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NEW JOBS IN RECESSION AND RECOVERY: WHO ARE GETTING THEM AND WHO ARE NOT?

HEARING

BEFORE THE

SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY, AND CLAIMS

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

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NEW JOBS IN RECESSION AND RECOVERY: WHO ARE GETTING THEM AND WHO ARE NOT?

WEDNESDAY, MAY 4, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IMMIGRATION,
BORDER SECURITY, AND CLAIMS,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:05 a.m., in Room 2141, Rayburn House Office Building, the Honorable John Hostettler (Chair of the Subcommittee) presiding.

Mr. HOSTETTLER. Good morning.

Whether accurate or not, our present economic recovery has been pegged a "jobless recovery." There is a sense among many Americans that the job opportunities they and parents once enjoyed are no longer available to them and their children. For those on the lower rungs of the economic ladder, the very availability of the American dream seems to be in question. Today we will examine the impact immigration is having on these issues.

Specifically, we will hear from the authors of two studies that have both concluded that all of the increase in employment in the United States over the last few years has been attributable to large increases in the number of employed immigrants, while the number of employed natives has actually declined.

The first study was conducted by Steven Camarota of the Center for Immigration Studies. Mr. Camarota analyzed Census Bureau data and concluded that between March, 2000, and March, 2004, the number of Native born adults with jobs decreased by 482,000, while at the same time the number of foreign-born adults with jobs increased by 2,279,000. Thus, all of the 1.8 million net increase of adults with jobs went to foreign-born workers.

The second study, also relying on Census Bureau data, was conducted by Professors Andrew Sum and Paul Harrington and other researchers at the Center for Labor Market Studies at Northeastern University. They found that total civilian employment increased by 2,346,000 over the period from 2001 through 2004 and that the number of foreign-born workers who arrived in the U.S. in this period and were employed in 2004 was about 2.5 million. Thus, the number of employed Native born and older immigrant workers decreased by between 158,000 and 228,000 over the four year period.

The authors concluded that "[for] the first time in the post-WWII era, new immigrants accounted for all the growth in employment over a four year period. At no time in the past 60 years has the country ever failed to generate any new jobs for Native born workers over a four year period . . .

Both these studies yield astounding results: Native born Americans have not seen any increase in employment in recent years. In fact, the number of jobs they hold has decreased. At the same time, the number of employed immigrants has risen substantially.

What are the implications of these findings? I will let the authors of the studies relate their conclusions in detail, but let me quote them in summary. Mr. Camarota concludes that "[b]y significantly increasing the supply of unskilled workers during the recession, immigration may be making it more difficult for [similar American] workers to improve their situation." He also finds that "[t]he fact that immigration has remained [consistently] high suggests that immigration levels do not simply reflect demand for labor in this country. Immigration is clearly not a self-regulating phenomenon that will rise and fall with the state of the economy."

Mr. Harrington's study concludes that "[g]iven large job losses among the Nation's teens, 20–24 year olds with no four year degree, Black males, and poorly-educated Native born men, it is clear that Native born workers have been displaced in recent years."

Reading these two studies, I reached the troubling conclusion that our Nation's immigration policy has not operated in the best interest of American workers, at least over the last few years. It appears that the flow of immigrants, both legal and illegal, seems to pursue its own independent course, oblivious to whether we are experiencing good times or bad. For struggling American workers, current immigration levels can prove challenging during good times. In bad times, they can be devastating.

Given this disconcerting picture of the prospects for work for many of our fellow citizens, I couldn't agree more with the conclusion reached by Professors Sum and Harrington when they admonish us that "[n]ow is an opportune time for the U.S. Congress to reflect on the shortcomings of our existing immigration policies."

At this time, I turn to the Ranking Member of the Subcommittee, the gentlelady from Texas, Ms. Jackson Lee.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman.

Two weeks ago, it was reported that African-Americans had the highest unemployment of any group in the United States, some 10 percent. We know that the economy is not percolating, not even simmering, it is probably frying. The question of economy and jobs, however, must be fairly and distinctly separated away from the idea of immigration equates to a bad economy.

Frankly, Mr. Chairman, I believe that our economy is frying, not percolating, not spiraling upwards but spiraling downwards; and I make the argument that with real economic policies that confronted the question of job creation for all Americans, we would be a better country.

We will be hearing testimony today about two articles on the effect that immigrants have had on American workers. One of them was written by Steven A. Camarota. It is entitled, "A Jobless Recovery? Immigrant Gains and Native Losses." Among other things,

this article observes that between March of 2000 and March of 2004, the number of adult immigrants holding a job increased by more than 2 million, but the number of adult Natives holding a job was nearly half a million. The article concludes that immigration may have adversely affected the job prospects of Native born Americans.

Particularly, I think what may be missing from this article is the clear analysis of what kind of jobs, where the jobs are located, and the interest and availability of Americans for those jobs.

The other article reaches a very similar conclusion. It was written by the Center for Labor Market Studies. It is entitled, "New Foreign Immigrants in the Labor Markets in the U.S.: The Unprecedented Effects of New Immigration and Growth of the Nation's Labor Force in Its Employed Population, 2000 to 2004."

It is important to understand that these articles are using a broad definition of the term "immigrant." they include undocumented aliens, aliens who are lawful, permanent residents and naturalized citizens. In fact, the article written by the Center for Labor Market Studies goes even further. In that article a definition of an immigrant is an individual who is born outside of the 50 States and the District of Columbia. Persons born in the U.S. Virgin Islands, Puerto Rico and Guam are counted as being part of the immigrant population.

Our witness today, Professor Harry J. Holzer, will explain why we should question the conclusion of these articles. Dr. Holzer thinks that immigration has modest negative effects on less-educated workers in the U.S., but it also has positive effects on the economy. He expects the positive effects to grow much stronger after baby boomers retire. Also, according to Dr. Holzer, the employment outcomes of Native born Americans mostly reflect the underlying weakness of the U.S. labor market, rather than large displacements of new immigrants.

Particularly, Mr. Chairman, I would like to note the obvious, I am an African American, and in my lifetime I have experienced discrimination. Sadly to say, America still discriminates—in the board room, in leadership roles in corporate America, in education, in opportunities for undergraduate education, opportunities for graduate education, focusing African Americans on disciplines that will help and create opportunities for them, equally so of the minorities that have been discriminated or stigmatized, therefore lowering, sometimes, their opportunities to succeed.

Isn't it interesting to talk about job loss for Americans, and we can find a number of groups—Hispanic Americans, African Americans, Muslim Americans—who still face discrimination in America. Maybe if we fix those discriminatory practices, we would find a fuller job market for all to participate in.

I agree with Dr. Holzer that immigrants have a positive effect on the economy. Likewise, I would say I want to increase the job market for the constituents that I represent in the 18th Congressional District, many inner-city youth, many African Americans, many poor Anglos, poor Hispanics looking for work that does not exist.

In fact, I recently participated in a conference at the Offshore Technology Conference; and one of the issues was creating jobs, creating a workforce for the energy industry in the 21st century.

They are lacking in job applicants between the ages of 25 and 35. One of the reasons is because our educational system has failed to educate those who would be qualified to take these jobs.

Immigrants create new jobs by establishing new businesses, spending their incomes on American goods and services, paying taxes, and raising the productivity of United States businesses. What I would hope is that, as we listen to these particular panelists, that we will find not accusations but solutions.

For example, I raise the question of asking Americans at this stage of their lives to be bilingual on jobs that they have previously not had the training, that provides a great deal of consternation and divisiveness in our community. We should be able to assume a job whether we are bilingual or not, and that means that those who are able to perform the job should be able to do the job and to be able to be hired for the job. However, to castigate immigrants as a cause for a bad economy I believe is the wrong direction to go.

I hope this same hearing is being held in Financial Services, Ways and Means, and Energy and Commerce, as well as Education and Labor so that we can focus our attention on the real key issue, creating new, exciting, dynamic jobs for Americans and those who live within our boundaries and, as well, fixing the economy.

The American economy does not have a fixed number of jobs. Economists describe the notion that the number of jobs is fixed as the "lump of labor" fraught policy.

Job opportunities expand with the rising population. Since immigrants are both workers and consumers, their spending on food, clothing, housing and other items creates new job opportunities. Immigrants tend to fill jobs that Americans cannot or will not take in sufficient numbers to meet demand, mostly the high and low ends of the skill spectrum. Occupations with the large growth in absolute numbers tend to be the ones that only require short-term, on-the-job training. This includes such occupations as waiters and waitresses, retail salespersons, cashiers, nursing aides, orderlies and attendants, janitors, home health aides, manual laborers, landscaping workers and manual packers. The supply of American workers suitable for such work is falling on account of an aging workforce and rising education levels.

Now I do not suggest that no American will take the jobs of being a waiter, a retail salesperson, a cashier, a nursing aide, a janitor, home health aide. I would not be so arrogant to suggest that. But by creating a bustling economy, all those jobs will expand. They are basically service jobs. Where is the manufacturing arm of the United States? Where is the intellectual job creation of the United States? Where is the high-tech market of the United States? This is what a nation that is capitalistic and democratic accepts as a good quality of life.

Immigrants came in the early 1900's. They did work. They moved up the ladder. They are now the corporate barons of America. That is what is happening to America now. Immigrants of color come to the United States, matched with African Americans who first came here as slaves, and all of a sudden they are all circling around the same pool of lack of opportunity. America should wake up, create opportunity, eliminate discrimination, expand its mar-

ket, invest in its economy, create new jobs. That is the answer, not pointing out or isolating immigrants.

Finally, Mr. Chairman, some people are concerned that undocumented workers lower wages for American workers. This is a legitimate but probably exaggerated concern. It is not the mere presence of undocumented workers that has led to low wages. The problem is the lack of bargaining power that these workers have against their employers. No worker chooses to be paid low wages or to work under poor conditions, nor do we force employers to give low wages. I would argue that if you have earned access to legalization, allow immigrants to access legalization, create a good job market, we will create a workplace for all to work in.

The way suppression is attributable to the ability of employers to exploit its foreign workforce, underpaying foreign workers is only one of the methods used by employers to cut labor costs. Temporary and part-time workers are employed without worker benefits, and the labor laws are violated routinely, and these happen to be Americans. The solution to this and many other immigration-related problems in our country is comprehensive immigration reform.

Mr. Chairman, I am delighted to note that our Full Committee Ranking Member is present, and I would like to be able to ask unanimous consent to yield to him at this time.

Mr. HOSTETTLER. The lady's time has expired, but I will recognize the gentleman from Michigan, the Ranking Member from the full Committee, for an opening statement.

Mr. CONYERS. I want to associate myself with the remarks of our Ranking Member, Sheila Jackson Lee.

What I am interested in is the importance of us not confusing the problem of illegal immigrants with all immigrants, and somehow I am getting the feeling that this is all being put together in one big cauldron and that we are going from there.

The second point that I would like to make is that if there are any reservations about the contributions of naturalized citizens, I will be listening carefully to discuss this with our witnesses and with my distinguished colleagues on the Committee. Because our governor from Michigan, Jennifer Granholm, is a naturalized citizen, coming from Canada at probably the age of two. I also throw in the names of Dr. Kissinger and Governor Schwarzenegger as others. The point is that naturalized citizens should certainly be separated from the issues surrounding the undocumented immigrants, those who are here living outside of the immigration requirements.

Now my concern about elevating naturalized citizens is so strong that I have introduced for the second term a proposal that naturalized citizens, after 20 years in this country, would be able to do the only thing that they can't do right now and that is run for President of the United States. It seems to me the reason that this was done several hundred years ago is pretty clear, but whether that is a concern at this time, I don't think so.

Now it is true that many employers take advantage of undocumented workers and that creates some friction in the job market area. We are having traditional exploitation of foreign workers who we bring in here. I have heard, for example, in the agricultural in-

dustry it has been stated that we couldn't do much farming if we didn't bring in people to pick the fruit and do all of the stoop labor that is involved in that area. So I think that there are some huge issues that should be studied as well, as referenced by the gentlelady from Texas, by other Committees for their complete impact.

Now we are going through a period of employment stagnation. Under this Administration, we have never had so many people recently out of work; and the figure 5.2 percent unemployment is very disingenuous because a lot of people stop looking for work after they can't find it. And Michigan is very aware of that because we are hit by an even larger unemployment consideration.

Two more examples. We have an incredible outsourcing problem. We are paying corporations to leave this country, and they get tax credits for it. And then we have two foreign trade policies—that I hope the witnesses will feel free to touch on—three really, NAFTA, CAFTA, and China's Most Favored Nation policy, in which our textile industry is on the rocks right now.

So I look forward to these hearings, and I thank the Chairman for allowing me to present a few thoughts before the witnesses begin. Thank you, sir.

Mr. HOSTETTLER. I thank the gentleman.

The Chair now recognizes the gentleman from Texas, Mr. Gohmert, for purposes of an opening statement.

Mr. GOHMERT. Thank you, Mr. Chairman.

Very briefly. I appreciate the witnesses being here. I am looking forward to your testimony.

My perspective comes from having a great-grandfather that immigrated to this country in the late 1800's, and before the turn of the century. When he came, he didn't speak English and had less than $20. Within 25 years, before the turn of the century, he built the nicest home in Cuero, Texas, and did extremely well for himself.

I think America is still the land of opportunity. We need immigration, it needs to be legal, and we don't need to hurt the country.

I am very encouraged by some of what I see from the Hispanic immigration in that they—most come with very strong family values and moral values, and I think they are good for the country. What we need to know about is, from you gentlemen's perspective, is the effect of immigration and how it can be made better. We do know that 19 people can knock down the biggest buildings we have, so I am strong on knowing exactly who is coming in. That is my perspective, and I am looking forward to hearing yours.

Thank you.

Mr. HOSTETTLER. Does anyone else wish to make an opening statement?

The Chair recognizes the gentlelady from California, Ms. Sánchez.

Ms. SÁNCHEZ. Thank you, Mr. Chairman and Ranking Member Jackson Lee, for convening another Subcommittee hearing to hear an important issue that is related to immigration.

Today we are looking at the issue of how immigrants impact American workers and Americans looking for jobs; and this hearing is an intersection of two issues that I care very much about, immi-

gration and labor. I honestly believe that hardworking, law-abiding people who emigrate to this country should have every opportunity to work so that they can provide for their families and, if they choose to, make America their new home. I also feel that undocumented immigrants that have been in this country for years, contributing to American businesses and our economy, should have a chance to earn legal status and a stake in this country so that they can continue to contribute to the United States on a permanent basis. We should never forget—at all costs, we should never forget that immigrant labor is what helped build this country and what continues to help this country's economy.

Obviously, American workers helped to build and sustain this country as well. You will not find a stronger advocate for American workers than myself. I am a proud member of IBEW Local 441, and I am a founding Chair and a current co-Chair of the Congressional Labor and Working Families Caucus.

I fully support American workers and want to make sure that their jobs and their families are protected, and I am confident that if we think real hard and we think thoughtfully about these issues we can create policies that make sure that American jobs are secure and also that law-abiding immigrants work toward earned legalization in this country.

As this Subcommittee and this Congress work on immigration reform this year, we have to take the rights and the needs of both immigrant workers and American workers into consideration. We have to balance those interests.

I am looking forward to hearing from the witnesses today, and I want to thank them for taking their time to testify and to answer questions from the Subcommittee. I hope that they will help us formulate realistic and workable policies that benefit—that take into account the benefits of immigration and also protect American workers.

With that, I will yield back to the Chair.

Mr. HOSTETTLER. I thank the gentlelady.

The Chair will now introduce the members of our panel.

Steven Camarota is Director of Research at the Center for Immigration Studies here in Washington. He has testified numerous times before Congress and has published many articles on the impact of immigration in such journals and papers as *Social Science Quarterly, The Washington Post,* the *Chicago Tribune* and *National Review.* Dr. Camarota writes regularly for the Center for Immigration Studies on a broad range of immigration issues, including his recent reports on labor, Social Security, immigration trends, and border and national security. He holds a Ph.D. from the University of Virginia in public policy analysis and a Masters Degree in political science from the University of Pennsylvania.

Paul Harrington is Associate Director of the Center for Labor Market Studies, or CLMS, and professor of economics and education at Northeastern University in Boston. At the CLMS, Dr. Harrington conducts labor market research at the national, State and local level on a broad range of issues, including immigration, higher education performance, workforce development, and youth and families.

Dr. Harrington and CLMS were the first to estimate the sharp increase in the number of undocumented immigrants during the 1990's. Paul Harrington earned his Doctor of Education degree at the University of Massachusetts, Boston; and he also holds Master's and Bachelor's degrees from Northeastern University.

Matthew Reindl is the proprietor of Stylecraft Interiors, an architectural woodworking factory in New York. His family has owned this factory for over 50 years. His grandfather founded the company in 1951, after immigrating to America in 1930. Mr. Reindl is the third generation of his family to run the business.

Over the past several decades, Stylecraft Interiors has employed American citizens and legal immigrants from around the globe, including countries in Europe, the Caribbean and Central America. In addition to his work at the company, Mr. Reindl is the graduate of the New York Institute of Technology in electromechanical computer technology.

Dr. Harry Holzer is Professor and Associate Dean of Public Policy at Georgetown University and a Visiting Fellow at the Urban Institute in Washington, D.C. His research has primarily focused on the labor market problems of low-wage workers and other disadvantaged groups, and he has published multiple books on his findings.

Formerly, he was the Chief Economist for the U.S. Department of Labor, and a professor of economics at Michigan State University. Dr. Holzer received both his Bachelor of Arts and Doctorate in Economics from Harvard University.

We thank the witnesses for being here. You will notice that there is a series of lights. Without objection, your full written statements will be made a part of the record, and if you could stay as close to the 5-minute time limit, we would appreciate it.

Mr. HOSTETTLER. The Chair now recognizes Mr. Camarota for 5 minutes.

TESTIMONY OF STEVEN CAMAROTA, DIRECTOR OF RESEARCH, CENTER FOR IMMIGRATION STUDIES

Mr. CAMAROTA. Mr. Chairman and Members of the Subcommittee, thank you for inviting me to testify on the impact of immigration on the U.S. labor market during the recent economic slowdown. My name is Steven Camarota, and I am Director of Research at the Center for Immigration Studies, a nonpartisan think tank here in Washington.

Now, prior to the slowdown that began in 2000, my own research and general set of assumptions had been that the primary effect of immigration would have been to reduce wages and perhaps benefits for Native born Americans primarily because it is increasing the supply of labor but not necessarily affecting unemployment or overall employment.

An important study—just to give you one example—published in 2003 in the Quarterly Journal of Economics found that overall immigration reduced the wages of American workers by about 4 percent and those with less than a high school education by about 7 percent; and the effect exists regardless of legal status. You are just adding more workers and exerting downward pressure on wages.

However, a more careful analysis of recent data has made me rethink that the only effect is on wages and possibly benefits. In a study that we published at the end of last year, we found that between March of 2000 and March of 2004 the number of adult natives who were unemployed increased by 2.3 million, but at the same time the number of employed immigrants increased by 2.3 million—by adults, I mean—18 years in age and over. About half of the growth in immigrant workers since 1970 was from illegal aliens. We have added about 1.2 million new adult illegal alien workers in the United States in the last 4 years.

Overall, the level of new immigration, legal and illegal, does not seem to have slowed very much since 2000. By remaining so high when the economy was not creating many new jobs, immigration almost certainly has reduced job opportunities for some natives and immigrants already here.

Now of course it would be a mistake to assume that every job taken by an immigrant is a job lost by a native, but the statistics are striking, and they should give serious pause to those who want to legalize illegal aliens instead of enforcing the law and reducing the supply of labor. Not only did native unemployment increase by 2.3 million, but perhaps most troubling of all we found that the number of natives between the ages of 18 and 64 not in the workforce increased by 4 million over this time. And detailed analysis shows that this increase in non-work among Americans was not due to some rise in early retirement or increased college enrollment or even new moms staying home to spend time with their new babies.

Now our analysis also shows little evidence that immigrants only take jobs Americans don't want. For one thing, immigrant job gains have been throughout the labor market, with more than two-thirds of their employment gains in jobs that require at least a high school education. However, it is true that immigration has its biggest impact at the bottom end of the labor market in jobs done by less-educated workers. In job categories such as construction labor, building maintenance, and food preparation, immigration added 1.1 million adult workers in the last 4 years, but there was nearly 2 million unemployed adult natives in those very same occupations in 2004.

Those arguing for high levels of immigration on the grounds that it helps alleviate pressure of a tight labor market are ignoring the very high unemployment rate among Americans in those very same occupations, averaging about 10 percent in 2004.

Not only is native unemployment highest in occupations which saw the largest growth in immigrants, the available evidence also shows that the employment picture for natives generally looks worse in those parts of the country that saw the largest increase in immigrants. It is exactly the kind of pattern you would expect if immigrants are displacing natives. For example, in States where immigrants increase their share of the workforce by 5 percentage points, the number of natives working actually fell by 3 percent on average. But in States where the share of immigrant workers increased by less than 1 percent, the number of natives holding a job actually went up by about 1.4 percent.

Now, of course, businesses will continue to say "[i]mmigrants only take jobs Americans don't want." But what they really mean is that, given what those businesses would like to pay and how they would like to treat their workers, they cannot find enough Americans. Therefore, employers want the United States to continually increase the supply of labor by non-enforcement of immigration laws.

In conclusion, I would argue forcefully that probably one of the best things we can do for less-educated natives and legal immigrants already here is to strictly enforce our immigration laws and reduce the number of illegal aliens in the country. We should also consider reducing unskilled legal immigration as well. This would greatly enhance worker bargaining power vis-a-vis their employers and allow their wages, benefits and working conditions and employment opportunities to improve.

Thank you.

Mr. HOSTETTLER. Thank you, Dr. Camarota.

[The prepared statement of Dr. Camarota follows:]

PREPARED STATEMENT OF STEVEN A. CAMAROTA

Mr. Chairman and members of the subcommittee: Thank you for inviting me to testify on the impact of immigration on the labor market during the recent economic slow down. My name is Steven Camarota, and I am Director of Research at the Center for Immigration Studies, a non-partisan think tank here in Washington.

Prior to the economic slowdown that began in 2000, I had generally assumed that the primary impact of immigration would have been to reduce wages and perhaps benefits for native-born workers but not overall employment. An important study published in 2003 in the Quarterly Journal of Economics showed that immigration reduces wages by 4 percent for all workers and 7 percent for those without a high school education.[1] A significant effect to be sure.

However, after a careful examination of recent employment data, I have become increasingly concerned that immigration may also be reducing employment as well as wages for American workers. A study by the Center for immigration Studies published last year shows that between March 2000 and March 2004 the number of unemployed adult natives increased by 2.3 million, but at the same time the number of employed immigrants increased by 2.3 million.[2] By adults I mean persons 18 and older. About half the growth in immigrant employment was from illegal immigration. And overall the level of new immigration, legal and illegal, does not seem to have slowed appreciably since 2000. By remaining so high at a time when the economy was not creating as many new jobs, immigration almost certainly has reduced job opportunities for natives and immigrants already here.

Of course, it would be a mistake to assume that every job taken by an immigrant is a job lost by a native, but the statistics are striking. And they should give serious pause to those who want to legalize illegal aliens instead of enforcing the law and reducing the supply of workers. Not only did native unemployment increase by 2.3 million, but we also found that the number of working-age natives who said they are not even looking for work increased by 4 million. Detailed analysis shows that the increase was not due to early retirement, increased college enrollment, or new moms staying home with their babies.

Our analysis also shows little evidence that immigrants only take jobs Americans don't want. For one thing, immigrant job gains have been throughout the labor market, with more than two-thirds of their employment gains in jobs that require at least a high school degree. However, it is true that immigration has its biggest impact at the bottom end of the labor market in relatively low paying jobs typically occupied by less-educated workers. But such jobs still employ millions of native-born workers.

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[1] "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," by George J. Borjas. November 2003. The Quarterly Journal of Economics.

[2] The report "A Jobless Recovery: Immigrant Gains and Native Losses" can be found at the Center's web site www.cis.org/articles/2004/back1104.html

In job categories such as construction labor, building maintenance, and food preparation, immigration added 1.1 million adult workers in the last 4 years, but there were nearly 2 million unemployed adult natives in these very same occupations in 2004. About two-thirds of the new immigrant workers in these occupations are illegal aliens. Those arguing for high levels of immigration on the grounds that it helps to alleviate the pressure of tight labor markets in low- wage, less-skilled jobs are ignoring the very high rate of native unemployment in these job categorizes, averaging 10 percent in 2004.

Not only is native unemployment highest in occupations which saw the largest immigrant influx, the available evidence also shows that the employment picture for natives looks worst in those parts of the country that saw the largest increase in immigrants. For example, in states were immigrants increased their share of workers by 5 percentage points or more, the number of native workers actually fell by about 3 percent on average. But in states where the immigrant share of workers increased by less than one percentage point, the number of natives holding a job actually went up by 1.4 percent. This is exactly the kind of pattern we would expect to see if immigration was adversely impacting native employment.

Of course, businesses will continue to say that, "immigrants only take jobs Americans don't want." But what they really mean is that given what they would like to pay, and how they would like to treat their workers, they cannot find enough Americans. Therefore, employers want the government to continually increase the supply of labor by non-enforcement of immigration laws.

I would argue forcefully that one of the best things we can do for less-educated natives, and legal immigrants already here is strictly enforce our immigration laws and reduce the number of illegal aliens in the country. We should also consider reducing unskilled legal immigration.

This would greatly enhance worker bargaining power vis-à-vis their employers and would result in lower unemployment rates and increased wages and better working conditions for American workers, immigrant and native alike.

ATTACHMENT

Center for Immigration Studies

Backgrounder

October 2004

A Jobless Recovery?

Immigrant Gains and Native Losses

By Steven A. Camarota

The recovery from the recession of 2001 has been described as "jobless." In fact, an analysis of the latest Census Bureau data shows that between March of 2000 and March of 2004, the number of adults working actually increased, but all of the net change went to immigrant workers.

The number of adult immigrants (18 years of age and older) holding a job increased by over two million between 2000 and 2004, while the number of adult natives holding a job is nearly half a million fewer. This *Backgrounder* also finds that the number of adult natives who are unemployed or who have withdrawn from the labor force is dramatically higher in 2004 than it was in 2000. These findings raise the possibility that immigration has adversely Affected the job prospects of native-born Americans.

Among our findings:

- Between March of 2000 and 2004, the number of *unemployed* adult natives increased by 2.3 million, while the number of *employed* adult immigrants increased by 2.3 million.
- Half of the 2.3 million increase in immigrant employment since 2000 is estimated to be from illegal immigration.
- In addition to a growth in unemployment, the number of working age (18 to 64) natives who left the labor force entirely has increased by four million since 2000.
- Even over the last year the same general pattern holds. Of the 900,000 net increase in jobs between March 2003 and 2004, two-thirds went to immigrant workers, even though they account for only 15 percent of all adult workers.
- In just the last year, 1.2 million working-age natives left the labor force, and say that they are not even trying to find a job.
- Immigrant job gains have occurred throughout the labor market, with more than two-thirds of their employment gains among workers who have at least a high school degree.
- There is little evidence that immigrants take only jobs Americans don't want. Even those occupations with the highest concentrations of new immigrants still employ millions of native-born workers.
- The decline in native employment was most pronounced in states where immigrants increased their share of workers the most.
- Occupations with the largest immigrant influx tended to have the highest unemployment rates among natives.
- The states with the largest increase in the number of immigrants holding jobs were Texas, North Carolina, Maryland, Georgia, California, Arizona, New Jersey, Virginia, and Pennsylvania.
- Of the nation's largest metropolitan areas, the biggest increases in immigrant employment were in Los Angeles, Washington, D.C., Dallas, Houston, New York, and Seattle.
- Recent immigration has had no significant impact on the nation's age structure. If the 6.1 million immigrants (in and out of the labor force) who arrived after 2000 had not come, the average age in America would be virtually unchanged at 36 years.

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It would be an oversimplification to assume that each job taken by an immigrant is a job lost by a native. What is clear is that the current economic downturn has been accompanied by record levels of immigration. Given the labor market difficulty of many natives, the dramatic increase in the number of immigrants holding jobs certainly calls into question the wisdom of proposals by both presidential candidates to increase immigration levels further. While the findings of this study may seem stark, they are consistent with other research on this subject.[1]

Data Source and Methods

Data Source. The information for this *Backgrounder* comes from March Current Population Surveys (CPS) collected by the Census Bureau. All figures in this study reflect the 2000-based population weights, which were put out by the Census Bureau after the 2000 Census revealed that the nation's population was larger than previously thought. By using the new weights we are able to make comparisons between the years 2000 and 2004. The March data, called the Annual Social and Economic Supplement, includes an extra-large sample of minorities and is considered one of the best sources for information on the foreign-born.[2] The foreign-born are defined as persons living in the United States who were not U.S. citizens at birth.[3] For the purposes of this report, foreign-born and immigrant are used synonymously. Because all children born in the United States to the foreign-born are by definition natives, the sole reason for the dramatic increase in the foreign-born population is new immigration. The immigrant population in the 2004 CPS includes roughly 9.1 illegal aliens and between one and two million persons on long-term temporary visas, mainly students and guest workers. The CPS does not include persons in "group quarters," such as prisons and nursing homes.

Focus on Adult Workers. In this study we examine employment patterns among adult workers 18 years of age and older. Although persons age 15 through 17 often do work, it is adults who comprise the vast majority of full-time workers and almost always are the primary income source for a household. Thus the labor market situation of adult workers is central both to the economy and American families. At various times in the study we do examine labor force participation among workers 18 to 64. When considering labor force participation, it is standard practice to confine the analysis to those under age 64 because the overwhelming majority of Americans retire by age 65. Persons in the labor force are those who are working or unemployed (looking for work). All other individuals are considered to be outside of the labor force.

Overall Employment, 2000 and 2004

Declining Native Employment. Table 1 examines the labor force status of adult natives and immigrant workers in the United States. The top of the table shows that the number of employed natives was 500,000 fewer in 2004 than in 2000. In contrast, there was a net increase of 2.3 million in the number of foreign-born workers holding jobs over this same time period. Put another way, there was a net increase of 1.7 million in the total number of adults working in the United States, but all of that increase went to foreign-born workers. The middle section of Table 1 reports the number of unemployed natives and immigrants. It shows that there were almost 2.3 million more natives unemployed in 2004 than there were in 2000. While it would be a mistake to assume that there is a one-for-one relationship between immigrant employment gains and native losses, it is clear that the number of immigrants with jobs increased dramatically at the same time as the number of natives looking for a job also increased.

Native Non-Work Increased. The bottom of Table 1 shows the number of working-age (18 to 64) natives and immigrants not in the labor force. Between 2000 and 2004, the number of natives not working increased by nearly four million, from 30.8 million to 34.8 million. Thus, not only are 500,000 fewer natives working and 2.3 million more unemployed, fewer natives are even in the labor force at all. Of course, many adults do not work by choice, but, as we will see, changes in child rearing, pursuit of higher education, or other factors do not seem to explain the increase in the number of natives not in the labor force. It seems almost certain that at least some of the increase is related to economic conditions and perhaps a continued high level of immigration.

