
24 econometric studies come up with. It doesn't mean
25 they're wrong. It just mean that basically I'm not

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 impressed by so many people have tossed out numbers.

2 Because I spend a great deal of my work in
3 field work, I mean, I've done a lot of work all along
4 the southern border. I've done a lot of work in
5 Houston labor market back in the late '60s and '70s
6 and a lot of it is field work. I don't simply just
7 run numbers and simply say that numbers are going to
8 solve anything.

9 Numbers are important. I understand that
10 and data are important. But I'm not impressed by
11 simply the fact that you have to have number before
12 you can say anything because most of the important
13 questions we deal with in life we don't --

14 Even the data on discrimination, it's hard
15 in some sense to be able to really effectively measure
16 whether they made any progress. We all know there's
17 been an issue of discrimination and it's a very real
18 one by which it's very hard statistically sometimes to
19 measure exactly what their cause is because you have
20 all of those qualifications that other people come up.

21 Well, there's education. There's family structure.
22 There are all those other things.

23 But this thing is an obviously question.
24 What do you do with illegal immigration? People who
25 are not supposed to be in the labor market, not even

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 supposed to be in the country, have no right to even
2 been the data. But they are because public policy
3 that's here it allows them to be and we come up with
4 all these excuses but for not enforcing immigration
5 laws.

6 Why do we come up -- Why do we do this?
7 You're giving the most vulnerable people in our
8 society competition with people and a significant
9 number. We're talking about 12 million to 13 million
10 to 14 million people, seven million, eight million or
11 nine million actually in the labor force. People who
12 are desperate will do anything to get those jobs and
13 you put them in competition.

14 We all know that if illegal immigrants
15 were competing for jobs for professors, lawyers and
16 doctors.

17 COMMISSIONER YAKI: Point of order, Madam
18 Chair.

19 VICE CHAIR THERNSTROM: Yes.

20 DR. BRIGGS: I was asked a question.

21 COMMISSIONER YAKI: I understand, but when
22 you said brief, I did not want to interject at that
23 point. But I believe that -- I have a lot of
24 questions that I want to pose.

25 VICE CHAIR THERNSTROM: Yes, I know.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 COMMISSIONER YAKI: This briefing is for
2 the Commission.

3 VICE CHAIR THERNSTROM: I really did mean
4 brief. Yes.

5 COMMISSIONER YAKI: I would ask that set a
6 time limit of no more than two minutes for additional
7 comment.

8 VICE CHAIR THERNSTROM: Yes, I think
9 that's absolutely -- That's well taken and I saw that
10 Dr. Hozler was sitting there grimacing and I would
11 like to hear from him.

12 DR. HOLZER: Let me first speak in defense
13 of those who have done these statistical studies. I
14 think they are of much higher quality than Dr. Briggs
15 indicates. There is a long tradition here and
16 literally dozens of good, careful, empirical studies
17 largely bunched into two groups: one that does
18 comparisons at a point in time across metropolitan
19 areas or states and another body like the one that Dr.
20 Hanson described that takes a more aggregated view
21 over time, and they're both bodies of good work and as
22 a profession we understand the limits of each one and
23 I think there are some consensus that the comparisons
24 across areas probably understate the effects a little
25 bit and the Borjas/Grogger/Hanson approach maybe

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 overstates it a little bit especially for the short
2 run. So it really does lead to some consensus. If
3 you understand those biases, it really does lead to
4 some consensus that most of us have arrived at that
5 there are effects and that they're likely modest.

6 But separate from the statistical
7 evidence, is the theory really as simple and as
8 straightforward as Dr. Briggs suggests? This is
9 simply labor supply shifting out dramatically for one
10 group and therefore much more competition. I think
11 the theory is much more complicated as well,
12 explaining why the effects are often modest.

13 (1) Immigrants are consumers as well as
14 workers and so they shift out demand as well as
15 supply.

16 (2) Immigrant influx likely generate more
17 capital flowing into the country and more efficiency
18 and higher growth and that offsets some of the
19 negative effects.

20 (3) They change the technology of
21 production and employers in areas where there's a lot
22 of illegal labor will simply choose to produce in a
23 more labor intensive way, while those individual less
24 intensive employer choose a more capital intensive or
25 technologically intensive way. It's not as though all

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 those jobs will exist absent the immigrants.

2 (4) And the amount of competition is
3 simply limited because the workers choose to work
4 somewhat in different locations, different industries,
5 different kinds of jobs. So I think when you put all
6 those things together there are good economic reasons
7 to believe that the impacts are modest and that, in
8 fact, is what the vast majority of the good careful
9 econometric studies lead to as well.

10 DR. BRIGGS: That was immigration. It was
11 asked about illegal immigration.

12 VICE CHAIR THERNSTROM: Yes. Okay.

13 DR. BRIGGS: There's a big difference.

14 VICE CHAIR THERNSTROM: No. I do
15 understand that, but I think that Commissioner Yaki
16 was right to say we do need to move on here. But I do
17 want to give Dr. Jaynes and Dr. Hanson a chance to
18 speak if they wish to and otherwise we will go to
19 Commissioners' questions.

20 DR. HANSON: I would be happy to make just
21 very brief remarks.

22 VICE CHAIR THERNSTROM: Right.

23 DR. HANSON: So I would more or less agree
24 with what Professor Hozler had said. You know, I
25 think you're going to get some variation among

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 economists in terms of what they think the precise
2 impacts of immigration have been on the labor market.

3 All of those estimates are going to be negative.
4 Some are going to be bigger. Some are going to be
5 smaller.

6 But I think the important issue for a
7 policy discussion is what do we do about it. An
8 immigration policy is a very blunt instrument to try
9 and improve the livelihoods of disadvantaged segments
10 of the population such as less educated African
11 American men. That is, if you take away immigration,
12 you still have a long list of factors which have
13 negatively effected their opportunities and their
14 outcomes in the labor market.

15 So if you want to put -- We think about
16 what are the options that should be at the top of the
17 list in trying to improve prospects for this group.
18 You have to begin with the sort of educational policy
19 reforms that Professor Holzer was talking about.
20 Immigration is a very roundabout way to address the
21 issue and even if you take it off the table, you have
22 changes in labor market institutions, other aspects of
23 globalization, prospect of technological change,
24 what's happening to communities in inner cities and so
25 forth and in an illuminating immigration, it is going

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 to dramatically change any of those other factors.

2 VICE CHAIR THERNSTROM: Okay. That is a
3 nice introduction to a discussion.

4 COMMISSIONER KIRSANOW: Dr. Jaynes.

5 VICE CHAIR THERNSTROM: I'm sorry. Dr.
6 Jaynes. I'm terribly sorry.

7 DR. JAYNES: Well, in the interest of time
8 and allowing the Commission to ask the questions, I'll
9 just make a couple sentences and I would reaffirm what
10 has just been said and simply state that if we look
11 through the litany of causes of the economic condition
12 of lower income, African American men and women, I
13 think that from the point of view of public policy,
14 the efficacy of various public policy possibilities,
15 as well as from the point of view of over impact
16 possibilities that changes in immigration whether it's
17 illegal or legal are going to fall rather low on the
18 list with respect to what they can do for these
19 conditions.

20 COMMISSIONER KIRSANOW: Thank you, Madam
21 Chair. First of all, I want to commend staff again
22 for putting together this and suggested this hearing.
23 I had no anticipation that we would get such an august
24 group.

25 VICE CHAIR THERNSTROM: And I want to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 second that by the way. Staff has done an incredible
2 job in a very short time.

3 COMMISSIONER KIRSANOW: I have a couple of
4 questions and I'll probably have some follow-up
5 questions later.

6 But my understanding is there's a
7 consensus that if there's impact it's negative, but
8 that at the lower end it's modest. I guess you could
9 say that for troops stationed in the Philippines going
10 to World War II that the Battle of the Bulge was a
11 modest battle but for those engaged in it and General
12 Patton would disagree.

13 I live in inner city Cleveland where the
14 anecdotal evidence or at least the perception is if
15 you talk to low skill workers and I've talked to a
16 number of them is this has a little bit more than a
17 modest impact.

18 For Professor Briggs, you talked about the
19 limited utility of data. To what extent does
20 perception of a problem have an impact on the subject
21 group?

22 And (2) you talked about ethnic
23 networking. There is a Supreme Court decision known
24 as Franco Construction which talks about the legality
25 of a Title 7 of ethnic referrals or that is the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 stationary workplace, stationary workforce, making
2 referrals based on who's currently there and that is
3 that it would funnel in generally speaking those of
4 similar ethnicity or racial group. To what extent
5 does ethnic networking limit opportunities for those
6 outside the network and also to what extent does
7 perception have any type of an impact on the policy
8 debate? That's all the questions you have to answer.

9 DR. BRIGGS: The perception issue is -- I
10 mean, we all know, I believe, that if the illegal
11 immigration were pumping in millions of persons into
12 upper skill jobs we wouldn't be here this morning. I
13 mean, it would have stopped. Twelve million illegal
14 immigrants into the legal profession, college
15 professors, we would -- public policy would be
16 demanding reform right away.

17 But somehow when it's illegal immigrants
18 going into the low income jobs, agriculture workers,
19 maids, landscapers, restaurant/motel workers, somehow
20 there's no adverse impact. All of a sudden labor
21 economics, freshman economics, doesn't work. Well,
22 that's nonsense. I mean, you're loading up a big
23 labor market with a labor force that's not even
24 supposed to be there.

25 Now I think this is -- I don't know if

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 this is exactly the perceptions you're looking at, but
2 I think there is a perception issue that one group
3 looks at it as a benefit for our people as Dr. Hanson
4 says.

5 There are people who are benefitting when
6 people lose. My life has been concerned with those
7 who are on the losing side of this issue. I
8 understand there are benefits. I understand that
9 there are other issues involved here. But illegal
10 immigration is one of the issues.

11 Now on the issue of ethnic networking, I
12 think it's a very important point you raise because in
13 earlier areas, ethnic networking was heralded as a way
14 in which other ethnic groups got in, friends helping
15 friends or a nephew.

16 But I was arguing years ago that since the
17 Civil Rights Act was passed in 1964 I think ethnic
18 networking is basically illegal, that is, not to the
19 degree that you could stop everybody from using it.
20 But the idea that this is something that public policy
21 has to be concerned with because obviously people
22 can't get into new jobs and they start relying on
23 other people to refer, their friends and their nephews
24 and what have you and the jobs they're getting are
25 preference over other people. The labor market is not

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 being given equal access to labor market and that's
2 the networking which historically was a great benefit
3 of immigrant communities.

4 It's still a big benefit. I mean, all the
5 literature shows that, especially the sociology
6 literature. It's a big issue. I think it's illegal
7 to use ethnic networking to give preference to other
8 people of the same ethnic background to come and work
9 for your enterprise and what have you.

10 But it's a very effective way that
11 employers have found to rely on current workers to
12 simply refer friends. Why should they go out and do
13 the screening and the searching and recruitment that
14 the free labor market basically encourages and this is
15 the way a lot of the labor markets used to work. Even
16 the academic one used to work on the ole boy
17 networking and what have you. Simply a professor
18 recommends their own students or their friends to hire
19 them and we found out that's not a very good way to
20 run a labor market especially since 1964 because it
21 doesn't open up opportunities to other persons.

22 VICE CHAIR THERNSTROM: But there's never
23 been a black labor market network in the same sense of
24 the word "ethnic."

25 COMMISSIONER KIRSANOW: Professor Briggs,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 reading through some of the materials, in 1999 you
2 provided some House testimony with respect to some
3 policy prescriptions. It's nine years later. Do you
4 have one or two policy prescriptions for this issue
5 and, if so, does that differ from the policy
6 prescriptions you rendered in 1999?

7 DR. BRIGGS: I've testified so often. I
8 don't know which testimony you're actually referring
9 in 1999 to the House of Representatives.

10 COMMISSIONER KIRSANOW: Yes, it was 1999.

11 DR. BRIGGS: But I'm sure it's pretty much
12 the same. All I do is argue for strict enforcement of
13 employer sanctions and actually taking seriously the
14 idea that the workplace is where we should be
15 enforcing our immigration laws. That was the
16 assumption when we passed the Immigration Reform and
17 Control Act in 1986 that there was going to be strong
18 enforcement at the worksite, it's never happened, and
19 also, of course, strong enforcement at the borders,
20 but the borders are not under control. Those are
21 coming from physically across the borders. We know
22 that 40 percent or so of the illegal immigrants come
23 in the country on visas. So the border management is
24 not the only issue.

25 And the really big issue to me is the idea

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 of enforcing at the job site and make it very clear
2 that the illegal immigrants are not going to work in
3 this labor market and the people who hire them as the
4 law requires should be punished and there should be no
5 more concerns for amnesty of illegal immigrants. They
6 did this once. They should be no promise that people
7 who come here illegally and violate our laws can
8 expect to have their status changed to become
9 legalized and become a permanent part of the labor
10 force. And, of course, the big problem with amnesty
11 is the family reunification issues that come with it
12 for low skill workers which was why I do no longer
13 support any additional amnesty.

14 I believe there's a problem there. It's
15 the same arguments that I made since they passed that
16 legislation in 1986. Just do what you said you're
17 going to do and I think commissions like this ought to
18 ask the Government to enforce what the public policy
19 of the country is.

20 VICE CHAIR THERNSTROM: Can we get to you
21 because we have Commissioner Yaki and Commission
22 Heriot eager to ask questions. Commissioner Yaki, you
23 go ahead.

24 COMMISSIONER YAKI: Go ahead.

25 COMMISSIONER HERIOT: Okay. Thank you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 First, I want to thank you, gentlemen, for your
2 interesting testimony and I want to go off in a
3 slightly different direction here and get whatever
4 information you might have about this.

5 We live in a world where capital is very
6 mobile and it can even cross borders, of course,
7 better in some sectors of the economy than in others.

8 Suppose the American Government ruled to get tough on
9 illegal immigration tomorrow and suppose that sure
10 enough wages for low skill jobs do go up. What is the
11 long term prognosis? Are most of the jobs that we're
12 talking about here in industries where capital would
13 be mobile or are they mostly in areas long term those
14 jobs are going to stay in this country? They won't
15 simply go across the border and find the persons who
16 otherwise might have -- the illegal immigrants.

17 DR. HOLZER: I can take a quick stab at
18 that. I think it varies a lot across different
19 sectors of the economy. For instance, if you're
20 talking about garment manufacturing, or textiles,
21 those kinds of jobs are extremely low-wage. Many of
22 them have already left. Many more will with or
23 without immigration. So one could imagine those kinds
24 of jobs leaving and many, many others staying, as in
25 construction, retail trade, restaurant work, health

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 care. Of course, the jobs aren't going overseas.
2 Clearly, the jobs need to be located here where the
3 work has to be done, where the consumers are.

