U.S. COMMISSION ON CIVIL RIGHTS

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BRIEFING

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FRIDAY, APRIL 4, 2008

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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

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

A-G-E-N-D-A

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

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

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

So let us now move on to the briefing.

COMMISSIONER YAKI: Point of order.

VICE CHAIR THERNSTROM: Yes.

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

(Moment of silence.)

COMMISSIONER YAKI: Thank you.

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

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

(Off the record comments.)

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

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

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

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

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

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

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

And Dr. Harry Holzer, Professor of Public

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

Panelists, we obviously welcome all of you.

(Panelists sworn in.)

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

DR. HANSON: I am.

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

II. SPEAKERS' PRESENTATIONS

PANEL 1

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

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

(Off the record comments.)

VICE CHAIR THERNSTROM: You can go ahead.

DR. HANSON: Very well. Thank you.

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

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

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

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

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

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

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

The decline in labor market participation among black men was accompanied by a rapid increase in the number of black men in correctional institutions. In 1980, less than one percent of black men and about 1.4 percent of black high school dropouts were incarcerated. By 2000, ten percent of African American men and 21 percent of African American high school dropouts were in correctional institutions.

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

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

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

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

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

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

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

data versus national labor market data.

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

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

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

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

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

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

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

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

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

Thank you very much.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

So the question then comes down, and I'm about to finish, that we would ask ourselves how much faith do we have in any particular precise number that someone purports to say that this is the effect on the wages of lower skilled African Americans and then move from that to making some kind of policy prescription. So I would simply say that I as I started believe that there are modest effects on the least skilled African Americans. Exactly what those effects are I couldn't say with enough belief in how good those estimates are to want to make a strong policy prescription on that basis.

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

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

Thank you.

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

Dr. Briggs, you are up next.

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

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

illegally entered the country.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you.

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

Dr. Holzer.

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

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

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

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

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

But the notion that there are at least

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

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

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

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

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

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

filled by immigrants.

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

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

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

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

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

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

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

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

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

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

marriage;

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

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

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

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

(2) enhancing youth development

opportunities and mentoring for adolescents in their communities;

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

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

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

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

Thank you very much.

VICE CHAIR THERNSTROM: And thank you very much.

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

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

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

DR. HANSON: Yes, I am.

VICE CHAIR THERNSTROM: Good.

COMMISSIONER KIRSANOW: Madam Chair.

VICE CHAIR THERNSTROM: Yes.

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

VICE CHAIR THERNSTROM: Yes.

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

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

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

Anybody who wants to talk. Yes.

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

Especially in the foreign born, it deals with a group that simply is you can't really effectively lump them all together quite often. You have naturalized citizens, permanent resident aliens. You have illegal immigrants. You have non-immigrant workers. You throw them all in and you get the foreign born population and that's what most of the econometricians use as others, Doug Massey has pointed out, it's simply untenable.

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

impressed by so many people have tossed out numbers.

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

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

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

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

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

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

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

COMMISSIONER YAKI: Point of order, Madam Chair.

VICE CHAIR THERNSTROM: Yes.

DR. BRIGGS: I was asked a question.

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

VICE CHAIR THERNSTROM: Yes, I know.

COMMISSIONER YAKI: This briefing is for the Commission.

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

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

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

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

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

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

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

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

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

those jobs will exist absent the immigrants.

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

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

VICE CHAIR THERNSTROM: Yes. Okay.

DR. BRIGGS: There's a big difference.

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

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

VICE CHAIR THERNSTROM: Right.

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

economists in terms of what they think the precise impacts of immigration have been on the labor market. All of those estimates are going to be negative. Some are going to be bigger. Some are going to be smaller.

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

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

to dramatically change any of those other factors.

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

COMMISSIONER KIRSANOW: Dr. Jaynes.

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

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

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

VICE CHAIR THERNSTROM: And I want to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMISSIONER KIRSANOW: Professor Briggs,

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

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

COMMISSIONER KIRSANOW: Yes, it was 1999.

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

And the really big issue to me is the idea

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

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

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

COMMISSIONER YAKI: Go ahead.

COMMISSIONER HERIOT: Okay. Thank you.

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

We live in a world where capital is very mobile and it can even cross borders, of course, better in some sectors of the economy than in others. Suppose the American Government ruled to get tough on illegal immigration tomorrow and suppose that sure enough wages for low skill jobs do go up. What is the long term prognosis? Are most of the jobs that we're talking about here in industries where capital would be mobile or are they mostly in areas long term those jobs are going to stay in this country? They won't simply go across the border and find the persons who otherwise might have -- the illegal immigrants.