Withdrawal from the Labor Market Related to the Economy. The increase in the number of working age (18 to 64) natives not in the labor force could be the result of factors other than the scarcity of employment opportunities. One reason might be an increase in the

number of adults staying home to care for a young child. In American society, women are still much more likely than men to take time off from a career in order to care for children. Thus an increase in the number of women not in the labor force might be an indication that the decision not to work is unrelated to the economy. But an analysis of the CPS shows that only half of the four million increase in working-age natives not in the labor force is among women. Moreover, of the two million increase among working-age women not in the labor force, less than 200,000 was due to an increase in the number of women who have a young child under age six. Thus it seems very unlikely that much of the increase in the number of working age natives is related to women taking time out from their careers to care for young children.

Another possible reason for the rise in non-labor force participation could be the growth in the number of working-age college students. In fact, the CPS does show that the number of natives 18 to 64 who were not in the labor force and were attending college increased by 750,000 between 2000 and 2004. Part of this increase reflects a growth in the overall size of the native college-attending population. But some of this increase also reflects a deterioration in the labor market situation for native-born college students. The unemployment rate for college students increased from 5.9 percent to 7.2 percent, and the percentage not in the labor force increased from 40.9 to 43 percent. Had the labor force participation rate remained the same for native-born college students, about 200,000 more native-born college students would have been in the labor force. Thus, we estimate that of the total increase in the number of working-age natives not in labor force, about 14 percent is related to an increase in the number of college students.[4]

Another possible reason for an increase in the number of natives not working or looking for work is early retirement. However, there is no strong evidence for this. Between 2000 and 2004, the number of natives ages 60 to 64 not in the labor force increased by only 330,000. Of course, retirement is not always voluntary. In fact, unemployment did increase among workers in this age category. But even including all of the 330,000 increase with the increase in college attendance and the increase in the number of mothers saying home, still accounts for, at most, one-fourth of the rise in the number of working age natives not in the labor force. It is almost certain that economic conditions account for the most of the increase in non-labor force participation among natives ages 18 to 64. This is not, of course, proof that immigrants have caused this increase. What we can say is that the number of immigrant workers in the labor force has grown at the same time as the number of working-age natives not in the labor force has increased.

Immigrants Also Affected by Recession. The figures in Table 1 show that immigrants were also adversely impacted by the economic downturn. While Table 1 shows that the number of adult immigrants holding jobs increased dramatically, unemployment and non-work also increased for this population. The rapid growth in the foreign-born population over this time period makes it possible for the number of immigrants holding jobs and the number not working to increase at the same time. The continued growth in the number of immigrant workers also represents a real-world test of the often-made argument that immigration is primarily driven by economic need in the United States. The data show that despite a significant deterioration in unemployment and labor force participation among immigrants, growth in the immigrant population remains at record levels. The overall immigrant population has grown by more than four million since 2000. The fact that immigration has remained so high suggests that immigration levels do not simply reflect demand for labor in this country. Immigration is clearly not a self-regulating phenomenon that will rise and

Table 1. Immigrant and Native Labor Force Status, 2000 and 2004 (In Thousands)

	Immigrants	Natives
Number Working 2000[1]	17,463	115,797
Number Working 2004[1]	19,742	115,315
Change in Number Working 2000-2004	2,279	-482
Number Unemployed 2000[1]	904	4,812
Number Unemployed 2004	1,292	7,085
Change in Number Unemployed 2000-2004[1]	388	2,273
Number Not in Labor Force 2000[2]	5,883	30,846
Number Not in Labor Force 2004[2]	6,923	34,813
Change in Number Not in Labor Force 2000-2004[2]	1,040	3,967

[1] Figures for those working or unemployed are for persons 18 years of age and older.
[2] Figures for those not in workforce are for persons 18 to 64 years of age. Persons not in the labor force are not working or looking for work.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys

fall with the state of the economy. Immigration is a complex process driven by a variety of factors, and even a significant economic downturn does not result in lower levels of immigration.

Gains Throughout Labor Market

Contrary to the perceptions of some, most of the net increase in immigrant employment was not at the very bottom of the labor market. Table 2 reports the number of persons holding jobs by education level. The table shows that less than 700,000 (only 30 percent) of the net increase in adult immigrant employment was among workers with less than a high school degree. About 20 percent of the net increase in immigrant employment was for those with just a high school degree, and 50 percent of the growth was for those who had an education beyond high school. With half of the net increase in immigrant employment among workers with an education beyond high school, the argument that "immigrants only take jobs Americans don't want" would seem to be incorrect. Immigrants are not simply taking jobs that require little education, pay relatively little, and are menial in nature. While it is true that a much larger share of immigrant than native workers have few years of schooling, immigration is increasing the supply of workers throughout the labor force.

Table 2. Immigrant and Native Workers in 2000 and 2004 (In Thousands)

	2000 Number Working[1]	2004 Number Working[1]	Change in Number Working[1]
All Foreign Born	**17,463**	**19,742**	**2,279**
<HS Education	5,087	5,778	691
High School Only	4,468	4,906	438
>High School	7,908	9,057	1,149
All Natives	**115,797**	**115,315**	**-482**
<HS Education	9,704	8,341	-1,363
High School Only	37,953	35,794	-2,159
>High School	68,139	71,180	3,041

[1] Figures are for workers 18 years of age and older.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

Native-Born Dropouts. Turning first to native dropouts, Table 2 shows that the number holding a job declined by 1.4 million. Table 3 reports unemployment rates by education level. It shows that some of this decline is explained by an increase of 217,000 in unemployment among native dropouts. The decline in the number of native dropouts also seems to be related to the retirement of older natives with few years of education. Table 4 reports the number of working-age (18 to 64) people not in the labor force by education level. The table shows that the number of native dropouts not in the labor force went down slightly between 2000 and 2003, indicating that there was not an increase in non-work for this type of worker. Because American society has become more educated in recent decades, there has been a decline in the number of natives lacking a high school degree. Many older native-born dropouts are retiring. On the other hand, the unemployment rate of 13.3 percent and rate of non-work for native-born dropouts is dramatically higher than for other workers. By significantly increasing the supply of unskilled workers during the recession, immigration may be making it more difficult for these workers to improve their situation. While it might be reasonable to describe these jobs as ones that most American don't want, clearly there are still millions of unskilled Americans in the labor force. Given the persistently high unemployment rate and low rates of labor force participation among this population, it may make little sense to continually increase the supply of unskilled workers through immigration, especially during a economic downturn.

Table 3. Unemployment Among Foreign-Born and Native Workers in 2000 and 2004 (In Thousands)

	2000 Number Unemployed[1]	2004 Number Unemployed[1]	Change in Number Unemployed[1]
All Foreign Born	**904**	**1,292**	**388**
<HS Education	483	563	80
High School Only	194	287	93
>High School	226	442	216
All Natives	**4,812**	**7,085**	**2,273**
<HS Education	1,066	1,283	217
High School Only	1,898	2,783	885
>High School	1,847	3,019	1,172

[1] Figures are for persons 18 years of age and older looking for a job.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

Natives With Only a High School Degree. Table 2 shows that the number of natives with only a high school degree holding a job in 2004 was 2.2 million fewer than in 2000. Moreover, in Table 3 we see that the number of natives with only a high school degree who were unemployed was 885,000 higher. In addition, Table 4 shows that the number of natives with only a high school degree not in the labor force was nearly 1.2 million higher. During the same time period, the number of immigrants with the same level of education holding a job increased by 438,000 (Table 2). There were also nearly 300,000 unemployed immigrants in 2004 in this educational category, an increase of about 100,000 from 2000 (Table 3). There is no question that immigration has increased the supply of this type of worker at the same time natives with only a high school degree have lost jobs.

More Educated Natives. Turning to natives with more than a high school degree, Table 2 shows that the number of workers like this actually increased by about three million over this time period. However, Table 3 indicates that the number of unemployed workers with more than a high school degree increased by almost 1.2 million. It should be pointed out that educated workers tend to be more reluctant to describe themselves as unemployed than those with less education. Thus, when examining the economic situation for this group, it is especially important to consider the labor force participation. Table 4 shows that the number of more educated natives not in the labor force increased by three million (23 percent) between 2000 and 2004. Over the same time period, the number of immigrants with more than a high school degree holding a job increased by 1.2 million, and the number looking for a job (unemployed) roughly doubled to 442,000. Thus, immigration is clearly increasing the supply of more educated workers at the same time as unemployment and withdrawal from the labor market remain high among such workers. It is also worth considering that jobs requiring an education beyond high school are typically higher paying, and certainly are not seen as jobs Americans don't want. Overall, Tables 2 through 4 seem to indicate that immigrants and natives are competing for work throughout the labor market.

Immigrant-Heavy Occupations. The impact of immigration can also be examined by looking at occupations. Unfortunately, it is not easy to examine changes in the number of immigrants by occupation because the way the government classifies occupation changed between 2000 and 2004. However, Table 5 reports the occupational distribution of immigrant and native workers in 2004. Looking at occupations can provide some insight into what sectors of the economy are most impacted by immigration. The first column reports the percentage of adult immigrants employed in each occupation. For example, 2 percent of immigrants are employed in the farming, fishing, and forestry occupational category. The second column reports the share of all workers in that occupation that are immigrants. Thus, immigrants comprise 36 percent of adult workers in the farming/fishing/forestry occupation. The third column shows the number of adult natives employed in each occupation. The fourth column shows the number of unemployed natives who indicated that their last job was in each occupation. The fifth column shows the number of immigrants who arrived between 2000 and 2004 who are employed in that occupation. The last column shows the native unemployment rate.[9]

Table 5 ranks occupations based on the percentage comprised of immigrants. It is often suggested that the kinds of jobs immigrants do are so

Table 4. Immigrants and Natives Not in the Labor Force in 2000 and 2004 (In Thousands)

	2000 Number Not Working or Not Looking for Work[1]	2004 Number Not Working or Not Looking for Work[1]	Change in Number Not Working or Not Looking for Work[1]
All Foreign Born	**5,883**	**6,923**	**1,040**
<HS Education	2,279	2,625	346
High School Only	1,384	1,738	354
>High School	2,220	2,560	340
All Natives	**30,846**	**34,813**	**3,967**
<HS Education	6,980	6,785	-195
High School Only	10,681	11,847	1,166
>High School	13,185	16,181	2,996

[1] Figures are for persons 18 to 64 years of age. Persons not in the labor force are not working or looking for work.

Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

Table 5. Immigrants and Natives by Occupation in 2004, Ranked by Immigrant Share of Occupation (In Thousands)

	Share of All Immigrants Who Work In Occupation	Share of Occupation Comprised of Immigrants	Number of Employed Natives	Number of Unemployed Natives[1]	Number of Recently Arrived Immigrants (2000-2004) Employed	Native Unemployment Rate
Farming, fishing, & forestry	2%	36%	540	73	63	11.9%
Building cleaning & maintenance	8%	35%	3,054	375	318	10.9%
Construction & extraction	10%	24%	5,999	874	482	12.7%
Food preparation	8%	23%	5,090	525	389	9.3%
Production manufacturing	11%	22%	7,249	566	272	7.2%
Computer mathematical	3%	19%	2,451	130	96	5.0%
Life, physical, & soc. science	1%	18%	1,059	48	39	4.3%
Healthcare support	2%	17%	2,342	166	59	6.6%
Personal care & service	3%	16%	3,549	218	87	5.8%
Transportation & moving	7%	16%	6,925	608	150	8.1%
Architecture & engineering	2%	15%	2,203	77	45	3.4%
Installation and repair	3%	13%	4,296	224	88	5.0%
Healthcare practitioner	4%	12%	5,932	88	66	1.5%
Sales	9%	12%	13,569	879	204	6.1%
Arts, entertainment & media	1%	11%	2,313	145	37	5.9%
Management	7%	10%	12,969	344	133	2.6%
Office & admin. support	9%	10%	17,278	994	162	5.4%
Business and financial	3%	10%	5,098	172	54	3.3%
Community & social service	1%	9%	1,944	55	23	2.8%
Protective service	1%	8%	2,538	134	29	5.0%
Education, training	3%	8%	7,464	101	102	1.3%
Legal occupations	1%	7%	1,454	40	10	2.7%
Totals	**100%**	**15%**	**115,316**	**6,836**	**2,857**	**5.6%**

Figures are for workers 18 years of age and older.
[1] Not all unemployed persons report an occupation.
Source: Center for Immigration Studies analysis of March 2000 and 2004 Current Population Surveys.

different from what natives do that the two groups seldom, if ever, compete. But Table 5 shows that, at least when looked at by occupation, this does not appear to be the case. Clearly there are jobs where immigrants make up a large share of workers, but there are still millions of natives employed in those same occupations. In the first five occupations listed in the table, immigrants comprise 20 percent or more of all workers. But there are still 21.9 million adult natives employed in these occupational categories. In fact, the vast majority of workers in these heavily immigrant occupations are natives. In the six occupations where immigrants comprise 15 to 19 percent of all workers, we again see that there are 18.5 million adult natives employed in these occupations. If we focus just on the four occupations with the largest number of newly arrived immigrants (construction, food preparation, cleaning and maintenance, and production workers) we again find that there are 21.4 million natives employed in these occupations. In these four occupations there were 1.4 million newly arrived immigrants, and there were more than two million unemployed natives. This does not mean that immigrants caused the unemployment of natives, though that is a possibility. But it does mean that the idea that there are no American workers available to fill these lower-skilled jobs is not supported by available data.

It is possible that the occupational categories are so highly aggregated in Table 5 that they obscure large differences between immigrants and natives. But it must be remembered that there are 48 million natives in the labor force who have only a high school degree or less. Most of these workers do jobs that require only a modest level of training. Moreover, Table 5 makes clear that, although they are concentrated in more menial jobs, immigrants are employed throughout the labor market.

New Immigration Explains Growth

Tables 1 through 4 deal with the net change in immigrant and native employment between 2000 and 2004. But they do not indicate when the immigrant workers arrived in the United States. In contrast, the fifth column in Table 5 reports the number of immigrants holding a job who arrived between 2000 and 2004. While it is possible that the growth in adult immigrant employment in the last four years is the result of immigrants aging into the labor force or adult immigrants already here in 2000 entering the labor market, this is not the case. Table 5 shows that there were 2.9 million immigrants in 2004 who said that they arrived in 2000 or later. We know this because the CPS asks immigrants what year they came to stay in the United States. The net increase in the number of immigrants holding jobs was 2.3 million. Therefore, all of the net growth in immigrant employment is due to new immigrants arriving from aboard. It should be noted that the reason the number of adult immigrant workers did not grow by 2.9 million is that some immigrants here in 2000 had died, gone home, or left the labor force by 2004. Thus 2.3 million represents the net increase in immigrant employment.

Immigrants and the Aging of Society

Impact of Post-2000 Immigrants. A common defense of the record level of immigration in recent years is that the aging of American society means that the nation needs working-age immigrants to replace retirees. The CPS can be used to test this hypothesis. One simple way to measure the impact of immigration is to calculate the average age in the United States with and without recent immigrants. As already discussed, the CPS asks immigrants what year they came to America. If the 6.1 million immigrants (in and out of the labor force) who arrived after 2000 had not come, analysis of the CPS shows that the average age in America would have been 36 years two months, instead of 36 years when recent immigrants are included. It would be hard to argue that this is meaningful difference, so we certainly could have done without the 6.1 million immigrants, including 2.9 million workers, who arrived during the current economic downturn without any fear that it would have caused American society to age more rapidly.

Impact of Post-1990 Immigrants. Even a longer perspective still shows that immigration has had little impact on the average age. If we exclude the 18 million immigrants who arrived in 1990 or later from the 2004 data, the average age in the United States would be 36 years and four months, compared again to 36 years with the immigrants.[6] While many non-demographers may imagine that immigration has a large impact on the age structure in America, the impact is actually very small. A 2000 Census Bureau report that examined population trends in the coming century concluded that immigration is a "highly inefficient" means of increasing the share of the population that is of working age in the long run. It must be remembered that

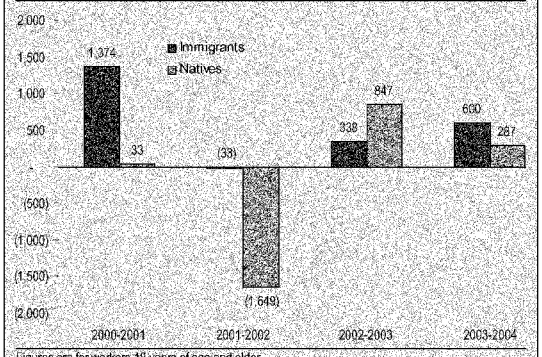
immigrants age just like anyone else and not all immigrants arrive in their primary working years. In fact, the average age of immigrants in 2004 is almost 40 years, more than the 35 and one-half years for natives. Also, the United States has a large existing population, so it would take a truly enormous number of immigrants, many times the current level, to have a large impact on the nation's age structure.[7] In general, immigration makes the United States population larger and the country more densely settled, but it does not fundamentally change the age distribution.

Employment Trends

Change in the Years Between 2000 and 2004. Tables 1 through 4 show a snapshot of employment for 2000 and 2004. They do not show what happened in the years between 2000 and 2004. Figure 1 reports changes in the number of natives and immigrants holding jobs in the intervening years. The figure shows that all of the job losses for adult natives were between 2001 and 2002, when adult natives lost 1.7 million jobs. However, the job gains natives have made since then have not made up for that loss. In fact, the pace of native job gains seems to have slowed, while the job gains for natives have increased. The number of employed adult natives increased by almost 850,000 between 2002 and 2003, but between 2003 and 2004 the number increased by less than 300,000. In fact, in the last year gains by adult immigrants were twice that of natives. This is striking because immigrants account for only 15 percent of all adult workers, yet two-thirds of employment gains went to immigrants over the last year. Figure 1 makes clear that in every year since 2000, the number of immigrants working has held roughly constant or increased substantially. Even though there was a large downturn in native employment between 2001 and 2002, the number of immigrants holding jobs did not decline significantly.

Non-Work Among Natives Continues to Increase. Figure 2 shows the number of natives of working age (18 to 64) not in the labor force, and the number of immigrants who *are* in the labor force. Unlike the number of jobs being held by natives shown in Figure 1, which at least shows positive growth in recent years, Figure 2 shows that the number of natives not in the labor force has increased every year. Figure 2 indicates that, between 2000 and 2001 the number of working-age natives not in the labor force increased by over 200,000; between 2001 and 2002 it increased 1.4 million; between 2002 and 2003 it grew by 1.2 million; and in the most recent year it increased by another 1.2 million. Of course, during this same time period the

Figure 1. Immigrant Employment Gains and Native Losses, by Year



Figures are for workers 18 years of age and older.
Source: Center for Immigration Studies analyses of March 2000 through 2004 Current Population Survey

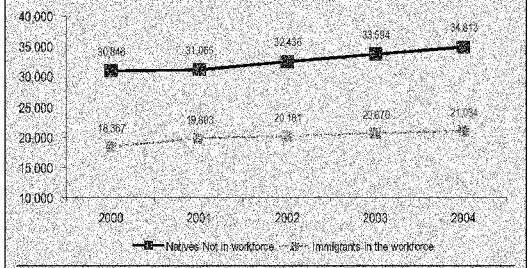
number of immigrants in the labor force increased by a total of 2.7 million. (Persons are considered to be in the labor force if they are working or unemployed–that is, they are looking for work.) It is very possible that by dramatically increasing the supply of labor, immigration may be contributing to the number of native-born workers who are discouraged from looking for work.

Illegal Immigration Accounts for Half of Increase in Immigrant Employment

Illegals in the CPS. It is well established that illegal aliens do respond to government surveys such as the decennial census and the Current Population Survey. While the CPS does not ask the foreign-born if they are legal residents of the United States, the Urban Institute, the former INS, and the Census Bureau have all used socio-demographic characteristics in the data to estimate the size of the illegal population.[8] Our preliminary estimates for the March 2004 CPS indicate that there were slightly over 9.1 million illegal aliens in the survey. It must be remembered that this estimate only includes illegal aliens captured by the March CPS, not those missed by the survey. By design this estimate is very similar to those prepared by the Census Bureau, the former INS and the Urban Institute.[9] Although it should be obvious that there is no definitive means of determining whether a respondent in the survey is an illegal alien, this estimate is consistent with previous research. We estimate that in 2000, based on the March CPS from that year, that there were between 4.2 and 4.4 million adult illegal aliens employed in the United States and that this number had grown to between 5.4 to 5.6 million in the March 2004 CPS. This means that about half of the 2.3 million increase in the number of adult immigrants working in the United States was due to illegal immigration.

Why Illegals Are Such a Large Share of Growth. The fact that illegals account for half of the overall growth in adult immigrant employment may surprise some, especially since illegal aliens account for only one-fourth of the total foreign-born population. However it must be remembered that research on illegal aliens has shown that they are overwhelmingly of working age. Relatively few illegals come prior to age 18 or after age 50. Since their primary motive for coming is work, it should also not be surprising that our estimates, and other research, find illegals have a relatively high labor force participation rate. This means that illegals make up a much larger share of both adults in general and adult immigrant workers in particular than they do the overall

Figure 2. As More Immigrants Have Entered the Labor Force, the Number of Natives Not in the Labor Force Has Grown



Figures for natives not in the labor force are for persons 18 to 64 years of age. Persons not in the labor force are not working or looking for work.
Figures for immigrants in the labor force are for persons 18 years of age and older. Persons are in the labor force if they are working or looking for work.
Source: Center for Immigration Studies analyses of March 2000 through 2004 Current Population Survey

Table 6. States with the Largest Numbers of Immigrant Workers (in Thousands)

	2000		2004				
	Number of Immigrants Working	Number of Natives Working	Number of Immigrants Working	Number of Natives Working	Change in the Number of Immigrants Working 2000-2004	Change in the Number of Natives Working 2000-2004	Share of Employment Growth Going to Immigrants 2000-2004
Texas	1,534	8,049	1,921	8,114	387	65	86 %
North Carolina	217	3,886	416	3,496	199	-190	100 %
Maryland	302	2,303	490	2,236	188	-67	100 %
Georgia	223	3,787	410	3,644	187	-143	100 %
California	5,177	10,385	5,339	10,552	162	167	49 %
Arizona	383	1,912	527	1,947	144	35	80 %
New Jersey	782	3,326	924	3,199	142	-127	100 %
Virginia	337	3,116	455	3,085	118	-31	100 %
Florida	1,607	5,691	1,670	6,048	63	357	15 %
Illinois	800	5,776	818	5,659	18	-117	No emp. increase
New York	2,162	8,429	2,121	7,269	-41	-160	No emp. increase
Massachusetts	574	2,617	478	2,582	-46	-35	0 %

Figures are for workers 18 years of age and older.
Source: Center for Immigration Studies analysis of March 2000 and 2004 Current Population Surveys.

population. As a consequence, they also account for a large percentage of the increase in immigrant employment. Another way to understand why illegal immigration must account for such a large share of the employment growth among immigrants is to focus on the Mexican immigrant population. Mexican immigrants are thought to comprise 60 to 70 percent of the illegal alien population. Research by the Urban Institute has shown that some 80 percent of recently arrived Mexican are illegal aliens. In 2004, there were 2.2 million Mexican immigrants in the CPS who indicated that they arrived in 2000 or later. (This includes those in and out of the labor force.) It is virtually certain that at least 1.7 to 1.8 million of these individuals are illegal aliens. Just looking at the scale of Mexican immigration makes it clear that illegals comprise a very large share of the net increase in the overall immigrant population and in the number of immigrants holding jobs.

Natives Did Better in Areas with Low Immigrant Growth

Top Immigrant-Receiving States. So far in this *Backgrounder* we have considered immigration's impact at only the national level. Table 6 reports employment figures for states with the largest numbers of immigrant workers. The table shows that, for the most part in these top immigrant states, it was immigrants who took most of the new jobs where there was a net increase in employment. In Texas, New Jersey, Arizona, Maryland, Virginia, North Carolina, and Georgia all or almost all of the net increase in jobs went to immigrants. And in California, half of the new jobs went to immigrants. In Illinois, natives lost a large number of jobs, while immigrants made very modest gains. Overall the figures for these states tend to support the idea that immigrant job gains come, at least to some extent, at the expense of natives.

While in most of the states in Table 6 immigrant employment gains were accompanied by native employment losses, a somewhat different pattern exists in New York, Florida, and Massachusetts. In New York, the

number of adult immigrants and natives working both declined. In Massachusetts, it was natives who gained jobs, while the number of immigrants working actually declined. The results for Massachusetts would also tend to support the idea that in order for natives to make employment gains, immigration has to be low. The figure for Florida also buttresses this argument. In Florida, immigrant employment growth was very modest, while native gains were significant. Overall the numbers in Table 6 show that in most of the top-immigrant receiving states, immigrants gained jobs while natives lost jobs. But in those states where immigrant employment gains were the smallest or non-existent, natives tended to do better, though not in every case. What we don't see in the Table 6 is any state were both groups gained substantial numbers of jobs. Such a situation would tend to undermine the idea that immigrants harm natives. However, it must be pointed out that job losses for both immigrants and natives in states like New York make clear that factors other than immigration impact native employment. Immigration is only one of many factors that can have an impact on labor market outcomes for natives.

States with the Largest Immigrant Employment Gains. Some of the states that saw the largest numerical increase in immigrant employment are *not* among the states with the largest existing immigrant populations. This situation exists because for some time now immigrants have been spreading out into parts of the country that previously saw little immigration. Thus there are many states with smaller immigrant populations that experienced rapid growth between 2000 and 2004. Table 7 ranks the 10 states with the largest numerical increase in immigrant workers between 2000 and 2004. They are also states where the number of immigrant workers increased by 100,000 or more. In contrast to Table 6, New York, Massachusetts, Illinois, and Florida are not included, while Pennsylvania and Ohio join the list. The total net change in adult native

Table 7. States with the Largest Increases in Immigrant Workers 2000-2004 (In Thousands)

	2000		2004					
	Number of Immigrants Working	Number of Natives Working	Number of Immigrants Working	Number of Natives Working	Change in the Number of Immigrants Working 2000-2004	Change in the Number of Natives Working 2000-2004	Percent Growth in the Number of Immigrants Working 2000-2004	Percent Growth in the Number of Natives Working 2000-2004
Texas	1,534	8,049	1,921	8,114	387	65	25 %	1 %
North Carolina	217	3,660	410	3,496	193	-164	89 %	-5 %
Maryland	302	2,303	490	2,236	188	-67	62 %	-3 %
Georgia	223	3,787	410	3,644	187	-143	84 %	-4 %
California	5,177	10,385	5,339	10,552	162	167	3 %	2 %
Arizona	363	1,912	527	1,947	164	35	45 %	2 %
New Jersey	782	3,326	924	3,199	142	-127	18 %	-4 %
Virginia	337	3,116	453	3,083	116	-37	35 %	-1 %
Pennsylvania	196	5,500	301	5,364	105	-136	54 %	-2 %
Ohio	155	5,171	260	5,232	104	61	67 %	1 %
Totals for Top-10 States:	9,307	47,235	11,037	46,869	1,730	-366	19 %	-1 %
Balance of Country	8,157	68,567	8,702	68,443	545	-119	7 %	-0.2 %

Figures are for persons 18 years of age and older.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

employment in the 10 states in the table was -336,000, while immigrants gained 1.7 million jobs. It should be remembered that nationally the number of adult natives working decreased by a total of 481,000. Thus net job loss in these 10 states was equal to 76 percent of the total native job loss nationally. While many factors impact employment, there is no question that these 10 states account for almost all of the net increase in immigrant employment. It should also be pointed out that with the possible exception of Ohio, there does not seem to be any state where immigrant employment and native employment both rose significantly. This shows that immigrant gains may tend to come at the expense of natives.

Table 8 examines labor force participation and unemployment among natives in the same top-10 states with the largest numerical increases in immigrant workers. Again, we see that native unemployment or non-work rose in every one of these states. In fact, with the exception of Georgia and Ohio, unemployment and non-work together grew in every state. In Georgia, while the number not in the labor force held constant, unemployment grew significantly. Ohio may be the one exception, but even its unemployment increased by 100,000, while non-work held steady. While certainly not conclusive proof that immigration has adversely impacted native-born workers, the results in Table 8 are consistent with the possibility that immigration may have an adverse impact on native employment during the current economic downturn.

All States. By examining states with a large or rapidly growing immigrant populations, Tables 6, 7, and 8 provide some insight into the effect of immigration. In order to look for a relationship between immigration and native employment, Figure 3 analyzes every state, not just those with large or rapidly increasing immigrant populations. Figure 3 reports the proportional relationship between immigrant and native employment using data from every state. The horizontal axis shows the increase in immigrant employment and the vertical axis reports the change in state employment for adult natives. Figure 3 reads as follows: in states where immigrants increased their share of workers by five percentage points or more, the number of native workers fell by about three percent on average. In states where immigrants increased their share of workers by three to four percentage points, the number of natives holding jobs declined by 1.1 percent. In states where immigrants increased their share of workers one to two percentage points, native employment fell by one-tenth of 1 percent. Finally, in states where the immigrant share of workers increased by less than one percentage point or actually fell, the number of adult natives holding a job increased by 1.4 percentage points.[10] It should be noted that each state in this analysis was treated as just one case, so a large state like California did not unduly influence the results. Like Tables 5, 6, and 7, the results in Figure 3 are what we would expect to find if immigration harmed job opportunities for natives. However, the results from the state tables and Figure 3 should be interpreted with caution.

Table 8. Native Labor Force Status in States with the Largest Increases in Immigrant Workers 2000-2004 (In Thousands)

	Growth in the Number of Immigrants Working 2000-2004[1]	Change in the Number of Natives Not in the Labor Force 2000-2004[2]	Change in Native Unemployment 2000-2004[1]
Texas	387	237	104
North Carolina	193	199	53
Maryland	188	102	35
Georgia	187	248	-7
California	162	475	255
Arizona	144	29	32
New Jersey	142	67	62
Virginia	118	232	57
Pennsylvania	105	31	100
Ohio	104	-23	100
Totals for Top-10 States	1,730	1,597	791

[1] Figures are for workers 18 years of age and older.
[2] Figures for natives not in the labor force are for persons 18 to 64 years of age.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

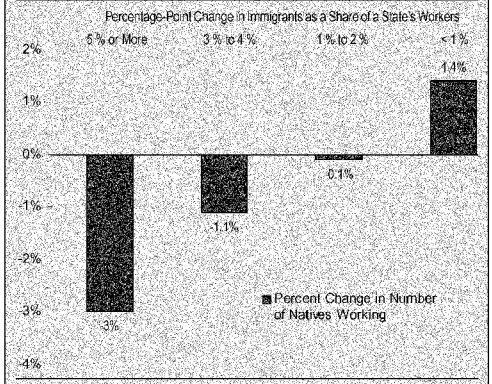
It must be pointed out that states are not necessarily discrete labor markets. Moreover, many factors have an impact on employment, not just immigration. Thus, the results do not prove that immigration has adversely impacted natives. But the findings in the state tables and Figure 3 do add support to the idea that immigration has adversely impacted native-born workers. However, more research and analysis is clearly necessary to confirm these results and to arrive at a more definitive conclusion about the relationship between immigrant and native employment.

Metropolitan Areas. Table 9 lists the Consolidated Metropolitan Statistical Areas (CMSA) with the largest number of immigrant workers, ranked by the numerical increase in immigrant workers. The results tend to buttress the findings in Table 8, but with some differences. We do find that in Los Angeles, Washington-Baltimore, and Dallas, both immigrants and natives gained jobs, though the immigrant gains were larger than those of natives. But even in these three CMSAs, the number of unemployed natives rose significantly. Moreover, all of these areas show a very substantial increase in the number of working-age natives who are not in the labor force. Thus in each of these cities, it would be incorrect to say that natives did very well even though the number holding jobs did increase. In the Houston, New York, Seattle, Chicago, and Philadelphia CMSAs, the number of immigrants working increased and the number of natives holding jobs decreased. Moreover, unemployment and the number of natives not in the labor force increased in all of these areas, with the exception of Houston, where the number of natives not in the labor force fell. In the other cities, we see a general deterioration in employment for both immigrants and natives, indicating again that factors other than immigration have an impact on native employment.