4 But remember that mobility of capital
5 across borders is only one reason why jobs may exist
6 or may not exist. You also have technology. The
7 technology gives employers all kinds of choices on
8 exactly how to produce. So one could even imagine in
9 the restaurant or the construction sector that those
10 jobs aren't going anywhere, not necessarily, but that
11 in the presence of immigrants, both legal and illegal,
12 many jobs would be created and if wages had to be
13 driven up dramatically in those sectors, one could
14 imagine that employers would turn to more capital
15 intensive production techniques, more technologically
16 sophisticated methods.

17 Now that wouldn't happen overnight.
18 Sometimes it takes years for those technologies to
19 diffuse into a new sector and for employers to figure
20 out how to use them. But I think over time some of
21 these jobs will continue to exist at higher wages.
22 Many would not. I don't believe that these markets
23 are perfectly competitive

24 At the same time the flip side of that is
25 that if you were tomorrow to somehow magically wave a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 wand and drive all illegal immigrants out of the
2 country, and I don't think the policy methods exist
3 for doing that or are even close to it, but even if
4 you could accomplish that, the disruptions that you
5 would create in the short run, I think, in some of
6 these sectors and some of these locations would be
7 enormous and I think even that has to be factored into
8 what kinds of policy choices we make.

9 DR. HANSON: May I add briefly to that
10 comment?

11 VICE CHAIR THERNSTROM: Absolutely please.

12 DR. HANSON: So the experiment being
13 considered is one of dramatic reduction in
14 immigration. That one we haven't actually performed
15 in the U.S. economy. But we have, in effect,
16 performed a similar experiment with foreign investment
17 and that is prior to 1990 Mexico was relatively closed
18 to U.S. investment.

19 We had immigration from Mexico to the U.S.
20 in the 1980s. Between 1989 and 1994, Mexico
21 dramatically liberalized restrictions on foreign
22 investment and what we saw was a huge surge of
23 investment from the United States to Mexico. But we
24 also saw in the 1990s a continuing increase in
25 immigration.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 So the fact of the matter is the U.S. and
2 Mexican economies are so different in terms of their
3 technology levels and in terms of resource supplies
4 that simply allowing flows of investment or flows of
5 trade or flows of labor on their own aren't sufficient
6 to fully integrate those economies. You need all
7 three.

8 What that implies, consistent with what
9 Professor Holzer just said, is that shutting down
10 immigration, you aren't going to fully offset those
11 impacts through changes in capital flows. You'll
12 partially offset them only.

13 DR. BRIGGS: Mexico also devaluated their
14 currency right after NAFTA passed dramatically also.

15 DR. JAYNES: We also had the problem that
16 independent of capital flows and changes in methods of
17 technology and therefore modest increases in wages
18 also has an effect on the demand and the low wage
19 types of jobs that we are particularly talking about
20 are going to be very highly sensitive to precisely
21 their point. So that gets back to the point that I
22 was making in my introductory remarks about the sort
23 of common sense appeal of looking at workers existing
24 in particular areas and industries and seeing them and
25 seeing the absence of others and thinking if those

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 immigrants weren't here then all those jobs could, in
2 fact, belong to native born workers or at the very
3 least at somewhat higher wages they could all belong
4 to a somewhat smaller number of native workers.

5 This also goes to the complicated nature
6 of determining this. If we did that experiment and
7 all of the immigrants or all the illegal immigrants
8 were gone next week, a lot of the jobs that we're
9 seeing them perform wouldn't just automatically
10 transfer over to natives. I want to just give a very
11 simple example just to make that point.

12 So, say, for example, a lot of immigrant
13 women worked in household services, cleaning houses,
14 things like that. Now 35 years ago, a lot of African
15 American women did those jobs. The idea behind a lot
16 of the criticism that immigrants affect jobs is if all
17 those immigrant women were gone, all of a sudden we
18 would see this large influx of African American women
19 going into doing this domestic work as their
20 grandmothers did many decades ago. It's not really
21 going to happen. Agriculture obviously would be the
22 same thing.

23 Another salient example and one where I
24 think there has been a lot of displacement of native
25 born workers would be meat processing, poultry and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 beef, things like that in some southern states like
2 Georgia, Arkansas, but also in some western states
3 like Nebraska. But that industry was characterized by
4 very high wages prior to the influx of immigration,
5 that is unsustainable wages. Wages around 1979
6 looking at today's prices were around \$22 an hour for
7 working in a meat processing plant and as I said,
8 those weren't really sustainable wages. Those jobs
9 would have been moving somewhere or there would have
10 been changes in capital techniques to economize on
11 cost if the immigrants hadn't come.

12 So if all of a sudden these immigrants and
13 that is an industry where a lot of illegal immigrants
14 are working, if they were gone, it doesn't just
15 automatically mean that over any reasonable length of
16 time that new jobs would be developed for African
17 Americans or any other native workers of low levels of
18 education which would be sustained for any reasonable
19 period of time.

20 DR. BRIGGS: But when they did crack down
21 on some of these meat packing places and these
22 companies began to raise wages suddenly African
23 American workers in Georgia began to come out and work
24 for those jobs. They worked for the same wages
25 illegal immigrants worked. But when the wages went up

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 a couple of dollars some of them were there.

2 DR. JAYNES: That's precisely my point.
3 But the question is how long can that be sustained.

4 DR. BRIGGS: You can't use public policy
5 to drive down wages which is what we're doing.
6 Illegal immigrants are not supposed to be in the
7 United States labor market. That's a public policy
8 decision not to enforce our laws.

9 DR. JAYNES: We have a point of agreement
10 on that point.

11 DR. BRIGGS: Yes.

12 DR. JAYNES: I've written elsewhere that
13 this is one particular industry where we do need to
14 enforce laws and to worry about the supply of labor.
15 But that has something to do with a subject obviously
16 germane to this Commission thinking about the civil
17 rights of American workers and the civil rights of
18 American workers are obviously related to how we
19 enforce the rights of immigration workers whether
20 they're legal or not as well. For a lot of illegal
21 workers to be trampled upon in various industry and
22 not to have any rights, they're going to drive down
23 the conditions for which native workers have to work
24 as well. So that is a general civil rights question.

25 DR. BRIGGS: And wages for these jobs have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 to go up. Let me look into what's happened to the
2 price of gasoline, food, what have you. You can't
3 keep wages artificially suppressed simply by using
4 immigration law, not enforced immigration laws, to
5 keep these jobs at the existing wage levels and also -
6 -

7 VICE CHAIR THERNSTROM: Is artificial the
8 right word?

9 DR. BRIGGS: Yes, I consider it artificial
10 because it's not supposed to be happening. I mean, if
11 you enforce immigration laws, there wouldn't be --
12 wages might be higher. I don't think they would be
13 dramatically higher. I mean, sometimes with higher
14 wages we do begin to substitute capital for other
15 jobs. Sometimes you get changes in management.
16 Management begins to take their jobs seriously. Now
17 they don't take it seriously. They're illegal
18 immigrants. Why should you really care about how you
19 treat them.

20 And if you really have to recruit a labor
21 force, then there's some idea of how you treat workers
22 and I think that's an important worker right in this
23 country. Illegal immigrants undermines everything.
24 It doesn't do any good anywhere. It only does harm to
25 workers in the United States.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 VICE CHAIR THERNSTROM: You know, I don't
2 -- Other people have other questions and so forth, but
3 I just wondered what your response would be to Dr.
4 Jaynes who made the point that, look, there are
5 certain sectors of the economy where if the illegals
6 disappear tomorrow, obviously household domestic work
7 is one of them and maybe the most obviously, you're
8 not going to get Americans who want those jobs.

9 DR. BRIGGS: That's debatable. I mean, I
10 understand his point. But it just so happens the part
11 of the neighborhood, the area where I live in the
12 United States, the maids are all white women. So
13 don't tell me if white women are doing this work black
14 women won't do it.

15 DR. JAYNES: But the question is the
16 expected market.

17 DR. BRIGGS: They do it at a higher wage.

18 DR. JAYNES: Yes, that's the question.

19 DR. HOLZER: How many of those jobs are
20 still there if, in fact, wages have to rise
21 substantially to attract that labor?

22 VICE CHAIR THERNSTROM: Right exactly.

23 DR. BRIGGS: I don't think -- Are you
24 saying you're in favor of a low wage labor policy is
25 to drive down wages for the most unskilled workers in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 the United States? It's indefensible.

2 DR. JAYNES: I think that's one way of
3 characterizing it. I think what we are saying is that
4 from the point of view of public policy we want to
5 know if we make a particular public policy what are
6 the beneficial effects that are going to occur from it
7 and what I am certainly suggesting personally is that
8 we're not going to get a fix anywhere near what a lot
9 of people might think.

10 DR. BRIGGS: But the public policy is that
11 illegal immigrants are not supposed to work here.

12 DR. JAYNES: Towards improving the
13 conditions of low wage African Americans, low wage
14 Americans in general.

15 DR. HOLZER: I think you have to be
16 careful. I don't think anyone in this room is arguing
17 against or in favor of illegal immigration. None of
18 us are saying what a wonderful thing that we have this
19 inflow.

20 What we're saying is it does exist. There
21 are benefits and costs. There are winners and losers.
22 There is some evidence that even workers with high
23 school diplomas in many ways benefit from the presence
24 of these workers. They are more complements rather
25 than substitutes. They don't compete directly.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 And then the question is when you start to
2 think about policy responses to that, some of us,
3 including myself, favor what we call comprehensive
4 immigration reform which means on the one hand, yes,
5 trying to enforce those laws more effectively. But
6 there are questions about how to cost effectively do
7 that. What are the mechanisms? What's the error rate
8 of some of the policies used? Who bears the costs of
9 those errors? What kinds of disruptions would occur?

10 And in my mind, there's a big difference between
11 keeping out new workers -- and I would be favorable if
12 there are ways of effectively doing that -- versus how
13 do you treat the illegal workers who are already here,
14 who in many cases have been here for many years whose
15 employers rely on them, for whom it would be
16 enormously disruptive if all of these people were
17 driven out at once. They have set down roots in
18 communities and begun to raise families, etc. So I
19 think for illegal immigrants who have been here and
20 working in these jobs for many years it is simply more
21 complicated than do we enforce the law and throw them
22 out or not, and I think many of the choices we've made
23 are more nuanced than that.

24 VICE CHAIR THERNSTROM: Commissioner Yaki
25 has been very patient sitting here and I know he has a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 whole bunch of questions and I'd like to hear them.

2 COMMISSIONER YAKI: Thank you very much,
3 Madam Chair. I want to start off really with just
4 some observations. One, as you know, I was not in
5 favor this hearing at this time. I think that we had
6 a hearing scheduled on the Community Reinvestment Act
7 which may not sound quite as sexy as this issue, but
8 given the crisis in the sub prime market and its
9 impact on minority communities I thought it was very
10 timely as well.

11 Secondly, I am concerned a little bit
12 about balance of this panel. I think there is unseen,
13 unspoken for representative who is not here and that
14 is a representative on behalf of the immigrant
15 community. We do not have anyone from MALDEF, we do
16 not have anyone from the American Immigration Legal
17 Forum, the National Immigrant Law Center. I believe
18 none of those three were contacted and that's very
19 distressing that we're talking in absentia in many
20 ways and many people who are on a practical day-to-day
21 basis understand the stores and the trials and
22 tribulations of people who are new to this country.

23 VICE CHAIR THERNSTROM: Commissioner Yaki,
24 there was an effort to get what you would call a more
25 balanced dialogue. I think there is tremendous

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 diversity here.

2 COMMISSIONER YAKI: I was asking about
3 those specific groups because they are the ones who
4 are foremost in the debate in Congress.

5 Next, one of the things that someone who
6 is, I guess, my mother you could say was foreign born.

7 My father was born in the United States, but his
8 father's father was not. I start to take issue when
9 someone starts characterizing our nation as divided
10 between natives and foreign borns because except for
11 the exception of Commissioner Melendez who is not here
12 today who is Native American everyone in this country
13 was foreign born at some point in time. And I think
14 that our immigration heritage and exemplified by the
15 beautiful Statue of Liberty in New York is one the
16 great strengths of our nation. When you see the
17 immigration tensions that you see in Europe right now
18 versus here, I think that you begin to understand just
19 how well we are in terms of a doctrine and an
20 understanding the needs and the priorities that each
21 immigration population to this country brings and the
22 strengths and the diversities and the cultures and
23 those things that make our country so strong.

24 And what really bothered me about this
25 hearing and bothered me about some of the things here

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 today, it's as if there is this characterization that
2 there is some negativity associated with it and we
3 have heard undoubtedly some testimony of a dislocation
4 to African Americans and I think, and with all respect
5 to Commissioner Kirsanow, I don't think that can be
6 belittled. I think it is on an individual basis block
7 by block, family by family, something that is
8 important to an everyday American. Why can I not get
9 work? Why can I not do this?

10 But I think it's wrong and I think that
11 what we hear and what we heard here today, that it's
12 wrong that somebody jumped to the conclusion that
13 there's this correlation between X and Y. I mean,
14 correlations are one of the most statistically unsound
15 methods of comparison that you can find. I mean, we
16 can correlate --

17 We did a study two years ago about the
18 fact that the African American middle class is
19 stagnated. Are we going to say there is a correlation
20 between illegal immigration and the stagnation of the
21 middle class of African Americans? Well, you can make
22 that correlation because the type of areas according
23 to some people here is exactly the same but
24 statistically we look pretty much bigger and that's
25 not the case.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 So my question to the panel is to what
2 extent is race, in this area the issue of African
3 American race, the blacks in America, simply a proxy
4 for lack of educational opportunity, lack of job
5 training opportunities, lack of basically those
6 factors in this whole discussion.

7 VICE CHAIR THERNSTROM: And Dr. Hanson, I
8 hope once again you'll come in if you would like to
9 say something.

10 DR. HANSON: I'd be happy to. So two
11 responses to that question. First in focusing on the
12 African American community, it's very much about
13 education. It's very much about labor market --

14 But I think on this issue of whether we
15 have a diversity of views here about immigration, I
16 think it's important to keep one point in mind and
17 that when we're talking about the wage impact of
18 immigration we are not making statements. That's not
19 the same as talking about the aggregated impact of
20 immigration on the United States. It's talking about
21 the distributional impacts.

22 Negative effects of immigration on wages
23 of low skill workers are still consistent with
24 immigration raising overall U.S. GDP and, in fact, if
25 you take the wage estimates that Professor Borjas,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Grogger and I produced and you see that into an
2 economy wide model, you're still going to get total
3 gains in U.S. national income from immigration. Now
4 when you're talking about low skill immigration you
5 can undo those gains through the fiscal consequences
6 of bringing in low skill workers who may absorb more
7 in benefits and government services than they pay in
8 taxes.

9 But by focusing on the wages, we're really
10 just talking about the distributional effects.
11 Overall, holding the fiscal consequences of
12 immigration aside, there is good evidence to believe
13 that immigration is a net gain to the U.S. economy.
14 Those fiscal impacts are important and in a sense
15 they're at the root of the current policy debate
16 regarding immigration. But were we to fix those
17 fiscal impacts, then there's strong reason to believe
18 that immigration would be a clear net benefit to the
19 U.S. economy.