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

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

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

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

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

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

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

VICE CHAIR THERNSTROM: Absolutely please.

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

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

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

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

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

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

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

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

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

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

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

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

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

a couple of dollars some of them were there.

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

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

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

DR. BRIGGS: Yes.

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

DR. BRIGGS: And wages for these jobs have

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

VICE CHAIR THERNSTROM: Is artificial the right word?

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

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

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

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

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

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

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

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

VICE CHAIR THERNSTROM: Right exactly.

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

the United States? It's indefensible.

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

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

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

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

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

And then the question is when you start to think about policy responses to that, some of us, including myself, favor what we call comprehensive immigration reform which means on the one hand, yes, trying to enforce those laws more effectively. But there are questions about how to cost effectively do that. What are the mechanisms? What's the error rate of some of the policies used? Who bears the costs of those errors? What kinds of disruptions would occur? And in my mind, there's a big difference between keeping out new workers -- and I would be favorable if there are ways of effectively doing that -- versus how do you treat the illegal workers who are already here, who in many cases have been here for many years whose employers rely on them, for whom it would be enormously disruptive if all of these people were driven out at once. They have set down roots in communities and begun to raise families, etc. So I think for illegal immigrants who have been here and working in these jobs for many years it is simply more complicated than do we enforce the law and throw them out or not, and I think many of the choices we've made are more nuanced than that.

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

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

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

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

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

diversity here.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DR. LERNER: Professor Jaynes is one of

them.

VICE CHAIR THERNSTROM: Professor Jaynes is one of them.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DR. BRIGGS: They came in illegally.

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

out." How responsible is that to say?

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

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

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

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

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

DR. BRIGGS: Sure.

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

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

But I will forego them with just one comment to Professor Holzer and that I like your list a lot, improving educational outcomes and achievements starting with pre-kindergarten programs and so forth. If I thought we knew how to do that, you know, I'd say what's wrong with this country that it hasn't done that.

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

DR. LERNER: Council of Great City Schools.

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

DR. HOLZER: Can I respond to that please?

VICE CHAIR THERNSTROM: Yes.

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

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

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

VICE CHAIR THERNSTROM: Right.

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

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

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

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

VICE CHAIR THERNSTROM: Yes, absolutely.

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

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

Is there a domino effect and to what

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

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

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

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

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

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

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

COMMISSIONER KIRSANOW: That's the perception --

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

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

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

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

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

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

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

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

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

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

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

DR. BRIGGS: That's devastating.

VICE CHAIR THERNSTROM: I'm getting --

It's been great.

(Applause.)

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

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

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

Dr. Steven A. Camarota, is Director of

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

Mr. Richard Nadler --

MR. NADLER: Nadler.

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

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

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

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

2. PANEL TWO

(PANELISTS SWORN)

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

DR. HOTCHKISS: Thank you, Madam Chairman.

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

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

United States.

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

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

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

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

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

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

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

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

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

landscaping services.

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

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

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

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

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

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

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

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

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

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

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

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

wages.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A more recent paper by Andrew Sum and Paul Herrington found negative effects from immigration on less educated natives overall and particularly on less educated minorities who are young, say under the age of 30. Now, there is certainly a good deal of antidotal evidence that employers often prefer immigrants, particularly Latino and Asian immigrants over native born African Americans. A more qualitative study by anthropologists Newman and Lennon looked at the fast food industry in Harlem and found that immigrants seemed to have a real advantage over native born Blacks and this almost certainly seemed to represent the biases and prejudices of employers. However, some studies have not found an impact from immigration on Blacks. Part of the reason is it's difficult to measure the impact, as we've actually already heard, is that we live in a national economy. The movement of capital, labor, goods and services tends to create wage equilibrium between cities. This is important because many studies have tried to measure the impact of immigration by looking at different states and cities with different immigrant components. But the national nature of our economy may make this very difficult.

The other problem is, is that immigrants

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

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

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

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

The 1997 study, The New Americans, which is probably one of the most comprehensive, by the National Research Council, has an explanation as to why it's so small, in the neighborhood of one-tenth or two-tenths of one percent gain for those -- gained from immigration. For the poorest 10 percent of workers, the study estimated they lost about five percent of their wages. There is no body of research showing large economic gains to native born Americans. However, the immigrants themselves do benefit substantially by coming here and this is an important consideration.