Conclusion

The time period from 2000 to 2004 has been difficult for many American workers. This *Backgrounder* shows that all of the employment losses during this time period have been absorbed by native-born Americans. The number of natives holding jobs in March of 2004 was half a million lower than in March of 2000 and the number unemployed was 2.3 million higher. Over the same time period, the number of immigrants holding jobs in the United States increased by 2.3 million. About half of the increase in immigrant employment is due to the growth of the illegal alien population. We find little evidence for the argument that immigrants

Figure 3. States with the Largest Increases in Immigrant Workers Saw the Largest Declines in Native Employment 2000-2004



Figures are for persons 18 years of age and older.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Survey.

only take jobs natives don't want. Immigrant employment gains have occurred throughout the labor market, with half of the increase among workers with education beyond high school. Moreover, looking at occupations shows that there are million of natives employed in occupations that saw the largest influx of new immigrants.

We find some direct evidence that immigration has adversely impacted natives. Areas of the country with the largest increase in immigrant workers were, in many cases, areas that saw the most significant job losses for natives. Immigrant occupations with the largest immigrant influx tended to have the highest unemployment rates among natives. This certainly raises the very real possibility that immigration has adversely affected native employment. Unfortunately, both presidential candidates have chosen to largely ignore this issue. To the extent they have addressed the question, both have advocated legalizing illegal aliens and increasing legal immigration still further. While it would be a mistake to assume that every job taken by an immigrant represents a job lost by natives, the findings of this study call into the question the wisdom of allowing immigration to remain at record levels during the current economic downturn or proposals to increase immigration further.

End Notes

[1]See, for example, a report by Andrew Sum and his colleagues at Northeastern University, which can be found at www.nupr.neu.edu/7 04/immigrant 04.pdf.

[2]The survey is considered such an accurate source of information on the foreign born because, unlike the decennial census, each household in the CPS receives an in-person interview from a Census Bureau employee. The 213,000 persons in the Survey, almost 24,000 of whom are foreign born, are weighted to reflect the actual size of the total U.S. population. However, it must be remembered that some percentage of the foreign born (especially illegal aliens) are missed by government surveys of this kind, thus the actual size of this population is almost certainly larger. Of course this was also true in past years.

[3]This includes naturalized American citizens, legal permanent residents (green card holders), illegal aliens, and people on long term temporary visas such as students or guest workers, but not those born abroad of American parents or those born in outlying territories of the United States such as Puerto Rico.

[4]If the share of native born college students not in the labor force remained at 40.9 percent, the overall growth in the number of native college students would still have caused an increase of about 550,000 in the number of college students not in the labor force. This means that about 14 percent of the four million increase in the number of working age natives not in the labor force was due to the overall growth in the number of natives attending college. But even if all of the 750,000 increase in the number of college student not in the labor force was unrelated to the economy it would still only explain 19 percent of the increase in non labor force participation among natives.

[5]It should be noted that some unemployed people do not report an occupation.

[6]A more detailed analysis would include the children born in the United States to recent immigrants. For immigrants who arrived since 2000, the number of U.S.-born children is very small because the vast majority of these immigrants have not yet had time to have any U.S.-born children.

Table 9: Consolidated Metropolitan Statistical Areas with the Largest Number of Immigrant Workers, Ranked by Increase in Number of Workers (In Thousands)

	Change in the Number of Immigrants Working 2000-2004[1]	Change in the Number of Natives Working 2000-2004[1]	Change in Number of Unemployed Natives 2000-2004[1]	Change in the Number of Natives Not in the Labor Force 2000-2004[2]
Los Angeles	324	72	110	179
Washington	300	103	34	247
Dallas	231	174	58	133
Houston	138	16	56	30
New York	90	244	142	434
Seattle	88	-46	39	-5
Chicago	68	196	45	129
Philadelphia	46	155	58	28
Boston	-6	20	86	24
Detroit	-39	106	107	76
Miami	-89	19	42	43
San Francisco	-175	124	48	62

[1]Figures are for workers 18 years of age and older.
[2]Figures for natives not in the labor force are for persons 18 to 64 years of age.
Source: Center for Immigration Studies analyses of March 2000 and 2004 Current Population Surveys.

However, a large number of children have been born to post-1990 immigrants. The presence of these children does increase the impact of post-1990 immigrants, but only a little. There simply are not enough of these children. Moreover, these children have added to the population not in the labor force who need to be supported by others. Demographers refer to this as the dependency ratio, which is the number of people age 16 to 64 compared to the rest of the population. They use this age range because individuals 16 to 64 are people who could be in the labor force. If we include all post 1990 immigrants and their U.S. born children, we find that immigration actually has had no impact on the dependency ratio because all of the U.S. born children of post 1990 immigrants are too young to work.

[7]It should be pointed out that the primary reason that the United States, unlike Europe, does not face population decline is the higher fertility of natives in this country.

[8]To determine which immigrants are legal and illegal in the survey, we use citizenship status, year of arrival in the United States, age, country of birth, educational attainment, sex, receipt of welfare programs, receipt of Social Security, veteran status, and marital status. We use these variables to assign probabilities to each respondent. Those individuals who have a cumulative probability of 1 or higher are assumed to be illegal aliens. The probabilities are assigned so that both the total number of illegal aliens and the characteristics of the illegal population closely match other research in the field, particularly the estimates developed by the Urban Institute. This method is based on some very well established facts about the characteristics of the illegal population. For example, it is well known that illegals are disproportionately male, unmarried, under age 40, have few years of schooling, etc. Thus we assign probabilities to these and other factors in order to select the likely illegal population. In some cases we assume that there is no probability that an individual is an illegal alien.

[9]The INS report estimating seven million illegals in 2000 with an annual increase of about 500,000 can be found at www.immigration.gov/graphics/aboutus/statistics/Ill_Report_1211.pdf. The Census Bureau report estimating eight million illegals in 2000 can be found at www.census.gov/dmd/www/ReportRec2.htm (Appendix A of Report 1 contains the estimates). The Urban Institute is the only organization to release figures for the size of the illegal population based on the CPS. Urban estimates that in March of 2002, 8.3 million illegal aliens were counted in the CPS, with an additional one million being missed. Assuming continual growth in the CPS, there were between 8.6 and 8.8 million illegals in the March 2003 CPS and between nine and 9.2 million in the 2004 CPS. Urban's estimates based on the March 2002 CPS can be found at http://www.urban.org/url.cfm?ID=1000587. Additional information was provided by Jeffery Passel of the Urban Institute in a May 24th, 2004, telephone interview.

[10]A percentage point change is calculated as follows: if adult immigrant workers comprised 5 percent of all workers in 2000 and that increased to 10 percent of workers in 2004, then in that state there was a five percentage point increase. Using a percentage point increase allows for a much more reasonable estimate of the impact of immigration and prevents any overstatement of the impact of immigration. If, for example, we used percentage increase, then a state with a very small immigrant population in 2000 might see that population double or triple in size, but immigrants might still remain a very small share of all workers. In such a situation immigration would have a very small impact on the labor market, even though the percent increase was very large. Using percentage-point increases avoids this problem.

Table 10: Detailed Labor Force Statistics for the Los Angeles, New York, and Washington CMSAs in 2000 and 2004 (In Thousands)

	2000		2004				
	Number of Immigrants Working	Number of Natives Working	Number of Immigrants Working	Number of Natives Working	Change in the Number of Immigrants Working 2000-2004	Change in the Number of Natives Working 2000-2004	Change in the Number of Unemployed Natives	Change in the Number of Natives Not in the Labor Force
Los Angeles CMSA Total	**2,811**	**4,404**	**3,136**	**4,477**	**325**	**73**	**111**	**179**
Workers With HS or less	1,731	1,404	1,793	1,375	62	-31	79	67
Workers with >HS	1,080	3,000	1,343	3,104	263	104	38	117
New York CMSA Total	**2,883**	**7,057**	**2,972**	**6,812**	**89**	**-245**	**142**	**434**
Workers With HS or less	1,650	2,401	1,535	2,270	-115	-131	19	130
Workers with >HS	1,233	4,656	1,437	4,542	204	-114	123	304
Washington CMSA Total	**560**	**3,234**	**860**	**3,338**	**300**	**104**	**34**	**246**
Workers With HS or less	219	1,172	339	1,048	120	-124	41	36
Workers with >HS	341	2,062	461	2,290	120	228	-7	162

Figures are for workers and those unemployed with at least 16 years of age and older.
Figures for natives not in the labor force are for persons 18 to 64 years of age.
Source: Center for Immigration Studies analysis of March 2000 and 2004 Current Population Surveys.

Backgrounder

A Jobless Recovery?

Immigrant Gains and Native Losses

By Steven A. Camarota

The recovery from the recession of 2001 has been described as "jobless." In fact, an analysis of the latest Census Bureau data shows that between March of 2000 and March of 2004, the number of adults working actually increased, but all of the net change went to immigrant workers.

The number of adult immigrants (18 years of age and older) holding a job increased by over two million between 2000 and 2004, while the number of adult natives holding a job is nearly half a million fewer. This *Backgrounder* also finds that the number of adult natives who are unemployed or who have withdrawn from the labor force is dramatically higher in 2004 than it was in 2000. These findings raise the possibility that immigration has adversely affected the job prospects of native-born Americans.

11-04

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Mr. HOSTETTLER. Dr. Harrington.

TESTIMONY OF PAUL HARRINGTON, ASSOCIATE DIRECTOR, CENTER FOR LABOR MARKET STUDIES, NORTHEASTERN UNIVERSITY

Mr. HARRINGTON. Thank you.

I will begin by talking about the contributions of civilian employment—of foreign immigration to civilian employment growth in the U.S. over the past 3 decades to give some historical context to this.

During the decade of the 1970's, the proportion of foreign-born immigrants that became employed in the United States was about 12 percent. About 12 percent of the overall employment rise was among foreign-born new immigrants. Between 1980 and 1990, new immigrants accounted for about a quarter of the total rise of employment growth in the country. 1990 to 2000, that share actually rose to 44 percent during this period of time. Particularly it is important to understand during the 1990's it was a period of very strong economic growth, with sharp declines in overall unemployment rates in the Nation.

Between 2000 and 2004, though, all of the employment change that we had in the United States, all the job growth that we had in the United States was concentrated among foreign-born individuals. Minimally 110 percent of the net rise of employment in the U.S. was among foreign born. So the impact of new immigration on the growth of the employed population of the Nation in the last 4 years has been historically unprecedented.

The annual average number of employed new immigrants over the 1990's increased by about 600,000 a year. Between 2000 and 2004, that growth averaged between 600,000 and 750,000 new immigrants per year, exceeding the annual inflows that we had during the 1990 boom years. This large influx of new employed immigrants occurred despite the recession of 2001, the terrorist events of 9/11, and the jobless recovery of 2001 to 2003. So there seems to be little connection between this flow of newly employed immigrants and overall levels of economic activity in the American economy.

All the net increase in the number of employed civilian workers between 2002 and 2004 took place among new immigrants, while the number of Native born and established immigrant workers declined somewhere between 150 and 250,000, we estimate.

During the same four year period of time, the relative size of job losses among teens and young adults with no postsecondary schooling, black males and blue collar workers were quite substantial. These job losses were above expectations based on overall job performance in the Nation. Those Native born who were most in direct competition with new immigrants lost jobs at the highest rates.

Who were these immigrants? An above-average fraction were males, about two-thirds were males. A high share were under the age of 30. Half of all new employed immigrants were under the age of 30 and a very high share were under the age of 35. Seventy percent of all the new employed immigrants were age 35 or under. A very large proportion lacked a high school diploma. In fact, 35 percent of newly employed immigrants between 2000 and 2004 had no high school diploma at all, although an additional 27 percent had

a college degree. So it was a bit of a bimodal distribution in the educational characteristics of that population.

About 60 percent were from Mexico, Central America, South America; another one-fifth came from Asia, fewer than 10 percent were from Europe or Canada; and about one-half of these individuals appear to be undocumented immigrants.

While these immigrants were employed in every industry and occupational group, they were overrepresented in agriculture, construction, food processing, leisure and hospitality industries, and low-level service industries including personal care, entertainment and janitorial services. Many were employed in industries where unemployment and job vacancy ratios were quite high.

The ratio of unemployed workers to job vacancies in the construction industry in 2004 ran eight to nine to one. In other words, there were close to nine workers for every one job vacancy in the construction industry. In the manufacturing sector, there were about five experienced unemployed workers for every one job vacancy in that industry. In the leisure and hospitality industry, that ratio ran at three to one. Many others worked in industries where the absence of real wage growth indicates no labor shortage at all. The vast majority of jobs obtained by new immigrants were in industries and occupations where there were no demonstrated labor shortages at all.

Teenagers in 2004 had the lowest employment population ratio. In other words, the fraction employed in the U.S. economy was the lowest it has ever been since we began measuring it in 1948. Between 2000 and 2004, the employment rate of teenagers fell from about 46 percent—about 46 out of 100 teens had a job on average in 2000—fell down to about 36 to 37 percent by about 2004. It was the largest absolute rise of any group in the American economy.

The 16 to 24 population had the second largest reduction in the size of their employment rates over that period of time. Other groups that expanded relatively large job losses were black males, blue collar workers and manufacturing construction industries, and the latter of that group were—much of the employment in that group was characterized by off-the-books sort of work activities.

Overall—and I will end on this—in this labor environment characterized by little new job growth, labor surplusses in most industries and occupations, high levels of immigration, particularly among young, unskilled and low-educated workers leads to job displacement among Native born. There is little empirical evidence to support the notion that new immigrants are taking large numbers of jobs that Americans do not want to do.

Thank you.

Mr. HOSTETTLER. Thank you, Dr. Harrington.

[The prepared statement of Dr. Harrington follows:]

PREPARED STATEMENT OF PAUL HARRINGTON

New Foreign Immigrants and the U.S. Labor Market

The Unprecedented Effects of New Foreign Immigration
on the Growth of the Nation's Labor Force and
Its Employed Population, 2000 to 2004

Prepared by:
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Prepared for:
House Subcommittee on Immigration, Border Security and Claims

May 4, 2005

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Introduction

Foreign immigration into the U.S. became one of the most powerful demographic, social, and economic forces in the nation over the past two decades, and substantial controversy over its labor market, economic, and social impacts, both favorable and unfavorable, remains.[1] During the decade of the 1990's, foreign immigration played a very important role in generating population, labor force, and employment growth in the United States.[2] Over the decade, 13.65 million new immigrants came to the United States and were living in the nation at the time of the 2000 Census, accounting for 41 percent of the growth in the nation's resident population.[3] This group of new immigrants constituted the largest pool of immigrants ever to arrive on our shores during a given decade, substantially exceeding the numbers of immigrants who came to the U.S. during the Great Wave of Immigration from 1890-1910. The contributions of foreign immigration to population growth over the 1990's, however, varied quite considerably across the nation by geographic region, state, and metropolitan area. In the Mid-Atlantic, New England, and Pacific regions, new immigration generated between two-thirds and 120 percent of the growth in the resident population while it accounted for only 11 to 20 percent of population growth in the East South Central and Rocky Mountain regions.[4]

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[1]For examples of such studies on the impacts of foreign immigration,
See: (i) Roy Beck, The Case Against Immigration, W.W. Norton and Company, New York, 1996; (ii) George J. Borjas, Heaven's Door: Immigration Policy and the American Economy, Princeton University Press, Princeton, New Jersey, 1999; (iii) Patrick J. Buchanan, The Death of the West, St. Martin's Press, New York, 2002; (iv) Nicolaus Mills, Arguing Immigration: Are New Immigrants A Wealth of Diversity or A Crushing Burden?, Simon and Schuster, New York, 1994; (v) James P. Smith and Barry Edmonston (Editors), The New Americans: Economic, Demographic, and Fiscal Effects of Immigration, Washington, D.C., 1997; (vi) Andrew Sum, W. Neal Fogg, et.al., The Changing Workforce: Immigrants and the New Economy in Massachusetts, Massachusetts Institute for A New Commonwealth and Citizen's Bank, Boston, 1999; (vii) Sanford J. Ungar, Fresh Blood: The New American Immigrants, Simon and Schuster, New York, 1995; (viii) Michael Barone, The New Americans: How the Melting Pot Can Work Again, Regency Publishing Inc., Washington, D.C., 2001.

[2] Our definitions of the immigrant or foreign born population and labor force include persons born in the outlying territories of the U.S., including Puerto Rico, the American Virgin Islands, Guam, and Samoa. While immigrants from the outlying territories are citizens, persons migrating to the U.S. from one of the territories add to the population and labor force of the nation as any other foreign immigrant would.

[3] See: (i) Andrew Sum, Neeta Fogg, Paul Harrington, et al., Immigrant Workers and the Great American Job Machine: The Contributions of New Foreign Immigration to National and Regional Labor Force Growth in the 1990s, Report Prepared for The Business Roundtable, Washington, D.C., August 2002; (ii) Andrew Sum, Ishwar Khatiwada, Nathan Pond and Jacqui Motroni, The New Great Wave: Foreign Immigration in Massachusetts and the U.S. During the Decade of the 1990s, Paper Prepared for the Teresa and H. John Heinz III Foundation, Washington, D.C., 2002.

[4]See: Andrew Sum, Ishwar Khatiwada, Kamen Madjarov, et al., The Impacts of Foreign Immigration on Population Growth, the Demographic Composition of the Population, Labor Force Growth, and the Labor Markets of the

New immigration played an even more powerful role in generating growth in the nation's resident labor force and its employed population over the 1990's. An analysis of findings from the 2000 Census of Population and Housing revealed that 47 percent of the increase in the nation's civilian labor force between 1990 and 2000 was due to new foreign immigrants, with nearly two-thirds of the growth in the male labor force being produced by new male immigrant workers.[5] The influence of immigration on labor force growth also varied considerably by geographic region with the Pacific, New England, and Middle Atlantic divisions being entirely dependent on new waves of immigration for their labor force growth over the decade.[6]

The 1990's decade was characterized by ten consecutive years of real economic growth (from 1991-2000), strong increases in both civilian employment and wage and salary payroll employment especially from 1993-2000, and declining levels of unemployment that pushed the nation's overall unemployment rate down to 4.0% in 2000 for the first time in 31 years. However, both real output and employment growth came to an immediate halt in early 2001. A national recession set in during March of 2001, lasted through November of that year and was followed by continued losses in the number of wage and salary jobs and rising unemployment through the summer of 2003.

Between 2002 and 2004, total civilian employment (persons 16+) increased by more than 2.5 million persons, and the number of nonfarm wage and salary jobs has grown by about 2.3 million between August of 2003 and December 2004. How did the growth of the nation's immigrant labor force and the number of employed new immigrants change over the past four years; i.e., from 2000 to early 2004? How much of the nation's labor force and employment growth in recent years was generated by new immigrant arrivals, i.e., those coming into the U.S. since 2000? Who were these new immigrant labor force participants? What do we know about their demographic and socioeconomic characteristics and their countries of origin? How did these new immigrants fare in obtaining employment when they did seek work and what types of

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Northeast Region During the Decade of the 1990s, Report Prepared by the Center for Labor Market Studies, Northeastern University, Boston, for Fleet Bank, October 2003.

[5] See: Andrew Sum, Neeta Fogg, Paul Harrington, et.al., Immigrant Workers and the Great American Job Machine….

[6] In both the New England and the Mid-Atlantic divisions, the resident labor force would have declined over the past decade in the absence of new immigration.
See: Andrew Sum, Ishwar Khatiwada, Kamen Madjarov, et.al., The Impacts of Foreign Immigration.

jobs did they secure? Building on previous research work on immigrant labor force developments by the Center for Labor Market Studies, this research paper is designed to answer these key research questions.

An Outline of the Report's Findings

The study's findings will begin with a review of the key definitions, measures, and data sources underlying the estimates of the new immigrant population and labor force appearing in the paper. This will be followed by estimated findings on the contributions of net international migration (foreign immigration-emigration) to U.S. population growth over the 2000-2004 period and to the growth in the resident population of selected states over the same four years. The third section of the paper will examine the age composition of the new immigrant population (those arriving in the U.S. between 2000 and 2004) and their labor force behavior at the time of the monthly CPS surveys in calendar year 2004. The fourth section of the paper will present estimates of the share of national civilian labor force and employment growth over the 2000-2004 period that was generated by new immigrants and provide similar estimates for selected states.

The fifth section will examine the demographic and socioeconomic characteristics of new immigrant labor force participants in 2004 and describe patterns of labor force participation and unemployment rates for new immigrants by educational attainment subgroup. The sixth section will review key findings of our analysis of the characteristics of the jobs held by employed new immigrants (class of worker status,[7] industries of their employers, occupations) and compare their job characteristics with those of native born workers across the nation. The final section will provide a brief summary of key findings of our analysis and discuss a few of their implications for future labor market, immigration, and workforce development policies.

[7] Class of worker status refers to the type of employment relationship of the worker (self-employed, wage and salary, unpaid family member) and the public/private nature of the employers of the immigrant wage and salary workers.

Key Definitions and Data Sources

The definition of a "foreign immigrant" in this paper is an individual who was born outside of the 50 states and the District of Columbia.[8] Persons born in one of the outlying territories of the United States (U.S. Virgin Islands, Puerto Rico, Guam) are considered to be "foreign born". A person who emigrates from Puerto Rico to the United States adds to the population of nation in the same manner as an immigrant from Canada, Mexico, or Brazil. Besides, previous analyses of the demographic/socioeconomic characteristics and labor market, income, and poverty problems of immigrants from the U.S. territories have revealed that they are quite similar to those of many other immigrants from Central and South America and the Caribbean.[9] The report also refers to "new immigrants". A "new immigrant" is a foreign born person who arrived in the U.S. between 2000 and the time of the monthly CPS household surveys in calendar year 2004.[10]

The estimates of the numbers, characteristics, and labor force behavior of new immigrants over the 2000-2004 period are primarily based on the findings of the monthly CPS household surveys for the January-October period of 2004. The CPS public use files are files provided by the U.S. Bureau of Labor Statistics.[11] The CPS household survey is a national labor force survey of approximately 60,000 households that is conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics. It is the basis for the monthly national estimates of the U.S. civilian labor force and the employed and unemployed populations. The U.S. Census Bureau's annual estimates of the annual size of the population of the nation and individual states and the sources of population change are the basis for our estimates of the contribution of net international migration to population growth over the 2000-2004 period.

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[8] Persons born outside the U.S. but to U.S. parents temporarily living abroad are classified as native born individuals in this paper.

[9] See: Andrew M. Sum, W. Neal Fogg, et.al., The Changing Workforce: Immigrants and the New Economy in Massachusetts, Massachusetts Institute for a New Commonwealth, Boston, 1999.

[10] The CPS questionnaire collects information from each foreign born person on the timing of their arrival in the United States. Persons arriving from 2000 onward can be identified on the public use tapes.

[11] For details on the design features of the CPS survey,
See: U.S. Bureau of Labor Statistics, Employment and Earnings, January 2003, "Appendix A", Washington, D.C., 2003.

Immigration's Impacts on Population Growth, 2000-2004

Each year, the U.S. Census Bureau provides estimates of the size of the resident population of the nation, geographic regions and divisions, and individual states. Growth of the population is tracked annually as well as components of population growth. At the national level, population growth is generated by an excess of births over deaths (i.e., natural increase) and net international migration, i.e., the difference between foreign immigrants into the U.S. and emigrants from the U.S. to countries abroad. At the regional and state level, population change is also generated by net domestic migration, the difference between migrants into a state from other states and out-migration to other states.

For the nation as a whole, between April 2000 and July 2004, the U.S. Census Bureau has estimated that the population increased from 281.4 million to nearly 293.7 million, a gain of 12.3 million or 4.3% (Table 1). Net international migration was 5.330 million over the same four-year period, contributing nearly 44 percent of the growth in the nation's population. Nearly half of this immigrant population growth, however, is believed to be due to undocumented immigration, i.e., illegals.[12] Population estimates for the two most recent years (July 1, 2002 – July 1, 2003 and July 2003 – July 2004) indicate a very similar role played by net international immigration. Net immigration is estimated to have generated 45 percent of the nation's population growth for the 2002-2003 period and 43 percent of the growth over the 2003-2004 period (Table 1).

Table 1
The Contributions of Net Foreign Immigration to Population Growth in the U.S., April 2000 – July 2004
(Numbers in 1000s)

Time Period	(A) Base Period Population	(B) Ending Period Population	(C) Change in Population	(D) Net International Immigration	(E) Net Immigration as % of Population Change
April 2000 – July 2004	281,422	293,655	12,233	5,330	43.6
• July 2002 – July 2003	287,941	290,789	2,848	1,286	45.2
• July 2003 – July 2004	290,789	293,655	2,866	1,221	42.6

[12] See: Steven A. Camarota, Economy Slowed, But Immigration Didn't: The Foreign-Born Population, 2000-2004, Center for Immigration Studies, Washington, D.C., November 2004.

Source: U.S. Census Bureau, web site, "Annual Estimates of the Components of Population Change for the United States, April 2001 – July 2004, July 2002 – July 2004."

Net international immigration represents the difference between foreign immigration into the country and emigration abroad (movement of both the native born and the foreign born to other countries during a given time period). Earlier, we noted that during the decade of the 1990s, 41 percent of the nation's population growth came from new foreign immigration alone, excluding the effects of emigration abroad. Our estimate of the number of new immigrants into the U.S. between 2000 and October 2004 who were living in the U.S. at the time of the January-October 2004 CPS survey is 6.184 million.[13] This group of new immigrants, thus, accounted for 50 percent of the growth of the U.S. population between 2000 and 2004, a new historical high for the nation. During the Great Wave of Immigration in the 1890-1900 and 1900-1910 decades, new immigrants contributed only 25 and 35 percent of the nation's population growth, respectively.[14]

As was the case in the 1990s, the share of population growth due to net international immigration over the 2000-2004 period varied considerably across the 50 states (Table 2). In the 10 states most dependent on foreign immigration for its population growth over the 2000-2004 period, immigration contributed 59 to 224 percent of population growth. States in the Northeast region and in the Midwest dominated this top ten list.[15] All of the population growth in Massachusetts and New York was due to new foreign immigration. Both states experienced high levels of domestic out-migration over the four years and would have faced population declines in the absence of these new waves of immigration. In Connecticut, New Jersey, and Pennsylvania, two-thirds to 86 percent of resident population growth over the 2000-2004 period was generated by new foreign immigration. In the Midwest region, Iowa and Illinois had 90 percent or more of their population's growth produced by foreign immigration while Michigan and Ohio had 60 percent of the increase in their resident population generated by new immigrants. California was the only state in the Western region to make the top ten list, with 59 percent of its growth being

[13] The midpoint of our estimates for 2004 are June 1, 2004, and we are capturing new immigrants from January 2000 onward. Our time period is, thus, only two months longer than the April 1, 2000 – July 1, 2004 population estimates of the U.S. Census Bureau.

[14] See: Andrew Sum, Ishwar Khatiwada, Nathan Pond, and Jacqui Motroni, The New Great Wave: Foreign Immigration in Massachusetts and the U.S. During the Decade of the 1990s, Paper Prepared for the Teresa and H. John Heinz Foundation, Washington, D.C., June 2002.

the result of new foreign immigration. Not one state in the South made the top ten list. Florida, however, was a major recipient of new immigrants over the 2000-2004 period.

Table 2:
Foreign Immigration's Contributions to the Population Growth of Selected States, April 2000 – July 2004

State	Percent of Population Growth Due to Net International Immigration
California	59
Connecticut	65
Illinois	94
Iowa	89
Massachusetts	204
Michigan	60
New Jersey	86
New York	224
Ohio	60
Pennsylvania	69

Source: U.S. Census Bureau, "Cumulative Estimates of the Components of Population Change for the United States and States: April 1, 2000 to July 1, 2004".

The Age Structure of the New Immigrant Population

The impacts of new immigrants on the labor force of the nation will be dependent on the age characteristics of these new immigrants and their labor force participation behavior. The civilian labor force statistics of the U.S. Bureau of Labor Statistics are based upon the working-age population; i.e., those 16 and older. Of the 6.184 million new immigrants residing in the U.S. between January – October of 2004, nearly 5 million of them or 81% were of working-age (Table 3). Many of these working-age immigrants were quite young. A slight majority (51%) were under age 30, and two-thirds of them were under the age of 35 (Table 4). Only six percent of these new immigrants were 55 years of age or older. Thus, not only were the vast majority of these new immigrants of working-age, but many of these working-age individuals were in those age groups where labor force participation rates are typically the highest. For example, 70 of every 100 new immigrants between the ages of 25-34 were actively participating in the civilian labor force in 2004 versus only 31 of every 100 new immigrants 55 and older.[16]

[15] The Northeast region as defined by the U.S. Census Bureau consists of the six New England states and the three Mid-Atlantic states of New Jersey, New York, and Pennsylvania.
[16] These estimated civilian labor force participation rates were based upon immigrants' behavior during the January-October period of 2004.

Table 3:
Estimates of the Number of New Immigrants and Working-Age Immigrants in the U.S., 2004
(January – September Averages)

Group	Number (In 1000s)	Percent of New Immigrants
All new immigrants	6,422,570	100
Working-age immigrants	5,172,800	80.5

Source: Monthly 2004 CPS surveys, public use files, tabulations by authors.
Note: (1) New immigrants are those who arrived in the U.S. between 2000 and 2004. Immigrants include persons who arrived from Puerto Rico, Guam, the U.S. Virgin Islands, and other outlying territories of the United States.

The Age Distribution of the Working-Age New Immigrant Population in the U.S, January – October 2004

Age Group	Number in 1000s	Percent
All	5,173	100.0
16-24	1,561	30.2
25-29	1,987	21.0
30-34	856	16.6
35-44	932	18.0
45-54	397	7.7
55-64	177	3.4
65 +	162	3.1

Source: Monthly 2004 CPS surveys, public use files, tabulations by authors

The Labor Force Behavior of New Immigrants and their Contributions to U.S. Labor Force Growth Between 2000 and 2004

The monthly CPS surveys are used to collect information on the labor force behavior of all working-age respondents at the time of the survey. The monthly 2004 CPS survey data were analyzed to identify the labor force status of new working-age immigrants during the year Of the 5.172 million new immigrants of working age, we estimate that 3.396 million were actively participating in the civilian labor force, on average, during 2004, yielding a civilian labor force participation rate of 65.7% (Table 5). Of the 3.396 million immigrants in the labor force, 3.130 million were employed, producing an unemployment rate of 7.8% on average for this group during 2004. While this unemployment rate was about 2.4 percentage points higher than that of the native born, a substantial majority of these immigrant labor force participants were able to

secure some type of job. Findings indicate that 92 of every 100 new immigrants actively participating in the labor force in 2004 were able to find employment.