20 VICE CHAIR THERNSTROM: I would just
21 interject here. Commissioner Yaki, the Acting Staff
22 Director tells me that all of your recommendations in
23 terms of panelists were contacted and he got turned
24 down on all of them. Not all?

25 DR. LERNER: Professor Jaynes is one of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 them.

2 VICE CHAIR THERNSTROM: Professor Jaynes
3 is one of them.

4 COMMISSIONER YAKI: Professor Jaynes is
5 one of them, but on those recommendations, I assumed
6 and perhaps I assumed incorrectly, that since this
7 debate involved largely a discussion of a documented
8 Latino and Hispanic workers, I mean, I feel the need
9 to go there in terms of listing a whole list of groups
10 there were there. The ones I talked about where
11 mainly folks who had testified about this issue with
12 regard to the African American community before a
13 House committee a few months ago of which Dr. Jaynes
14 was one of them.

15 But rather than get into a debate about
16 that, I appreciate what you said, Dr. Hanson. What I
17 want to follow up with and this goes to Commissioner
18 Kirsanow's point is I still ask the question. At that
19 lower end, where there may be some real impact, is
20 that an issue of race or is it an issue of education
21 opportunities, job training opportunities? I mean, I
22 would argue and probably some on this panel disagree
23 with me that the cutbacks in Voc Ed funding, JTPA,
24 community development block grants, the lack of
25 funding in inner city schools, overcrowding, those

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 issues that have been endemic in the American
2 education system especially in our inner cities for
3 the past few decades is as likely if not more a
4 culprit for what is happening rather than any -- But
5 if there is overt discrimination of African Americans
6 I'd like to hear what your views are and thoughts
7 about it or is it a function of simply the way that
8 our society has failed blacks and African Americans in
9 our inner cities through policies that have not
10 promoted adequate education and job training
11 opportunities?

12 DR. HOLZER: If I could address that. So
13 in response to your initial segment, I'd like to say
14 for the record that my parents are immigrants from
15 Poland after the war and I share your sentiment that
16 we be a little careful not to have too much us versus
17 them and I agree with that.

18 But getting to your real question about to
19 what extent this is race or reflecting other policies,
20 I largely agree that within this whole story
21 immigration is a very small part of this entire story
22 and I think three of the four of us have all said
23 that.

24 I think we are in a world where there
25 continues to be discrimination in the labor markets,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 more importantly, very extreme segregation,
2 residential segregation in terms of where people live
3 and go to school. That affects the skills that they
4 bring to the labor market and then we've been in a
5 period in the last 30, 35 years --

6 COMMISSIONER YAKI: It affects the funding
7 for the public schools.

8 DR. HOLZER: Of course, it affects that,
9 too. That's right. And we've been in this period of
10 dramatic economic change that's really affected less
11 educated men of all racial groups. So if you look at
12 men with high school diplomas or less, all of them
13 have taken a fairly large economic beating since the
14 early 1970s or so, whites and Latinos as well as
15 blacks, and you've seen of those groups all pull out
16 of the labor market in response to those economic
17 changes. And those economic changes are driven both
18 by economic forces like technology and globalization
19 as well as policy choices like having laws that don't
20 support collective bargaining very much, letting our
21 minimum wage deteriorate. So all of those forces
22 together create the situation. I also think that
23 those forces hit the African American community,
24 especially African American men, much harder than
25 anyone else because those men were even more reliant

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 on those good jobs in some of those sectors than were
2 white and Latino men and their disappearance has led
3 to -- And then there have been these responses in
4 terms of incarceration and then there have been
5 behavioral responses by the young men themselves in
6 terms of unwed parenthood and child support
7 obligations and I think all these factors together
8 means that partly this is about all less educated
9 Americans and there are not enough opportunities, not
10 enough help for them to adapt to a new economy.

11 And then there are some pieces of the
12 story that are unique to this population. They're not
13 just about -- Well, they're maybe partly about
14 discrimination and race and partly about behavioral
15 factors and it's a complicated story and it affects
16 workers from all groups and then this group in some
17 ways uniquely.

18 DR. BRIGGS: This also -- Some of these
19 cutbacks and these things you're talking about, the
20 cutbacks, have come because of illegal immigration.
21 In those cities, in the areas, the service cuts serve
22 more people than many of the cuts. I mean, you talk
23 about the native born versus foreign born you think us
24 versus them. That's the way the data is collected,
25 isn't it? He wasn't making a value statement. He was

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 talking about that's the only way you measure the
2 impact of immigration. You have to separate the data
3 out.

4 I was -- That's one of my questions that I
5 agree with you about the correlation. There is a lot
6 of problems with this data. So running correlations
7 doesn't necessarily prove anything because there are
8 some real data problems there. You have to get to the
9 institutional, what's actually happening to actually
10 supplement that.

11 But I also say -- So it's not this we
12 versus them. And let's not over -- Every time this
13 issue of immigration comes up somebody talks about the
14 Statue of Liberty. I mean, every country on the
15 planet is a nation of immigrants. Every country in
16 the Western Hemisphere is a nation of immigrants.
17 Otherwise, we can't discuss anything if you can't
18 discuss immigration policy. If someone simply says
19 that somehow you're talking about we versus them that
20 somehow it's an adverse connotation discussing
21 immigration.

22 Immigration is a public policy and we
23 ought to be able to discuss it honestly and frankly
24 without someone being accused of being racist or that
25 somebody has some secret agenda. It's a public

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 policy. It's discretionary. We don't have to allow
2 anybody in this country. Nor does anybody. And most
3 countries on this planet don't. It's to our credit.
4 I support immigration policy, but I support enforcing
5 the policy. But in the immigration when you're
6 talking about supplements, almost half of the foreign
7 born population either is illegal or came in
8 illegally. That's simply wrong. That's not something
9 to be proud of. That's what's undermining our
10 immigration policy and the integrity of it.

11 A lot of people criticize the immigration
12 policy. Rightly, you need to be concerned because
13 they're really criticizing illegal immigration and
14 that's all I'm simply saying. Illegal immigration is
15 something that we have to wipe out and the way to wipe
16 it out is enforce your public policy and take it
17 seriously. We don't take it seriously right at this
18 moment and I don't --

19 COMMISSIONER YAKI: I think what scares
20 people is when you say the words "wipe out," I mean,
21 what you mean by wipe out. I mean, we've heard --

22 DR. BRIGGS: They came in illegally.

23 COMMISSIONER YAKI: -- The Federation for
24 American Immigration Forum that calls immigration or
25 immigrants bacteria. I mean, we use these words "wipe

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 out." How responsible is that to say?

2 DR. BRIGGS: It's like anybody who pays
3 wages below the minimum wage, they simply need to
4 enforce the law. They practice -- We don't worry
5 about companies that can't pay wages below minimum
6 wage. Public policy says workers don't get paid below
7 that. We don't worry about employees who can't
8 operate without enforcing our occupation and health
9 and safety laws. We don't care about them. You're
10 not going to be in business because you can't have
11 workers at those standards. That's all I mean.

12 It's not a value judgment or cynical or
13 what have you. Maybe it's the wrong terms. I'm sorry
14 if that offends you. But I'm simply saying I believe
15 very strongly workers' rights. No worker should have
16 to compete with illegal immigrants because they can't.
17 It's unfair competition.

18 You can't. I can't. I'll guarantee you.
19 If you have an illegal immigrant who can do your job,
20 they'll get your job and they'll get my job because
21 they will do whatever it takes to get that job, no
22 matter how low the wage is or how bad the working
23 condition and that's what the institution literature
24 shows. That's why it's an important part of
25 statistics.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 COMMISSIONER YAKI: I just have to laugh
2 because these scare tactics are really what bothers me
3 about how this debate is conducted. I think there can
4 be a reasoned, rational debate on illegal immigration
5 and I think people understand that their cause to it
6 be on the impact on the African American community.

7 You'll find many people in the minority
8 and ethnic communities who have concerns about illegal
9 immigration.

10 DR. BRIGGS: Sure.

11 COMMISSIONER YAKI: But I don't think that
12 given the fact that historically people have had a
13 hard time separately out who looks like an illegal
14 immigrant and who doesn't when you start in broad
15 language and broad terms like that and engaging
16 rhetorical scare language of "You could be the next
17 person to be supplanted by someone" that's where I
18 tend to draw the line and say, "Look. If we're going
19 to discourse, we need to have it on a much more
20 reasonable, rational and scare mongering basis."

21 VICE CHAIR THERNSTROM: Actually, I have
22 four voices here telling me we absolutely have to move
23 on to the next panel. There are a bunch of us who
24 have questions for this panel. I haven't yet gotten
25 to my questions.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 But I will forego them with just one
2 comment to Professor Holzer and that I like your list
3 a lot, improving educational outcomes and achievements
4 starting with pre-kindergarten programs and so forth.

5 If I thought we knew how to do that, you know, I'd
6 say what's wrong with this country that it hasn't done
7 that.

8 The fact is that first one without even
9 going to the others I regard as, you know, it's a
10 recommendation that we don't know how to act on and
11 the notion that that urban school systems are starved
12 for funds is ludicrous. I mean, even the head of the
13 whatever it's called, the Great City Schools, it's the
14 advocacy for --

15 DR. LERNER: Council of Great City
16 Schools.

17 VICE CHAIR THERNSTROM: Council for Great
18 City Schools, right, has said the truth is that the
19 average per pupil funding in the large urban school
20 districts is much higher than the average in the rest
21 of the country. Money isn't the problem. It's what
22 we do with the money and I don't think we know how to
23 even meet --

24 DR. HOLZER: Can I respond to that please?

25 VICE CHAIR THERNSTROM: Yes.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 DR. HOLZER: First of all, there's nothing
2 in my statement that said anything about money. So I
3 --

4 VICE CHAIR THERNSTROM: Right, but a
5 number of people have.

6 DR. HOLZER: I wasn't advocating anything
7 remotely like let's just throw a lot of money at urban
8 schools.

9 VICE CHAIR THERNSTROM: Right.

10 DR. HOLZER: And that would be a
11 mischaracterization. Having said that, I would say
12 the body of evidence is mixed on what to do. I think
13 there's a body of evidence, for instance, on pre-K
14 programs that would require more money and that body
15 of evidence is very strong. On K through 12
16 education, if we can figure out how to get highly
17 qualified teachers in some of the schools with the
18 right incentives, resources matter. Incentives
19 matter. Accountability matters. And so we could have
20 a whole other discussion like that. I just wanted to
21 make sure that my recommendations were not
22 misconstrued by any one in the room.

23 VICE CHAIR THERNSTROM: I think the
24 operative word in that sentence and then we really do
25 need to go on to the next panel was if we knew how to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 get into our classrooms the kind of high skilled
2 teachers you're talking about, "if" and the answer is
3 we don't.

4 COMMISSIONER KIRSANOW: Madam Chair, I
5 have to leave at 12:00 noon. So I could get in
6 another question.

7 VICE CHAIR THERNSTROM: Yes, absolutely.

8 COMMISSIONER KIRSANOW: I'm not sure I
9 could get it in with the other panel. There has been
10 testimony with respect to modest impact on three
11 different categories within three different areas with
12 respect to low skill workers, but principally black
13 low skill workers and that is on employment rate, wage
14 rate and incarceration.

15 On this Commission quite often, we discuss
16 the fact that the principal civil rights issue. My
17 colleague, Commissioner Thernstrom says that is
18 education, but a number of people say that the effect
19 of unwed motherhood in the black community is the
20 principal civil rights issue. We have 70 percent of
21 unwed motherhood rate in the black community that all
22 the pathologies that flow there from are the reasons
23 for the suppression of the success rate in the black
24 community.

25 Is there a domino effect and to what

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 extent is there between suppressed wage rates,
2 employment rates and incarceration rates on the
3 marriage rates in the black community and to what
4 extent, if there's any data on this, does illegal
5 immigration. Let's remember this is illegal
6 immigration. I'm the son of immigrants. I'm also
7 black. I hope people don't consider me racist if I
8 raise this issue. To what extent is there data on
9 illegal immigration on fueling that cycle?

10 DR. HOLZER: I don't think there's direct
11 evidence or direct links between -- The linkage would
12 be indirect. In other words, you have to make the
13 case that illegal immigration would drive down wage
14 and employment opportunities for native born black men
15 and then that their diminishing employment
16 opportunities somehow feeds into their lack of
17 marriageability. I think that would be the only
18 connection that I could see.

19 So people have analyzed both pieces of
20 that separately. They've looked at what we've all
21 been discussing this morning the first piece of that
22 linkage and I think most of us believe that that's a
23 very modest contributor to declining employment
24 opportunities and then, secondly, there is a body of
25 literature that suggests some, not all, but some of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 the decline in marriage which I agree with you. I
2 think it has very important consequences for the
3 opportunities of children growing up. But some of
4 that at least is driven by this much broader range of
5 economic factors limiting employment opportunities for
6 these young men which then feeds into behavior and
7 norms and attitudes and cultural factors and a whole
8 range of other things.

9 COMMISSIONER KIRSANOW: Professor Holzer,
10 I think you indicated, or I believe it was Professor
11 Hanson who indicated that this is -- the effect of
12 illegal immigrant is probably the most pronounced on
13 young black males. Is that correct? And, if so, is
14 it then another domino effect since your first job is
15 very often the first ladder that you take in moving up
16 to the next point in your employment relationships?
17 So if you don't get that first job as a young black
18 male, then it's more likely to become incarcerated.
19 It's more likely you're going to drop out of high
20 school. It's more likely that you don't go up to the
21 next level and get a job that you can actually sustain
22 yourself and your family, a liveable wage so to speak.

23 DR. HOLZER: I think that -- I mean, I do
24 think the perception of young men who in adolescent
25 years look down the road and they don't see how

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 they're going to get good jobs. They disengage from
2 the school system, from the labor market, from the
3 whole mainstream world.

4 COMMISSIONER KIRSANOW: That's the
5 perception --

6 DR. HOLZER: But I'm simply making the
7 comment though that I think all the different factors
8 limit the availability of good wages in the jobs for
9 them. I just think immigration is a very small piece
10 of a much larger set of economic factors that limits
11 their access both immediately in the immediate term --
12 You can talk about the deterioration of all of their
13 networks to those jobs and you can talk about the
14 disappearance of a strong career and technical
15 education to link people to good jobs and all the
16 changes in the labor market as well. And I just think
17 all those factors outweigh immigration in terms of
18 explaining their attitudes and their perception of the
19 disappearance of their opportunities.

20 DR. BRIGGS: It's still a piece of the pie
21 and it's a piece that has remedies which we could --
22 There are answers. The question is you're right.
23 It's much more difficult to deal with. This one is
24 not that difficult to deal with.