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

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

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

MR. NADLER: Members of the Commission, I'm honored by your invitation to cast such modicum of light as I can on what has become a potentially explosive social issue. I'm speaking of the impact of mass immigration, roughly three-quarters of is Hispanic, on the economic plight of African Americans. Critics call this an invasion. A recent ad campaign sponsored by the Coalition for the Future American Worker features Dr. Frank Morris, the former Executive Director of the Congressional Black Caucus Foundation. In it, Dr. Morris says, quote, "Immigration accounts for 40 percent of the decline in employment of African American men". Many are the woes attributed to immigration in general and to illegal immigration in particular: downward pressure on wages and innovation, upward pressure on unemployment, poverty and crime, many of the remedies proposed to rectify these problems ranging from skills testing to mass deportation.

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

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

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

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

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

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

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

Were it true that the tax costs associated

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

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

But what about the social cost? In 2006

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

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

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

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

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

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

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

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

constituted the highest percentage of state resident population.

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

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

Now, child --

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

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

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

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

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

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

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

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

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

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

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

National surveys show that White and Black

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

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

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

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

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

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

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

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

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

of low-skilled immigrants arriving since 1990.

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

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

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

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

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

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

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

III. QUESTIONS BY COMMISSIONERS AND STAFF DIRECTOR

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

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

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

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

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

MR. LERNER: Yeah.

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

confusion in that point.

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

But it might help in a practical sense.

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

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

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

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

COMMISSIONER YAKI: This is in Georgia?

DR. HOTCHKISS: This is in Georgia.

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

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

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

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

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

DR. SWAIN: Okay.

COMMISSIONER YAKI: Which page was it?

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

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

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

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

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

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

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

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

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

You know, if you're a fast food worker

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

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

VICE CHAIR THERNSTROM: Yeah.

DR. CAMAROTA: Well, the National Research Council said in that Study of the New Americans is they felt and you can differ with this, is that we live in a national economy. What immigration seems to be doing is as immigrants come into an area, there is some evidence, all these things are debated, but there is some evidence that less educated natives move out. And those that would have otherwise moved in, stop moving in. So for example, there was a large out-migration to Southern California really through the 1960s and into the 1970s from low employment growth areas like Buffalo, New York or Pittsburgh. As immigration became dramatic in Southern California that fell off.

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

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

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

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

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

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

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

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

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

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

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

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

across cities in one period of time.

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMISSIONER YAKI: Excuse me, I would --

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

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

I think that when we talk about -- you always talk about that -- as Commissioner Kirsanow was saying, the first job is important and these are the first step. Well, you know, I can -- and I can be wrong on this as we all thing each other is wrong in many ways on all these discussions but you know, what's the point of getting that job back if your kids are still subjected to the same conditions of education and environment that you were exposed which led to the fact that you're in that job to begin with? I mean, those are the things that are being discussed, are being debated, are part of the policy choices that this country is involved in right now, will be involved in for the next -- hopefully for the

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

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

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

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

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

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

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

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

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

COMMISSIONER YAKI: Almost.

VICE CHAIR THERNSTROM: Pardon me?

COMMISSIONER YAKI: Almost every speaker.

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

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

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

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

has to be a place for them to be heard.

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

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

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

COMMISSIONER YAKI: Those are loaded words.

DR. SWAIN: I know --

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

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

people that are expansionists.

VICE CHAIR THERNSTROM: Let me ask a question.

MR. NADLER: It most certainly isn't.

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

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

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

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

VICE CHAIR THERNSTROM: It does.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VICE CHAIR THERNSTROM: I agree with that.

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

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

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

COMMISSIONER MELENDEZ: Yes, this is

Commissioner Melendez.

VICE CHAIR THERNSTROM: Yes.

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

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

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

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

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

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

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

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

DR. SWAIN: You're penalized.

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

DR. SWAIN: You're penalized.

VICE CHAIR THERNSTROM: He is perfectly

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

DR. SWAIN: That's okay.

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

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

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

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

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

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

VICE CHAIR THERNSTROM: Ask it.

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

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

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

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

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

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

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

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

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

MR. NADLER: Let me finish.

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

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

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

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

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

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

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

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

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

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

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

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

MR. NADLER: Oh, those were simple addition.

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

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

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

them to relocate as it is for immigrants.

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

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

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

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

MR. NADLER: Why aren’t the unemployment statistics reflecting that?

DR. SWAIN: I think they are.

MR. NADLER: They're not.

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

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

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

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

think we probably would.

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

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

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

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

job.

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

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

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

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

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

entitled matter concluded.)