Table 5:
The Civilian Labor Force Participation Status of New Working Age Immigrants in the U.S., January – September 2004
(Numbers in 1000s)

Working Age Population (16+)	Civilian Labor Force	Labor Force Participation Rate (in %)	Employed	Unemployed	Unemployment Rate
					Rate
5,173	3,396	65.7	3,130	266	7.8

Source: Monthly 2004 CPS surveys, public use files, tabulations by authors

How did the arrival of these new immigrants over the past four years influence the growth of the U.S. labor force? To begin to answer this question, we first compared the number of new immigrant labor force members with the growth of the overall civilian labor force of the U.S. between 2000 and 2004. Over 2000 and 2004, the number of participants in the U.S. civilian labor force increased by 4.830 million (Table 6). During 2004, there were on average, 3.396 million new immigrants in the U.S. labor force, representing slightly more than two-thirds of the growth in the U.S. civilian labor force over the past four years (Table 6).

Table 6:
Comparisons of Growth in the Overall U.S. Civilian Labor Force with the Number of New Immigrant Labor Force Participants, 2000 – 2004
(With and Without adjustments for 2000 Arrivals)

Scenario	Overall Labor Force Growth, 2000-2004	New Immigrants in Civilian Labor Force	Percent of Labor Force Growth Due to New Immigrants
Base Scenario	4,830	3,396	70.3
Alternative Scenario # 1	4,830	2,717	56.3
Alternative Scenario # 2	4,830	2792	57.8

Sources. U.S. Bureau of Labor Statistics Website and Monthly 2004 CPS surveys, public use files, tabulations by authors

Features of Alternative Scenarios on New Immigrant Labor Force Growth

Alternative Scenario #1:	The number of new immigrant labor force participants in 2004 by year of arrival in the U.S. was the same for all five years over the 2000 – 2004 period.
Alternative Scenario #2:	The number of new immigrant labor force participants in 2004 by year of arrival in the U.S. fell by five percentage points per year between 2000 and 2004.

The 3.396 million new immigrants in the labor force in 2004 include all persons who claimed in the CPS interview that they had arrived in the U.S. at some time between 2000 and 2004. Some of these immigrants would have come to the U.S. in 2000 and joined the labor force in that same calendar year; thus, they would have been included in the 2000 civilian labor force totals. We, thus, need to adjust the 3.396 million new immigrant estimate to exclude those individuals who arrived in the U.S. in 2000 and joined the labor force that year. We make these adjustments under two sets of assumptions about the timing of the arrival and departure of these new immigrants who came to the U.S. between 2000 and 2004. Under the first set of assumptions (Alternative Scenario #1), we distribute the 3.396 million labor force participants evenly across the five years from 2000 to 2004. The U.S. Census Bureau's estimates of annual net international migration over that four-year period suggest a fairly uniform annual level of net immigration. Under this assumption, we allocate one fifth of new immigrant labor force participants to calendar year 2000 and re-estimate the number of new immigrants in the labor force in 2004 at 2.717 million. They represent 56% of the increase in the nation's entire civilian labor force between 2000 and 2004 (Table 6).

Under the second set of assumptions, we assume that a given share of the new immigrants will leave the nation each year. Reliable, independent estimates of emigration rates are difficult to come by since there is no worldwide data base that tracks arrivals of immigrants from the U.S. to other countries. The U.S. Census Bureau had estimated annual emigration levels of about 280,000 in the late 1990s or somewhat less than one percent of the nation's overall immigrant

population.[17] Independent estimates of return migration by Mexican immigrants from the Western regions of the country reveal very high return rates of nearly 40 percent over a two year period.[18] Given that newer arrivals are much more likely to leave than long established immigrants, we assume under Alternative Scenario #2 that 5% of the new immigrants leave each year during their first four years following their initial arrival in the U.S. Thus, only 80% of those who arrived in 2000 will still be here in 2004 versus 90% of those who arrived in 2002 and 100% of those who came in 2004. Under this set of assumptions, there were 2.792 million new immigrants in the civilian labor force in 2004. They represented nearly 58% of the growth in the nation's civilian labor force between 2000 and 2004 (Table 6). Whether one uses the findings from Alternative Scenario #1 or #2, the results are quite similar: somewhere between 56 and 58 percent of the nation's labor force growth between 2000 and 2004 was attributable to new foreign immigration. This share exceeds the estimated 47% share of labor force growth accounted for by new immigrants over the decade of the 1990s. At no time since the end of World War II and likely since the beginning of the twentieth century have new immigrants produced such a large share of the nation's labor force growth.[19] Unfortunately, a high share of this recent labor force growth is likely due to undocumented immigration.

As a consequence of high and rising levels of foreign immigration into the U.S. over the past few decades, the immigrant share of the nation's civilian labor force has grown steadily and sharply (Chart 1). At the time of the 1980 Census, only 8 percent of the members of the U.S. labor force were immigrants. Their share of the labor force rose to nearly 10 percent by 1990, to 13% by 2000, and to 15% during 2004. This 15% share is the highest at any time since the end of World War II.

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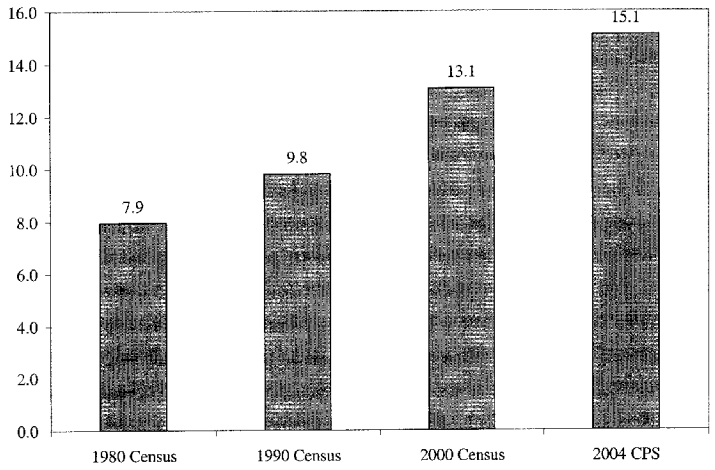
[17] The U.S. Census Bureau estimate of 280,000 emigrants per year for the 1998-99 period would represent an annual leaving rate of slightly below 1% of the nation's total immigrant population. Recent arrivals are more likely to return home each year. For a review of the U.S. Census Bureau's estimates of emigration from the U.S.,
See: U.S. Census Bureau, Population Division, Measurement of Net International Migration to the U.S., 1990 – 2000, Washington, D.C., December 2001.

[18] Previous studies of Mexican immigrants in the U.S. reveal that nearly half of the immigrants from Western Mexico return home in two years.
See: Public Policy Institute of California, Vast Majority of Mexican Immigrants to the United States Do Not Stay, Study Finds, January 1997 Press Release.

[19] Labor force statistics from the decennial Censuses have only been available since 1940. Some of the prior censuses had collected data on the gainful employed, but analyses of new immigrants in the gainful employment pool are not available.

Chart 1:
Foreign Born Labor Force Participants as a Percent of the U.S. Labor Force, Selected Years, 1980 – 2004



The impact of new foreign immigration on labor force growth over the 2000-2004 period varied widely across states. In twelve states, new foreign immigrants generated 60 percent or more of their labor force growth between 2000 and 2004, with eight states (including southern states) being totally dependent on immigration for their labor force growth over the past four years (Table 7). In addition to these 12 states, there were five other states whose resident labor forces are estimated to have declined between 2000 and 2004 despite new foreign immigration.[20] These five states include Michigan and West Virginia whose population growth over these past four years was strongly dependent on new foreign immigration.

[20] These six states were Alabama, Kentucky, Michigan, Mississippi, and West Virginia. The estimated sizes of their labor force declines ranged from a low of –2,000 in Kentucky to –43,000 in the state of West Virginia.

Table 7:
Twelve States with 60 Percent or More of Their Labor Force Growth
Between 2000 and 2004[1] Due to New Immigrants

State	Percent of Labor Force Growth
Illinois	1,050.6
Maryland	116.8
Missouri	116.5
California	105.5
Delaware	101.8
Tennessee	101.0
New Jersey	80.3
Virginia	67.6
Massachusetts	66.5
District of Columbia	65.8
Oregon	61.4
New York	59.6

Note: [1] Civilian labor force estimates for 2004 are based on the findings of the CPS household surveys for. These estimates are not seasonally adjusted.

New Immigrants and Their Share of the Gains in Employment in the U.S., 2000-2004

In early 2001, the U.S. economy entered a recession that, according to estimates of the National Bureau of Economic Research, lasted from March through November of that year. Though real output began to recover in the last quarter of 2001, the number of employed civilians continued to decline through most of 2002, and the aggregate unemployment rate rose from 4.0% in 2000 to a peak of 6.3% in June of 2003. Total national civilian employment (16+) began to increase in late 2002.[21] During 2004, civilian employment in the U.S. averaged 139.248 million, a rise of 2.346 million over the 2000 annual average employment level of 136.9 million (Table 8). Yet, the number of new immigrants employed in the first nine months of 2004 was 3.130 million, equivalent to 133% of the gain in national employment between 2000 and 2004. In other words, all of the modest net increase in the number of employed civilians over the past four

[21] We distinguish CPS civilian employment from the CES payroll employment count. Payroll employment as measured by the number of wage and salary jobs on the official payrolls of nonfarm private sector firms and government agencies continued to decline through the late summer of 2003 before recovering. Nearly 2.5 million wage and salary jobs were added between August of 2003 and December 2004.

years was attributable to the employment of immigrants who arrived in the U.S. between 2000 and 2004. This is an astonishing finding, with similar results reported for an earlier period by the authors of this report and in many key respects by Steven Camarota of the Center for Immigration Studies, but largely ignored by the national media and both political parties.[22]

Table 8:
The Estimated Share of the Gain in National Civilian Employment (16+) Between 2000 and 2004 Attributable to New Immigrants in the U.S. Under Alternative Assumptions About the Timing of Their Arrival in the U.S.

Scenario	2000 Total Employed	2004 Total Employed	Change in Employment, 2000-2004	Number of New Immigrant Employed (In 1000s)	New Immigrant Share of Gain in Employment (%)
Base Scenario	136,902	139,248	2,346	3,130	133
Alternative Scenario # 1	136,902	139,248	2,346	2,504	107
Alternative Scenario # 2	136,902	139,248	2,346	2,574	110

The estimated 3.130 million new immigrants employed in 2004 include some immigrants who arrived in the U.S. in 2000 and became employed during that year. As was the case for our earlier estimates of immigrants' contributions to national labor force growth, we need to adjust the estimates of the new immigrant employed to exclude those individuals who would have been counted in the ranks of the employed in 2000. Using the same two sets of assumptions as in our earlier estimates of the contributions of new immigrants to national labor force growth between 2000 and 2004, we estimate that the number of new immigrants employed in 2004 was some where between 2.504 million and 2.574 million (Table 8). Under either of these two scenarios or under the baseline scenario, all of the growth in national civilian employment between 2000 and 2004 was due to the hiring of new immigrants. For the first time in the post-WWII era, new immigrants accounted for all the growth in employment over a four year period. Over the same time period, the number of employed native born and established immigrant workers is estimated to have declined by anywhere between 158,000 and 784,000 (Table 8).[23]

[22] See: (i) Andrew Sum, Ishwar Khatiwada, and Paul Harrington, The Contributions of Foreign Immigration to Labor Force and Employment Growth in the U.S.; 2000-2004, Center for Labor Market Studies, Northeastern University, Boston, 2004; (ii) Steven A. Camarota, A Jobless Recovery? Immigrant Gains and Native Losses, Center for Immigration Studies, Washington, D.C., 2004.

[23] Established immigrants are those who arrived in the U.S. prior to 2000. Their unemployment rates rose between 2000 and 2004, reducing their E/P ratios and employment levels.

While these new immigrant workers can be found in every state across the country, they are heavily concentrated in a number of large states. The ten states with the largest number of new immigrant workers are displayed in Table 9. The number of new immigrant workers in these ten states ranged from 94,000 in Massachusetts to nearly 600,000 in the state of California. Four states (New York, Florida, Texas, and California) were home for 249,000 or more new immigrant workers in 2004. The combined number of new immigrant workers in these ten states was 2.101 million, accounting for two-thirds of the total number of new immigrant workers across the entire country.

Table 9:
Ten States with the Largest Number of New Immigrant Workers in 2004
(In 1000s)

State	Number
California	599,559
Texas	296,553
Florida	290,259
New York	249,157
New Jersey	148,671
Maryland	117,871
Illinois	111,149
North Carolina	99,468
Arizona	94,892
Massachusetts	94,059
Grand Total	2,101,638

Source: Monthly 2004 CPS surveys, public use files, tabulations by authors

Not all states had achieved resident civilian employment levels in 2004 that were above those prevailing in 2000. Twelve states (including Illinois, Indiana, Michigan, Missouri, Ohio, and West Virginia) and the District of Columbia still had not recovered their 2000 peak employment levels despite increases in new immigrant employment, clearly suggesting the displacement of native born workers in those states. There were 15 other states where new immigrant workers accounted for all of the growth in resident employment between 2000 and 2004. Among these fifteen states were five of the nine Northeastern states (Massachusetts, New Jersey, New York, Pennsylvania, and Rhode Island) but also five Southern states, including Georgia, Texas, and Virginia.

Table 10:
Fifteen States Where New Immigrant Workers Accounted for 100% or More of the Growth in Employment Between 2000 and 2004

State	Share of Employment Growth Due to New Immigrants (in %)
Tennessee	15,296.0
Massachusetts	1767.3
Iowa	1141.3
Delaware	224.6
New Jersey	193.6
New York	172.9
Georgia	120.2
Maryland	113.4
Wisconsin	108.2
California	106.9
Virginia	105.7
Rhode Island	99.3
Texas	82.9
Kansas	70.4
Arkansas	63.3

Source: CPS monthly public use files, 2004 Annual Average, tabulations by authors.

The Demographic Characteristics of New Immigrant Labor Force Participants in the U.S.

Who are these new immigrant members of the nation's civilian labor force? The monthly CPS questionnaire collects information on the demographic and socioeconomic characteristics of all household members in the sample. We have combined this demographic and socioeconomic background data with information on the labor force status of the working-age new immigrant population to produce a demographic profile of the new immigrant labor force. Findings of our analysis of the gender, age, race-ethnic and educational attainment backgrounds of these new immigrant workers are displayed in Table 11.

Table 11:
Gender, Age, Race-Ethnic and Educational Attainment
Characteristics of the New Immigrant Labor Force in the U.S., 2004
(January – October Averages)

Demographic Traits	Percent
Gender	
• Men	66
• Women	34
Age Group	
• 16 – 24	28
• 25 – 34	41
• 35 – 44	20
• 45 – 54	9
• 55 – 64	2
• 65+	<1
Race-Ethnic Origin	
• Asian	19
• Black	6
• Hispanic	56
• Other, mixed race	1
• White, not Hispanic	18
Educational Attainment	
• <12 or 12 no diploma	35
• High School diploma/GED	26
• 13 – 15 years, including Associate's Degree	11
• Bachelor's or Higher Degree	27

Of the 3.3 million new immigrants who were actively participating in the nation's civilian labor force in 2004, 2.167 million, or nearly two-thirds were men. The high share of immigrant workers who are male is due in large part to the substantial gender difference in labor force participation rates among new immigrants. The male share of new immigrant labor force members was well above that for the native born labor force among whom men were only 52 percent of the civilian labor force in 2004. The gender composition of new immigrant labor force participants, however, varied considerably by country of origin. Overall, there were 190 immigrant men in the labor force for every 100 women. Among new immigrants from Mexico, El Salvador, Guatemala and India, there were 230 to 300 men for every 100 women in the labor

force. In contrast, there were somewhat more women than men in the labor force from the Philippines, Colombia, Jamaica, and a few African countries (Ghana, Ethiopia).

Many of these new immigrant workers were relatively young and few were older than 55. Twenty-eight percent of these new labor force participants were under the age of 25 and nearly 70 percent were under age 35. There appears to be substantial competition for many entry-level jobs between younger native born workers and immigrants. There has been a substantial drop in the employment/population ratios of teens and young adults (20-29 year olds) without college degrees in the U.S. since 2000, indicating clear displacement of some native born workers by newly employed immigrants.[24] Relatively few (under 3%) of these new immigrant workers were 55 and older. Native born workers in this age group (55+) were the only demographic group to experience a rise in its E/P ratio over the past four years.

Given the high levels of new immigration from Mexico, Central America and South America, it come as no surprise to discover that Hispanics were the largest race-ethnic group of new immigrant labor force participants (Table 11). A majority (56%) of the new immigrant workers were reported to be Hispanic. Asians (19%) were the second largest group closely followed by White non-Hispanics (18%). Only 6% of these new immigrant workers were Black, non-Hispanics from the Caribbean and Africa.

The educational attainment levels of these new immigrant labor force participants were quite diverse (Table 11). The largest single group (35%) were those immigrants who lacked a high school diploma from both their native country and the U.S. Another one-fourth of these immigrant labor force participants reported that they had graduated from high school but did not complete any years of post-secondary schooling. At the upper end of the educational attainment distribution, 27 percent of the new immigrant labor force members held a Bachelor's or advanced academic degree.

To examine the simple statistical associations between the educational attainment of new immigrants and their labor force behavior, we estimated the 2004 labor force participation rates, unemployment rates, and employment/population ratios of new 20-65 year old immigrants in six

[24] See: Andrew Sum, Ishwar Khatiwada, with Sheila Palma, The Age Twist in Employment Rates in the U.S., 2000-2004; The Steep Tilt in the Labor Market Against Young Workers, Prepared for Jobs for America's Graduates, Alexandria, Virginia, January 2005.

educational subgroups, ranging from those lacking a high school diploma to those holding a Master's or higher academic degree (Table 12). For members of both gender groups combined, 70 percent were actively participating in the civilian labor force. There were typically only modest differences in the labor force participation rates of these new immigrants across educational groups. New immigrants lacking a high school diploma were modestly more likely than high school graduates (73% vs. 70%) to be actively participating in the civilian labor force in 2004 and were just as likely to be doing so as their peers with a Master's or other advanced degree.[25] Overall 7.5% of the new immigrant labor force participants were unemployed. Immigrant dropouts encountered the highest unemployment rate (9.4%), but the unemployment rate of high school graduates (6.9%) was only modestly higher than that of their counterparts with Associate, Bachelor, or advanced college degrees.

Table 12:
Labor Force Participation Rates, Unemployment Rates, and Employment/Population Ratios of 20-65 Year Old New Immigrants in the U.S., by Educational Attainment
(January – October Averages)

Educational Attainment	(A) Labor Force Participation Rates	(B) Unemployment Rates	(C) E/P Ratios
<12 or 12, no diploma/GED	73.0	9.4	66.1
H.S. Diploma/GED	70.6	6.9	65.7
13 – 15 Years, no Degree	64.0	8.6	58.5
Associate's Degree	65.8	6.6	61.4
Bachelor's Degree	66.6	5.8	62.7
Master's or Higher Degree	72.9	5.7	68.8
All 20-65 Year Olds	70.1	7.5	64.8

Source: January – October 2004 CPS public use files, tabulations by authors.

During 2004, just under 65 percent of the working-age new immigrants were employed, with these E/P ratios ranging from a low of 58 percent among those with 13-15 years of schooling to a high of nearly 69 percent for those with a Master's or more advanced degree. Among these new immigrants, E/P ratios of men and women varied considerably, both overall and across educational subgroups. Just under 82 of every 100 immigrant males were employed

[25] The below average participation rate of those with 13-15 years of school is partly related to their higher college enrollment rate in 2004. We can identify the school enrollment status of immigrant youth under age 25, but not for

in 2004, including 85 of every 100 male immigrants lacking a high school diploma, versus only 46 of every 100 immigrant women, a 36 percentage point difference, or 80 percent in relative terms. The 85 percent employment rate for immigrant males with no high school diploma is extraordinarily high particularly in comparison to the E/P ratio for native born, male dropouts in the same age group. The high levels of employment among poorly educated and young immigrant males accompanied by sharp declines in E/P ratios among native born males in similar schooling and age groups also provide evidence of labor market displacement effects from new immigration in recent years. For example, the male teen E/P ratio in the U.S. had declined by nearly 10 percentage points between 2000 and 2004, and male 20-24 year olds lacking four year college degree saw their E/P ratio drop by nearly six percentage points over the same time period.[26]

Table 13:
Employment/Population Ratios of 20-64 Year Old,
New Immigrants by Gender and Educational Attainment,
January – October 2004
(In %)

Educational Attainment	(A) Men	(B) Women	(C) Men – Women
<12 or 12, no diploma/GED	84.8	41.6	43.2
High school diploma/GED	81.3	48.8	32.5
13-15 years, no degree	70.0	47.5	22.5
Associate's degree	85.1	43.4	41.7
Bachelor's degree	83.1	45.1	38.0
Master's or higher degree	81.9	49.9	32.0
All	81.8	45.7	36.1

Source: January – October 2004 CPS public use files, tabulations by authors.

The Countries of Origin of New Immigrant Labor Force Participants in 2004

The monthly CPS questionnaire also captures information on the countries of origin of foreign immigrants as well as the timing of their arrival in the U.S. A substantial majority (59%) of the new immigrant workers had come from Mexico, Central America, and South America,

those 25 and older.

[26] The male teen E/P ratio fell from 45.4 percent in 2000 to 35.9 percent in 2004, a decline of 9.5 percentage points. The E/P ratio for the entire 16-19 year old population declined to 36.4% in calendar year 2004, the lowest E/P ratio in the 57 years for which national teen employment data are available.

with Mexico alone accounting for 37% of the group (Table 14). Another 21 percent of the new immigrant workers came from Asia. Only 8 percent of these new immigrants migrated from Europe, including Russia. Africa was home for another 4 percent and only 1 percent came from Canada.[27]

Table 14
Percentage Distribution of New Immigrant Labor Force Participants in the U.S. by Region of World from Which They Migrated, January -- October 2004

Region of World	Percent of Immigrant Workers
Latin America, including Mexico	59
Asia	21
Europe, excluding Russia	7
Africa	4
Outlying territories of U.S.	2
Canada	1
Russia	1
All Other	4

Source: CPS surveys, January – October 2004 public use files, tabulations by authors.

The individual countries from which these new immigrants had originated were identified and ranked in order by size from highest to lowest. The names of the top ten sending countries together with estimates of the number of labor force participants from each of these ten countries are displayed in Table 15. Mexico tops the list, with 1.163 million labor force participants, representing 3 of every 8 new immigrant labor force members. Of the nine remaining countries four (India, El Salvador, the Philippines, and China) sent between 106 and 165 thousand workers to the U.S. Of these nine other countries, three were from Central America (El Salvador, Guatemala, Honduras) two (Brazil and Colombia) from South America, and three from Asia (China, India, the Philippines). Not one European country, the dominant source of new immigrants into the U.S. during the Great Wave of Immigration (1890-1914), made the top ten list.

[27] As noted earlier, we classified immigrants from the outlying territories of the U.S. (Puerto Rico, U.S. Virgin Islands, Guam) as foreign born. Only 2% of the new immigrant labor force members were from one of the outlying territories.

Table 15:
Ten Countries Accounting for the Largest Number of
New Immigrant Labor Force Participants, U.S.: 2004

Country	Number (in 1000s)
Mexico	1,163
India	165
El Salvador	116
Philippines	113
China	106
Guatemala	75
Brazil	62
Cuba	61
Colombia	55
Honduras	55
Total, Top 10	1,971

Source: CPS surveys, January – October 2004 public use files, tabulations by authors.

The educational backgrounds of the new immigrants varied dramatically across regions of the world and individual countries. Of the new immigrant labor force participants arriving from Latin America (including Mexico), a majority (52%) had not graduated from high school. Slightly over one-third of those arriving from the outlying territories also lacked a high school diploma. In sharp contrast, only 5 to 8 percent of those coming from Russia, Western Europe, and Asia had failed to complete high school. At the upper end of the educational distribution, slightly under 10 percent of the Latin American immigrants had obtained a Bachelor's or higher degree versus 56 to 65 percent of those emigrating from Europe, Asia, and Canada.

Table 16:
Educational Attainment of New Immigrant Labor Force Participants by Region of World from Which Migrated, U.S.: 2004
(January – October Averages)

Region of World	(A) <12 or 12, no Diploma	(B) High School Graduate, No College	(C) 1 – 3 Years of College, Including Associate Degree	(D) Bachelor's or Higher Degree
Asia	8.5	19.3	12.2	59.9
Canada	9.0	19.9	12.3	58.9
Europe	7.2	22.0	14.7	56.2
Latin America	52.1	29.2	9.0	9.7
Russia	5.3	9.9	20.3	64.5
U.S. Outlying Territories	33.9	30.3	13.6	22.2

To illustrate the diversity of the educational backgrounds of new immigrant workers from individual countries, we analyzed the findings for the top five sending countries: Mexico, India, El Salvador, Philippines, and China (Table 17). Among immigrants from Mexico and El Salvador, 59 to 67 percent had not completed high school. In contrast, only 6 to 7 percent of immigrant workers from the Philippines and India lacked a high school diploma. Very few of the new immigrant workers from El Salvador (3%) and Mexico (5%) held a Bachelor's or higher degree versus 60 to 62 percent of those from China and the Philippines and 84 percent of those from India. Clearly, the geographic mix of new immigrants has profound implications for the educational attainment of new immigrant workers, which in turn influence employment and earnings outcomes for native born workers. Other national research has shown quite convincingly that native born workers with limited schooling and occupational skills were the most adversely affected by high levels of immigration in the 1980s and 1990s.[28]

[28] See: (i) Steven A. Camarota, The Wages of Immigration: The Effect on the Low-Skilled Labor Market, Center for Immigration Studies, Washington, D.C., 1998; (ii) George Borjas, "The Labor Demand Curve Is Downward Sloping: Re-examining the Impact of Immigration on the Labor Market," Quarterly Journal of Economics, November 2003, pp. 1335-1374.

Table 17:
Percentage Distribution of New Immigrant Labor Force Participants Who Arrived in the U.S. Between 2000 and 2004 by Their Educational Attainment Level, 2004
(10 Month Averages)

Country	(A) Less than 12 or 12 Years	(B) High School Graduate	(C) 1-3 Years of College Including Associate's Degree	(D) Bachelor's or Higher Degree
Mexico	59.1	29.1	6.5	5.3
India	7.3	5.5	3.5	83.6
El Salvador	67.2	18.5	11.6	2.7
Philippines	6.6	15.1	16.3	62.0
China	13.1	23.3	3.9	59.7

The Characteristics of the Jobs Held by the New Immigrant Employed

What types of jobs do these new immigrants hold and how do they differ if at all from those held by the native-born? To identify the types of jobs held by new immigrant workers, we analyzed national CPS data on three sets of job characteristics: their class of worker status, the industrial sectors of their jobs, and the major occupational categories of their jobs. Findings of an analysis of their class of worker status revealed that an above average share of immigrant jobs were private sector, wage and salary positions, with new immigrants heavily under-represented in government jobs and among the self-employed (Table 18). These findings are consistent with the class of worker status of the jobs held by those immigrants who arrived in the U.S. during the 1990s.[29] Nearly 8 out of 9 immigrants in 2004 were working in private sector wage and salary positions. Not all of these jobs, however, will appear on the official payrolls of non-farm employers as reported by surveys of the U.S. Bureau of Labor Statistics. A relatively high share of these immigrant workers are employed as contract workers or work in the informal labor market, frequently paid in cash on a daily basis. Only between 5 and 6 percent of these new immigrants were employed by the government at the federal, state, or local level while 15 percent of native born workers were working in the government sector. Six percent of the new immigrants reported themselves to be self-employed in 2004 compared to 11 percent of native

[29] See: Andrew Sum, Neeta Fogg, Paul Harrington, et al., Immigrants and the Great American Job Machine.....

born workers. More established immigrants (those arriving in the U.S. prior to 2000) were more likely to be self-employed.

Table 18:
Percentage Distribution of New Immigrant and
Native Born Workers in the U.S., by Class of Worker Status, 2004
(Jan.-Oct. Averages)

Class of Worker	New Immigrant	Native Born
Private Sector, Wage and Salary	88.4	73.9
Government Worker	5.5	15.1
Self-Employed	6.0	11.0
Family Worker Without Pay	0.1	0.1

Source: January-October 2004 CPS Surveys, public use files, tabulations by authors.

The monthly CPS labor force questionnaire also collects data on the industries of the employers of all persons working at the time of the survey. The U.S. Bureau of Labor Statistics assigns NAICS industry codes to these employers.[30] We have combined all jobs held by new immigrants into fifteen major industrial sectors. While new immigrant workers can be found in every industrial sector, they are highly concentrated in three sectors: construction and manufacturing, leisure/ hospitality/other service industries, and health/education/professional/ business services.

With modest exceptions, such as farm labor, kitchen work, personal services and cleaning occupations, the vast majority of these jobs are also held by native-born workers. There is little empirical support for the notion that new immigrants are taking large numbers of jobs that American workers refuse to accept. There is direct competition between new immigrants and native-born workers for most of these jobs. In 2004, slightly more than 27 percent of these new immigrant workers were employed in construction and manufacturing industries while only 19% of native born workers were employed in these industries (Table 19). New immigrants are heavily over-represented in the construction sector. Nearly 372,000 new immigrants also obtained employment in the nation's manufacturing industries at a time when total wage and salary employment in these industries declined by more than 2.9 million positions.[31]

[30] The NAICS acronym refers to the North American Industrial Classification System, which replaced the Standard Industrial Classification System (SIC) as the basis for classifying employment by industry in 2003.
[31] Between 2000 and 2004, the estimated number of wage and salary positions in the nation's manufacturing industries fell by 2.9 million.

Approximately another one-fourth of these new immigrants were employed in leisure/hospitality and other service industries. This industrial sector includes eating and drinking establishments, hotels and motels, museums, entertainment, and personal and laundry services. New immigrants were twice as likely as the native born to work in this sector in 2004. Slightly more than 26% of new immigrants were employed in professional, business, education, and health services. This share, however, was five percentage points below the share of native-born workers employed in this sector. New immigrants were over-represented in agriculture/forestry/fishing industries (twice the native-born share), but they were substantially under-represented in public administration. Only 1 percent of employed new immigrants worked in public administration (a segment of government) versus 5 percent of their native born peers.

Table 19:
Percentage Distribution of New Immigrant and
Native Born Workers in the U.S., by Major Industrial Sector, 2004
(Jan.-Oct. Averages)

Industrial Sector	New Immigrant	Native Born
Agriculture, Forestry, Fishing, and Hunting	3.1	1.6
Mining	0.2	0.4
Construction	15.3	7.3
Durable-Manufacturing	6.5	7.3
Non-Durable Manufacturing	5.7	4.2
Wholesale Trade	2.4	3.3
Retail Trade	9.2	11.9
Transportation and Utilities	2.7	5.1
Information	1.1	2.7
Finance and Insurance	3.3	7.5
Professional and Business Services	13.2	9.9
Education and Health Services	13.1	21.3
Leisure and Hospitality	17.2	8.0
Other Services	5.9	4.7
Public Administration	1.1	5.0

Source: January-October 2003 CPS Surveys, public use files, tabulations by authors.

The top ten industries of employment for new immigrant workers and native-born workers were characterized by substantial overlap, but their relative shares varied markedly in a number of cases (Table 20). New immigrant workers were more likely to be employed in such

See: U.S. Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics

industries as construction, food service and drinking places, administrative and support services, agriculture, and food manufacturing.