25 DR. JAYNES: It's a piece of the pie, but

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 let's just remember that the bulk of each one of these
2 problems beginning with unwed motherhood, lack of
3 education, all these things predate any significant
4 changes in our contemporary immigration numbers and
5 that should be a sobering thought with respect to how
6 important from a systemic fundamental cause of process
7 this is.

8 COMMISSIONER KIRSANOW: Professor Jaynes,
9 when you say "predate" you mentioned before the black
10 unwed marital rate was about 24 percent. We have
11 seven amnesties since then. It's grown to 70 percent.
12 It seems to be contemporaneous and not predated.

13 DR. JAYNES: Well, the black unwed
14 motherhood in the mid '60s was about where you put it.
15 Just like I said, this is a very complicated thing.
16 The problem with stating that statistic is that it's a
17 broad aggregate statistic and what it does is it puts
18 together those millions of African American households
19 who had been born and formulated their minds and
20 ideals about marriage, child-rearing practices and
21 employment in the rural south who by that time were
22 living in urban areas.

23 Now if we wanted to ask ourselves what
24 might we have expected to see we should just then look
25 at the population who I call "urban Is." That is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 individuals who had in effect been socialized as
2 children or adolescents in a city and by city, I don't
3 mean it has to be Washington, D.C. or Philadelphia or
4 L.A., anything not rural. And if we break that data
5 down, we have that the unwed motherhood or a better
6 number I think the proportion of children who are in
7 such families by the mid 60s is already around 40
8 percent where it was going to be in 1980.

9 So the point that I'm making, there are
10 fundamental processes involved in these perceptions
11 via growth of attitudes, the perceptions about
12 discrimination and life chances and possibilities
13 among the lower income African American population
14 which predate all of these problems.

15 DR. BRIGGS: But historically the male
16 participation far exceeded the female. Today, the
17 greatest problem in the entire American labor force is
18 the fact that the black African American women is the
19 only labor force which the number of women in the
20 labor force exceeds the number of men and that's
21 devastating.

22 VICE CHAIR THERNSTROM: And I'm cutting it
23 off.

24 DR. BRIGGS: That's devastating.

25 VICE CHAIR THERNSTROM: I'm getting --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 It's been great.

2 (Applause.)

3 VICE CHAIR THERNSTROM: I thank you, but
4 again, I also thank the staff and I think we do
5 probably need to take a four minute break or something
6 and I know all of us, well, I was left with a whole
7 bunch of questions myself. I know Gail Heriot was. I
8 know that Commissioner Kirsanow could have gone on.
9 Off the record.

10 (Whereupon, at 11:16 a.m., the above-
11 entitled matter recessed and reconvened at 11:26 a.m.)

12 VICE CHAIR THERNSTROM: I'm sorry, I'm
13 sorry, I got waylaid. Okay, I apologize for -- I got
14 waylaid by talking to some of the previous speakers.
15 And obviously, I was not properly watching the clock.
16 So Panel 2, we're delighted to have you here as well.
17 We have the following participants; Dr. Julie
18 Hotchkiss, Research Economist and Policy Advisory with
19 the Federal Reserve Bank in Atlanta. She holds an
20 adjunct position at the School of Economics at the
21 Andrew Young School of Policy Studies at Georgia State
22 University, serves on the Board of Trustees of the
23 Southern Economic Association. She received her
24 doctorate in economics from Cornell University.

25 Dr. Steven A. Camarota, is Director of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Research at the Center for Immigration Studies. He
2 holds a doctorate in public policy from the University
3 of Virginia. He is currently under contract with the
4 Census Bureau. I've once again got to speak louder
5 and I think the solution is for me to do this. He is
6 currently under contract with the Census Bureau as the
7 Lead Researcher on a project examining the quality of
8 immigrant data in the American Community Survey and
9 I'm sure he'll tell us what the ACS is.

10 Mr. Richard Nadler --

11 MR. NADLER: Nadler.

12 VICE CHAIR THERNSTROM: -- Nadler, who
13 serves as President of America's Majority Foundation.
14 He recently published "Immigration and the Wealth of
15 States", which analyzed the correlation between high
16 rates of immigration and gross state product income,
17 disposable income, median household income, median per
18 capita income, household poverty rates, individual
19 poverty rates, unemployment rates and crime rates in
20 the 50 states and the District of Columbia.

21 And last but not least, Dr. Carol Swain,
22 Professor of Political Science and Law, Vanderbilt
23 University Law School. She has recently written a
24 book "Debating Immigration", holds a doctorate in
25 political science from the University of North

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Carolina at Chapel Hill. And once again, we will have
2 much more extensive biographies that will be posted on
3 the website with your testimony. We just -- you saw
4 our time problems with the last panel and we are very
5 cognizant of more time taken up with longer
6 biographies as introductions.

7 So I welcome you on behalf of the
8 Commission and we do need to swear this -- yeah, this
9 group in.

10 2. PANEL TWO

11 (PANELISTS SWORN)

12 VICE CHAIR THERNSTROM: So I will call on
13 you according -- in the order you've been given for
14 the record and we start with Dr. Hotchkiss.

15 DR. HOTCHKISS: Thank you, Madam Chairman.

16 VICE CHAIR THERNSTROM: And please, all of
17 you, be as good as the last group in watching the
18 clock because we -- you know, we ran out of question
19 time as you saw.

20 DR. HOTCHKISS: All right, well, I
21 appreciate the opportunity to share with you the
22 results of recent research that I've undertaken with
23 my colleague Miriam Quispe-Agnoli, who is here in the
24 audience with us as well, on the issue of the impact
25 and experience of undocumented workers here in the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 United States.

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

9 Our analysis addresses three specific
10 questions. The first question is, how are wages
11 impact when the concentration of undocumented workers
12 increases? The second question is whether there's any
13 evidence of displacement of documented workers when
14 firms hire a greater share of undocumented workers.
15 And lastly, would we expect any greater downward
16 pressure on wages in response to the presence of
17 undocumented workers than we would expect in the
18 presence of legal immigrants as a whole?

19 Now, I'm sure you'd like me to get
20 straight to the answers to those questions, but it's
21 important for me to make you aware of some of the
22 caveats and limitations of the research, especially
23 given the comments of the last panel. All statistical
24 analysis is limited by the data available, by the
25 statistical tools at hand and of course, by the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 imagination of the researcher. The analysis is
2 performed with information on workers and firms in the
3 State of Georgia only. This research was possible as
4 a result of a data sharing agreement that allowed me
5 to have access to the Georgia Department of Labor
6 administrative records used for administering the
7 Unemployment Insurance Program.

8 These data are highly confidential and
9 restricted in their access. Let me also point out
10 that our analysis is quite different from those who
11 came before us. We make use of micro-level data on
12 individuals and firms and our efforts are directly
13 focused on identifying the impact of the presence of
14 undocumented workers.

15 While analysis using data from one state
16 may seem limiting, Georgia was determined by one study
17 to have experienced the fastest growth in its
18 undocumented population between 2000 and 2006. In
19 addition, Georgia is ranked as sixth in the nation for
20 size of undocumented immigrant population. So if this
21 issue has relevance anywhere, certainly Georgia would
22 be one of those places.

23 It may also be particularly relevant for
24 this hearing to note that 30 percent of the population
25 in Georgia identifies itself as Black or African

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 American. And it also ranks fourth in the nation for
2 African American proportion. The implication is that
3 a significant portion of the potentially impacted
4 workers in Georgia is Black. The data that we use
5 contain quarterly earnings and Social Security numbers
6 on approximately 97 percent of all non-farm workers.

7 We do not have information on workers'
8 education, immigration status or hours of work. We
9 attempt to make up for limited worker information by
10 repeating the analysis by sector where workers are
11 likely to be more alike than across sectors. In
12 addition, we account for the firm's characteristics
13 and any variation in wages that might be specific to
14 the sector in which the worker is employed. We
15 identify undocumented workers by determining whether a
16 worker's Social Security number is invalid. We use a
17 simple algorithm, based only on the value of the first
18 three digits. The figure in my printed testimony
19 shows the share of workers in each of these broad
20 industries that are identified as undocumented. And
21 the first thing to notice from the figure is that the
22 growth in the share of undocumented workers is
23 greatest in those sectors we might expect;
24 construction, leisure and hospitality and professional
25 and business services which includes sectors such as

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 landscaping services.

2 The second notable feature is that even in
3 construction, the share of undocumented workers in our
4 sample has reached a maximum of less than one percent
5 of all workers in that sector. We are clearly under-
6 counting the presence of undocumented workers in
7 Georgia in our sample. The most recent estimate by
8 others suggests that seven percent of workers in
9 Georgia is undocumented. The implication is that we
10 are capturing only about two percent of all
11 undocumented workers in the state and perhaps, more
12 importantly, this means that any impact of the
13 presence of undocumented workers that we identify is
14 expected to be an underestimate of the impact that we
15 could have measured if we were able to capture all of
16 the undocumented workers for analysis.

17 Now, I can move onto the main findings of
18 the paper. First of all, the impact on wages; based
19 on the most recent estimates of the growth of
20 undocumented workers between 2000 and 2007, the share
21 of undocumented workers in Georgia has increased from
22 four to seven percent. Our analysis indicates that
23 the result of this three percentage point growth in
24 the share of undocumented workers, the annual earnings
25 of the average documented worker in Georgia is about

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 2.9 percent or \$960.00 lower than they were in the
2 year 2000. The results for the construction industry
3 were very imprecise but annual earnings for the
4 average documented worker in leisure and hospitality
5 alone in 2007 were estimated, based on this three
6 percentage point growth, 9.1 percent lower than they
7 were in 2000. This impact is expected to be smaller
8 in the US overall where we've seen only a two
9 percentage point increase in undocumented workers.

10 Let me point out that while this 2.9
11 percent overall wage impact in Georgia is quite
12 modest, the statistical estimate is larger than what
13 others have found for the impact of immigrants as a
14 whole. In a minute I'll discuss why we shouldn't be
15 surprised by the statistically larger impact.

16 Regarding the displacement of documented
17 workers, our results show that an increase in the
18 share of a firm's new hires that is undocumented,
19 leads to a decrease in documented workers leaving
20 their jobs but to an increase in undocumented workers
21 leaving. Like others have found for immigrants
22 overall, we find that new arriving, undocumented
23 workers seems to displace earlier arriving
24 undocumented workers but have no adverse effect on the
25 separation of documented workers. So how can it be

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 that the arrival of a new set of workers results in
2 less separation?

3 There are two mechanisms that could be at
4 work to explain this. We did not test these theories
5 but offer them as others have, merely as an
6 explanation as to how this result may be consistent
7 with economic theory. When an input to the production
8 process becomes less expensive, it should have two
9 effects. In this case, it's labor that has become
10 relatively less expensive with the arrival of
11 undocumented workers.

12 The first effect is what we call a
13 substitution effect. The lower cost of labor entices
14 firms to substitute away from capital inputs and use
15 more labor. This increases the demand for labor, thus
16 employment. The second effect is called the scale
17 effect. The idea here is that if one input in the
18 production process becomes less expensive, total
19 production becomes less expensive inducing firms to
20 increase production which in turn, increases demand
21 for all inputs including labor.

22 The third analysis of the paper addresses
23 the question of why the impact of undocumented workers
24 might be expected to be greater than the impact of
25 immigrants as a whole. When workers do not have many

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 alternative job prospects, they have been found to be
2 less sensitive to wage changes than if they could find
3 new employment easily. What this means is that these
4 limited workers will be less likely to quit their jobs
5 when they face low wages or hostile work environments.

6 Historically, economists have found that
7 married women, Blacks and workers with chronic medical
8 conditions have behaved in this way. When a worker
9 finds himself in a limited employment situation, the
10 worker acts as if the employer is the only one in
11 town. The firm takes advantage of this position by
12 paying lower wages. In fact, it's likely that labor
13 market limitations are even greater for undocumented
14 workers than for immigrants as a whole. This would
15 provide an explanation for why the downward pressure
16 on wages is even greater in the presence of
17 undocumented workers than it is merely in the presence
18 of immigrants.

19 The results of our third analysis
20 indicated that, indeed, undocumented workers are only
21 about half as likely as documented workers to leave
22 their jobs in response to a lower wage. This implies
23 that it is the limited employment and grievance
24 opportunities of undocumented workers thus provide the
25 likely mechanism through which their presence lowers

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 wages.

2 Again, I'm not here to promote or comment
3 on any specific policy. However, the results of our
4 research lead to three conclusions that we hope will
5 be useful for policy discussion. First of all, wages
6 will be higher in the absence of undocumented
7 workers. I think the previous panel pretty much
8 agreed on that one as well.

9 Employment will not necessarily be higher
10 and may even be lower in the absence of undocumented
11 workers. And lastly, any effective policy that
12 reduces or eliminates workers' limited employment and
13 grievance opportunities which would include somehow
14 legitimizing undocumented workers, will lead to higher
15 wages for all workers on average. Thank you for your
16 attention.

17 VICE CHAIR THERNSTROM: And than you very
18 much. Dr. Camarota.

19 DR. CAMAROTA: Thank you. I'd just like
20 to thank the Commission for inviting me to speak on
21 this incredibly important topic. The issue of the
22 impact of immigration on Black Americans has long been
23 a concern. During the previous great wave of
24 immigration at the turn of this last century, most
25 Black leaders felt strongly that immigration had

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 harmed their community and this was true of D.W.
2 DuBois or A. Phillip Randolph and others.

3 Job competition has generally been a key
4 issue but other concerns exist as well. For example,
5 the strain illegal immigration may create on public
6 services may be particularly problematic for African
7 Americans because schools and hospitals in some Black
8 areas are already stressed in many ways. Illegal
9 immigration may add to this problem.

10 When it comes to possible job competition,
11 there are a number of areas of debate but there are
12 several areas on which there is general agreement. So
13 in my comments, I will try to talk first about where
14 there is agreement and then move to where there's more
15 debate. First, there is little debate that illegal
16 immigration primarily but not exclusively increases
17 the supply of workers at the bottom end of the labor
18 market. Occupations such as building cleaning and
19 maintenance or construction and food service and
20 preparation have some of the largest impact or shares
21 that are illegal and in my presentation or my written
22 comments, you can see that in my estimates in Table 1.

23 If illegal immigration has a negative
24 impact on U.S. born workers, it will tend to be on
25 those who have the least education because this is the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 kind of workers who generally does this type of job.
2 Second, all of the available data show that Black men
3 are disproportionately employed at the bottom end of
4 the labor market. About six out of 10 adult Black men
5 have only a high school degree or even failed to
6 graduate high school and it's only about four out of
7 10 for native born White men.

8 About half of Black men are employed in
9 occupations in which illegal immigrants comprise a
10 significant share, whereas, when we look at White men,
11 it looks like more about a third are employed in
12 occupations that have at least a significant share.
13 And remember, it's important to note, these are broad
14 occupational categories as defined by the Census
15 Bureau. Unemployment is generally much higher among
16 less educated Black men. In these high illegal
17 immigrant occupations, Black native unemployment for
18 men is about 13 percent and that's at the start of
19 2007. So it's before the current economic downturn.