Table 20:
Top 10 Individual Industries with the Highest Concentration of
New Immigrant Workers and Native-Born Workers, 2004
(Jan.-Oct. Averages)

Industry of New Immigrant Worker	% Dist.	Industry of Native-Born Worker	% Dist.
Construction	15.3	Retail trade	11.9
Food services and drinking places	13.3	Educational services	9.2
Retail trade	9.2	Construction	7.3
Administrative and support services	8.8	Professional and technical services	6.2
Educational services	5.5	Health care services, except hospitals	5.9
Professional and technical services	4.0	Food services and drinking places	5.1
Health care services, exc. Hospitals	3.4	Public administration	5.0
Hospitals	3.1	Transportation and warehousing	4.2
Agriculture	3.0	Hospitals	4.1
Food manufacturing	2.9	Administrative and support services	3.4

Source: January-October 2004 CPS Surveys, public use files, tabulations by authors.

We also examined the occupational fields of the jobs held by employed new immigrants in 2004. We combined all individual occupations into 11 major occupational groups, with a few separate breakouts for professional and service subgroups (Table 21). Nearly one-third of these new immigrants were employed in blue collar craft, production, and transport operative occupations, with about half of these blue collar workers holding craft-related positions in construction and manufacturing occupations. The share of native-born workers in these occupations was only 21%. Thirty-one percent of new immigrant workers were employed in service occupations, with very high proportions working in food preparation (12%) and building and ground maintenance and cleaning (12%). New immigrants were twice as likely as the native-born to hold these service-related positions. In contrast, immigrants were substantially under-represented in management-related, sales, and clerical occupations. The share of the native-born employed in management-related occupations (15.4%) was more than two times as high as that of new immigrants (6.8%), and new immigrants held clerical/office support positions at a rate only one-third as high as that of the native-born, reflecting their more limited formal schooling and limited English-speaking skills. While new immigrants also were under-

Survey, December 2004.

represented in all professional occupations combined (14% versus 21%), they tended to obtain an above average share of jobs in a few professional specialties, including computer and mathematical science occupations.

Table 21:
Percentage Distribution of New Immigrant and Native Born Workers in the U.S., by Major Occupational Category, 2004
(Jan.-Oct. Averages)

Occupational Category	New Immigrant	Native Born
Management, Business, and Financial Occupations	6.8	15.4
Professional and Related Occupations	14.2	20.9
Computer and Mathematical Science Occupations	3.3	2.1
Life, Physical, and Social Science Occupations	1.2	1.0
Service Occupations	30.6	15.2
Healthcare Support Occupations	2.0	2.4
Food Preparation and Serving Related Occupations	12.5	4.9
Building and Grounds, Cleaning, and Maintenance Occupations	11.7	2.9
Sales and Related Occupations	7.6	11.9
Office and Administrative Support Occupations	5.8	14.8
Farming, Fishing, and Forestry Occupations	2.8	0.5
Construction and Extraction Occupations	14.6	5.5
Installation, Maintenance, and Repair Occupations	2.0	3.7
Production Occupations	9.6	6.1
Transportation and Material Moving Occupations	6.1	6.0

Source: January-October 2004 CPS Surveys, public use files, tabulations by authors.

Summary and Public Policy Implications of Key Findings

This research report was designed to track changes in the levels and demographic composition of foreign immigration in the U.S. over the 2000-2004 period to estimate the influence of this new wave of immigration on population, labor force, and employment growth in the nation. Among the main findings of this research report were the following:

(i) Net international immigration in the U.S. between April 2000 and July 2004 was estimated to be 5.33 million, accounting for 44% of the growth in the resident population over this four year period. In each of the past two years, net international immigration generated between 43 and 45 percent of the nation's population growth. These results represent new

historical highs for the nation.[32] The contributions of net international immigration to state population growth varied markedly across states. In two large states (Massachusetts and New York), net international migration generated more than 100 percent of the state's population growth, and in three other states (Illinois, Iowa, and New Jersey), nearly all of the population growth between 2000-2004 was generated by net international migration. In contrast, only 7 to 14 percent of the population growth of such states as Idaho, Maine, and Montana was generated by foreign immigration.

(ii) The vast majority (81%) of the new immigrants arriving between 2000 and 2004 were of working-age. Among those of working-age, a slight majority was under the age of 30, and nearly two-thirds were under the age of 35.

(iii) Slightly over 65% of the new immigrants of working-age were actively participating in the civilian labor force during 2004. On average, there were 3.396 million new immigrants in the nation's civilian labor force during the January-September period of 2004. These new immigrant labor force participants contributed somewhere between 56 and 58 percent of the nation's civilian labor force growth over the 2000 – 2004 period, the highest such share at any time since the end of World War II.

(iv) There were 12 states (including six of the nation's most populous 13 states) where new immigrants produced 80 percent or more of their labor force growth over the past four years, and five other states whose resident labor force declined despite the presence of new immigrants in their work force.

(v) There were somewhere between 2.504 and 2.574 million new immigrants employed in the U.S. during 2004. The number of new immigrant employed generated all of the net growth in the number of employed civilians over the past four years. At no time in the past 60 years has the country ever failed to generate any net new jobs for native born workers over a four year period. Approximately one-half of these new immigrant workers were undocumented. Ten states accounted for 1.992 million of these new immigrant workers or two-thirds of the total.

[32] Between 2000 and mid-2004, the number of new immigrants arriving in the U.S. was estimated to be 6.184 million, accounting for 50% of the nation's population growth versus 41% in the 1990s, a historical high for the twentieth century.

Four states (New York, Florida, Texas, and California) attracted 200,000 or more new immigrant workers between 2000 and 2004.

(vi) Men accounted for a substantial majority (two-thirds) of the new immigrant labor force participants. Most of these new immigrant workers were young. Twenty-eight percent were under age 25, and nearly 70 percent were under age 35. Fewer than three percent of these immigrant labor force participants were 55 or older. A majority (56%) of the new immigrant labor force members were Hispanic, reflecting the large influx of immigrants from Mexico, Central America, and South America. Asians accounted for another 19 percent of the immigrants while White, non-Hispanics represented only 18%. The educational attainment backgrounds of these new immigrant work force members were quite varied. The largest share of these immigrants (35%) lacked a high school diploma while 27% reported that they held a Bachelor's or higher degree. The educational attainment of these new immigrants varied considerably by country of origin with a sizable majority of Mexican and Central American immigrants lacking a high school diploma. In contrast, a majority of Asian, European, and Russians immigrants held a bachelor's or higher degree.

(vii) Similar to findings during the 1990s, the vast majority of the new immigrant employed (88%) held wage and salary positions in the private sector. New immigrants were under-represented relative to the native born in government jobs (5 vs. 15 percent) and among the self-employed (6 vs. 11 percent). While immigrant workers found jobs in every major industrial sector, they were heavily over-represented in construction and leisure and hospitality industries (restaurants/hotels/motels). One of every three new immigrant workers was employed in one of the above two industrial sectors.

(viii) Immigrant workers also gained employment in every major occupational group, but they were heavily over-represented in service occupations and in key blue-collar occupations (especially construction, extraction, and production occupations). Given their more limited formal schooling and English language proficiencies, they were under-represented in management, business, and professional occupations (21% of new immigrants versus 36% of the native born).

What are the implications of these findings for immigration, labor market and workforce development policy? First, the findings on the continued high levels of immigration into the U.S. despite the existence of a recession in 2001 and a largely jobless recovery through the summer of 2003 clearly indicate that immigration has taken on a life of its own, independent of national labor market conditions. If national immigration policy were labor market driven, then immigration would have slowed considerably over the 2000-2004 period. This clearly did not happen. Now is an opportune time for the U.S. Congress to reflect on the shortcomings of our existing immigration policies. Second, the findings that new foreign immigration contributed more than half of national labor force growth and all of the net gains in civilian employment over the past four years reveal the importance of identifying changes in native born and immigrant employment in the national labor force statistics. The official monthly and annual CPS statistics on employment and unemployment should provide separate breakouts of the data on the native born and immigrant work force to inform both policymakers and the general public as to who is obtaining the new jobs generated by the economy.

Third, a high fraction (at least 50 percent) of the new immigrant employed are believed to be undocumented workers by most national analysts. Combined with the existence of high overall levels of immigration, this finding clearly reveals the complete breakdown in the enforcement of laws regarding the hiring of illegal workers. Over 1.5 million additional illegal immigrants have been hired by U.S. employers over the past four years. Fourth, in contrast to the nation's experiences during the mid to late 1990s when the economy was generating many millions of net new jobs for both the native born and immigrants, the existence of slack labor market conditions in recent years has created more direct competition for available jobs between immigrants and many subgroups of native born workers. Given large job losses among the nation's teens, 20-24 year olds with no four year degree, Black males, and poorly educated, native born men, it is clear that native born workers have been displaced in recent years. It is extremely difficult to justify such a redistribution of jobs. Finally, many of the new immigrant workers and the jobless working-age immigrants have limited educational attainment and English-speaking proficiencies that will reduce their future occupational mobility and earnings potential. For legal immigrants, workforce development policies will be needed to boost their access to basic education, English-as-Second Language, and occupational skills training.

Mr. HOSTETTLER. Mr. Reindl.

TESTIMONY OF MATTHEW J. REINDL, STYLECRAFT INTERIORS

Mr. REINDL. Chairman Hostettler and Members of the Committee, thank you for the privilege to testify at today's hearing.

I operate a small family-owned woodworking factory established by my grandfather in 1951, an immigrant to this country in 1930, when one person's salary was enough to support a family, buy a house, start a business and achieve the American dream. My grandfather was a man that always obeyed the law and taught his family to respect the rules and laws of the country. He took great pride in becoming an American citizen.

Unfortunately, I see the American dream collapsing before my eyes. The American working class is being squeezed from all ends. Our cost of living is going up drastically, while at the same time salaries are being suppressed. Today, many married couples find it difficult to live on one salary. High-paying computer and technical jobs are being outsourced to foreign countries. Many of our manufacturing jobs are leaving the country to foreign countries, where the salaries range from 20 cents to $3.50 an hour. This huge wage imbalance is one factor that will keep American job and wages suppressed and is a little difficult for the Government to control.

Another factor that is making it more difficult for both legal immigrants and Native born Americans to live the American dream is the massive influx of millions of illegal aliens into our country. This is something our Government can control. In fact, it is the constitutional responsibility of the United States Government to patrol our borders and stop invasions.

I am here speaking for the numbers—for the shrinking numbers of middle-class Americans whose wages are being depressed due to an onslaught of illegal aliens and the unwillingness of our Government to enforce existing laws.

As my competitors break the law and hire illegal aliens, my product price cannot be raised. My health care, material, insurance and tax costs have all gone up. In order to stay in business, I cannot give my legal employees the raises they deserve.

Mr. Chairman and Members of the Committee, Federal law prohibits anyone from hiring, aiding or abetting illegal aliens, yet Federal agencies, local governments, private and church organizations are setting up so-called hiring sites so that legal and illegal immigrants can work off the books and disregard Federal and State laws.

In Freeport, Long Island, a hiring site was set up with a grant that was given to the village from the Department of Housing and Urban Development. This is a flier circulating throughout the village by its organizers. Note it says, day labor site authorized by the village. Day laborer—meaning some legal immigrants but too many undocumented workers, also known as illegal aliens—why are my tax dollars supporting this? Why is my Government supporting illegal activity? Why do I have to compete against employers blatantly breaking immigration, tax, Social Security and insurance laws?

In a 2002 Barron's article, a contractor who does multimillion dollar construction jobs blatantly brags about hiring day laborers

and not paying workers compensation because he says it is very expensive.

What frustrates me the most is that everywhere I look the Government law enforcement agencies refuse to enforce any laws pertaining to illegal aliens. We have millions of aliens illegally employed in our country, and the Government only fined 13 employers in 2002, 1 year after 9/11. I guess INS or ICE does not read Barron's. I think everyone will agree it is a pathetic record.

To my knowledge, not one employer in the last few years has been jailed for hiring an illegal alien. This whole problem can be fixed immediately with no new laws, no new legislation, just enforce existing laws. All the laws and fines are on the books, and they all exist. What does not exist is our Government's will to enforce our laws.

Without employment or the hope of employment, illegal aliens will not be tempted to enter our country in violation of our immigration laws. Employers need to be prosecuted for hiring illegal workers, and legal immigrant workers need to believe that all employers respect our laws.

The Federal Government can't allow a criminal minority of employers to profit from illegal labor practices because it undermines the founding principles of our Nation.

That concludes my testimony, and I look forward to any questions. Thank you.

Mr. HOSTETTLER. Thank you, Mr. Reindl.

[The prepared statement of Mr. Reindl follows:]

PREPARED STATEMENT OF MATTHEW JAMES REINDL

The Impact of Illegal Immigration on small businesses

Testimony Prepared for the
Subcommittee on Immigration, Border Security and Claims

Committee on the Judiciary

May 4, 2005

Presented by Matthew James Reindl

Operator of family owned business

Stylecraft Interiors Inc.

22 Watermill Lane

Great Neck N.Y. 11021

Mr. Chairman and members of the subcommittee: Thank you for the privilege to testify at today's hearing. My name is Matthew Reindl and I manage my family's small 3rd generation woodworking factory. I have no political affiliations nor am I affiliated with any ethnic advocacy group. I believe I am speaking for the tens of thousands of law abiding small business owners and millions of American taxpayers who are frustrated at our government's mishandling of immigration laws. Many law abiding businesses are being adversely affected, many forced to close, because of our government refusal to punish unethical employers for their illegal hiring practices.

Newspapers, economists, and politicians have indicated that illegal immigrants do the jobs that Americans don't want and thereby help America by keeping inflation down and are good for businesses and our economy. Illegal immigration has kept the cost of services and goods down causing our inflation rate to remain low however; it continues to suppress the wages and standards of living to legal immigrants and native born Americans. I have not been able to give my employees raises because illegal aliens are depressing the labor wages of my industry. My product price has not gone up because competitors have either dropped health insurance for their employees or hired cheaper help, many of whom I believe are illegal aliens. I know this to be true from the many job applicants I interview. When I put a help wanted ad in the paper, half of those applying admit to being illegal immigrants and admit they have worked in nearby factories. Personally, I believe that the low wage paid to illegal workers is a contributing factor to our jobless recovery.

If continued the following factors will eventually lead to an American economic decline.

1. Millions of native born Americans and legal immigrants are being displaced because they loose jobs to illegal immigrants who work for less money. Examples can be found in the meat packing industry, construction, factory and the hotel industries.
2. Monies going into an underground economy will provide less income, and produce less local, state, and federal income tax revenue. This also places more of a tax burden on honest taxpaying residents and businesses. It is estimated just under a trillion dollars a year is going into the underground economy untaxed. This represents 9% of the real economy.[1]
3. Illegal immigrants increase our trade balance deficit by sending billions of dollars back to their homeland. This is money that legal residents would spend in America on American goods and services, thus vitalizing our economy.
4. When goods and services are not purchased in this country, it reduces sales, which reduces profits, which in turn reduces local, state, and federal tax revenues.
5. Lower wages reduce the standard of living in the whole country.
6. Reduced salaries increase the percentage of people who become dependent on government assistance.
7. When illegal immigrants use false ID's to secure work and quote "pay taxes", do they really pay taxes?
    1. When an employee fills out a w-4, that person can claim several dependents, which would then result in 0 dollars Federal and State deductions.
    2. 43% of those who file income tax returns actually benefit from the income tax as they collect refundable credits in excess of their tax liabilities[2].
8. When illegal Mexican immigrants use false ID's to secure work, they will be eligible to receive benefits from our social security system under President Bush's proposed Totalization Agreement with Mexico. This could be a severe drain on our faltering social security fund.
9. The toll illegal immigration is having on the health care, education and incarceration system is devastating to the state economies. In California alone the price burden on taxpayers for illegal aliens is over 10.5 billion dollars a year[3].

Factory workers now and then

My grandfather, who was a trained cabinetmaker, made that journey from Europe in 1930. Back in those days an immigrant had to be sponsored in order to enter our nation legally, and thus he did so. There was no Social Security, welfare or social assistance. Everyone had to make it on their own. He was a man that always obeyed the law and taught his family to respect the rules and laws of the country.

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[1] Barron's/Frontpagemag.com, Jan 6 2005.by Jim McTague. Going underground: America shadow economy.
[2] Washington Times, Jan 21,2002 by Paul Craig Robert
[3] Washington Times, Dec 7, 2004 by Jerry Seper

In 1951, 20 years after my Grandfather entered this country, he was bold enough to open a woodworking factory with the money he saved through the years. Cabinet making was a predominantly European craft, so with other legal immigrants at his side he made the American dream happen. Hand in hand, different cultures working together to fulfill many dreams. The factory was passed onto my father and now onto me, the 3rd generation. Today as it was 50 years ago I work with native born Americans and legal immigrants. Our employee with the longest longevity (over 25 years) is a Muslim immigrant from Turkey. The company went through all the legal channels to sponsor him. In addition to him, Stylecraft has sponsored other employees throughout the years. Most of our employees in the past had only one breadwinner in the family and could live quite well on one salary. Actually, factory employees faired well when the United States was an exporting nation.

One thing I am grateful for is that my Grandfather instilled in my father excellent morals and taught him to always abide by the law. This philosophy too, was passed on to me. Our company has always paid its fare share of taxes and its fair share of salary. We do everything ethically and by the book. We also have always paid the entire cost of health insurance for the employee and family, but starting this year we will only be able to pay for the employee and not the family members. If illegal immigration continues, I fear in the future we will not be able to provide health insurance all together.

Today the American working class is being squeezed from all ends. Our cost of living is going up drastically, while at the same time salaries are being suppressed. Today, many married couples find it difficult to live on one salary.

High paying computer and technical jobs are being outsourced to foreign countries. Many of our manufacturing jobs are also leaving the country to foreign countries where the salary ranges between 20 cents and $3.50 per hour. This huge wage imbalance is one factor which will keep American jobs and wages suppressed. Another factor of American job and wage suppression is the massive influx of millions of illegal aliens into our country each year. This is something our government can control, which has been done in our past. In fact it is the constitutional responsibility of the United States government to control our borders and stop invasions.[4]

I believe that illegal immigration has contributed to the fact that I have not been able to offer substantial raises for several years. My employee's wages are depressed. When a native born American applies for a job and I mention the salary, many say they can not make ends meet on that wage. Native born Americans express interest in the jobs however, because of the suppressed wage they tend to look for a different line of work or join a union or seek government jobs.

[4] US Constitution article IV, section IV.

Employer's responsibility

The law states it is illegal to hire an illegal alien
All employers must complete an I-9 form
All employers must deduct for social security, and income tax.

Stylecraft Interiors Inc. complies with these federal laws:

Verify immigration status and complete Federal form I-9
Deduct federal income tax and process W-4 forms.
Deduct Social Security and Medicare contributions.
Match Social Security and Medicare contributions
Pay Federal Unemployment Tax

Stylecraft Interiors Inc. also complies with these New York State Laws:

Deduct state income tax
Deduct Disability Insurance.
Pay New York State Workers Compensation Insurance
Pay New York State Unemployment insurance tax
Pay New York State disability insurance.
Fill out State form N-96-2. And send that and a copy of w-4 or equivalent to the State.

These are the labor laws that every New York State employer is required to obey. However, it is clear that a growing percentage of businesses are not complying. If laws are not enforced, a greater number of businesses will not comply with these labor laws, thus driving wages down.

No Interior enforcement

As law abiding businesses obey the law and slowly get taxed and priced out of existence, unlawful businesses that hire illegal aliens are profiting. They continue to profit with no fear of penalty due to the federal, state and local governments' unwillingness to enforce current immigration and labor laws. It is unlawful to hire an illegal alien yet politicians will say they are doing job that American don't want. I have never heard a politician say it is unlawful to hire an illegal alien and those who break the law will be prosecuted.

Since 2001, the annual number of fines imposed on employers for illegal hiring fell to fewer than 100, and bottoming out at only 13 in 2002 whereas, in the prior four years, the federal government averaged nearly 500 fines per year against employers[5]. With ten million illegal aliens employed in the country, five hundred fines seem seriously

[5] Office of Immigration Statistics, 2003 Yearbook of Immigration Statistics, September 2004

unreasonable. Thirteen fines are an example of the government's refusal to enforce its own laws. I ask, what is a law abiding business owner suppose to think? I also ask how am I to compete? As many of my competitors hire illegal aliens and turn profits am I a fool for following the law? This is what the government's message seems to be to employers.

In an article in the September 2nd, 2002 issue of Barron's financial newspaper magazine, Gene Epstein writes about a Manhattan based builder who did construction jobs totaling up to 10 million dollars each. Most of the people this builder hires are paid as day laborers and receive no benefits; especially not workers compensation, which he says is expensive.[6] The article states that the workers are paid between $7.00 and $15.00 an hour, which is a very low rate of pay considering that there are no benefits and it is in New York City. The article made no mention as to the legality concerning non-payment of workers compensation insurance despite the fact that New York state law requires that all workers must be covered by workers compensation insurance.

In doing research for this testimony I wondered if any employer has ever gone to jail for hiring an illegal alien. I could not find one person that did. I also tried to find if any employer was fined or punished for not filling out an I-9 form. I can not find any information on this.

Just last week, in an article in the April 29th, 2005 issue of Newsday, Bart Jones writes that Nassau County District Attorney Denis Dillon charged three home-improvement contractors with not paying owed wages to day laborers. Dillon said the arrest of three contractors was the first step in a campaign targeting such business practices. He also said the effort may include wired undercover Hispanic investigators who pose as day laborers and work for contractors. He also said that "the immigration status of the workers is not a factor when prosecuting these cases because undocumented immigrants also must be paid for work under the law"[7].

I would like to know why these contractors were not also charged with hiring an illegal alien, committing social security, income tax and worker compensation fraud. I am also puzzled why the local District Attorney feels the immigration status of workers is not a factor in prosecution. Immigration status under federal law certainly is a factor when I hire an employee. This is mandated by law

Government aided lawbreaking

Organized and unorganized hiring sites designed specifically for employing illegal aliens are appearing all around the country including towns within Long Island.

[6] Barron's September 2,2002 New Melting Pot
[7] Newsday April 29,2005 Da: Contractors owe day laborers

Farmingville, Farmingdale, Freeport and Huntington host these sites and many more are emerging.

Not only does the government refuse to enforce the law, but federal and local governments will actually help my competitors break the law.

Several years ago a hiring site emerged in Freeport N.Y. A federal grant from HUD was given to the Village of Freeport. The town and Catholic Charities used this grant to set up a hiring site for day laborers (illegal aliens). It just so happens, that New York Department of Labor has an office 2 blocks away. They can witness first hand the illegal hiring practices of contractors on a daily basis.

Bishop Murphy of the Roman Catholic Church has gone on record saying the Catholic Church will do everything it can to help establish day laborer sites[8]. Catholic Charities also noted that the location of the Freeport site was good because it would be hard for INS agents to raid it.

To make matters worse, when the Office of Inspector General was asked to investigate this site they stated that no regulations or laws had been violated. Now I ask, if it is illegal to hire an illegal alien, then when a contractor hires one from this site, how can the Inspector General think that no laws are being violated? The Inspector General also states that even if the recipients of the hiring hall are illegal immigrants, it is irrelevant to their eligibility to receive job search assistance administered by Long Island Catholic Charities with their use of federal money. It is my perception that HUD does not believe immigration laws to be relevant.

The laws concerning the employment of illegal aliens are found in the Immigration and Nationality Act (8 U.S.C ~~1101-1503) as amended by the Immigration Reform and Control Act of 1986 CIRCA.

The law states it is a crime to assist an illegal alien who lacks employment authorization by referring him to an employer, or by acting as his or her employer, or as an agent for an employer. 8 U.S.C.S 1324a(a)(1)(A)(Lexis 1997). Furthermore, it is unlawful to hire an individual for employment without complying with the employment requirements for ever person hired such as was it listed on an I-9 form.

These sites are designed to employ illegal aliens. Employers hiring the day laborers are committing crimes openly. Never are I-9 forms filled out. Illegitimate contractors are not getting audited at these sites. Employers who hire illegal aliens are not paying into workers compensation insurance. When they get hurt, guess who pays the bill? - The law abiding business owner and taxpayer.

Local governments and Catholic Charity organizations seem eager to build these sites. Not one government agency will step up to the plate to investigate and enforce any State or federal labor, insurance, tax or immigration laws. The endorsement of hiring sites

[8] Newsday August 13,2002 Headway by Bart Jones

by local and federal governments is an attack on our laws and on every single law abiding employer.

Economics of illegal labor practices

The contractors and factory owners who disregard immigration laws and disregard labor and insurance laws result in a profitable but illegal advantage over legitimate business owners who play by the rules. In my last testimony in 2002 I prepared the following breakdown for a single person, reporting himself as a dependant. It compares the cost of a legitimate employer to that of a lawbreaking employer who pays $500 per week off the books. (Updated for 2005)

Gross pay on the books would have to be $670 to net $500 because

Social Security & Medicare	$51.26
Federal witholding	$83.63
N.Y State witholding	$35.62
N.Y State disability	$00.60

This equals $499 net pay

Now the legitimate employer also has additional costs. He has to match social security, Medicare and pay New York State workers compensation and N.Y. State unemployment insurance.

Social Security $ Medicare	$ 51.26
Workers Comp (+/-)	$138.57
(5403 carpentry)	
N.Y. State unemployment (+/-)	$ 5.06

The legitimate employer is now paying $864.89 a week compared to $500 net pay "off the books". This represents a 73% higher cost to the honest law-abiding employer.

Add health insurance (employee only), which is $119.53 a week
And 1 week vacation and 5 holidays averages out to $37.86 a week.

The total cost a legitimate employer (providing minimum benefits) would be paying to equal that $500 net pay a week now adds up to $1022.28. This represents a 104% higher cost to the honest law-abiding employer.

The Federal Government loses $83.63 in Federal withholding tax when employers pay "off the books". However, in view of the fact that current federal accounting standards add Social Security & Medicare contributions into the federal budget (not into a separate trust fund) we must add the $51.26 employee contribution plus the $51.26 employer contribution, totaling $102.52 for the total Social Security & Medicare

contribution. Add $83.63 plus $102.52 and the total cost to the Federal Government becomes $186.15 – 37% of the $500 net pay a law-abiding worker would receive.

Please note unemployment and workers compensation rates are variable. Carpentry code 5403 was used. Roofing code 5545 would increase the workers compensation premium from $138.57 to $292.38. Federal unemployment contributions were not included. Also note that only 1-week vacation and 5 holidays create a very low comparison. The actual cost to a legitimate employer would probably be higher.

Due to the unscrupulous employers that hire illegal aliens I do not know if Stylecraft Interiors can continue to survive. Illegal immigration lowers my wage and that of my employees too. The legal immigrants in my shop are very aware of this. Many of my employees waited 5 to 7 years to enter our country legally. They did the right thing. They obeyed our laws, and now people who broke the law are keeping down their wages. They wonder why our government refuses to enforce any laws when it comes to illegal immigrants.

Lack of enforcement leads to other laws being broken

There are many employers that can be at an unfair advantage if businesses choose to ignore all the laws that I have mentioned previously. Employers who hire from hiring sites, or off the streets are only interested in profit, and will not waste time training people who they hire for only a short time. They put everyone's life in danger.

1 - Consider the scaffolding that collapsed in Manhattan several years ago. Several illegal immigrants and innocent bystanders were killed and injured. The employer did not have proper permits, had paid someone else to take a licensing exam for him, and did not provide proper training[9].

2 - Consider the floor that collapsed in Brooklyn. OSHA had just fined the employer for serious violations. One block away, a similar accident occurred in the prior year. In each instance, an illegal immigrant was killed.[10]

3 - In July, 2001, Long Island Newsday reporter Thomas Maier wrote a five-part series entitled "Death on the job-immigrants at risk" He found that New York has the nation's highest rate of immigrants killed in the workplace, with foreign-born workers accounting for three of every 10 deaths in a six year period[11]. The reporter however did not break down the percentage of legal immigrants to illegal immigrants.

One of his stories reported about two illegal immigrants from El Salvador- Fredi Canles and his uncle Gabriel Nunez, who both died in separate accidents at Omni

[9] Newsday Long Island October 26 2001
Troubling Picture Of Accident Emerges and Queens Roofing Company Under Scrutiny
Daily News October 26 2001 Scaffold Disaster
[10] The New York Times May 6,2001 Day Laborer's Death in Brooklyn collapse prompts investigation. By Jason Blair
[11] Newsday July 2001 Death on the job by Thomas Maier

Recycling in West Babylon N.Y. The East Farmingdale Fire Chief, James Napolitano, claims his ambulance crews have responded to 19 emergency calls from July 1999 through July 2001.The fire chief claims that the company hires mostly immigrants. Anthony Core, Omni's attorney, said that Omni never hires undocumented workers knowingly and that the plant has a "meticulous" procedure to avoid employing them, suggesting only that it is difficult to detect improper immigration documents.

If I am to believe the authenticity of this article and the statements made, I must assume that at least these two illegal immigrants who died gave false green cards and false social security numbers. Not only has the person broken our immigration law but they committed social security fraud too.

Our country has maintained rational laws for legal immigrants. If the law states that an illegal alien cannot work, I pray he will decide to enter our country legally and obtain legal employment. After all this is the law and Americans expect and trust our government with enforcing and obeying the law?

Is a Guest worker program a solution?

The push for a guest worker program is suggested as a solution for the immigration crisis this country faces. As a law abiding businessman, I see a guest worker program as an extension of what already exists. Many companies can do what Stylecraft did and sponsor immigrants legally today. The creation of another visa program will just add to our governments' endless bureaucratic system. Understanding why a businessman hires an illegal alien should be the first step in deciding whether a guest worker program is needed.

The employer hires illegal aliens for the following reasons.

1. Cheap labor rate.
2. Does not deduct Federal and State income tax.
3. Does not to deduct Social Security.
4. Doe not pay into Worker comp or any other insurance program
5. Does not fill out any paperwork including an I-9.
6. Can easily exploit the person

If a guest worker program becomes reality, why on earth would an employer start obeying the law now? Will the government suddenly decide to enforce current laws? He can already sponsor an immigrant and obey the law. The incentive for hiring illegal aliens is so that the employer can skirt the law and not pay the necessary taxes and avoid any paper trail. A guest worker program that mandates that the employer obey the law will be just like the visa programs we have now and the unethical employer will continue to hire illegal aliens off the street or at a day laborer hiring sites.

Conclusion

Jobs are the magnets that attract illegal immigrants to our country. When our government ignores interior enforcement, employers will continue to employ illegal immigrants until forced not to do so. With no penalty for hiring an illegal alien being imposed there is simply no reason to obey the law. This whole policy of non enforcement has created a state of anarchy. No longer do greedy employers have to obey tax, insurance or social security laws. This is the message sent by the governments to the employer.

I truly believe that the illegal immigration crisis can be solved within months if only the government would punish employers for breaking the law. No new legislation or guest worker program would be required…just enforce existing laws already on the books. If employers know that you will be fined and jailed for hiring an illegal alien, then they would not hire them and the illegal immigrant would leave on their own due to their inability to work.

Illegal immigrant labor hurts American workers and legal immigrant workers that respect our laws. Working Americans have seen their wages and their working conditions decline every time they compete with illegal immigrant labor.

Because of the lax enforcement from the government, honest employers are paying an unbearable price. In essence the lax enforcement is making a mockery of all those employers that are law-abiding. Lax enforcement continues to drive down the wages of legal immigrants and native born Americans. If my competitors are allowed to break the law, and hire low-wage illegal immigrant workers, they gain an unfair and illegal advantage over my company and depress the wages of my employees. My competitors will undercut my prices, and could possibly cause me and other employers who follow the law, to go out of business. Why should honest companies suffer for being honest and obeying all the Federal and State laws?

Mr. HOSTETTLER. Dr. Holzer.

TESTIMONY OF HARRY J. HOLZER, PROFESSOR AND ASSOCIATE DEAN OF PUBLIC POLICY, GEORGETOWN UNIVERSITY

Mr. HOLZER. Thank you, Mr. Chairman.

It is my view that the employment difficulties of Native born Americans in the last 4 years mostly reflect underlying weaknesses of the U.S. labor market in that time, rather than large displacements by new immigrants, and I would like to make five points to that effect.

My first point is, very simply, net immigration has really remained very constant in the period between the 1990's and the post 2000 period. Instead, what has changed is the rate at which we create new jobs in the United States.

If you go back to the 1990's, especially the late 1990's, we were creating three million new payroll jobs on average per year. In the more recent period, starting in early 2003 through 2004, I think it is accurate to describe the American economy as having had a short recession and a jobless recovery for 3 years. In that period, from March, 2001, to 2004, the total number of nonforeign payroll jobs in the U.S. declined by 1.7 million, and that cannot be attributable to the arrival of immigrants. At the same time, the U.S. population was growing by 8 million, mostly reflecting Native born Americans. So what really changed in this time period is the rate of job creation, not the rate of immigration, which is very constant.

My second point is that, contrary to some of the other interpretations you have heard this morning, immigration cannot account for many other employment-related difficulties in the labor market. If you look beneath the aggregate level of numbers, you see all kinds of patterns and shifts across sectors that really are quite totally unrelated to immigration.

Consider what is happening in the manufacturing sector. We have lost roughly 3 million jobs between March of 2000 and March of 2004. Now, it is true that new immigrant employment rose in the manufacturing sector by about 300,000, but that means new immigrants only account for roughly one-tenth of the total job loss in manufacturing. Therefore, the vast majority of it reflects other factors.

We saw job increases in other places like the public sector, almost a million new jobs created in the public sector, virtually none of those going to immigrants. If you look across many other sectors in the economy, increases in employment in health care, decreases in employment in retail trade, those patterns are almost completely unrelated to the flow of new immigrants in the economy. And that reflects a broader point that every year, in fact, every quarter, many, many millions of jobs are created and destroyed in the American economy. That is how our economy and our labor market works. The flow of about a half a million new immigrants into the labor force every year is a very small part of that overall churning in the labor market.

Similarly, the earnings growth of over 100 million nonsupervisory workers in the United States—which have not risen at all in the last 2 years—cannot possibly be driven by the 2 million

immigrants that have newly arrived in the labor force during that time period.

My third point is that it is important to keep our eye on the ball over the longer term. Most economists expect this labor market to recover. We can't say exactly when. The dominant fact of the labor market over the next 20 years will be the retirement of the baby boomers in very large numbers; and during that time period, when that begins to happen, projections show that immigrants will account for all of the growth in the labor force. So it is very important for that growth in the labor force to occur during that period.

We need workers to pay the taxes, to pay for the health and retirement benefits that the rest of us are expecting, especially in certain key sectors of the labor market, science and engineering, health care. We will need immigrant workers to help fill the jobs that contribute importantly to the services and the growth of the economy that we want to see here.

Fourthly, most studies show that over the long run immigrants have a modest negative effect on the employment earnings of less-educated workers, and they generate other important benefits for the economy.

Mr. Camarota has already cited one study showing a 3 to 4 percent decline in wages for less-educated workers. That study is at the high end of the numbers generated by economists on earnings losses. Some other studies equally credible find much smaller negative effects. But virtually all economists believe that immigrants also provide important benefits for the economy. They are consumers as well as producers. They do contribute important labor in areas where sometimes shortages occur, certainly in terms of health care, engineering, et cetera. They help reduce costs in housing, food and elsewhere that are important for these workers.

My last point simply is, what does this all mean for policy? I think if we want to generate more jobs in the United States there are a sensible set of fiscal policies that can help to do that, and I can talk about them more during the question and answer period.

Over the long term, we really need to keep our eye focused on the real issues in the American labor force: the education and skills of the workforce, the ability of the American workers to get health care, child care and other important supports. I think we might make some changes in the immigration law, but, again, we need to keep our eye on the long-term ball, not on the short 3- to four year period that is very unusual and that is subject to different interpretations.

Thank you.

Mr. HOSTETTLER. Thank you, Dr. Holzer.

[The prepared statement of Dr. Holzer follows:]

PREPARED STATEMENT OF HARRY J. HOLZER

Two recent papers, by Steven Camarota (2004) and by Andrew Sum et. al. (2004), present data showing that the employment of new immigrants in the U.S. rose during the period 2000–2004, while that of native-born Americans (and even earlier immigrants) declined.

A superficial reading of the data in these papers might suggest that rising immigration in the past four years has been a key factor in accounting for the poor labor market performance of native-born Americans during this period. But such a reading would be highly inaccurate. The employment outcomes of native-born Americans

mostly reflect the underlying weakness of the U.S. labor market, rather than large displacements by new immigrants.

- *Net immigration has remained fairly constant between the 1990's and the post-2000 period; instead, what has changed is the rate of job growth in the U.S. economy.*

During the 1990's, 13 million immigrants arrived in the U.S., for an average of about 1.3 million per year (Capps et. al., 2004). Since the year 2000, that rate of immigration has remained largely unchanged (Sum et. al., Table 1). The total share of immigrants in the population has risen only from 11 to 12 percent during the past four years.

In contrast, the rate of net job growth in the U.S. has collapsed between the late 1990's and the period since 2001. Between March 1995 and March 2000, our economy generated nearly 15 million new nonfarm payroll jobs and increased employment by about 13 million.[1] But, after a period of modest job growth between March 2000 and 2001 (with payroll and employment increases of about 1 million each), the economy went through a short recession followed by a relatively "jobless" recovery for 3 years. Between March 2001 and 2004, total employment grew by just over one-half million, while the number of nonfarm payroll jobs declined by about 1.7 million. At the same time, the US population grew by about 8 million. In the past year, job growth has picked up somewhat, though the labor market remains quite weak.[2]

- *Contrary to the interpretations suggested by Camarota and Sum et. al., immigration cannot possibly account for many of the labor market developments that have occurred since 2000.*

In the 1990's, strong immigration coexisted with very low unemployment rates and record high percentages of the population employed. Indeed, immigration helped to relieve the pressure of very tight labor markets on employers, who had difficulty finding enough native-born workers able and willing to fill the jobs they were offering. Yet the same rate of immigration today coexists with a sluggish labor market, in which an additional 5 million jobs would be needed to recreate the employment rates of the late 1990's and 2000.[3]

The papers by Camarota and Sum et. al. clearly show that, in the aggregate, employment among new immigrants has increased while that of native-born Americans has declined since 2000. But a look at some more disaggregated data suggests a far more complex story. While new immigrant employment has been relatively concentrated in a small number of sectors (such as building/grounds maintenance, food preparation and construction), the shifts in jobs across other sectors of the U.S. economy have been much greater.

For example, the number of payroll jobs in manufacturing declined by about 3 million between March 2000 and March 2004; new immigrant employment rose, but only by 335,000 (Sum et. al), in this sector. The number of payroll jobs in the public sector rose in this time period by 850,000; almost none of these jobs went to new immigrants. Strong job growth has occurred in diverse services such as health care and professional services, while employment growth has slowed or declined elsewhere (such as in retail trade), in patterns almost completely unrelated to immigration.[4]

Indeed, the U.S. labor market is one in which *many millions of jobs are newly created and newly destroyed every year.* Millions of workers are constantly reallocated across firms and sectors of the economy (Davis et. al., 1996). When the overall rates of new job creation in the economy exceed those of job destruction, net job growth is positive; when overall job creation lags behind (or is comparable to) job destruction, then net job growth is weak. Either way, the new employment of a few million immigrants over a 3- or 4-year period has a major effect only on the small number of sectors, especially in specific geographic regions, where they are heavily

[1] The Bureau of Labor Statistics (BLS) calculates employment rates of individuals from its monthly Current Population Survey of households, while numbers of payroll jobs are drawn from its survey of establishments. The latter is based on much larger samples and is widely considered more accurate in the short term. But the former captures self-employment and casual employment that may not appear in official business payrolls.

[2] Between March 2004 and 2005, both employment and payroll jobs rose by over 2 million. But the percentage of the population employed in March 2005 remained at 62.4 percent—well below the peak of 64.7 achieved in the year 2000.

[3] With a population of over 225 million, it would require about 5.2 million more jobs to generate the peak employment rate of 64.7 achieved in the year 2000.

[4] These numbers are calculated from various tables available at the BLS website (www.bls.gov).

concentrated; otherwise they play a fairly minor role in the overall churning of the labor market.

Does the labor force participation behavior of native-born workers and immigrants respond differently to a strong or weak economy? In a strong job market, American workers respond by entering the labor force in great numbers—as they did in the 1990's. But, in a weaker job market, some Americans withdraw from the labor force in favor of other pursuits—such as enrollment in higher education. Since immigration rates to the U.S. and immigrant participation in the labor force are much less sensitive to these changes in our economy, their net share of labor force activity and employment will temporarily bump upwards when this occurs—as they have since 2000. But none of this implies that immigrants are directly displacing U.S. workers in large numbers.

One other area in which a weak overall labor market affects American workers is in their *real earnings*—i.e., their rates of pay adjusted for inflation. In the past four years, increases in earnings have been fairly modest, despite the dramatic growth of productivity in the U.S. workforce. In fact, *the average real earnings of over 100 million nonsupervisory workers have failed to rise at all in the past two years.*[5] This development is another sign of a weak overall labor market, and cannot possibly be attributed to the 2 million or so new immigrants who have gained employment in the U.S. since 2000.

- *Over the next few decades, tight labor markets are likely to return as Baby Boomers retire in large numbers.*

Will the current weakness of the U.S. labor market last indefinitely? Most economists expect the labor market to strengthen over the next several years, although the exact pace at which this will occur remains uncertain.

Over the longer term, the labor market will be hugely affected by Baby Boomer retirements. Roughly 60 million workers, now aged 41–59, were born in the period 1946–64. They will soon begin retiring in large numbers, and will likely generate a period of labor market tightness that will persist over 20–30 years. Indeed, all net growth in the labor force over the next two decades will be generated by immigrants (Aspen Institute, 2002).

There are many ways in which the labor market will adapt to these changes. Retirements will be delayed; labor will be replaced by new technologies and foreign outsourcing; and wages in some sectors will need to rise. But immigration should also play a key role in this adjustment process (Ellwood, 2001). Indeed, foreign-born students and workers will be a major source of new scientists and engineers in the U.S. over the next few decades, and will be critical to continuing productivity growth here (Freeman, 2004). The role of immigrants in other sectors of the economy where extremely tight labor markets are expected—such as nursing and long-term care for the aging population—will be critical as well.

- *Most studies show that, over the longer term, immigrants have very modest negative effects on the employment of less-educated workers in the U.S., but generate other benefits for the U.S. economy.*

Professors George Borjas and Lawrence Katz of Harvard University have recently calculated that immigration in the period 1980–2000 might have reduced the earnings of native-born U.S. workers by 3–4 percent, with larger negative impacts among high school dropouts but smaller among all other education groups (Borjas and Katz, 2005). Their estimates are at the high end of those generated by labor economists; others, including Professor David Card of the University of California at Berkeley, have found smaller negative effects (Card, 2001).

Virtually all economists agree that immigrants also provide some important benefits to the U.S. economy. Beyond providing labor in sectors and areas where tight markets and even shortages might otherwise occur, immigrant labor helps reduce the prices of some products—such as housing and certain foods. These lower prices imply higher real incomes to most Americans, including the disadvantaged.

- *Native-born American workers, especially those who are less-educated, would be best served by policies designed to stimulate more employment in the short term while improving their skills and supporting their incomes in the longer term.*

Since native-born workers have been hurt not by rising immigration but by declining job growth in the past four years, policies that encourage greater job growth

[5] Between March 2003 and 2005, average weekly earnings of nonsupervisory workers rose by just 3.6 percent—well below increases in the Consumer Price Index (CPI) and other measures of inflation in the same period. Yet worker productivity grew by about 7 percent in the same period.

might be considered in the short term. For instance, tax cuts and public spending could be much better targeted to those who generate more spending and therefore more employment—i.e., lower-to-middle income Americans—rather than the wealthy. Temporary tax credits for new job creation and business investments might be considered as well.[6]

Over the longer term, Americans need to improve their skills to maintain and increase their earnings growth. For the disadvantaged, this can be encouraged by a wide range of efforts, such as expanding higher-quality pre-school programs, reforms in K-12 education, more public support for occupational training and internships/apprenticeships, and greater funding for Pell grants and other supports for higher education. Expanding access to work supports like health care and child care, along with higher minimum wages and expansions of the Earned Income and Child Tax Credits, would help as well.

Immigration reforms that adjust the skill mix of those entering the U.S. over time might also be considered. But these should be based on a careful reading of our skill and labor market needs over the next several decades, rather than a misreading of our very recent experience.

Conclusion

Recent papers by Sum et. al. and by Camarota show that employment of immigrants rose while that of native-born Americans declined between 2000 and 2004. But these findings do not prove that the former development caused the latter to occur. Indeed, immigration has occurred at a fairly constant rate in the U.S. since the 1990's—while employment and earnings growth of American workers have fluctuated dramatically. Over the long term, immigration has modest negative effects on less-educated workers in the U.S. but other positive effects on the economy—and the latter will grow much stronger after Baby Boomers retire. American workers are thus best served by policies designed to stimulate job growth in the short-term, and their own skills and incomes over the long-term, rather than by policies to drastically curb immigration.

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Mr. HOSTETTLER. We will now turn to questions from the Members of the Subcommittee.

First of all, Dr. Camarota, you conclude that over a recent four year period, the number of Native born Americans with jobs dropped by almost 500,000, while the number of immigrants with jobs increased by over 2 million. Do you believe that there is any relationship between the two numbers?

[6] The New Jobs Tax Credit of the late 1970's, and the Investment Tax Credit of various time periods, could serve as models for any new such credits now.

Mr. CAMAROTA. Yes. I think if we look deeper into the data we do see that the areas where natives often do the worst are those sectors of the economy such as building, cleaning and maintenance, construction labor, food processing and preparation. In those sectors, unemployment averages about 10 percent for natives, and have seen some of the biggest hits. And it is precisely in those sectors where we have added the most immigrants. In just those sectors we have added over a million new immigrants in just those low-income job categories in the last 4 years. Two-thirds of those are probably illegal aliens, based on the data.

At the same time, there were 2 million Native born adult Americans in those very same occupations who said that they were unemployed and looking for work. So if you look at the States, too, geographically you do seem to find evidence that places with lots of immigrants also had the worst job performance for natives.

Mr. HOSTETTLER. I appreciate that.

You have also done work on Social Security, the impact on Social Security. In these portions of the labor market that you are talking about, do individuals who contribute to Social Security in those portions of the labor market, do they wind up receiving more in benefits in Social Security or less in benefits than they paid into the system?

Mr. CAMAROTA. Right. One of the reasons immigration is a problem for the Social Security system is the Social Security system is redistributive in nature. And because such a large share of immigrants have very little education, they make very little money—even legal immigrants paid on the books and that sort of thing. As a consequence, they don't pay that much in Social Security taxes because in the modern American economy, people with relatively little education don't pay that much. However, when it comes time to retire, we generally pay them a more generous benefit. So immigration creates problems for the Social Security system because of it's redistributive nature. And there are other factors as well.

Just very briefly, we have something called the earned income tax credit. A very large share of legal, unskilled immigrants qualify for that, and that is designed to give you back basically all or most of your Social Security tax. So, overall, immigration is problematic for the Social Security system.

Mr. HOSTETTLER. Thank you very much.

Dr. Harrington, do you agree with Dr. Camarota that large numbers of new immigrant workers are directly competing with Native born workers for jobs and that these are jobs that Americans will, in fact, do?

Mr. HARRINGTON. Yes, I do. I think the evidence is that we have got about—a little bit over a third of all newly employed immigrants are high school dropouts. They also found that about 70 percent of them are under the age of 35. When you look at the structure of employment rates, in other words, the probability that somebody has a job by age and by educational attainment, you see that the employment rate declines are the highest among high school dropouts over the last 4 years among Native born, and you also see that the decline in employment rates are the largest among teens. In fact, when you look at the other end of the labor market where there are few immigrants, that is, adults 55 and

over, only 3 percent of the total rise in immigrant employment is among that population.That is the only group of Native born workers where the employment rates have risen.

So I think the evidence is very clear that there is this competition between immigrants and Native born. I think the evidence that particularly teenagers and young adults just refuse to take jobs that immigrants take is just absolutely wrong.

Mr. HOSTETTLER. Thank you.

Mr. Reindl, you have a unique perspective on the impact of immigration, especially illegal immigration, on employment and the economy, especially with regard to companies such as your own, which make it a matter of resolve to follow the immigration laws. In the Intelligence Reform bill passed last year by Congress and signed into law by the President, we called for a significant increase in Immigration and Customs Enforcement agents, in fact, in the House. We wish to have at least half of those new agents dedicated to employer sanctions.

As an employer in an industry of employers, what impact do you think it would have on the employment of illegal aliens if employers realized in New York, for example, that a large number of Immigration and Customs Enforcement agents, ICE agents, were dedicated to enforcing the employer sanctions law.

Mr. REINDL. If they actually made headlines and locked up some of these unscrupulous employers, and employers see that you are going to get caught, it will have a great impact. That is the whole key. You have to enforce the law. We are just not doing it. It is at every level of Government. It is not just ICE doing it. What about Social Security fraud? What about income tax? What about IRS? I mean, these laws are being blatantly broken in our faces, and no Government agency will enforce it.

I have complained to worker's comp, New York State, the Department of Labor, to go after these hiring sites. No investigations. None. Every level of Government, no enforcement. That is what I see, if we can start getting all the different agencies together and cracking down, especially where it is being thrown in our face, that is the first thing you have to do. Thanks.

Mr. HOSTETTLER. Thank you. My time has expired.

The Chair now recognizes the gentlelady from Texas for 5 minutes.

Ms. JACKSON LEE. Mr. Chairman, if I might ask unanimous consent to call on the Ranking Member of the Full Committee at this time.

Mr. CONYERS. Thank you, Mr. Chairman. I think what we have been hearing is that American workers are being negatively impacted in our economy by foreign workers, mostly illegals.

And Professor Holzer, I think that may be an oversimplification because we have had a decline of job growth. We have had a stagnant economy, more or less. So I think it is too easy to just raise up the immigrants who are kind of easy targets to make this kind of accusation. If we move forward on that premise legislatively, I think we may be going in the wrong direction. What say you?

Mr. HOLZER. I largely agree with those comments. Again, if you look over a longer time period the rate of immigration in the last 4 years is no different than it was in the roaring 1990's when the

same level of immigration was consistent with very low unemployment rates, very high percentages of the population employed.

How could the same level, the same rate of immigration now have generated all these problems, not only for the millions of Americans who aren't working, but again for well over 100 million workers who are actually experiencing negative wage growth? That cannot possibly be attributed to this influx of immigrants, which is no different now than it has been over the previous many years.

Again, when you look at many different sectors of the economy, except for those few where the immigrants are concentrating—look what is happening in manufacturing, health care, many other sectors—one cannot possibly attribute the large increases or decreases in employment to the flow of immigrants. We need to look at the economy broadly, not just those few sectors where immigrants are concentrated.

Mr. CONYERS. Well, here is the problem. Illegal immigrants, yes. We have got to go after them. We have got to prevent them from coming over or coming into the country. But there are a number of areas in our economy where we need immigrant labor, and I don't know if that point has been made here, but I think Mr. Reindl was moving in that direction when he was saying if you are not prosecuting employers who are exploiting foreign labor then you are not going to get any resolution to the problem. If IRS isn't prosecuting vigorously, that adds to it.

Do you think that we have, Mr. Reindl, a problem in which we can say we have got to get to this immigrant problem but at the same time we don't say—and, also, we need immigrant labor because a lot of things wouldn't happen without them because we have jobs that many Americans won't take no matter what their condition is?

Mr. REINDL. Well, there is no job an American won't take. It is just that the pay levels have been depressed so much that they are seeking jobs elsewhere. At least in my field that is how it is.

As far as enforcement goes, you hit it on the right head. There is no enforcement.

But one thing—it is not just, like this day laborer sign that I was holding up before. There are legal and illegal immigrants getting jobs at this site, working off the books. They are not paying into Social Security. They are not paying into worker's comp, and there is just no enforcement at any level. But it is both legal and illegal, and it drives me nuts that our Government allows this.

Mr. CONYERS. What about, Mr. Holzer, these huge trade agreements, NAFTA, CAFTA, China Most Favored Nation, promoting U.S. corporations to go overseas? We have a great deal of outsourcing in labor going on, our outsourcing that creates unemployment here. The automobile industry is now becoming an example of that in Michigan.

Mr. HOLZER. I would favor the elimination of tax subsidies and credits that encourage outsourcing that work.

More broadly, though, I believe that international trade, exports and imports do create benefits for the American consumer as well as some losses for the American worker. I think we need to balance, carefully balance those benefits and costs in a strong robust labor market. If we also invested in the retraining and reeducation

of many of those workers as well as a better set of unemployment insurance and other supports, the damage done to those workers losing those jobs would be considerably reduced.

Mr. CONYERS. Well, on the next round I want to talk about how we get to a full employment economy.

Mr. HOSTETTLER. The Chair now recognizes the gentleman from Iowa, Mr. King, for 5 minutes.

Mr. KING. Yes. I thank the Chairman, and I appreciate the testimony of the witnesses. This subject is interesting to look at the economy from the perspective of yourself, Mr. Reindl, and versus the broader perspective as proposed by Mr. Holzer. I would direct my first question to Mr. Holzer. That is, is there such a thing as too much immigration, be it either legal or illegal?

Mr. HOLZER. I wouldn't say that any total number of immigration is too much. I think it really depends on the nature of the immigrants and how they get here and what their characteristics are.

Like all of the witnesses today, I am concerned about undocumented and illegal immigrants. I believe in enforcing the laws we have to the best of our ability. I also believe that no matter what we do on the enforcement side that some of those, many of those workers will still be here, especially the ones who have been here.

Mr. KING. With regard to whether there is such a thing as too much immigration, you would qualify, then, the type of immigrants and the characteristics they bring with them, the work skills. What about cultural background? Would they be things that you would consider?

Mr. HOLZER. I would be very reluctant to look at cultural backgrounds. I think that is very easy to misinterpret, and we don't know how those translate into the labor markets. Again, some kinds of immigrants are probably more desirable from a strictly economic point of view than others. But I think at all skill levels, immigrants do contribute to lower costs, lower prices.

Mr. KING. Let us go to my question. How much would be too much immigration, provided that, say, we have talked about low-skilled, unskilled, illiterate people coming in and taking these jobs that allegedly Americans won't take. I happen to agree with Mr. Reindl. I believe that Americans will do any job and that you have to pay them for it and provide the benefits for that.

Unskilled, illiterate labor, either legal or illegal, how much would be too much for a nation that has a population of roughly 282 million people?

Mr. HOLZER. I don't know the answer to that. I am not sure anyone has a fixed number they can say.

Mr. KING. Isn't that, Mr. Holzer, the central question here, that as we open the doors up and we get greater and greater groups of immigrants coming in, if we don't address that question and have a national debate on how much immigration is too much, we can't begin to deal with the other questions that are underneath that great umbrella question?

Mr. HOLZER. No. I would argue that the central question—given the level of immigration that we are realistically talking about, which has been fairly constant over time, we are not bumping into these theoretical hypothetical limits.

Mr. KING. Let me——

Mr. HOLZER. If I could finish, the question is what to do with the immigrants to have a level playing field.

Mr. KING. I asked the question how much is too much. We stopped our immigration and gave a time for assimilation back in the 1920's. We didn't have an acceleration immigration policy during that period of time all the way up until we adjusted policy in the early 1960's and adjusted the policy in the 1980's. So maybe the legal numbers coming in the 1990's aren't a lot different than the legal numbers coming in this decade.

But I would submit to you this question, how would we know how many came in? Are we 8 million, 10 million, 12 or 14 million illegals, or is that number larger or smaller?

Mr. HOLZER. As I said, I believe the rate of incoming immigration has remained constant over the time. It is well below the peak levels at the turn of the 20th century——

Mr. KING. Yes. Is that percentage of population or in total numbers?

Mr. HOLZER. As a percentage of our population.

Mr. KING. I would agree with that. Thank you.

I would turn to Mr. Reindl to make a statement here. I have certain empathy with you. I spent my life building a construction company and sold that company to my oldest son a couple of years ago. He finds himself in a condition today where he is competing against his competitors that hire illegal labor. He pays benefits, provides year-round jobs, retirement benefits, health insurance benefits and guarantees them 12 months of work.

He has just finished a job where they have to wait for the carpenters to come in from Mexico in order to begin, because they don't come as early because it is cold in that part of the country until about the 1st of May or so, and they leave earlier than the end of the year.

I tell him, you must hire legals, not illegals, no matter what the temptation is, no matter how hard you have got to work to survive.

I would just ask you to address that subject matter. Can you continue facing that kind of competition?

Mr. REINDL. Believe me, it is getting harder. It is getting harder every day. My competitors are hiring either illegals or they are not paying their full share of benefits. It is now kind of unheard of in my industry to pay for full health benefits for my employee and their families. I am one of the rare shops that is doing it now. I don't know if I can continue because my product price can't be raised.

Mr. KING. Then I don't know if anyone has spoken on this panel to the effect on the middle class. What is happening in your opinion to the middle class that we have had in America?

Mr. REINDL. I think it is shrinking, obviously. I mean, so many friends my age are moving out of New York and fleeing to other States where the housing is less because they just can't make ends meet in New York. So it is getting tough on us.

Mr. KING. I thank you.

Then quickly to Mr. Camarota. With the statement made by Mr. Holzer with regard to our immigration numbers are not greater than they have been at the peak period of times in the early part of the 20th century, could you speak to that, Mr. Camarota?

Mr. CAMAROTA. Yes. Well, in terms of absolute number, obviously, the number coming in. In terms of percentages, we did hit an all-time high in 1910 of about 14.7 percent. But we will probably be at that all-time high and then beyond that at the current rate within about a decade or so. So we are on track to pass what was a very unusual time in American history anyway.

Mr. KING. Even as a percentage of the overall population?

Mr. CAMAROTA. In terms of numbers we have triple the number of people.

Mr. KING. Thank you, Mr. Camarota. Thank you, Mr. Chairman. I now yield back.

Mr. HOSTETTLER. The Chair recognizes the gentlelady from Texas for 5 minutes.

Ms. JACKSON LEE. Thank you, Mr. Chairman. Ms. Sánchez, do you want to go at this time?

Ms. SÁNCHEZ. Yes. If you will yield, I would.

Ms. JACKSON LEE. I will go after you.

Ms. SÁNCHEZ. Thank you.

Ms. JACKSON LEE. I would ask unanimous consent to allow Ms. Sánchez to go, and I will follow her.

Mr. HOSTETTLER. Without objection.

Ms. SÁNCHEZ. Thank you. I am interested, Mr. Camarota, in your testimony. You stated that between March 2000 and March 2004 the number of unemployed adult natives increased by 2.3 million, but at the same time the number of employed immigrants increased by 2.3 million.

Looking superficially at those numbers, it sounds like a very compelling argument. Now, I am not a statistician, but wouldn't you agree that the two events could have occurred independently from one another or have been completely mutually exclusive?

Mr. CAMAROTA. As I said, it would be wrong to think that somehow every job taken by an immigrant is a job lost by a native. But if we look at those parts where native unemployment went up, in some of the biggest rates by education or by age or by occupational category, they do tend to be precisely those parts of the economy where there was the largest influx of immigrants. And if we——

Ms. SÁNCHEZ. But the question is, though, if you just look superficially at that, could those two things have happened independently or mutually exclusively of one another?

Mr. CAMAROTA. I don't think they did but they could have, sure.

Ms. SÁNCHEZ. Thank you. This is for all the panel.

I am just going to throw some things out there and I am going to be peppering you all with different questions.

But you know it is interesting, some of you on the panel have said that there are no jobs that Americans won't take. Well, we have had previous hearings where we have had folks in the dairy industry out West talk about jobs that pay $12 and $14 an hour that they have advertised for and cannot get any American workers who are willing to do that work.

So they find that there is a need for immigrant labor. So I am just going to throw that out to you, that you know this absolute—there are no jobs that no Americans, that some Americans won't take—It actually does occur, in fact. It is not a rare phenomenon.

Coming from a great agricultural State of California, there are a lot of jobs, trust me, in California, that there are Americans who aren't willing to do that work despite repeated attempts.

I want to ask Mr. Harrington and Mr. Camarota. You talk about enforcement of immigration, and you talk also about depressed wages and lack of benefits. Don't you think we could achieve the objective of trying to raise wages and raise working conditions if we enforced labor protections and workplace enforcement of working conditions? Isn't that one side of the equation? Because I haven't heard you all speak too much about that.

Mr. HARRINGTON. I think that is a very important side of the equation. One of the things Mr. Reindl talked about was the creation of new labor market institutions. When I drove in this morning I came from Annandale, Virginia and on Little River Turnpike out there is a shape-up. It is a group of guys that are standing at 7–11 about 6 in the morning. These are guys going to get picked up and engage in a wide variety of under-the-table economic activities, largely cash payments. Whether they get paid or not I don't know. It is certainly not going to contribute to the State's unemployment insurance system, Social Security system and the like. But there has been a——

Ms. SÁNCHEZ. I am talking about the employers. Let us talk about the employers, whether they are paying minumum wages—

Mr. HARRINGTON. That is what I am talking about. There are employers stopping at the shape-up picking these guys up on construction jobs, on landscaping jobs, on brick laying jobs, on a variety of activities, all of which disappears, it's all under the table. That is replicated thousands of time throughout the country. You will find it in D.C., you will find it in Philadelphia, you will find it in Los Angeles. We have created over the last 4 or 5 years a whole set of illegal labor market institutions that we have not seen since the Great Depression.

Ms. SÁNCHEZ. So enforcement would help on that?

Mr. HARRINGTON. Absolutely.

Ms. SÁNCHEZ. My time is very limited so I am going to skip really quickly to Mr. Reindl. I really feel for you because I used to do labor compliance work. I used to do go out to job sites construction job sites and make sure that the contractors that were on those jobs were paying their employees. Davis-Bacon wages are in California little Davis-Bacon wages. Oftentimes they were cheating and not paying for wages that they were supposed to be. They weren't paying full worker's compensation.

So I am very sympathetic to you, but I am going to make several suggestions to you: Number one, that tax breaks and tax incentives that give benefits to companies that reincorporate overseas or ship jobs overseas is probably one of the problems, because folks locally are finding it hard to compete with companies that do that to depress labor markets.

And the free trade agreements that we sign into with other countries which don't include workforce protections or any labor rights also means that those labor markets have much depressed wages and so companies flee the United States in order to compete, because we are essentially giving them no other option. But we are incentivizing them from leaving this country. So it makes it very

difficult to keep honest employers that are willing to pay benefits and willing to pay decent wages in business in the United States.

I would just make this one last suggestion. You know, the minimum wage has not been raised in this country in the longest period of time since its inception in the 1930's. There are a number of us who have been trying to raise that minimum wage to get those wages up so there will be more competition for those jobs. Unfortunately, that is something that Congress has been unwilling to pass.