20 Third, there is a large body of research
21 showing that less educated Black men, like less
22 educated men overall, have generally not fared well in
23 the U.S. labor market. This is true whether we look
24 at wages, benefits or labor force attachment. Workers
25 with less than a high school education or only those

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 with a high school education have seen their wages
2 generally decline.

3 The share that are being offered benefits
4 by employers have seen that generally decline,
5 benefits such as health care and there is a long-term
6 trend of declining labor force participation for less
7 educated native born men including less educated
8 native born Black men. Now the overall deterioration
9 in employment rates, wages and benefits is a strong
10 indication that less educated labor is not in short
11 supply in this country. If such workers were in short
12 supply, wages and benefits and employment rates should
13 all be rising as employers try desperately to attract
14 and retain the relatively few, less educated workers
15 that are available but this is exactly the opposite of
16 what's been happening. And there is almost unanimity
17 among economists which is a rare thing indeed, that
18 people at the bottom end are not doing well and that
19 is strong prima facie evidence that there's no
20 shortage of workers at the bottom end.

21 The deterioration in the labor market for
22 less educated Black men may be particularly
23 problematic because they already tend to make the
24 lowest wages and have the lowest labor force
25 participation rate. Now, more generally, it seems to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 me that any assertion that less skilled workers are
2 very scare must address head on the economic evidence
3 in terms of wages, benefits and employment rates that
4 all show, if you will, a glut of workers at the bottom
5 end and certainly no shortage.

6 Testimonials from owners of business who
7 understandably want to keep wages down, does not
8 constitute systematic evidence. Now, turning to the
9 studies, several studies have found that African
10 American men have been impacted by the immigration. We
11 already heard about the recent study by Borjas,
12 Grogger and Hanson, which found that immigration
13 reduced labor force participation rates. In a study
14 published in 1998 by the Center for Immigration
15 Studies, my organization, we found that Black men, not
16 surprisingly were more likely to be in competition
17 with immigrants than White men.

18 In a 1995 study by Augustina Kposowa, she
19 concluded that in her statistical analysis, "Non-
20 Whites appear to lose jobs to immigrants and their
21 earnings are depressed by immigrants", unquote. A
22 1998 study by Howell and Mueller found that for each
23 one percent increase in the immigrant share of an
24 occupation, it reduced wages of Blacks in that
25 occupation at about half a percentage point.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 A more recent paper by Andrew Sum and Paul
2 Herrington found negative effects from immigration on
3 less educated natives overall and particularly on less
4 educated minorities who are young, say under the age
5 of 30. Now, there is certainly a good deal of
6 antidotal evidence that employers often prefer
7 immigrants, particularly Latino and Asian immigrants
8 over native born African Americans. A more
9 qualitative study by anthropologists Newman and Lennon
10 looked at the fast food industry in Harlem and found
11 that immigrants seemed to have a real advantage over
12 native born Blacks and this almost certainly seemed to
13 represent the biases and prejudices of employers.
14 However, some studies have not found an impact from
15 immigration on Blacks. Part of the reason is it's
16 difficult to measure the impact, as we've actually
17 already heard, is that we live in a national economy.

18 The movement of capital, labor, goods and services
19 tends to create wage equilibrium between cities. This
20 is important because many studies have tried to
21 measure the impact of immigration by looking at
22 different states and cities with different immigrant
23 components. But the national nature of our economy
24 may make this very difficult.

25 The other problem is, is that immigrants

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 themselves are going to be attracted to what kind of
2 location, what kind of state, what kind of city, one
3 where employment rates are good, where wages tend to
4 be high. So then you come along and try to measure
5 conditions in these areas, you may falsely think that
6 the presence of the immigrants is the cause rather
7 than the self-selectivity of the immigrants.

8 In conclusion, there is no debate that
9 illegal immigration and even immigration more
10 generally increases the supply of workers who are
11 employed in lowered skilled, lower wage sectors of the
12 economy. It is also uncontested that a significant
13 share of native born Black men have education levels
14 that tend to make them more likely to be in
15 competition with illegal immigrants than Whites.
16 Additionally there is agreement that wages and
17 employment for less educated men generally and for
18 Blacks have declined as have wages. There is also --
19 there are also a number of studies indicating that
20 immigration is harming the labor market prospects of
21 Black men.

22 However, the debate over whether
23 immigration reduces wages or employment is not so. In
24 conclusion, I think what's important to understand is
25 that if one looks at this question, it is first and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 foremost, very difficult to argue that we have a
2 shortage of less educated workers. There should be
3 some agreement on this. Now, there is a good deal of
4 agreement on economists that there should be some
5 benefit from reducing wages for less educated natives
6 by increasing the supply of workers through
7 immigration but that benefit has to be extremely small
8 because less educated workers earn so little to begin
9 with that pushing down their wages even substantially
10 can't generate large gains for the rest of us.

11 The 1997 study, *The New Americans*, which
12 is probably one of the most comprehensive, by the
13 National Research Council, has an explanation as to
14 why it's so small, in the neighborhood of one-tenth or
15 two-tenths of one percent gain for those -- gained
16 from immigration. For the poorest 10 percent of
17 workers, the study estimated they lost about five
18 percent of their wages. There is no body of research
19 showing large economic gains to native born Americans.

20 However, the immigrants themselves do benefit
21 substantially by coming here and this is an important
22 consideration.

23 In short, a central part of the
24 immigration debate has to be how we weigh the benefits
25 really to the immigrants against the losses suffered

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 by the poorest and least educated Americans. How one
2 answers this question will have a significant impact
3 on what immigration policies make sense moving
4 forward. Thank you.

5 VICE CHAIR THERNSTROM: And thank you very
6 much. Mr. Nadler.

7 MR. NADLER: Members of the Commission,
8 I'm honored by your invitation to cast such modicum of
9 light as I can on what has become a potentially
10 explosive social issue. I'm speaking of the impact of
11 mass immigration, roughly three-quarters of is
12 Hispanic, on the economic plight of African Americans.

13 Critics call this an invasion. A recent ad campaign
14 sponsored by the Coalition for the Future American
15 Worker features Dr. Frank Morris, the former Executive
16 Director of the Congressional Black Caucus Foundation.
17 In it, Dr. Morris says, quote, "Immigration accounts
18 for 40 percent of the decline in employment of African
19 American men". Many are the woes attributed to
20 immigration in general and to illegal immigration in
21 particular: downward pressure on wages and innovation,
22 upward pressure on unemployment, poverty and crime,
23 many of the remedies proposed to rectify these
24 problems ranging from skills testing to mass
25 deportation.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Immigration critics to the left and right
2 present differing, conflicting analyses of the impact
3 of contemporary immigration. But on one thing the
4 critics left and right agree: the market model of
5 laissez faire has broken down at least as regards to
6 the world's tired, poor and huddled masses yearning to
7 be free in America. But has it really? Do high
8 levels of immigration correlate to high levels of the
9 various ills attributed to it?

10 My own work in this field, Immigration and
11 the Wealth of States, matched the immigration patterns
12 of the 50 states of the District of Columbia to data
13 that immigration ostensibly affects: gross state
14 product, personal income, disposal income, median
15 income, rates of poverty and unemployment and rates of
16 crime. The study focused particularly on recent
17 state-by-state trends, 2000 to 2007.

18 In disaggregating high immigration
19 jurisdictions -- states plus the District of Columbia
20 -- I used three definitions suggested by Steve in his
21 recent paper, Immigrants in the United States 2007.
22 The high percentage jurisdictions in my study were the
23 10 states, including DC, with the highest proportion
24 of immigrants and their resident population. The high
25 influx states were the 10 whose population in 2007 was

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 most altered, percentage-wise by an influx of
2 immigrants since the year 2000.

3 The high number states were simply those
4 with the highest number of foreign born resident
5 individuals. These three overlapping groups of 10
6 encompass 19 separate jurisdictions containing 83
7 percent of the US immigrant population and also, I
8 might add, 60 percent of the nation's African American
9 population. In what follows, I will speak of these 19
10 as the high immigration jurisdictions, HIJs, and the
11 other 32 states where 17 percent of immigrants reside
12 as low immigration.

13 Were it true that high immigration
14 correlated with the slow-down in capitalization per
15 worker, this should be reflected in gross state
16 product trends. It was not. The HIJs -- high
17 immigration jurisdictions -- experienced growth
18 significantly higher than the other 32 states.

19 Were it true that high immigration
20 decreased income in its broadest measure, then the
21 states with low immigration should have an advantage
22 in personal income per capita. But in fact, personal
23 income per capita was not only higher in HIJs but was
24 increasing at a significantly faster rate.

25 Were it true that the tax costs associated

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 with high levels of immigration, you know, the social
2 costs that we hear about: the schools, roads, et
3 cetera -- if these high cost levels negated the
4 benefits, then this should be reflected in state
5 statistics on disposable income, that's -- after tax-
6 income. But in fact, the HIJs had a significant
7 advantage over low immigration states in disposable
8 income and disposable income per capita, whether
9 measured in dollars or in rates of increase.

10 Median income is the center of a set of
11 earners, the income point at which half earned more,
12 half earned less. If contemporary immigration
13 constitutes the war against the middle class that you
14 hear about on Lou Dobbs and Fox, then median income
15 should be declining in HIJs, either absolutely, or at
16 least relatively, to other states. The opposite is
17 true. Median income, whether household or individual,
18 whether measured in dollars or trends over time, fared
19 better in the high immigration jurisdictions than in
20 the rest of the country. This advantage held true not
21 only for the 19 HIJs together but for the three
22 component subgroups separately. No matter how you
23 slice it or dice it, the HIJs have outperformed the 32
24 low immigration states economically.

25 But what about the social cost? In 2006

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 unemployment was 4.6 percent nationally. In the HIJs
2 it was a bit low -- 4.4 percent in the full set, and
3 4.2 percent in the rapid influx subset. Unemployment
4 in the low immigration states was higher, 4.9 percent.
5 Poverty. In 2006, 12.7 percent of US households
6 earned an annual income below the federally defined
7 poverty line compared to a lower 12 percent of the 19
8 HIJs, and a much lower 10.3 percent in the rapid
9 influx subset. In the 32 low immigration states,
10 household poverty was higher: 13.7 percent.

11 The FBI unified crime reports define crime
12 rate as crimes per 100,000 residents. We hear a lot
13 about the immigrant crime wave. In 2006, the HIJs had
14 a crime rate of 3,807 per 100,000 residents compared
15 to 3,809 in the low immigration states. In other
16 words, the crime rates were virtually identical.

17 To summarize, high state levels of
18 immigration variously defined, correlate with above
19 average performance in gross state product, personal
20 income, disposable income, median income, and below
21 average rates of individual and household poverty and
22 unemployment. This may not be what you're hearing on
23 Fox or CNN but it happens to be true.

24 In preparation for this hearing I
25 developed two additional charts that extend the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 methodology of immigration and the wealth of states to
2 Black unemployment and African American child poverty.
3 Allow me to briefly summarize them. Despite a steady
4 influx of immigrants during the current
5 Administration, Black unemployment tracked general
6 unemployment. It increased during the first three
7 years of this Administration from 7.6 percent in 2000
8 to 10.8 percent in 2003, then decreased for the next
9 four years to 8.3 percent in 2007.

10 In both 2000 and 2007 Black unemployment
11 was 3.6 percent higher than the overall rate of
12 unemployment. In other words, from 2000 to 2007
13 unemployment increased the same .6 percent nationwide
14 and among Blacks.

15 But when we compare unemployment trends of
16 the HIJs with the other states, a different picture
17 emerges. Black unemployment went up three times as
18 much in the US as a whole as in the HIJs -- .6 percent
19 versus .2 percent.

20 Black unemployment went up six and a half
21 times as much in the low immigration states as in the
22 HIJs, 1.3 percent versus .2 percent. The subgroup of
23 states in which Black unemployment actually decreased
24 over these seven years was the high influx subgroup,
25 the places where the immigrant inflow, 2000 to 2007,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 constituted the highest percentage of state resident
2 population.

3 Now, these stats by no means prove that a
4 high rate of immigration taken as a single factor
5 causes an enhanced rate of Black employment. But
6 critics of immigration must explain why Black
7 employment, both as a rate and as a trend, has been
8 generally superior at the points of immediate
9 immigration impact compared to places where no such
10 immigration impact occurred.

11 Now, let's disaggregate the most recent
12 available state statistics on child poverty among
13 African Americans. It's calculated by the National
14 Center for Children at Columbia University. In 2006,
15 African American child poverty was a disgraceful 34
16 percent nationwide. Now, it was substantially lower
17 in the HIJs and substantially higher in the low
18 immigration states -- 30 percent and 39 percent
19 respectively. All three of the high immigration
20 subsets had Black child poverty rates below the low-
21 immigration-state average and the national average.
22 And among the immigration subsets, the lowest Black
23 child poverty rate was found in the rapid influx
24 group.

25 Now, child --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 VICE CHAIR THERNSTROM: Mr. Nadler, you
2 are watching the clock, I hope. You've got less than
3 a minute.

4 MR. NADLER: Okay, I'm about done. Now,
5 child poverty is not identical to household poverty
6 but it's no stretch to recognize that the rates of
7 child poverty in the African American community are
8 reflective of household poverty there. Again, those
9 who believe that immigration, legal or illegal, is
10 causative of Black poverty have some explaining to do.
11 If immigration were a primary factor, why would its
12 effect be less where it's signature is substantial, at
13 least where its immediate impact is greatest?

14 Classical economics does not claim that an
15 increased supply of labor at all times tends to the
16 general welfare. Labor is only one element in
17 production and if other factors become less free or
18 more scarce, then a general contraction in living
19 standards may ensue. That, in fact, describes the
20 pre-conditions for emigration, the reason why people
21 leave the country of their birth for a strange land.
22 But should such a contraction occur, the optimal
23 policy solution for an over-supply of labor would be a
24 reduction of the impediments to emigration. As things
25 now stand, the undocumented -- or, if you prefer

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 illegal -- immigrant has no practical path to legal
2 work status, and powerful reasons to stay in America
3 even if the work dries up.

4 When Congress rejected comprehensive
5 immigration reform this summer -- an approach that
6 simultaneously recognized the humanity of the
7 immigrant worker, the claims of commerce and the
8 public demand for border control, it robbed itself of
9 the tools that could fine tune either the market
10 forces or the security interests that underlie the
11 current debate.

12 But these considerations lead us into
13 other policy areas altogether. Thank you.

14 VICE CHAIR THERNSTROM: And I thank you
15 very much. Dr. Swain.

16 DR. SWAIN: Good afternoon. I approached
17 these issues as a political scientist but I'm also a
18 product of the lower class and I have -- I'm one of 12
19 children, born in rural poverty and whenever I look at
20 these issues, I have to think about people that I know
21 that are trapped in poverty and were left behind,
22 people that have not been a fortunate as I have.