With that, I will yield back as my time has expired.

Mr. HOSTETTLER. The Chair now recognizes the gentleman from Texas for 5 minutes.

Mr. GOHMERT. Thank you, Mr. Chairman. I just have a few questions. Let me ask, Dr. Harrington, you had given us a number of statistics. I am curious, do you have any idea what percent of the immigrants being employed, the foreign born immigrants, speak English?

Mr. HARRINGTON. I don't know the answer to that, sir.

Mr. GOHMERT. This can be to any of you. Is there any evidence that there are jobs taken by foreign born immigrants which have actually been refused by Americans first?

Mr. HARRINGTON. Sir, I can just speak to this. One of the ways economists judge what is going on in the labor market is something called the employment rate. When you look at the employment rate, particularly in our cities, you see the employment rates of young adults have plunged.

In the City of Los Angeles, the employment rate for 16 to 19-year-olds already low during the year of 2000 at 31 percent, fell to 21 percent just 4 years later. The State of California fell from 38 to 30, from the U.S. went from about 46 to 36 percent. These are historically unprecedented declines in teens.

Mr. GOHMERT. We have seen increases in obesity, indicating perhaps laziness among teenagers. Do you have statistics that show that those 16-year-olds actually went in and applied for jobs?

Mr. HARRINGTON. No, sir, I don't.

Mr. CAMAROTA. I could just point out one thing.

Mr. GOHMERT. I thank you.

Mr. CAMAROTA. The current population surveys asks people are you currently looking for work, and what was your last job. When we look at that, we find millions of people who said, hey, I am really looking for work, and my last job was in hotel and restaurant, my last job was in food processing and preparation. Now maybe they are being deceptive or maybe they are not really looking, but the available evidence suggests that there are millions of people who say that very thing when asked.

Mr. HOLZER. If I could have a different reading of those same numbers.

Mr. GOHMERT. Sure.

Mr. HOLZER. The large joblessness or lack of employment that you see in inner city areas reflects a range of factors. One of the issues is the fact that a lot of young people become discouraged very early on and never even enter the labor force, because they see a very limited set of opportunities facing them in terms of jobs and wages. Early in life they make another set of choices that I

think is very unfortunate, that they often regret later on. It is very important to improve those opportunities to help draw those workers in.

However, there are workers looking for jobs, and the CPS does indicate that there are some number of million. That doesn't mean that they apply for every available job. I would dispute this notion that millions of unemployed workers have looked in these small number of sectors where immigrants are mostly concentrated.

Mr. GOHMERT. Are there any statistics regarding the number of unemployed foreign born immigrants, whether legal or illegal? Does anybody know?

Mr. CAMAROTA. Yes. There are statistics on that. Unemployment rates among immigrants vary quite a bit by education and so forth. Let us see if I can find you a rate here. The overall rate he says is a little bit higher. Immigrants are a little bit more likely to be unemployed. It is about 7 to 8 percent. It is a little bit lower for natives.

Mr. GOHMERT. Okay. Let me talk about the IRS not pursuing employers. Are there any estimates on how many employers or employees do not pay FICA or withholding to the IRS?

Mr. CAMAROTA. I can speak to the issue of immigration. Most sociological research indicates that between 50 and 60 percent of illegal aliens are paid on the books. In my work I have usually estimated 55 percent. Now what they usually—the evidence often——

Mr. GOHMERT. Paid on the books means——

Mr. CAMAROTA. Their employers pay Social Security, but what they usually do is get a lot of withholding so they don't pay any income tax. In other words, they usually claim a lot of exemptions. That way they don't have to file at the end of the year. That is usually—at least for Federal income tax, that is what they do.

Mr. GOHMERT. Anyone else? I thank you.

Thank you, Mr. Chairman, I yield back.

Mr. HOSTETTLER. The Chair now recognizes the gentlelady from California for 5 minutes, Ms. Waters.

Ms. WATERS. Thank you very much, Mr. Chairman, and Members. I am trying to digest some of this data and information that is being presented to us. I think we should all look carefully at it, because I think it is important for us not to handle this as a political issue where people are fanning the flames of fear and division in an effort to make people think they are protecting them in some special way and approach this from a very strong public policy approach to deal with what is a problem.

I do think we have a problem. I am not in denial about that. I do think there is some job competition. I don't know the extent of it. I am going to take a look at all of this information, and I think we should not be in denial about that.

At the same time, I think we must recognize that for some of the people who are yelling the loudest, they are not yelling at this Administration and the President about protection of the border.

As you know, the President put funds for 200 border patrol. Some of us have signed on both sides of the aisle a letter to the President saying that you promised 2,000 and that is not enough, but we want you to live up to your commitment to protect the border and to stop the flood of illegal immigration.

One of the reasons it is so important for us to handle this with integrity is we do not want to confuse legal immigration with illegal immigration. We do not want to create hatred and division in the way that we handle this issue. So I think there are a number of things that must be done.

In addition to securing the border, how many folks are willing to say that we are going to not just fine employers because that becomes a cost of doing business? How many people are going to make it a crime for employers to hire illegal immigrants? How many people are willing to do that?

For those of you on the other side of the aisle, I thank you for being here. If my friends who are wanting cheap labor for certain sectors of our society and who will come up with kind of phony guest worker programs, are not willing to talk about making it a crime to hire illegal aliens, immigrants, I don't want to hear from them, because they are not serious about this.

Again, we have talked about minimum wage. Some of the same folks refuse to support an increase in minimum wage. That will go a long way toward encouraging more natives to go after some of these jobs.

Yes, it is not an either/or. There are some jobs that natives will not take. You are not going to find people in any of our districts flooding to the agricultural areas to pick grapes or lettuce or anything else. You know it. Everybody knows that, and we must recognize that.

While I don't like these phony guest worker programs that would exploit immigrants in ways that will not recognize, in some way, the amount of time and the number of years they may put into this so that they can be looked at as those who would be supported for some kind of permanent status, I believe that we can work in ways that we can get tough on illegal immigration, recognize that some things have already happened in the system that must be taken care of.

I am not for illegal immigrants not being able to be themselves. I know what happens when you don't have any money, when you don't have any food, your children are hungry. I know what happens, it is an increase in crime. So we can't have it all ways, we can't have it both ways.

We can't have Members talking out of both sides of their mouth about this issue. If we are going to stem the tide of illegal immigrants that, yes, are causing competition in jobs, and, yes, they are taking jobs that some people would take, and recognize that there are jobs that natives will not take and recognize that we need an increase in minimum wage and we need to make it a crime for employers who hire illegal immigrants and the Federal Government—you know, Lou Dobbs has gone just wild on this subject. But the most interesting thing was they found that there were illegal immigrants who were working on a Federal Government project, who are working to construct a courthouse someplace.

So, you know, we all have to see what role we can play in making sense out of this, and not simply talking about it in a way that will just not recognize the way this whole thing has evolved. We must also remember that most of this focus is just on certain illegal immigrants.

Now, if you are from Cuba you can come as long as the boats can get you out of Cuba, and they have the wet foot/dry foot policy. You get one foot on land, then you can stay, and that is no, no ceiling on that.

Now, if you are from Haiti, you can't come at all. So we have got a lot of work to do, and we have got to figure out how to do it with integrity, and we have got to make sense out of how not to just disregard the fact that we have allowed this problem to evolve over a period of time.

You have families involved. People talk about deportation where you would split families. I am not for that either. Don't forget, you know, I come from African heritage where people who were brought to this country, families were split and sold off and went in one direction and the other direction.

So that is why I say it is very complicated. We have to really approach it in a manner that will recognize all of these complications and not simply that there are illegal aliens, immigrants here who must be deported, or somehow we can have them here when we want them to do certain kind of work but when we don't need them we close down the border to them.

Thank you very much, Mr. Chairman.

Mr. HOSTETTLER. The gentlelady's time has expired.

The Chair now recognizes the gentleman from Arizona for 5 minutes.

Mr. FLAKE. I thank the Chairman and the witnesses.

Mr. Camarota, what is your or your organization's estimate as to the number of illegals currently in the workforce here in the U.S.?

Mr. CAMAROTA. Yes. It looks like about 6 million total immigrants account for roughly, a little less than 3.5 percent of all workers and about 1.5 percent of economic output.

Mr. FLAKE. So just over 6 million. Those are—those who are in the workforce being paid not under the table but as——

Mr. CAMAROTA. Oh, no, about 3 million of them are being paid under the table. That is a rough estimate, 3 million off the books.

Mr. FLAKE. So there are as many being paid under the table according to your estimates?

Mr. CAMAROTA. Yes, a 50/50 split about.

Mr. FLAKE. If we have—if we enforce the current law, the current law says that anybody who is here illegally, obviously, goes home. I have heard talk of some generational attrition or some other terms to deal with those who are here illegally now that are in the workforce.

What is your recommendation for those who are here illegally now in the workforce? Is it to immediately enforce a law, send them home immediately?

Mr. CAMAROTA. Well, obviously we take quite a lot of time and effort to begin to enforce the law, so the process would be relatively slow.

Mr. FLAKE. What is a lot of time?

Mr. CAMAROTA. Oh, I think it would take a couple of years to hire the agents necessary to really take a bite out of it. Nonetheless, I think if we started right now we would see an immediate effect on the number of illegal aliens in the United States.

The way I usually articulate it is what we can have is attrition through enforcement. About 4- to 500,000 illegal aliens either go home on their own, get deported or get green cards actually each year. So if we can increase that number to maybe 6- or 700,000 and dramatically reduce the number of people coming in, the problem would take care of itself over time.

Now there might be some long-term residents who have been here a long time. We might want to look at some kind of amnesty after we get a handle on enforcement.

Mr. FLAKE. So amnesty you are in favor of?

Mr. CAMAROTA. Well, I said we might want to consider it, after we show that we are enforcing the law, the immigration law is back in business, the border is being policed properly and so forth, we can certainly consider that, yes, as a way of clearing the decks, tying up loose ends. But you certainly don't start with an amnesty when you haven't taken even the most elemental steps.

Mr. FLAKE. I am puzzled as to why you believe it would take so long to start enforcing it. We have the technology now where any employer could know if a Social Security number issued is valid or not. We could do that tomorrow. I have had this software demonstrated in my office. We could do that tomorrow.

We could have—your estimate is some 3 million that are working that have taxes withheld on their behalf. I would submit that number is far, far, far higher than that, given the amount of money that is collected that is in the Social Security system. We are told that it is 10 percent of the surplus we are running is money paid into dead accounts or fraudulent Social Security numbers.

That says to me it is a lot more than 3 million. I think the number is a few hundred, 150 billion or so over a decade or a decade and a half that has been paid into dead accounts.

So we have the technology, we just don't have the will right now to enforce it at the employer level. I am just wondering if we did enforce it and send them home, enforcing the law right now, an employer would have a $10,000 fine per occurrence if you hire somebody now knowingly that has a fraudulent Social Security number, what would you then recommend? Those who are unemployed here now be forced to take those jobs that they currently have, or do we have a 5-year plan like the Soviets used to where you move employees, like they have in Cuba today, where you move the unemployed to those systems? If you are an unemployed school teacher in Maine, there is a job for you in Yuma picking lettuce. What do you envision there?

Mr. CAMAROTA. The way the labor market works if there was a reduction in supply through labor enforcement through the law then employers would have two choices, they could either pay more and treat their workers better and offer more benefits if they couldn't attract workers at their current pay rate, or they can mechanize and invest in labor-saving devices and techniques.

To give you an example, the sugar farm, sugar farming in Florida was once done mostly by immigrant labor, but more recently they simply got rid of all of that labor and they mechanized it. There are machines, and they are used in other countries, like Australia and Europe, to pick a lot of fruits and vegetables. But we don't have them here because the Government gives——

Mr. FLAKE. If you look at the statistics from the Bureau of Labor Statistics over a 10-year period from 2002 to 2012, they see percentage increases, for example, registered nurses, 27 percent increase; post-secondary teachers, 38 percent; retails salespersons, 15; nurses aides, orderlies and attendants, 25 percent increase. We simply don't have the demographics to support over the next 10 years that kind of job growth.

It is—I mean, you can argue if the demographics are this, but we simply don't. But you are arguing for fewer legal low-skilled workers to come in. You make that argument in your testimony.

How do you reconcile it? We just have to mechanize and change or what?

Mr. CAMAROTA. Pay unskilled workers better. I think one of the most serious problems we face in this country is all the unskilled workers who make so little. I would like to see enhanced increase in the minimum wage. I would like to see fair labor laws enforced more vigorously. But it seems to me you can't constantly add to the supply of labor at the bottom of the labor market and then bemoan the fact that people are discouraged workers, that work doesn't pay. That policy, current immigration policy is directly contrary to the idea that we want the poor in the United States and the working poor to do better.

Mr. FLAKE. Thank you, Mr. Chairman.

Mr. HOSTETTLER. The Chair now recognizes the gentlelady from Texas for 5 minutes, Ms. Jackson Lee.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman.

Mr. Camarota, I think that we can—I see it in my visioning that we have an opportunity for common ground and collaboration, because, frankly, it would be remiss of me, it would be certainly dishonest not to suggest that I am an enthusiastic supporter of increasing the minimum wage. In fact, I would like to welcome you in a meeting with the leadership of this House to sit down and talk about putting the minimum wage legislation on the Floor of the House almost immediately. It is valuable.

I think this hearing is important. I thank the Chairman very much for this hearing, because I have listened to the questions of my colleagues on both sides of the aisles. The good news is, Mr. Chairman, that the questioning is valid, and, if you will, issues are being raised on both sides of the aisles about who is actually the necessary scapegoat for a job recession and the need for recovery.

I think this hearing may suggest, as I did in my opening remarks, that this needs to be a topic to be discussed by a number of oversight Committees throughout this Congress, both the House and the Senate, because we have lagged behind in job creation. That is the crux of an immigration hearing today, that we have lagged behind in job creation.

At the same time that prospectively, if there was a sort of engine into the economy, we need to look for a workforce or have a viable workforce here. With the demographics presently in the United States who happened to be maybe nonimmigrant and nonundocumented, we don't have the employee base if, for example, an economic engine was to immediately start up and look for people of varying types of skills.

I made the point that I was just recently at the offshore technology conference, one of the largest energy conferences in the world, held in the energy capital of the world, we like to say, Houston, Texas.

The bemoaning there, Mr. Camarota, was that we did not have that core group of educated, trained chemists and other scientists and geologists—an unfortunate statement to know that geology has been taken out of high schools—we are not preparing the workforce of the 21st century.

If for example that industry was to grow and develop as I hope that it does fairly and balanced and with environmental protections and they look for a whole new level of workers, which could come from the trained workforce that we hope that we are producing out of America's secondary schools and colleges, they would not be there.

In fact, I would say to you, even though this is not the Education and Workforce Committee, shame on us because we are actually not preparing Americans for the jobs in the 21st century.

Let me just say to Mr. Holzer, you were taking an enormous number of notes, but let me pose a question for you, because I think your information is particularly important.

The Ranking Member of the Full Committee asked the question that we talk about, naturalizing immigrants, are we talking about those who have legal permanent residency status right at this point? Are we talking about undocumented? So we need to clarify what we are talking about. I would like you to make that point first, because certainly there are immigrants in this country who are first-generation who happen to be citizens because they have gone through the process.

The other thing is, speak to this issue of job creation and the plight that America faces with a diminishing base of potential workers and the devastation that would occur to America potentially if we did not have an increasing wave of workers. You might want to use as a backdrop countries like Germany, who had the closed door policy to immigration. If you have any backdrop information on that.

You didn't mention it in your testimony, but I heard you say something about youth who took other opportunities, unfortunately which they didn't. But you are an American. Try to comment on this question of discrimination and the fact that there are populations in the United States that have been sort of thwarted of their opportunities, and they happen to be American, because of discrimination.

So I would appreciate your making an assessment on those points and the points you think you may have left off the table.

Mr. HOLZER. Thank you. Let me try to address the issues you have raised. First of all, the issue is that there are very, very different groups of immigrants, some legal, some illegal. The niches they fill in the economy are really very different. To lump them all together is an enormous mistake, by the numbers that Mr. Harrington cited.

Over one-fourth of the newly-arrived immigrants in the last 4 years are college graduates and they are often filling jobs in science and engineering, in some parts of health care like nursing, where

right now employers really are having difficulty finding workers at the low end, both among legal and illegal immigrants. There are jobs not only in agriculture.

Ms. JACKSON LEE. We shouldn't be happy with that though.

Mr. HOLZER. I agree with that. That is an important problem. I acknowledge what you and I agree is that the solution to that problem is not to cut off immigrants. It is changes in our immigration policies that open those doors and allow more Native born Americans to gain those skills so we would be less dependent on that immigrant flow.

Similarly, even at the bottom end of the economy, not just in agriculture but in some parts of health care, we have great difficulty finding people to be home health aides, nurse's aides, et cetera. Again, we depend on the immigrants there, sometimes illegal, frequently legal, to come in. So, again, to lump all those different categories together I think is very problematic.

The second issue you raised, I believe, was about education policies and how do we open more of those opportunities to workers, and especially in the context of a retirement issue, of baby boomers retiring in very large numbers. There, again, I think there is a wide range of ways in which our labor market will adjust to the retirement of baby boomers. Some of the earlier panelists have alluded to that. There will be increasing of wages in some sectors to draw more workers into those sectors, there will be increasing uses of technology, et cetera.

But I think to close to door on immigrants in a time period when we are facing these potential labor shortages would be an enormous mistake. I don't think the labor market on its own, especially in areas like health care, where there are cost pressures containing and constraining the ability of providers to raise wages to the level that would draw in a lot of Native born workers.

We will be quite dependent on foreign workers and certainly at the high end, not only in nursing but in science and engineering. Those will be very, very important sectors in which the flow of immigrants, once the baby boomers retire, I think will be very critical to the overall health and economy. So I think shutting those doors——

Ms. JACKSON LEE. You add the European model where immigration has been slowed or limited or blocked. Do you have any understanding of that?

Mr. HOLZER. I haven't looked closely at that model, but I think it is correct that part of the inability of some of those sectors in some of those countries to attract workers may be related to their restrictive immigration policy.

Finally, I want to speak to this issue of the real problems faced by Native born minorities, low-income folks of all racial and ethnic groups who want and lack opportunities in this country. In fact, I spent my entire career doing research on those issues and worrying about those problems.

I think, overwhelmingly, the economic literature suggests that if there is an adverse impact of immigration on those groups, that it is small potatoes compared to the wide range of barriers these groups face. Many changes in the economy in the last 20 years that have contributed to their disadvantage—everything involving all

kinds of new technologies, new trade patterns, the shrinkage of the institutions that traditionally have protected those workers like minimum wages and collective bargaining.

I do think that many of these young folks do lack educational opportunities. They lack opportunities to get quality preschool. They lack opportunities to get quality K-12 education. In many cases, they either don't develop the skills necessary for higher education or they lack the financing. We haven't allowed Pell Grants to grow at a rate at which the full number of people who could benefit from higher education would be allowed to afford it.

As you indicated, discrimination does remain a problem. Study after study does document the continuing presence of discrimination in housing markets in our neighborhoods as well as in labor markets.

So when you look at that full range of issues, there are things that could be done on each of those to open up opportunities, to draw more of those workers into the workforce, to improve their skills and their ability to compete. To focus so intensely on immigration is simply to be barking up the wrong tree or a very limited tree in a forest of many other causes.

Mr. HOSTETTLER. I thank the gentleman. The gentlelady's time has expired.

Ms. JACKSON LEE. Thank you.

Mr. HOSTETTLER. Just to clarify for the Subcommittee, that is the only tree we bark up in this Subcommittee is immigration. While those other issues are important, they happen to be the jurisdiction of other Committees.

The Chair recognizes the gentleman from California, Mr. Lungren, for 5 minutes.

Mr. LUNGREN. Thank you, Mr. Chairman.

I came to Congress in 1979 and volunteered to serve on the Immigration Subcommittee because I was from southern California. I saw the impact of rampant illegal immigration but didn't have all the answers. I knew there were problems out there and attempted to try to bring some leadership to the Congress.

I was the Republican floor manager for Simpson-Mazzoli, was one of the authors of the employer sanctions portion of that as well as the other half of that.

I am as disappointed as anybody that employer sanctions haven't worked, haven't been enforced by Democrat or Republican Administrations. My sense is there is a failure of the will of the American people to support it or there has been thus far, in part because there is a feeling among the American people that we can't get all our jobs filled with Americans.

So I would just like to ask the panel this—Look, I came here in 1979. We had illegal immigration at the time. We had a flow across our southern border. I investigated and discovered we had a flow across our southern border at least for a hundred years. It has been legal or illegal, depending on whether we had a program for it or not.

In the number of years since I first came here, I have seen the impact of immigrants, both legal and illegal. But a large number of illegal immigrants are now in areas they weren't before, the construction industry, and areas of the country they weren't in before.

When I was here before I said this is the impact in southern California, in the Southwest, you may see it later in the country. A lot of people didn't want to be concerned about it, because they never thought it would happen anywhere else. I defy anybody to go to any place on a construction site in most major metropolitan areas and not realize what language is being spoken, to go to landscaping crews, to go to hotels, to go to restaurants, et cetera.

I mean the fact of the matter is, in my judgment, we rely a great deal on this immigrant labor.

My point is—my question to the panel is this, number one, do you think it is reasonable that we could cut off the major flow of illegal immigration in this country, that being our southern border, without any adverse economic consequences to this country?

Number two, do you really believe that all the jobs that are currently taken by those who are here illegally would readily be taken by American citizens?

Thirdly, if you do believe that they would readily be taken by American citizens, at what economic enticement would that come?

Dr. Camarota.

Mr. CAMAROTA. Yes, I most certainly believe we could enforce the law at a reasonable cost over time. I think that the economy would benefit, low-wage workers would benefit, the rule of law would benefit. American taxpayers would benefit. One of the things about——

Mr. LUNGREN. Could I ask you a question?

Mr. CAMAROTA. Sure.

Mr. LUNGREN. Where would you get the people to work in agriculture?

Mr. CAMAROTA. I think that you would get—what would happen is that you would see significant gains in productivity. They would move to like dry-it-on-the-vine agriculture like they use in Australia. They would buy the machines to pick the lettuce.

Mr. LUNGREN. So mechanization rather than workers?

Mr. CAMAROTA. Well, I think that you attract workers to that by paying more, employing them year around, giving them benefits, treating them decently. So with those two things, gains in productivity as well as improvement in wages and benefits and working conditions, and the beauty of it is we have no fear that it will spike inflation because unskilled labor is such a tiny fraction of total economic output in the United States that even if wages for people at the bottom went up a lot it wouldn't mean anything even in the area of agriculture. The price of a head of lettuce, only about 15 percent of it is based on the price of the guy who actually picks it.

Mr. LUNGREN. Where would we find the folks who would be out working in the fields? Where would they come from?

Mr. CAMAROTA. As I indicated, you could attract Americans and legal immigrants in the United States by paying them better and treating them better.

Mr. LUNGREN. But realistically, tell me where they are going to come from. In the 1930's and 1940's we had breaks at schools so school kids would go out and work in the fields. The college kids would do that. The folks from the city would go out and do that. We had a lot more people working there.

I am trying to figure this out realistically because I am frustrated by this. I hear academics coming up here and telling me it will not have any impact if we cut it off. I see a Congress that refuses to come up with a guest worker program. I see a refusal of the Government to enforce employer sanctions.

Frankly, at the end of this period of time things are worse than they were before. I hear people saying all we have to do is raise wages and we will have people flooding to the fields to work there. I would like to see that, but I really have skepticism about that happening. Where are they going to come from?

Mr. CAMAROTA. Well, there are hundreds of thousands—whether you might not realize it—of Native born Americans who work in agriculture. There are also legal immigrants who work there, though it is true that a very large share of people who work there are illegal aliens.

Nonetheless, there are huge productivity gains. Let me just give you an example. When they ended the Bracero program, which was our old guest worker program, the tomato farmers actually testified before Congress, if you end this program we are out of business, there is no way.

What happened when they ended that program? They mechanized and productivity increased manyfold. Their profits went up. Even during the Depression there were farmers saying we can't find anybody to do this labor.

What they have difficulty finding is people who will do very hard jobs when they don't want to pay anything. Consider coal mining is a perfect example. The job pays well, has benefits, and it is all done by natives but it is a miserable job and also increased our productivity.

Mr. LUNGREN. But very—much less in numbers of people working in the coal mines than we had before because of mechanization?

Mr. CAMAROTA. That is exactly right. Good analogy, I like it.

Mr. LUNGREN. So we will not have jobs taken by Americans; what you will do is eliminate those jobs?

Mr. CAMAROTA. There will be fewer jobs.

Mr. LUNGREN. Right.

Mr. CAMAROTA. Pay better, have more benefits and the rest would be taken care of by productivity. I like your analogy. That is exactly what happened to coal mining.

Mr. LUNGREN. That is one reason why people wonder why their tomatoes don't taste as good as they used to. It's because we developed tomatoes that have a tougher skin on them that could be mechanized—picked by mechanization instead of by individuals.

My point is, though, if we are talking about jobs, what you are really saying to me is that we are going to eliminate a good number of those jobs so we won't have the need for this immigrant labor, but they are not going to be replaced in like number by American jobs.

Mr. CAMAROTA. But there will be fewer people competing for those jobs because immigration would be reduced. So the jobs that would remain would pay better, be here year round, have benefits, and be the civilized kind of work that would attract Native born Americans or legal immigrants as well.

Ms. JACKSON LEE. Would the gentleman yield?

Mr. LUNGREN. I wish I had time to yield.

Mr. HOSTETTLER. The gentleman's time has expired. But if the witnesses are willing, I would like to turn to a second round of questioning, if there are no conflicts with schedules on the part of the witnesses. We appreciate that.

We will now turn to a second round of questions. I will start with 5 minutes.

Dr. Holzer, your response to an earlier round of questions was very enlightening to me and it actually answered a question that I had even before I had to ask it. But I am a registered professional engineer in the State of Indiana. My wife is a registered nurse in the State of Indiana.

You have mentioned that as a result of cost containment that, well, I will have to get the record to see exactly what you said, but I think, in essence, that as a result of cost containment measures, it may be in fact that future—especially in the health care industry—that it may be in fact immigrants that take a preponderance of those jobs in the future.

In fact, we understand now that we are going to be considering a provision in the supplemental bill that will add 50,000 new legal permanent residents, potential permanent residents for the nursing field, new visas that will be handed out. The reason being—while economics was not my strong suit—my understanding of economics to a great extent has to do with cost containment overall, in that an individual or an entity will pay only so much for a given good or service.

So the point that you made, and it was made earlier with regard to the fact that the current trends in immigration with regard to the type of jobs that they take, and therefore, the magnitude of the wages that they earn and the amount of money that they pay in to Social Security, you mentioned in your testimony that in order to—you didn't say this, but I am extrapolating—in order to offset that, that in fact there is going to have to be an influx of much larger immigration numbers in the higher wage level categories. You mentioned, actually, science and engineering and health care once again.

So given that the trend of your testimony is that we will have to allow for immigration purposes—and not necessarily illegal immigration purposes, as is the case with the bill that is going to be considered in the House tomorrow—but we are going to have to significantly increase the number of immigrants, visas available for immigrants, to take jobs such as in science and technology and health care that Americans won't do because of cost containment measures.

I assume that what you are saying with cost containment measures is that we will not be able to pay health care workers and scientists and engineers wages sufficient for native Americans to go into those fields.

Given the fact that there is discussion of a guest worker program that some of the Administration has said, we are going to match every willing employer with every willing employee, meaning in the world. Every willing employee in the world. That if we are talking about moving from melon pickers and apple pickers and roofers

and the like to registered nurses, scientists, engineers and everything else, theoretically speaking, of a guest worker program and the trend of your testimony, aren't we saying that Americans will compete for wages, cost containments, however you want to put it, for wages with the rest of the world? That is my first question.

Will we not be competing with—will our children and others be competing with every other engineer, engineering graduate, scientist, nursing graduate in the world, and, secondly, is the fact that a significant portion of the rest of the world has a lower standard of living than us, making it likely—and your testimony alludes to it somewhat—isn't it likely that those other people are going to be willing to take much less in wages and salaries to meet the requirements of the employer in the United States?

Mr. HOLZER. Mr. Chairman, there are several different strands to your question. I will try to disentangle them.

Mr. HOSTETTLER. There are actually two questions. First of all, isn't the United States worker in the future, with the guest worker program that says—and then this is theoretical—every willing employer with every willing employee, is that not going to be the case with American workers, native workers competing with every other worker in the world? That is the first question. Not just my strand. Is there going to be someone else to compete with?

Secondly, given the fact that 90 to 95 percent of the rest of the world has a lower standard of living than the United States, isn't that going to depress wages for those scientists, engineers, nurses, thoracic surgeons, cardiologists, whoever, in the health care industry in the future?

Mr. HOLZER. I think there are different issues that play out differently in different sectors. The amount of competition, coming from either guest workers or from foreign workers varies a lot from field to field.

In health care, the demand for work to be done here in the United States is so strong that I think, again, it varies. In some parts of health care, such as nursing, the issue really is skills and whether or not domestically born students are going into those fields and developing those skills. The other areas—the bottom end of health care doesn't require a lot of skills, but their wages and benefits are what attract workers and keep them in that area.

I don't believe that—. The rise in wages that would be necessary to balance that market, I think, would be quite large. I think guest workers, immigrant workers will help to meet that demand, which will be very strong. If you look at projections when baby boomers retire, the increase in demand for health care would be very dramatic. It would take large increases either in the supply of workers or in their wages to meet those demands. So I am not worried in that sector about Americans being crowded out or their wages being competed down because I think the demands are so strong.

Mr. HOSTETTLER. Excuse me, Dr. Holzer, I don't mean to interrupt. But you said in a previous question that cost containment measures are going to turn to the need for immigrant workers over Native born workers. I mean, that is in essence what you said, and now you are saying that won't be the case?

Mr. HOLZER. I think the demand will be so strong in that sector that—yes, I think cost containment is important because I think—

when economists talk about the market equilibrating and wages rising to close these shortages, the increases in cost that would be necessary to meet that entire demand will be very large when you look to the future when the baby boomers are retiring. So I think it will not be possible to do that strictly through domestic workers because the cost increases, the wage increases necessary would be enormous. So there I think there will be a need for immigration and other sources of labor to help out, meet those needs.

In other areas, you talked about Americans competing with workers around the world who earn lower wages, and that competition can occur in a lot of ways. It can occur through exports or imports of goods and services. It can occur through outsourcing. And I think, in some sectors, for instance, wherever it is possible to digitize the work that is done, potentially that work can be done overseas, and those workers in those sectors will face this competition. The estimates I have seen so far suggest that could be 10 to 15 percent of jobs in the United States, potentially, on the high end could face competition from engineers and computer programmers and others in India and China and other parts of the world. But in many, many other sectors there is a strong home bias. The work has to be done here; construction, health care, education, most of our domestic retail trade and entertainment services are all done here. So the amount of competition that will come from foreign workers who remain abroad in those sectors will be much less. So there is this potential competition, but I think it does vary greatly from one field to the next. And this fear that it will depress American wages overall I think is not probably well founded.

Mr. HOSTETTLER. Excuse me, just one more thing. They will be done here, but they won't necessarily need to be done by a Native born worker.

Mr. HOLZER. If the work remains here, that is right.

Mr. HOSTETTLER. Thank you.

The Chair now recognizes the gentlelady from Texas, Ms. Jackson Lee.

Ms. JACKSON LEE. Thank you very much.

Mr. Camarota, could you clarify, did you include naturalized citizens in your study?

Mr. CAMAROTA. Unless I otherwise—and there are places where I talk about illegals separately—I include all of the foreign born, and that includes legal permanent residents, illegal aliens, guest workers and naturalized U.S. Citizens.

Ms. JACKSON LEE. Out of the discussion that we have been having here today, would you care to alter that potential analysis? Let me try to understand.

You don't take away from the very underpinnings of the founding of this country, which—besides unwilling slave labor that spent 400 years unpaid and building this Nation from its agricultural to its industrial to a certain extent—mostly it is agricultural, but certainly it is hard labor building buildings, et cetera. We just recently discovered that this Capitol, U.S. Capitol where we debate, was built on slave labor. But looking at the immigration of the late 1800's into the early 1900's, you are not suggesting that that was not a good phenomenon for America where these immigrants came in and helped build the population and ceded themselves into the

American fabric of society; is that what you are suggesting out of this study?

Mr. CAMAROTA. Well, my study is trying to look at what is the impact on employment patterns for natives from immigration. So the reason one does that is hopefully to provide some elucidation about—an insight into what a policy might be based on what has happened so far. So that is all this study does.

Ms. JACKSON LEE. You are taking a historical perspective of looking at the immigrants, the Irish, the Italians and others who came, late 1800's into the 1900's; do you take that as a backdrop? Because, in essence they came—not undocumented, but they were not citizens as they came. They eventually became citizens, but they went into the workforce. Was that a negative impact?

Mr. CAMAROTA. This study isn't focused on that. But my reading of the historical record is that that immigration, including when my family came to America, absolutely did adversely affect American workers at that time. Specifically what happens, if you look at the history, is that it is only with the cessation of the European immigration from World War I, 1914, and then also the restrictive legislations of the 1920's, that then you get the great migration of African-Americans out of the south and they begin to take industrial jobs, and that has enormous implications for the social mobility of that group.

So I would say that that immigration—including when my family came—came at the expense of unskilled workers in the United States, especially African-Americans, absolutely. That was an inevitable consequence of dramatically altering the supply of labor then, and I think we are seeing some very similar patterns today.

Ms. JACKSON LEE. Well, I might concede that there were jobs being created in the north, but I would say that that migration was complimented—or that may be too nice a word—was motivated by the increase of Jim Crowism and Klanism in the south to move people—out of survival, to leave the south to be able to survive.

But I do want to ask you to clear up one other point as well. You called—in the course of the English language sometimes—you cited work as being uncivilized, and I just wanted to make sure that you got a chance to—you said they would be able to go into civilized kinds of work. Are you trying to suggest that the agricultural industry creates uncivilized kinds of work? And would you comment on the fact that the agricultural industry's utilization of certain types of population also generates into the food costs that we experience here in the United States, which most Americans have become accustomed to?

Mr. CAMAROTA. What I meant to say, so that you will understand, is that jobs in agriculture often are constructed in such a way that the worker has to work very long hours in very difficult conditions. You know, the living conditions are poor; there is one toilet for 30 people. It is not supposed to be that way, but that happens, partly because you have added so many workers to the supply of labor that it makes it easier for employers to get away with that.

Now, in terms of price, this actually has been studied quite a bit, and the fact is that the price of labor in agriculture has very little to do with the price of produce——

Ms. JACKSON LEE. Thank you very much. Thank you for clearing that up.

Let me go to Mr. Holzer.

Mr. Holzer, does that equate, and particularly on the issue of the agricultural question of poor job conditions, which in this Committee we have tried to work on in a bipartisan manner—I offered legislation that deals with institutionalizing housing and health benefits. Certainly, that is a challenge, but how do you respond to Mr. Camarota, that in fact it is uncivilized or it is not good working conditions, so that is why we throw that population over there, and if you gave housing or health care, you would see throngs of Americans running over into the fields to provide assistance to the agriculture industry?

Mr. HOLZER. I think that is unlikely, that the supply of labor——

Ms. JACKSON LEE. You are not critiquing him by suggesting that we shouldn't make better work conditions in the farm area.

Mr. HOLZER. I completely support legislation to improve working conditions, simply out of issues of fairness for those who work in that area.

Part of the reason that wages have declined for less educated Americans has to do with the fact that we have weakened the institutions that traditionally protect those workers, everything from minimum wage laws to collective bargaining and other institutions as well, and I believe those institutions should be strengthened. Nevertheless, having said that, I don't think that the supply of domestically born labor to that industry would be very responsive. It would take very, very large wage increases over a long period of time to start changing those patterns; I simply don't see that happening any time in the short term. If you were to cut off the supply of immigrant labor to that industry, there would be impact on costs certainly in the short run and on the ability of those firms to compete; it would not be very positive. And I don't think it would be a very attainable solution.

So, yes, I think, out of fairness, those conditions should be raised, but that should be done separately from cutting off the supply of available labor; I don't think Americans will want to take them.

Ms. JACKSON LEE. Just for a moment, Mr. Chairman.

Do you know of any data where the agricultural industry has reached out to American workers? I mean, you are saying you don't think they would come. Do you think it is because we have not tried to recruit them, or do you have any kind of data or recent studies that you have looked at that says that they are just not moving in that direction, they just don't get the youngsters—whether they live in rural or suburbia America—to say, I think I want to go out to California and work in the farm industry?

Mr. HOLZER. I personally haven't seen any formal study of the supply of labor to that sector. It just runs counter to my sense of these broad trends in labor markets where workers, and especially young people, look for future opportunities, and they look toward the sectors that are more dynamic, most parts of the service sector, the higher end of manufacturing, construction, et cetera. And I think the image of agriculture in the eyes of the vast majority of Americans is of a sector that was important in the past, not in the

future. And I don't think very many young people today are looking there for their future employment opportunities.

Ms. JACKSON LEE. Thank you, Mr. Chairman.

Mr. HOSTETTLER. The Chairman now recognizes the gentleman from Iowa, Mr. King, for 5 minutes.

Mr. KING. Thank you, Mr. Chairman.

I have a pile full of notes here from the conversation that has been very interesting. And many of them I would like to comment on, but first, I would like to direct a quick question to Mr. Camarota, and that would be, have you taken a position on if there is such a thing as too much immigration, and if so, how much?

Mr. CAMAROTA. Obviously, there are a lot of things to consider. But from the context of this discussion, I think that we should look very hard at what its impact is on the poorest Americans. And right now, I think, what the available evidence suggests, common sense and economic data suggests that it is adversely impacting low-income Americans. And therefore, if for no other reason, we might argue questions of assimilation, do you want to be a nation of 600 million people? All of these questions matter. But it appears to me from the context of this that the impact on the poor is critical, and the available evidence suggests that, right now, it is too much.

Mr. KING. And so would you settle on a number? Because we are going to have to set some policy in this Congress, policy that produces actually a number, which predicts a number.

Mr. CAMAROTA. I kind of come down in terms of—enforcement in terms of illegal immigration and on legal immigration in terms of green cards, more or less where the Jordan Commission came down, eliminate the more extraneous categories. The late Barbara Jordan, who chaired the commission in the 1990's——

Mr. KING. About 450,000?

Mr. CAMAROTA. Yes, something like that.

Mr. KING. You have taken a position, and I think it is important that all of us who have discussed this issue take a position on whether there is such a thing as too much immigration, and if so, how much.

But as I listened to this conversation across here, a number of times, I have heard Members make the statement, and also witnesses continually before this Subcommittee, that there are jobs that Americans won't do, jobs that Americans won't take. And of course, there was disagreement on this subject matter.

But I would like to illustrate it this way, and that is, I may not be able to hire Bill Gates to mow my lawn every week; I would not have enough money to do that. And I don't have enough money to hire Bill Clinton to mow my lawn every week, but someone does. He would mow it every week if you put enough money out there on the table for him. He would cut your grass, and it would be good press for him, and you would have a nice-looking lawn. And so I think, within that context, you can understand that Americans will do this work; it is a matter of whether the wages and benefits are there. Because people all around this world are rational individuals, and they know—employers know and employees know—that labor is a commodity, like corn and beans and oil and gold, and it is in the marketplace. And the value of that is established by sup-

ply and demand. And one of those examples would be, I read a study some years ago about Milwaukee, where, as it was referenced, the immigration—I think you referenced it, Mr. Camarota—African-Americans moving up from the South to the North. And there was an area of Milwaukee that was 6 blocks by 6 blocks, 36 square blocks, without a single adult male that was employed. This was about 7 or 8 years ago that I read the study. But they had migrated up from the South to take the good brewery jobs in Milwaukee. And as the breweries got automated, then those jobs disappeared. Those families stayed there. Now, it was a rational decision because the benefits to stay there weren't as great as the benefits to migrate and learn a new skill; that is rational people living in a place.

But another thing is, labor is portable, and it was portable as demonstrated by that example, in the 1930's, when they moved forward. And where the jobs are and where the wages are and where the benefits are, the people will follow. They will make rational decisions.

I would submit this, is that we have a huge jobs magnet in the United States, and it is rational for employers to seek to hire illegals for all the reasons that we know, low wages, no benefits, no litigation risks, no unemployment claims. And if you can hire them cheaper, then why wouldn't you do that if there isn't going to be employer sanctions, which at one time, it did work in this country, and today there is no will on the part of the Administration to enforce them.

So I have looked at that from this perspective. And I am going to direct my question to Mr. Reindl because he is really the subject of this, the person I am trying to help; and that is, I would like to shut down the current on this electromagnet, the jobs magnet that we have, not dramatically, not at once, not export 12 million people overnight, but change the economic decision in a rational way so we can incrementally address this situation that we have.

So I have drafted a piece of legislation, and I have it here with me today, and it is called the Real IDEA Bill, the Illegal Deduction Elimination Act. And what it does is it removes the Federal deductibilty for wages and benefits that are paid to illegals. We have the Instant Check program, as was addressed by Mr. Flake a little earlier. That means that an employer would be—there is not an excuse any longer for an employer to, knowingly at least, hire an illegal, at least as far as their information in front of them is concerned. So we give them a safe harbor, if they use the Instant Check program, but then a 6-year statute of limitation, so the IRS can come in, do the audit, and if they paid say $10 million out to illegals, those that are on the books, then the IRS can levy penalty, interest and then the back tax liability that would come to, on that $10 million, roughly $5 million to $6 million dollars out of the $10 million.

Mr. Reindl, would you speak to whether that would help your business?

Mr. REINDL. I think it would, as long as there is enforcement. If you pass another piece of legislation through and the law-abiding businesses are going to be forced to do another extra burden on them, you are not going to stop the guys hiring illegal aliens be-

cause they don't want to do any paperwork. So I think there should be a piece of legislation that goes after these guys that are just breaking every law. If they are going to hire an illegal alien, they are not going to do any paperwork. So really, that is my point.

And you know, they are saying Americans don't want to do the jobs. I mean, pay me $50 an hour and I will go and pick apples all day long, I don't have a problem with that.

One of the reasons why I have been able to stay in business was because we are one of the most high-tech shops on Long Island. We have implemented machines. As Mr. Camarota was saying before, that is important. That is the only way I survived in the last 10, 15 years. That is really the key. Yet you have to increase technology. It is supply and demand. If there's a limited number of people, you have to pay them more. When I am real busy, when the shop is real busy, I will hire someone for a while. I will pay them anything they want just to get the work out. That is the way it is.

So I think that the main problem is the enforcement of the law, and there is just none.

Mr. KING. Thank you, Mr. Reindl.

I yield back.

Mr. HOSTETTLER. The Chair will now recognize the gentlelady from California, Ms. Waters, for 5 minutes.

Ms. WATERS. Thank you very much.

Gentlemen, there has been very little discussion about job training in America, which I think is extremely important to helping natives be prepared for jobs and to get jobs. I am particularly focused on two things. I would like to ask if any of you have ever heard about a project where inmates were doing reservations for an airline a few years ago, have any of you ever heard about that, where inmates were doing—I think it was airline reservations? Have any of you heard about any of the jobs that were being done by inmates with new technology?

Mr. CAMAROTA. Customer service jobs, yes, I have heard of that, sure.

Ms. WATERS. Do you know that the same inmates who perform some of these jobs while they are incarcerated cannot get those jobs when they get out of prison? Are you aware of that?

Mr. HARRINGTON. Excuse me, ma'am. If you would like, I recently spent some time out at the Youth Opportunity Movement program out in Los Angeles, and one of the major problems they have for particularly young men coming out of the camps, who go through some training programs, is access to employment after completing the training is very limited because they have felony records, and employers are very unlikely to hire them in many industries, including construction and manufacturing.

Ms. WATERS. Well, that is part of it. And I suppose what I am trying to bring to everybody's attention is—and I wish I had an exact description of the reservations project that was being handled by inmates—to point out that if they can do the job while they are incarcerated, they can certainly do it when they get out. And I think we have to find a way by which to open up job opportunities for people who serve their time. I think there are ways to do that. And I think that when we look at whether or not Americans are available for certain jobs, this is one area that must be looked at.

The other is job training. Nursing, I think it is absolutely unconscionable that we think that the only way that we can get nurses is to import them from other places. First of all, we have not given enough support to the training and development of RNs or LPNs in this society. We have RN programs in community colleges with little support for people who are trying to be trained. Many of these jobs could be accessed by single-parent families, but they need child care support. They need transportation support. There are some programs, such as one in San Antonio, that is giving a lot of support to train RNs, and they have been successful at it.

I am very much interested in job training for Americans, for natives, for all these young people that you are talking about. I don't mind competition, and I don't mind the young people competing with legal immigrants, but I do mind those industries, such as Wal-Mart and some of the others, who hire undocumented—to hire them where they are denying opportunities for natives to have those jobs. And I think we have to just own up to this stuff. I mean, basically, without even any empirical data, we basically understand and know what is going on, and I think there are honorable ways by which to address all of these problems. And so I would like to see some information about job training for natives factored into this discussion.

Have you given any thought to this, Mr.—I can't see your name from here.

Mr. HOLZER. Yes, I have. And I would agree with you that it is not an either/or proposition——

Ms. WATERS. That is right.

Mr. HOLZER. And in fact, certainly during the late 1990's when I was at the Labor Department, we were using the moneys generated by H-1(b) visas. We were taking that money directly and using it to finance education and training opportunities for Native born workers in many of the same areas in which shortages occur which to me seemed a much more sensible way to address this issue than to simply cut off immigration and pretend—we are talking about leveling the playing field and allowing American workers both the skills and the incentives to compete with those foreign workers. And I think we can do vastly more of that.

There are many job training programs that are cost-effective, that have positive impacts, the Job Corps, the Career Academies. We know the Pell grants are a successful way of opening the doors to higher education to many of the same fields you mentioned, like nursing, LPNs, RNs, et cetera. Funding for Pell grants has not kept up anywhere near the potential demand for those among people who could use them. So I support your notion, and certainly, we should be investing a lot more than we are investing——

Ms. WATERS. What do you think about tax credits for some of the industries that are job intensive, tax credits that really work for them? Because I really do believe that, to the degree that you are able to train, particularly unskilled workers, in the workplace, in the situation where they would be working, that you are able to get more people who are trained for real jobs. What would you think about tax credits for job training in order to get more people into the work force who are competing or would like to compete for jobs that are being given to undocumenteds?

Mr. HOLZER. I support tax credits for training of entry-level workers. We want to be careful not to create enormous and expensive windfalls. We don't want to be subsidizing the training that is already occurring, but we can certainly identify entry-level workers who get very little of the total training that is right now done in the private sector, and I think there are many creative ways in which we could give tax credits as we do for R&D spending. We could have tax credits to subsidize new training in those sectors that would likely be of limited expense and cost-effective as well.

Mr. HOSTETTLER. The gentlelady's time has expired.

Ms. WATERS. Thank you very much.

Ms. JACKSON LEE. I would ask that the gentlelady have an additional 30 seconds because I would ask her to yield to me for just a few minutes, and then I am going to yield back.

Ms. WATERS. Yes, unanimous consent for 30 seconds, and I yield to the gentlelady from Texas.

Mr. HOSTETTLER. No objection.

Ms. JACKSON LEE. I thank the Chairman. I thank the gentlelady from California. I wanted to just build on her comment.

I think you need to write immigration legislation, which we have just written, that utilizes dollars for job training and make it work, and speak to the gentlelady's point about creating opportunities for jobs, whether it is Wal-Mart or elsewhere, which we failed to do. I know the Chairman says this is an Immigration Committee, and it is, but part of the issue is, what do we do about Americans not having jobs, and how do immigrants affect the economy?

Mr. Chairman, I think this has been an excellent hearing because we have heard perspectives on both sides of the aisle that happen to agree with each other, that immigration may not be the sole issue of why we have a receding economy and not a growing economy. It may be trade. It may be minimum wage. It may be work conditions, but particularly, we need to find ways to provide access to legalization, Mr. Chairman, and as well, we need to find ways to employ Americans, to help Mr. Reindl, to enforce employer sanctions, but to not stigmatize the new force of the workforce of the 21st century. It can work, I think, harmoniously with working Americans, including those in the minority population and the youth population.

Ms. WATERS. Will the gentlelady yield back so that I can get the question in to the gentleman from California?

Ms. JACKSON LEE. I will yield to the gentlelady. I thank the Chairman.

Mr. HOSTETTLER. Yes, the time has expired.

The Chair now recognizes the gentleman from California for 5 minutes for questions.

Mr. LUNGREN. Thank you very much, Mr. Chairman.

Mr. Reindl, your statement is an eloquent statement of frustration. Are you aware of specific direct competitors you have that knowingly hire illegal aliens and thereby have a competitive advantage over you?

Mr. REINDL. Well, I would say—when I put a help wanted ad in the paper, I would say 90 percent of the people applying are immigrants. Half of them turn out to be illegal aliens. In my interview process, though, I ask, well, what other factories have you worked

in, and a lot of them have worked in factories around my location. And they admit to being illegal aliens. So they are working in other factories.

Mr. LUNGREN. You obviously have conversations with some of your competitors, don't you? I mean, not collusive conversations, but conversations about what is going on?

Mr. REINDL. Once in a while, if I run into them, not too often.

Mr. LUNGREN. Do you ever talk about difficulty in hiring employees?

Mr. REINDL. It is a problem.

Mr. LUNGREN. No, no. Do you ever talk to them about it?

Mr. REINDL. Yes.

Mr. LUNGREN. What do they say? Why do they hire who they hire?

Mr. REINDL. Well, no one has admitted to hiring—they always say it is hard to find people to work.

Mr. LUNGREN. Right.

Mr. REINDL. And I believe that the problem is our product price has been depressed so much that we can't pay the salaries, and that is the problem.

Mr. LUNGREN. You are talking about the employment base that you see now when you interview people. A large number—90 percent—you say appear to be foreign born. A huge percentage of that is illegal. Is that different than what you saw 5 years ago, 10 years ago?

Mr. REINDL. Yes, 10, 15 years ago, I would say 50 percent were immigrants, and the rest were Native born Americans.

Mr. LUNGREN. So it is an accelerated situation, as you see it?

Mr. REINDL. Yes, and by the way, my wage increase has not increased that much in those 10 to 15 years.

Mr. LUNGREN. Dr. Camarota, you have talked about the impact of immigration and illegal immigration here. Would you support an effort to enforce the law that would include expelling people from this country who are here illegally in large numbers?

Mr. CAMAROTA. As I indicated, the way I think we should think about this is attrition through enforcement. If we began making sure that it was much more difficult for illegal aliens to get jobs, get drivers licenses, open bank accounts, access public benefits, if it is more difficult to cross the border, if it is more difficult for people to overstay a temporary visa, I think what we would naturally see is a significant increase in outmigration of illegal aliens. As I indicated, about a half a million people leave the illegal alien population each year, 400,000 to 500,000. They either go home on their own, get deported or get green cards. We could significantly increase that number with enforcement, and if we reduce the number coming in, then the problem takes care of itself over time. But we would obviously need to deport more people than we are doing now.

Mr. LUNGREN. What numbers are you talking about? What numbers would you be talking about, that you could foresee that we would be deporting?

Mr. CAMAROTA. I think the key thing would be that, when we come across someone who is illegal in the normal course of law enforcement and other activities, then when that person comes to the attention of authorities, then that person is made to leave, and that

would convey the sense that the immigration law—I would imagine that—I would certainly, maybe double or 50 percent more than we are deporting now, but our main focus would be on denying all the benefits and accessing all the things that illegals can easily do now.

Mr. LUNGREN. Would it make any difference whether someone has been here 1 year, 2 years, 5 years, 10 years?

Mr. CAMAROTA. In terms of—you can look at that two ways. The person who just got here hasn't been breaking the law that long, whereas the person who has been here 10 years is quite the accomplished law breaker; he has been here longer, so you might want to think about whether you want to reward him.

I guess my position on this is simply, you want to begin by enforcing the law. If, at some point after you get a handle on the situation, you want to legalize the illegal aliens, I can think about that, some percentage who are still here, but it seems to me you have got to start with the unequivocal enforcement of the law.

Mr. LUNGREN. Dr. Harrington, what would you say about an effort by the Federal Government to actually enforce the law, not only with employer sanctions, but also expelling large numbers of people who are here illegally?

Mr. HARRINGTON. I think employer sanctions are a very important component of law enforcement, not unlike what Congresswoman Waters suggested, that we are allowing a deterioration in American labor market institutions, I think it is quite undesirable. And by enforcing a variety of Federal, State and local employer/employee relationship laws, including the Social Security Act, Fair Labor Standards Act, occupational safety and health laws, I think that would diminish some of the incentives for some of the foreign immigration undocumented workers entering the United States and working under the circumstances which they have, I think that alone could go a long way toward adjusting——

Mr. LUNGREN. What do we do with those that are here?

Mr. HARRINGTON. Well, sir, I think, number one, the first thing you do is enforce the laws on the books. That is, if someone is working illegally in a manufacturing plant, that the law be enforced against that employer.

Mr. LUNGREN. But what do you do with respect to the employees? See, it is very easy for us to talk about what we are going to do generally, but when you get down to saying we are going to expel these individual people who have been here, who live down the street from you, go to church with you, you may see, I think, that you might get a little different reaction.

Mr. HARRINGTON. There is absolutely a fairness issue.

Mr. LUNGREN. I am frustrated because I hear a lot of people talking about what they want to do, but I want to know what we are going to do. So my question to you is, would you support—would you foresee us expelling large numbers of illegal aliens who have been working in this country and been here for some period of time? That is the only question.

Mr. HARRINGTON. I guess part of my answer to that is that, as we enforce the wage and hour laws in the country, that the ability of the individuals—because, remember, a lot of the illegal immigration we have is labor-market development—so as a consequence, what that means is that your ability to go ahead and engage in

that kind of work activity just diminishes as we straighten out the bottom of the labor market.

The second part of this is that I would expect people to leave the country voluntarily and, in some, deportation. The magnitude of that I don't know, and I am not expert enough to say.

Mr. LUNGREN. Mr. Holzer?

Mr. HOLZER. I also believe in strongly enforcing existing wage and hour laws, but I would be reluctant to directly answer your question. I would be reluctant to deport large numbers of immigrants who have been—they have families in many cases, children who have gone to school. And the disruption that would be caused by deporting large numbers I would have some trouble with. And in many industries where those workers have worked for many years, have generated some good work experience and some good work qualifications and performance, I would be reluctant to punish them as well by deporting them in large numbers.

Mr. LUNGREN. See, I appreciate your answers because I am trying to focus us and force us to actually look at what we would be able to do—what we as a generous country would be willing to do. Because if I am here 20 years from now having the same conversation and we have an accelerated problem, I am not going to be very happy about it. And I just hear a lot of talk about the problem and a lot of talk in general terms about what we should do. We have got to come down to the nitty-gritty of what we can do, will do and what the American people will support, as well as what we think is fair within our concept of being humane. And I don't mean to get away from the fact that people broke the law, but I am talking about what we can actually do as a country, as opposed to what we can talk about but never come together in a consensus to in creating legislation and enforceable programs.

I thought we created something with employer sanctions in 1987, I really did. And it has been my lament ever since that we never enforced it. The question now is, how do we pick up from where we are now and have a rational program that does what America needs to do—that is what we ought to look to first—but treats people as fairly as we can in the process. Thank you.

Mr. HOSTETTLER. I thank the gentleman.

Without objection, the gentlelady from California has one question to ask, and then we will conclude with that.

Ms. WATERS. Thank you very much, Mr. Chairman.

I think that there have been some good suggestions about what to do about employers and what to do about securing the border, but I have real problems with gross deportation because I do not think you can split up families. And I think that my colleague on the opposite side of the aisle has been trying to get to that. What do you do with a father who is illegal, a wife who is legal and two children who are legal? You get that father; he is apprehended. Are you going to deport him and leave the mother and children without the wage earner? Those are real problems. And I have problems with that.

I am supportive of all the other stuff that we have talked about that I think makes good sense in terms of how you begin to stem the tide, but what do you do with this deportation? I am for deportation of criminals, that I am for, you commit a crime, you get

kicked out of here, but I am not for wage factories where wage earners who are illegal are deported and split from their families. How do you handle that?

Mr. CAMAROTA. Would you like me to—well, there are actually a lot of illegal aliens with U.S.-born children. And if we began to enforce the law, obviously, a lot of those people would go home. Now the children would continue to enjoy U.S. Citizenship under current law, so if those children choose, they can come back to the United States; that would be their choice as American citizens when they reach adulthood. But the fact that there are children doesn't mean that you can't enforce the law. We incarcerate parents all the time in the United States, and that is a hardship on those children——

Ms. WATERS. What about the legal wife?

Mr. CAMAROTA. Well, in general, because U.S. Citizens can always sponsor their spouse, not subject to any per-country limit, there are relatively few illegal aliens married to—well, there are virtually no illegal aliens married to citizens, but there are some illegal aliens married to LPRs who haven't yet become citizens. Now that is a more difficult circumstance. But most of the demographic analysis shows that the bigger problem—and the thing I think you are most concerned about—is that you have U.S. Citizen children; that is a very common circumstance. The circumstance where you have an illegal alien married to an LPR is a small fraction of illegal aliens——

Ms. WATERS. What do you do about the children who are now in high school, two kids, ready to graduate?

Mr. CAMAROTA. And the children are U.S. Citizens, or they are illegal aliens?

Ms. WATERS. They are U.S. Citizens.

Mr. CAMAROTA. Well, that would mean that the illegal alien had been here for roughly 18 years, and the demographic analysis shows, again, that there are—because if the illegal alien parent came and then had a child subsequent to that, and then that child reached all the way to 18 years of age, then the person—we have relatively few people like that. But what we do have a lot of is people who came as children as illegal aliens themselves and have really been here for, say, 8, 9 years and have socialized in the United States; that now that is a much more common circumstance.

Most analyses suggest that maybe 15 percent of the illegal alien population, or 10 percent or less, have been here for more than 20 years. Actually, most people think it is more like 7 to 8 percent have been here for that long. So there are very few people who have children who have gone all the way to adulthood, but there are millions with children, and they do represent a challenge in terms of enforcement, but I would submit, living in a foreign country is not necessarily a hardship, and those children——

Ms. WATERS. So you would deport them, you would deport that family?

Mr. CAMAROTA. Well, as I said, if you begin to enforce the law, lots of people would go home on their own, so it wouldn't necessarily involve any formal deportation. Let me give you a substantive example. In the case of Pakistan, we think that the num-

ber of illegal aliens from Pakistan after September 11 fell by half, and there was practically no significant increase in enforcement. What there was, was an unambiguous conveyance to illegal aliens from that country that the immigration law was back in business. Now, unfortunately, that was selected enforcement——

Ms. WATERS. Bad example. Bad example. Bad example.

Mr. CAMAROTA. And I have real problems with selective enforcement, but if they were across the board, we would see a similar kind of situation.

Ms. WATERS. I am sorry, that does not satisfy me, but thank you very much.

Mr. HOSTETTLER. Thank you.

I want to thank the panel of witnesses for your testimony today, for your appearance here; you have been very helpful in this process. All Members will have five legislative days to add to the record if they have questions of the witnesses. We ask that the witnesses answer within three weeks.

The Subcommittee business being completed, we are adjourned.

[Whereupon, at 12:39 p.m., the Subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS, AND RANKING MEMBER, SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY, AND CLAIMS

We will be hearing testimony today about two articles on the effect that immigrants have had on American workers. One of them was written by Steven A. Camarota. It is entitled, "A Jobless Recovery? Immigrant Gains and Native Losses." Among other things, this article observes that between March of 2000 and March of 2004, the number of adult immigrants holding a job increased by more than two million, but the number of adult natives holding a job was nearly half a million fewer. The article concludes that immigration may have adversely affected the job prospects of native-born Americans. The other article reaches very similar conclusions. It was written by the Center for Labor Market Studies. It is entitled, "New Foreign Immigrants and the Labor Market in the U.S.: The Unprecedented Effects of New Immigration on the Growth of the Nation's Labor Force and its Employed Population, 2000 to 2004."

It is important to understand that these articles are using a broad definition of the term "immigrant." They include undocumented aliens, aliens who are lawfully employed on a temporary basis, aliens who are lawful permanent residents, and naturalized citizens. In fact, the article written by the Center for Labor Market Studies goes even further. In that article, the definition of an "immigrant" is an individual who was born outside of the 50 states and the District of Columbia. Persons born in the U.S. Virgin Islands, Puerto Rico, and Guam are counted as being part of the immigrant population.

Our witness today, Professor Harry J. Holzer, will explain why we should question the conclusions in these articles. Dr. Holzer thinks that immigration has modest negative effects on less-educated workers in the U.S., but it also has positive effects on the economy. He expects the positive effects to grow much stronger after Baby Boomers retire. Also, according to Dr. Holzer, the employment outcomes of native-born Americans mostly reflect the underlying weakness of the U.S. labor market, rather than large displacements by new immigrants.

I agree with Dr. Holzer that immigrants have a positive effect on the American economy. They create new jobs by establishing new businesses, spending their incomes on American goods and services, paying taxes, and raising the productivity of United States businesses.

The American economy does not have a fixed number of jobs. Economists describe the notion that the number of jobs is fixed as the "lump of labor" fallacy. Job opportunities expand with a rising population. Since immigrants are both workers and consumers, their spending on food, clothing, housing, and other items creates new job opportunities.

Immigrants tend to fill jobs that Americans cannot or will not take in sufficient numbers to meet demand, mostly at the high and low ends of the skill spectrum. Occupations with the largest growth in absolute numbers tend to be the ones that only require short-term, on- the-job training. This includes such occupations as waiters and waitresses; retail salespersons; cashiers; nursing aides, orderlies and attendants; janitors; home health aides; manual laborers; landscaping workers; and manual packers.

The supply of American workers suitable for such work is falling on account of an aging workforce and rising education levels. The median age of American workers continues to increase as the Baby Boomers near retirement age.

Some people are concerned that undocumented workers lower wages for American workers. This is a legitimate, though probably exaggerated concern, but it is not the mere presence of undocumented workers that has led to low wages. The problem

is the lack of bargaining power that these workers have against their employers. No worker chooses to be paid low wages or to work under poor conditions. The wage depression is attributable to the ability of employers to exploit this foreign workforce. Underpaying foreign workers is only one of the methods used by employers to cut labor costs. Temporary and part-time workers are employed without worker benefits and the labor laws are violated routinely. The solution to this and many other immigration-related problems in our country is comprehensive immigration reform. Thank you.