23 And I would like to commend the U.S. Civil
24 Rights Commission for its decision to investigate the
25 impact of illegal immigration on the wages and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 employment prospects of lower income Black Americans.
2 And my concerns are not just about Black Americans.
3 It's about all the low income, low wage people. I
4 think it's significant that the Civil Rights
5 Commission chose to have this important discussion on
6 the 40th anniversary of the assassination of Dr. Martin
7 Luther King Jr. in Memphis.

8 It is significant because Dr. King was in
9 Memphis to support Black sanitation workers who were
10 striking because of their poor working conditions and
11 today we come together to discuss new threats to Black
12 employment. In Dr. King's "Mountaintop" speech the
13 night before he was killed, he called for us to
14 grapple with the issues of injustice and fair
15 treatment for all our citizens. I'm not sure what Dr.
16 King -- I'm not sure whether Dr. King could have
17 predicted that Black Americans now granted full status
18 as citizens would face threats to their ability to
19 earn a living from non-citizens, from illegal
20 immigrants and also continued White racism. But I can
21 also say that much has changed over the past 40 years,
22 there are still many mountains to climb and there's
23 been a great deal of progress and we see that all
24 around us.

25 National surveys show that White and Black

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Americans are united in their calls for immigration
2 reform. Many of the problems and issues identified by
3 researchers have a potentially negative impact on the
4 social, political and economic well-being of non-
5 Blacks as well as Black people. It is crucial,
6 therefore, that we note this when we discuss the
7 impact of immigration on Black America. Otherwise, we
8 risk the dismissal of our findings as attributable to
9 deficiencies inherent in Blacks themselves rather than
10 to larger institutional and systemic forces that work
11 against the interest of a much wider population.

12 I'm the editor of "Debating Immigration"
13 an anthology published last year by Cambridge
14 University Press. My comments today will be focused
15 primarily on Black unemployment and on some of the
16 factors that I believe might account for the over-
17 representation of Blacks among the nations poor and I
18 will also talk a little bit about immigration reform.

19 I have data that -- in the book that was
20 published last year that looks at unemployment rates
21 by race. It shows that Black rates of unemployment
22 are consistently higher than other groups. In June
23 2004, the overall unemployment rate was 5.6 percent
24 with White unemployment at five percent, Black
25 unemployment at 10.2 percent and Hispanic unemployment

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 at 6.7 percent. By June 2005 the economy as a whole
2 seemed to be improving and it was improving. The
3 overall unemployment rate dropped to five percent.
4 However, the employment situation for Blacks did not
5 improve. In fact, Black unemployment actually
6 increased to 10.3 percent up from 10.2 percent the
7 previous year.

8 Among the Black unemployed are a
9 disproportionate percentage of Black high school
10 dropouts and graduates and I was a high school dropout
11 at one time, actually, I didn't even reach high
12 school. I completed the eighth grade and dropped out
13 at the beginning of the ninth grade. In fact, during
14 the 2003 recession, Blacks age 16 to 24 were nearly
15 two times -- two and a half times more likely to be
16 unemployed than White workers and by a slight margin
17 Black graduates constituted 40 percent of the Black
18 population. They were more adversely effected than
19 members of other groups. When job gains have occurred
20 for Blacks, it has been disproportionately in dead-
21 end, low sector jobs.

22 And I can speak personally to whether or
23 not Blacks work as maids, whether or not they do those
24 low wage jobs. They do them in Nashville and they
25 tend to do those jobs after there's been a crackdown

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 on illegal immigration, you immediately see the jobs
2 filled up with Blacks and Whites and immigrants that
3 are legal. Declining wages adversely effect all low-
4 skilled workers. And so, again, I'm not just talking
5 about Blacks. I'm also talking about poor Whites, I'm
6 talking about legal immigrants as well as Blacks.

7 A study published by the Pew Hispanic
8 Center in 2004 found significant employment gains for
9 Hispanics in newly created low wage jobs. However,
10 these gains were offset by reduced earnings for the
11 newer immigrants who were suffering a two-year decline
12 in wages. What accounts for Black unemployment? I'm
13 not an economist. I don't know and apparently the
14 economists don't either.

15 A few possible causes could be the over-
16 supply of low-skilled workers. It could be racial
17 discrimination by employers as well as inadequate
18 education and training and I do believe that education
19 is one of the biggest factors and in my statement I
20 don't go into a lot of detail but there's so much data
21 that could be brought to bear on this. If we look at
22 each of the possible causes that I've identified more
23 closely, I would draw on Dr. Camarota's data and he
24 has argued that high Black and Hispanic unemployment
25 rates can be partially attributed to the over-supply

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 of low-skilled immigrants arriving since 1990.

2 He has argued that these newcomers have
3 increased the supply of labor by 25 percent for the
4 kinds of jobs traditionally taken by high school
5 dropouts and graduates. While immigrant workers
6 constitute 15 percent of the US labor force, they are
7 a whopping 40 percent of the workers without high
8 school diplomas, only 12 percent of these workers that
9 he looked at had greater than a high school diploma.

10 As a consequence, the greatest competition
11 occurs among people at the margins of society, a group
12 that includes poorly educated Blacks, Whites and
13 Hispanics who compete against each other and against
14 new immigrants for low wage, low skill jobs.
15 Continued racial discrimination in the labor market is
16 a second factor that helps to explain Black
17 unemployment. Princeton University Professor Devah
18 Pager has shown that some employers confronted with a
19 Black male job applicant with similar education, work
20 history, style of presentation and a clean criminal
21 record is less likely to get a call-back for a job
22 than a White male applicant with a felony conviction.

23 Blacks with felony convictions were almost
24 totally shut out of the labor market. She found that
25 only five percent got a call-back. Inadequate

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 education is also another factor and we know from the
2 research by the Thernstroms and other researchers that
3 our primary and secondary educational system is
4 failing to meet the needs of many ethnic minorities
5 and working class Whites. Cuts in state and federal
6 programs have made it far more difficult for lower and
7 working class students to get the preparation needed
8 to prepare themselves for higher paying jobs and for
9 advanced educational opportunities.

10 My conclusion, Blacks are our nation's big
11 losers and our most undesired group and it's been that
12 way for as long as I can read history. And I don't
13 see much -- I'm not optimistic about improvement. Few
14 people seriously expect illegal immigrants to be
15 returned home. When Congress gets around to
16 legalizing the millions of illegal immigrants residing
17 in the country, there will be even more increased
18 competition for social welfare programs, educational
19 opportunities jobs and low income housing. If history
20 repeats itself, Black Americans will continue to be
21 the nation's biggest losers.

22 Clearly, what can we do to reform
23 immigration? I believe that it will take an
24 independent commission akin to those used for military
25 base closings. I believe that a reform package must

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 restore confidence in the rule of law, make it
2 costlier for employers to discriminate against native
3 workers and must increase penalties for anyone found
4 in the country illegally whether they snuck across the
5 border or overstayed their visa. To assist native
6 workers, we must invest in education, create
7 incentives for employers to train and hire new workers
8 and create a tamper-proof Social Security guide. Such
9 efforts would help protect and expand the gains of
10 historically disadvantaged populations including poor
11 Whites and legal immigrants. Thank you.

12 III. QUESTIONS BY COMMISSIONERS AND STAFF DIRECTOR

13 VICE CHAIR THERNSTROM: And than you very
14 much, Dr. Swain. On the last panel I did not have a
15 chance to ask the acting staff director whether he had
16 questions and I would actually like to start with him.

17 MR. LERNER: Thank you, Madam Vice
18 Chairman. One of the things I noted from the last
19 panel is one of the -- of course, one of the problems
20 that economists agree, Harry Truman used to tell this
21 joke and he said he really wanted for his economic
22 advisors to have a one-handed economist. Why was
23 that, he was asked? "If you have a two-handed
24 economist they'll cite on the one hand this and on the
25 other hand, the opposite of this", and that he found

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 very unsatisfactory for policy making purposes. But
2 let me actually address a question.

3 Dr. Hotchkiss, I was very impressed by
4 your attempt to get at the measure -- by getting in
5 effect access to restricted data to ascertain the
6 impact of this, the impact of immigration, legal and
7 illegal and however, I'm not -- I'm not quite sure if
8 I got correctly what your conclusion was. My notes
9 seem to say that -- well, I'm not sure. Why don't you
10 summarize it for me?

11 DR. HOTCHKISS: Well, your source of
12 confusion might be regarding the wage result.

13 MR. LERNER: Yeah.

14 DR. HOTCHKISS: There's two points. One
15 there's a statistical estimate of the impact and if we
16 compare that statistical estimate to what others have
17 found for immigrants as a whole, it is larger, which
18 is what we might expect given that grievance
19 employment opportunity is limited of undocumented
20 workers. So in terms of a practical impact, given
21 that the number of undocumented workers in this
22 country is significantly smaller, the share of the
23 workers, than immigrants as a whole, the practical
24 impact will be much smaller, obviously, than
25 immigrants as a whole. So perhaps there was some

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 confusion in that point.

2 MR. LERNER: Yes, well, that helps. The
3 other point if I can just make a general point, also
4 applying to the last panel as well as to some extent
5 this panel, if people threw around -- if people threw
6 around effects like large, or significant, or
7 moderate, or modest, it would probably help all of use
8 to actually put those in sort of dollars and cents
9 terms. It's understandable and reasonable in
10 statistical journals that one would, you know, refer
11 to those kinds of things and all the experts in the
12 field know exactly what it means to have a modest
13 effect, what it means to have a small effect and a
14 large one.

15 But it might help in a practical sense.

16 DR. HOTCHKISS: Sure, well, on that point,
17 the results that we find in terms of sort of overall
18 effect for Georgia on average, all workers on an
19 average --

20 COMMISSIONER YAKI: And this is just for
21 Georgia, right?

22 DR. HOTCHKISS: This is just for Georgia.
23 It would be smaller for the US as a whole, again,
24 because the share of undocumented workers is smaller.
25 But we find that 2.9 percent, a roughly three

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 percentage point difference lower wages as a result of
2 the presence of undocumented workers. On average,
3 that's about \$960.00 on an annual income base. In
4 sectors in which undocumented workers comprise a much
5 larger share such as leisure and hospitality, that
6 impact is considerably larger, roughly nine percent or
7 about \$1500.00 on an annual basis.

8 COMMISSIONER YAKI: This is in Georgia?

9 DR. HOTCHKISS: This is in Georgia.

10 COMMISSIONER YAKI: What are the presence
11 of unions in Georgia in the hospitality industry?

12 DR. HOTCHKISS: Unionization in Georgia is
13 notoriously low as it is in all southeastern states.
14 So I hope that helps.

15 MR. LERNER: Yes, it does, I appreciate
16 it.

17 DR. SWAIN: Could I maybe make a comment,
18 please? I missed one page in my conclusion. I don't
19 think it would take me a minute at add it. I think
20 it's important.

21 VICE CHAIR THERNSTROM: Well, could you
22 see if you have an opportunity to do it in response to
23 a question. Then if you don't, we'll carve out that
24 minute.

25 DR. SWAIN: Okay.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 COMMISSIONER YAKI: Which page was it?

2 VICE CHAIR THERNSTROM: I'd like to just
3 continue.

4 DR. SWAIN: It was the one that starts
5 with, "Persistent Black unemployment is not helped by
6 the over-supply of labor".

7 COMMISSIONER YAKI: No, you did that. You
8 did that because -- well, okay, if we have the same
9 thing you do, because it's two paragraphs above where
10 you talk about --

11 MR. NADLER: A quick response to Dr.
12 Lerner. I used the terms large and small quite a bit
13 because of time, but in the study "Immigration and the
14 Wealth of the States", you will find dollar amounts
15 and rates of growth attached to of those things,
16 disaggregated by immigration subgroups, and for the
17 nation as a whole.

18 VICE CHAIR THERNSTROM: You know, I want
19 to say something. I'm just going to ask a question, a
20 specific question. Yeah, go ahead.

21 DR. CAMAROTA: Yeah, very briefly, the
22 National Research Council estimated that immigration
23 reduced the wages of the poorest 10 percent of
24 workers, roughly speaking by about five percent. The
25 aggregate effect of that is very roughly about \$15

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 billion. So it is not unreasonable to say that
2 immigration back then, it would be bigger now because
3 the population is larger, ate away about half the
4 value of the earned income tax credit which is an
5 interesting point.

6 If I were to propose a cut in the earned
7 income tax credit of 50 percent, most people would
8 say, "Gosh, that's huge, this is devastating for
9 families. How can they be expected to provide for
10 themselves the programs around 30, 35 billion"? So if
11 I said take half away, but it does -- what's
12 interesting is a lot of people will say, "If
13 immigration does that, well, then it's small, it's
14 trivial. It's really nothing to worry about".

15 MR. NADLER: I have a problem with the
16 non-longitudinal quality of this whole thing about low
17 skill as a category. The assumption is we're talking
18 about a zero sum pie. But when the labor market
19 becomes freer and contracts are made on a voluntary
20 basis with the larger group, are the same people
21 getting low wages who had low wages before? If that's
22 so, it should show up in the median income data,
23 especially given the fact that almost all of these low
24 income jobs are location specific.

25 You know, if you're a fast food worker

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 being displaced -- if you're a Black fast food worker
2 being displaced in a Burger King in Atlanta -- you're
3 unemployed. You know, capital has not moved that
4 Burger King in Atlanta to New Jersey. Again, I don't
5 think that skill level captures actual large wage
6 trends. And that's reflected in the Black
7 unemployment statistics which are better where the
8 impact of immigration is most immediately felt.

9 DR. CAMAROTA: Do you want me to respond
10 to that? I mean --

11 VICE CHAIR THERNSTROM: Yeah.

12 DR. CAMAROTA: Well, the National Research
13 Council said in that Study of the New Americans is
14 they felt and you can differ with this, is that we
15 live in a national economy. What immigration seems to
16 be doing is as immigrants come into an area, there is
17 some evidence, all these things are debated, but there
18 is some evidence that less educated natives move out.

19 And those that would have otherwise moved in, stop
20 moving in. So for example, there was a large out-
21 migration to Southern California really through the
22 1960s and into the 1970s from low employment growth
23 areas like Buffalo, New York or Pittsburgh. As
24 immigration became dramatic in Southern California
25 that fell off.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Now, if that's true, then what happens is
2 the effected immigration gets spread. It isn't just
3 felt in Los Angeles, it's now being felt in Pittsburgh
4 and Buffalo because people would have moved there,
5 they were moving there. So the reason the National
6 Research Council concluded that you couldn't compare
7 differences across cities, but again, you might
8 disagree, and Professor Nadler is welcome to do that,
9 is that the national nature of the economy, the
10 movement of all other things as well but that's just
11 an example.

12 MR. NADLER: I more than agree. It's not
13 only a national economy, it's an international
14 economy, which is one of the main reasons why you
15 don't want to block low wage jobs in the United
16 States. You don't want major dislocations of capital
17 occurring. I was surprised by the median income
18 statistics in the low immigration states, which I did
19 not expect to be superior to the -- no, I mean, high
20 immigration states.

21 VICE CHAIR THERNSTROM: High, I was going
22 to say.

23 MR. NADLER: I did not expect median
24 income in the HIJ's to be superior to the low
25 immigration states. Capital moves across national

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 boundaries quite as easily as it does across state and
2 local boundaries.

3 VICE CHAIR THERNSTROM: But he was, I
4 think making an additional point which is very
5 important which is that labor -- had people move in
6 response to labor markets. I mean --

7 MR. NADLER: The first time I heard this
8 objection, I assumed that the person was agreeing with
9 my argument because labor -- you know, immigration is
10 not the cause of universal prosperity. It is one
11 aspect of the labor freedom, and it combines with
12 others. It is both a result and a cause of a more
13 prosperous economy. The question, the serious
14 question for economists is, are there any
15 idiosyncracies in the current immigration labor market
16 that would cause a breakdown of the classical
17 functioning of laissez faire, where the immigrants
18 pursue the human dream to the advantage of the general
19 public? And these are serious questions. That's what
20 I wanted to measure.

21 DR. CAMAROTA: The other issue about
22 comparing differences across localities is that if
23 you're an immigrant coming to the United States, what
24 kind of labor market are you going to be attracted to,
25 say Mississippi or Appalachia where employment is high

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 and wages are low? In general there's a self-
2 selective mechanism. So what we have found is that
3 areas that are experiencing high employment growth
4 tend to attract lots of immigrants. That doesn't make
5 immigrants bad. But then when you do your comparison,
6 and say, "Well, gee, I find employment looks pretty
7 good in high immigrant areas", you may have mistaken
8 correlation. So that's the other part of national --

9 MR. NADLER: Are you making my point or
10 are you fighting it? Immigration is a very odd ill
11 that seems to create better circumstances wherever it
12 occurs and worse circumstances wherever it doesn't
13 occur.

14 I want to know the mechanism. I want to
15 know why in the areas most immediately impacted in
16 time and place, 2000 to 2007, the period of your
17 study, we get these better results in HIJs across this
18 whole range of economic and social criteria.

19 DR. HOTCHKISS: May I point something out?
20 That the analyses, most of the economic analyses or
21 all that I'm aware of that point to negligible or even
22 positive employment outcomes in high immigration areas
23 do a very, very careful job of controlling for self-
24 selection. So I just want to defend those economic
25 studies and say they are not simple correlations

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 across cities in one period of time.

2 DR. CAMAROTA: I guess we might have
3 somewhat of a different opinion on that point.
4 There's a lot of research that people who are
5 sincerely looking at this question, it's very hard to
6 control for self-selectivity and that if you begin to
7 look at the country as a national economy, that's when
8 you find the more negative effects.

9 But, of course, negative effects on low
10 income workers or black workers is not of and in
11 itself a reason necessarily to discriminate -- to have
12 less immigration. You might say, "Well, that -- you
13 know, we have to weigh that against the benefit to the
14 immigrants coming here". As far as the economic
15 gains, there should be economic gains to everyone else
16 from lowering the wages of the poor. It's just that
17 those gains as far as we can tell, and this is what
18 the National Research Council concluded, were in the
19 neighborhood of one-tenth of one percent relative to
20 the economy. The wages losses were much more
21 substantial because the poor make so little to begin
22 with pushing down their wages more can't result in a
23 lot of benefit for --

24 MR. NADLER: Why isn't that implied in the
25 unemployment data? -- Why are child poverty rates of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Blacks relatively better in the high immigration
2 states? Shouldn't it be the opposite? In other
3 words, I'm disputing the basis of your contention. I
4 don't think there is a fact basis. What I see is a
5 lot of econometric models that basically assume that
6 these effects are occurring without cross-checking the
7 actual large data bases we have.

8 Now, as far as states -- there's one thing
9 that I liked about using them. States' behavior sort
10 of mimics little nations in terms of tax policy and
11 things like that. You know, you have your social
12 welfare benefits actually being determined out of the
13 general assemblies and the legislatures. You have the
14 child support policies, et cetera, being mediated
15 through them. So when you're dealing with states you
16 are dealing with entities where you can actually do a
17 subtraction of tax costs to compare disposable income.

18 VICE CHAIR THERNSTROM: Carol Swain, can
19 you get in your points somehow in this discussion? We
20 felt you were left out.

21 DR. SWAIN: Yeah. I think it's very
22 important that we look at the perceptions of Blacks
23 and Hispanics and also low income Whites and the
24 perception out there based on the antidotal data and
25 the experiences that people have is that illegal

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 immigration hurts the American worker, and between
2 Blacks and Hispanics there's a lot of ethnic violence
3 that we're not talking about that I believe is
4 relevant for discussion of civil rights issues that we
5 have to factor in, how the perceptions fuel anger and
6 how that anger results in violence and what we can do
7 to reduce that violence. And I believe that Black
8 unemployment is also a contributing factor to some of
9 the dysfunctional conditions in Black communities. We
10 know what they are, high rates of violent crime,
11 single parent households, illegitimacy, infant
12 mortality, drug use, infectious diseases. I think
13 that all of these things are loosely connected and I
14 believe that we can impact them in a positive way.

15 Some of it is addressing the social class
16 issues because Blacks are disproportionately
17 concentrated among the lower classes of people that
18 suffer more dysfunctional conditions and I think that
19 improving employment prospects of low wage, low skill
20 Americans would just help all of these conditions and
21 also reduce some of the competition between Blacks and
22 Hispanics.

23 MR. NADLER: Well, I agree with you in
24 terms of pouring gasoline on a fire. And it certainly
25 pours gasoline on a fire when Dr. Frank Morris

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 misrepresents the findings of Dr. Hanson by saying
2 immigration accounts for 40 percent of the decline in
3 unemployment of African American men. The study
4 actually says that immigration accounts for 40 percent
5 of 18 percent; and it says, low skilled African
6 American men, not all; and it says African American
7 men, not the total Black labor force.

8 This ad is designed as an incendiary
9 device to create resentment against immigrants.

10 DR. SWAIN: I would disagree. I think
11 that it may be an overreaction to the fact that up
12 until recently people were talking about immigration
13 as if it was all a win/win for everyone and they
14 weren't even addressing that there's some populations
15 that have not benefitted that are most likely to be
16 Black populations and this is an issue where the Black
17 leadership, the Black Caucus and all the groups that
18 call themselves to be representing Blacks have not
19 spoken up for the populations that have been adversely
20 impacted. So I think that if anything, it may be an
21 aggressive reaction to the fact that until recently
22 there were very few voices talking about that
23 population and how they were faring. That's what
24 brought me into it.

25 COMMISSIONER YAKI: Excuse me, I would --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 DR. SWAIN: That's what got me I not it.

2 COMMISSIONER YAKI: Madam Chair, I would
3 just disagree a little bit with Dr. Swain. I think
4 that the issue that she talks about is not quite
5 correct. I would say that the point that I made in
6 the last panel and the point that I'll continue to
7 make is I think that the issue of race is in many ways
8 a proxy for a lack of real discussion, debate and
9 progress on the plight of education and job training
10 availability for young African American men in our
11 inner cities.

12 I think that when we talk about -- you
13 always talk about that -- as Commissioner Kirsanow was
14 saying, the first job is important and these are the
15 first step. Well, you know, I can -- and I can be
16 wrong on this as we all thing each other is wrong in
17 many ways on all these discussions but you know,
18 what's the point of getting that job back if your kids
19 are still subjected to the same conditions of
20 education and environment that you were exposed which
21 led to the fact that you're in that job to begin with?

22 I mean, those are the things that are being
23 discussed, are being debated, are part of the policy
24 choices that this country is involved in right now,
25 will be involved in for the next -- hopefully for the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 next six months during the presidential campaign
2 because those are the kind of issues that come up.

3 What I don't like to see is I don't like
4 to see the fact that there becomes a convenient
5 scapegoat for the fact that as a nation and as
6 policymakers, there are systemic failures all around
7 with regard to how we help our inner cities and how we
8 help the African American population and help those
9 kids in our inner cities get a leg up and get better
10 education and get better opportunities. I think
11 that's the debate we're having, not whether or not we
12 just shut the door and then send out the -- send out
13 ICE and hope they can make a distinction between
14 someone who is here legally and someone who is here
15 not legally because I can tell you right now, they
16 don't do a good job of that.

17 VICE CHAIR THERNSTROM: Who is the "they"
18 in that sentence?

19 COMMISSIONER YAKI: ICE, Immigration
20 Control Enforcement, replacing INS.

21 VICE CHAIR THERNSTROM: I see, right,
22 right, right.

23 COMMISSIONER YAKI: When INS became ICE, I
24 have no idea but anyway those are my concerns. I
25 don't think though, Dr. Swain, that it excuses anyone

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 belittling or underestimating the impact that, what
2 our economy has done to parts of our population,
3 especially African Americans. I think that it's a
4 legitimate concern, it's a legitimate policy
5 discussion but I think it's in a broader context that
6 we can look at it.

7 And just to close, I think even the
8 President's Council of Economic Advisors not too long
9 ago and has repeated in an editorial, I think, this
10 week, that undocumented immigrants to this country
11 basically have closed 15 percent of the gap of the
12 shortfall in the Social Security Trust Fund, accruing
13 to about .3 percent increase in the Social Security
14 tax, if they were to just evaporate tomorrow from the
15 economy. It's not to say we need them because of
16 that, but it is to say this is an extremely
17 complicated discussion and the more that we look at it
18 systemically and less -- and the less that we look at
19 it as being fraught with racial overtones, the better
20 off we're going to be.

21 VICE CHAIR THERNSTROM: You know, I have
22 to say, interject here, that I think the complexity of
23 the issue has been acknowledged by every single
24 speaker.

25 COMMISSIONER YAKI: Almost.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 VICE CHAIR THERNSTROM: Pardon me?

2 COMMISSIONER YAKI: Almost every speaker.

3 VICE CHAIR THERNSTROM: Whatever. These
4 have been two very good panels and I don't think kind
5 of it's suggesting that people are somehow, you know,
6 simplifying this to unfortunate sound bytes of one
7 sort or another is the state of the panelists.

8 COMMISSIONER YAKI: Well, Madam Chair,
9 with all due respect, the panelists, I'm not going to
10 blame the panelists for this. I would say the very
11 nature of this hearing is one that seems to create
12 that competition.

13 VICE CHAIR THERNSTROM: Well, here we're
14 back to whether the Commission is doing a proper job
15 or not. And they did a proper job in pulling this
16 together.

17 DR. SWAIN: I would like to speak about
18 this because one of the reasons I compiled my volume
19 "Debating Immigration", was that all the discussions
20 that I had been privy to were all one-sided. They
21 were all people that were expansionists and anyone
22 that raises concerns were just pretty much demonized
23 and dismissed and I felt like that if you look at the
24 American people and where they stand, that they're not
25 being well represented by their politicians. There

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 has to be a place for them to be heard.

2 I think this panel has been very balanced
3 and I'm certainly honored to have been included and
4 we'll never get anywhere on immigration until we bring
5 in all of the voices and try to get rid of some of the
6 interest groups. We don't need the interest group
7 leaders polluting --

8 COMMISSIONER YAKI: What do you mean
9 interest group leaders? What do you mean by
10 polluting? What do you mean by that?

11 DR. SWAIN: I think that there's --

12 COMMISSIONER YAKI: Those are loaded
13 words.

14 DR. SWAIN: I know --

15 COMMISSIONER YAKI: Why not an interest
16 group? Why would you -- I mean, you know, everyone is
17 an interest group.

18 DR. SWAIN: I'm not an -- well, maybe I am
19 an interest group for downtrodden Americans that I
20 hailed from and I will speak for that group. And that
21 was why I compiled the volume "Debating Immigration",
22 and I also allowed in that group Doug Massey, an
23 expansionist, but at the same time, I think it's
24 important that we have a dialogue and it can be --
25 most of the dialogues about immigration are all the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 people that are expansionists.

2 VICE CHAIR THERNSTROM: Let me ask a
3 question.

4 MR. NADLER: It most certainly isn't.

5 VICE CHAIR THERNSTROM: Let me ask a
6 question of Dr. Swain and because there's been quite a
7 bit of discussion this morning on the question of
8 failures and primary and secondary education. And you
9 specifically said that there was a failure to meet the
10 needs of many ethnic minorities and working class
11 Whites in the schools. Tell me exactly what you have
12 with some precision. Put some meat on those bones
13 because, you know, where I'm coming from, I know what
14 good schools look like. I mean, I, as you know, have
15 written a whole book on this. I know what schools
16 look like -- good school look like. I don't know how
17 to get up to scale doing so and it sure isn't a
18 problem of money. You can say it is. It isn't.

19 The -- and you look at -- I mean, just
20 look at DC with its poor people spending rates which
21 are what I think something like 18,000 now. You've
22 got Houston -- and you know the bottom of the barrel
23 in terms of student performance. You've got Houston
24 spending half that amount of money and getting near
25 the top on the NAEP scores. It's -- you know, getting

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 schools -- getting whole school systems rather than
2 individual schools --

3 DR. SWAIN: Well, you know something, I
4 think it has a lot to do with, I want to say teacher
5 quality.

6 VICE CHAIR THERNSTROM: It does.

7 DR. SWAIN: It's those teachers that
8 believe in the students and believe that they can
9 learn and when I think about myself, what got me from
10 being a highschool dropout into the community college
11 that I used as a stepping stone to other places, it
12 was just words of encouragement by people that
13 reminded me that I was smart. I had forgotten I was
14 smart and to have someone to say, "You're smart, you
15 know, you could go to college", I mean, that's what
16 interests me -- that started me on my track that ended
17 me -- that I ended up in academia, not in sort, but I
18 really do think it goes to the teachers and whether or
19 not they believe in the students and a lot of the --
20 and I don't know how you bring into the system the
21 kind of teachers that will invest themselves in
22 students and encourage them in the classroom and pull
23 out of them what's there.

24 VICE CHAIR THERNSTROM: So when you refer
25 to the needs of the children who are being left

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 behind, you were talking about convictions, about
2 where these students can go in life with encouragement
3 and so forth.

4 DR. SWAIN: I don't believe everyone
5 belongs in college and I've seen so many situations
6 where there were people put under pressure that
7 probably would have done very well if they'd gone into
8 vocational training. They ended up in colleges where
9 they didn't belong, incurred a great deal of debt,
10 dropped out of the educational system when I think
11 that they probably could have been successful at a
12 vocational school. I would like to see more high
13 schools with vocational trades, the education where
14 one person graduates with a high school diploma, they
15 are trained to do something. That would alleviate
16 poverty because people would end up graduating from
17 high school that have an incentive. Not everyone
18 belongs on the academic track.

19 And I would also like to see community
20 college educations made available, you know, pretty
21 much to everyone that wants one. And some students
22 that have educational abilities, they could get
23 remedial training and probably transfer to four-year
24 institutions and others would end with a terminal
25 degree that would allow them to get a job. Those are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 things that I strongly believe in. I feel like
2 community colleges are under-rated, under-valued and
3 that --

4 VICE CHAIR THERNSTROM: I agree with you
5 on that, but I would disagree with you that they are
6 not -- that they are not really totally accessible to
7 people. I mean, they do not -- you know, I don't
8 think we have a severe problem of students who cannot
9 go to community colleges and would otherwise go.

10 DR. SWAIN: Well, I don't know, when I
11 went to a trade community college it was in the '70s
12 and the standards were high and I was able to transfer
13 from there to a four-year institution and do better at
14 the four-year institution.

15 VICE CHAIR THERNSTROM: Of course. I'm a
16 big believer in community colleges, too. I just think
17 the doors are open.

18 DR. SWAIN: I don't know because I think a
19 lot of students that end up in four-year schools
20 dropping out would have been successful had they been
21 steered to the community college.

22 VICE CHAIR THERNSTROM: I agree with that
23 also but the students who want to go to community
24 college can find a community college to go to. That's
25 my only point.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 DR. SWAIN: Well, one of the things I
2 found with the low -- the poor students --

3 VICE CHAIR THERNSTROM: I'm sorry, go
4 ahead. I'm --

5 DR. SWAIN: One of the problems with the
6 students that are in the inner city schools or poor
7 students is that a lot of times they don't have
8 information and so they make poor choices that may not
9 know about the availability of community college
10 options and remedial education.

11 VICE CHAIR THERNSTROM: I agree with that.

12 DR. SWAIN: And I don't know how to
13 address that but that's part of the problem.

14 VICE CHAIR THERNSTROM: Well, I agree with
15 that and I think there's another sentence to be said
16 which is that the community colleges, which are
17 playing the role of high school again for students,
18 are in the position of having to -- of having to give
19 students that high school education they didn't get
20 and it's just, you know, part of -- it's symptomatic
21 of the educational failure.

22 Do we still have Commissioner Taylor and
23 Commissioner Melendez on the line and would they like
24 to come in with questions if so.

25 COMMISSIONER MELENDEZ: Yes, this is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 Commissioner Melendez.

2 VICE CHAIR THERNSTROM: Yes.

3 COMMISSIONER MELENDEZ: Just one question
4 I had for anybody, I guess, on the panel. In your
5 opinion has economic research on the effects of
6 immigrant labor on Black workers employment been
7 accurately, effectively communicated to the public and
8 if not, do you think the research has been misused to
9 built anti-immigrant and other discriminatory
10 messages?

11 MR. NADLER: I think so. The example that
12 I just gave of the ad campaign that's running is a
13 prime example. Dr. Hanson's research was simply
14 misrepresented in it. You know, it was over-stated to
15 such a degree and in such as way as in effect to
16 rationalize what shouldn't have been a particularly
17 racial set of assertions to begin with.

18 DR. SWAIN: I don't think the public
19 thinks about data or research or cares about what
20 happens in universities. They care about what they
21 see around them. And so they're basing their
22 conclusions about what they see with the eyes.

23 MR. NADLER: You can divide people quite
24 nicely with words, you know. It's been happening for
25 the last year on the subject of immigration.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 VICE CHAIR THERNSTROM: I think it's
2 called free speech.

3 DR. CAMAROTA: I see that if you bring out
4 these concerns in general, people try to close you
5 down. They say that, "It's not appropriate. You
6 shouldn't point out potential job competition. You
7 shouldn't point out that maybe a lower level of
8 immigration might make sense for low income people".

9 I think the research, you can draw on the
10 research and make a pretty compelling argument that
11 immigration is a problem for low income people but you
12 can also cite studies that say that it isn't. But
13 it's not clear that that research has much effect on
14 the public discourse. In general, what I see is if
15 you point out this problem, you're -- people try to
16 say, "Your position is illegitimate". They'll say,
17 "Look there are issues, you're dividing people, you're
18 a bigot", and they try to close you down. So I guess
19 that's generally what I find is the case.

20 MR. NADLER: Who's closing you down? I
21 mean, 24 hours a day on CNN and --

22 DR. SWAIN: You're penalized.

23 MR. NADLER: -- and Fox you can --

24 DR. SWAIN: You're penalized.

25 VICE CHAIR THERNSTROM: He is perfectly

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 right to say -- I mean, you know, my answer to him is
2 welcome to the world of discussing any race and
3 ethnicity questions. It's a third rail of American
4 politics and it's very tough going and Carol is about
5 to say, I'm sorry, I used your first name because I
6 know you.

7 DR. SWAIN: That's okay.

8 VICE CHAIR THERNSTROM: -- is about to
9 say, "Hey, come to the universities and see" --

10 DR. SWAIN: No, I mean, every time I'm on
11 a leave people say, "You have to stay, you have to
12 stay, you have to stay", but I mean, it's tough to be
13 out there and hold views that's not politically
14 correct.

15 VICE CHAIR THERNSTROM: Anyway,
16 Commissioner Taylor, are you with us? I think the
17 answer is no. And Commissioner Heriot, do you have
18 anything you'd like to ask?

19 COMMISSIONER HERIOT: I could pass if
20 you'd like because we're behind schedule.

21 VICE CHAIR THERNSTROM: We're only behind
22 schedule in the sense that this is our last panel,
23 obviously. Oh, I understand that Dr. Hotchkiss and
24 her colleague have to leave in about 10 minutes and so
25 we can close.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 COMMISSIONER HERIOT: My question won't
2 take 10 minutes, I'm sure.

3 VICE CHAIR THERNSTROM: Ask it.

4 COMMISSIONER HERIOT: I guess this is
5 mainly for Mr. Nadler. You had mentioned earlier that
6 critics of current immigration policy have to explain
7 why HIJs outperform non-HIJs and I don't have any
8 doubt what the response would be and it's something
9 we've touched on already. That response is going to
10 be that you know, the explanation for your findings is
11 simply that immigrants are attracted to boom towns or
12 areas of the country that are prospering. And if I
13 understand your response to that, you know, what
14 you're saying is that if boom towns or boom states or
15 you know, places -- your HIJs that are doing
16 particularly well, if they attract labor like a magnet
17 that way, then why aren't they also attracting the low
18 skill labor from the more depressed areas of this
19 country?

20 And I guess what I would submit is that
21 there really is a bifurcated market here for that,
22 that you've got these two different groups of people.
23 You've got people say from Mexico or another country
24 that are weighing the costs and benefits, "Should I
25 come to the United States or should I not". Once they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 decide that they should do that, they really are very
2 mobile and can go to whatever part of the country does
3 seem to be attracting labor.

4 Whereas, if you're in Schenectady or
5 Rochester things really aren't as bad as they are in
6 some places outside the country. And so you'd expect
7 labor to be more sticky there. Do you have a comment
8 on that?

9 MR. NADLER: Yes, I do. One of the things
10 that most intrigued me as I was compiling my data is
11 the places that were attracting lots of immigrant
12 residents were also attracting lots of non-immigrant
13 residents. For instances Arizona -- which we think of
14 as ground zero for the immigration wars -- during the
15 Bush Administration has had a total population growth
16 of somewhere around 22 percent. I might not be right
17 on, on that. That's just in seven years.

18 Of that a little under four percent is
19 actually immigrants. The rest is other people who
20 have come in. In other words, the mobility of labor
21 is not a sole function of immigration and that's why I
22 didn't contend that it was. What I was saying is,
23 isn't it a strange disease that seems to be a symptom
24 of health everywhere it occurs, and a symptom of
25 disease everywhere where it doesn't occur. I want to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 know, what mechanism instantaneously transports the
2 ills attributed to immigration elsewhere than where it
3 actually occurs.

4 We've had people testify over and over
5 about location, location, location on low skilled --

6 COMMISSIONER HERIOT: But that was -- that
7 was what I was trying to say, the mechanism --

8 MR. NADLER: Let me finish.

9 COMMISSIONER HERIOT: -- is that the boom
10 towns are boom towns --

11 MR. NADLER: Yeah, the economy is good.
12 However, why aren't you having a displacement at the
13 bottom of the labor market reflected in the poverty
14 statistics and the unemployment stats. In other
15 words, the Burger King, that hotel job, the
16 agricultural job where the field isn't going to go
17 anywhere, if all those jobs are going to immigrants,
18 yet there's not a labor displacement effect... in other
19 words, if the immigrants are displacing one group, who
20 aren't also getting re-employed, perhaps, at higher
21 wages, why aren't we seeing in the areas most impacted
22 in time, in time, in place, a splurge, a bubble, an
23 increase in poverty rates and unemployment rates,
24 particularly among African Americans?

25 We're not. In other words, I want a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 mechanism. I want a mechanism that explains to me why
2 there's labor health where this disease exists, and
3 labor malaise where it does not.

4 VICE CHAIR THERNSTROM: I don't
5 understand, by the way, what your crime rate point,
6 identical in high immigrant states and --

7 MR. NADLER: I'm not sure you want to get
8 me started on this.

9 VICE CHAIR THERNSTROM: Well, I mean, you
10 can --

11 MR. NADLER: This shouldn't even be here.
12 One, you'll notice there is a contradiction in the
13 earlier testimony regarding the Hanson paper where
14 Hanson said, "We found very, very modest effects" and
15 one of the other panelists said they found great
16 effects, you know, I mean --

17 VICE CHAIR THERNSTROM: And is the
18 difference that they're controlling for different --
19 for demographic factors in a different way?

20 MR. NADLER: Crime statistics are not --
21 if you'll read my section on it, you'll see that crime
22 statistics -- immigration is so far down on the
23 controlling factors on crime statistics. You have
24 high immigration states that are high crime. You have
25 high immigration states that are low crime. You have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 high influx states that are high crime, high influx
2 states that are low crime.

3 VICE CHAIR THERNSTROM: And I just want to
4 know when one comes to that -- those conclusions
5 whether you've got --

6 MR. NADLER: Oh, those were simple
7 addition.

8 VICE CHAIR THERNSTROM: Those are simple
9 addition. You're not controlling for all sorts of
10 demographic factors that would distinguish those
11 states.

12 MR. NADLER: No, but as I said, the high
13 immigration states have 60 percent of the Black
14 population, too. You know, they have a huge percent
15 of the Hispanic population. They have roughly half of
16 the nation's population. In other words, I would say
17 disproportionately relative to the other 32, they have
18 groups whose members are victims of crime.

19 DR. SWAIN: I'd like to say something
20 about the mobility and why, you know, I guess poor
21 people don't necessary go places where the jobs are.
22 It costs money. You need good credit. You need money
23 to go somewhere else and pay a deposit and get rent,
24 and I think the people that are at the margins of
25 society, they're not as easy -- it's not as easy for

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 them to relocate as it is for immigrants.

2 MR. NADLER: But are you making my point
3 or are you contradicting it? What I'm saying is you
4 do not see high rates of poverty --

5 DR. SWAIN: No, but then in Tennessee and
6 South Carolina and North Carolina, the immigrants have
7 come to those places where the people can't move for
8 other jobs and have displaced individuals that
9 depended on jobs at factories and in certain positions
10 and whenever there's a crackdown, the Blacks and poor
11 Whites move back into those positions that you see
12 immigrants --

13 MR. NADLER: What are they doing in the
14 meantime?

15 DR. SWAIN: I don't know. Maybe they're
16 unemployed.

17 MR. NADLER: Why aren't the unemployment
18 statistics reflecting that?

19 DR. SWAIN: I think they are.

20 MR. NADLER: They're not.

21 DR. CAMAROTA: Wait a minute now,
22 aggregate unemployment statistics are always very
23 different than for low wage people, right? Black high
24 school dropouts unemployment rate is triple the
25 national average. White high school dropout

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 unemployment rate is double or two and a half times
2 and that, you can -- you know, it's very common.

3 The other big increase that everyone is
4 worried about is not unemployment. It's non-work,
5 particularly among men is that there seems to be this
6 whole group of people who are now idle. To be
7 unemployed, we have to say you're looking for a job.
8 What we seen this explosive growth is of people who
9 say, "I'm not working and I'm not looking for a job".
10 They seem to be idle. They're not in school and that
11 has occurred at the same time immigration has gone up.
12 Now that doesn't mean, that's not proof it caused it,
13 but there is a huge population now -- we've got 22
14 million people with a high school degree or less who
15 are 18 to 64 who are either unemployed or not in the
16 labor force at all. Most of them are not in the labor
17 force at all.

18 Now, that compared to say 7 million
19 illegal aliens. So if you ask the question, if we --
20 over time, because no one can do it quickly, reduce
21 the illegal alien, could we draw a lot more of that 23
22 million back into the labor force? There's 10 million
23 teenagers 15 to 17 who are currently either unemployed
24 or not working. Would we draw more then? And there
25 are 4 million college students. Would we draw -- I

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 think we probably would.

2 MR. NADLER: I really wish that labor
3 economists would make up their minds whether higher
4 rates of labor force participation per family is a
5 sign of the weakness of the economy or the strength.
6 I get confused.

7 DR. SWAIN: Well, there's something, too,
8 that I've noted in my family. For people that are
9 poor, it's like overwhelming to comply with the -- I
10 guess it's the I-9 documentation. You have to have a
11 Social Security card, you have to have a birth
12 certificate and for us, you know, that's not hard to
13 get those things to get an ID, identification, but it
14 is very difficult for you know, native born poor to
15 prove that they're eligible to work and I don't know
16 what you do about all of that but it feeds into the
17 unemployment rate.

18 VICE CHAIR THERNSTROM: But they have
19 driver's licenses?

20 DR. SWAIN: Not necessarily. I mean, I've
21 seen, you know, with nieces and nephews that have been
22 on welfare, it's just like overwhelming for them to
23 get their Social Security numbers and their birth
24 certificates and if there's an error to get that stuff
25 corrected so that they can get an ID and apply for a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 job.

2 DR. CAMAROTA: I guess one question is,
3 are we more likely to draw those people back into the
4 labor market, figure out ways for them to navigate the
5 paperwork, figure out -- make them available of jobs
6 and so forth in an environment where immigration is
7 very high or are we more likely to have that happen if
8 immigration was less and there was a greater, you
9 know, scarcity of workers? That's a big question. It
10 seems likely that a greater scarcity of workers would
11 be very helpful for those at the bottom.

12 VICE CHAIR THERNSTROM: Let me thank Dr.
13 Hotchkiss very much for come.

14 DR. HOTCHKISS: I very much appreciate it.
15 In terms of, you know, whether or not economists
16 research makes it to people's ears who need to hear
17 it, I think this is an excellent opportunity that
18 you've provided for us. Thank you.

19 VICE CHAIR THERNSTROM: Thank you very
20 much. I think we will close, thank you all very much.
21 This could obviously go on for an entire day and it's
22 an utterly fascinating topic and I very much
23 appreciate the presence of all four of you. With
24 that, I bring this briefing to a close.

25 (Whereupon, at 12:51 p.m. the above-

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

1 entitled matter concluded.)

2

3

4

5

6

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701