

Testimony of
Roy Beck
Author and Executive Director of
NumbersUSA Education & Research Foundation

On
*U.S. Economy, U.S. Workers,
And Immigration Reform*

Before
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Citizenship, Refugees, Border Security, and
International Law
JUDICIARY COMMITTEE
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Madame Chairwoman, Ranking Member King, Members of the Subcommittee, thank you for the opportunity to appear before you today to talk about immigration policy and its effect on American workers, one of the two subjects that has dominated my attention as an author and journalist for the past two decades.

The topic of this hearing was addressed through years of exploration by the bi-partisan U.S. Commission on Immigration Reform, chaired by the late Barbara Jordan, and including other luminaries such as Michael Teitelbaum and the late Richard Estrada. As it happened, I was commissioned by W.W. Norton & Co. during precisely that mid-1990s period to research and write a book on this same topic. The Jordan Commission began issuing its reports just as I had sent my final manuscripts to New York. I was surprised and pleased to see the Commission making many of the major recommendations that I had included in my own book's conclusions, and for largely the same reasons, including the Commission's principle that immigration policy needed to:

"... help mitigate potential negative impacts, particularly on disadvantaged U.S. workers."

For the last decade, I have had the privilege of educating about those recommendations that came from the final act of public service of Barbara Jordan's long and illustrious career. Since 1997, I have been the executive director

of NumbersUSA. It is a non-profit, non-partisan organization founded to educate about and carry out both the immigration recommendations of President Clinton's Council on Sustainable Development and the Jordan Commission recommendations that were designed to serve this country's national interests, and especially the interests of American workers and the households they support.

Let's apply that standard to the question of what to do with illegal aliens who already are in our country. Is the approach that works best for the American worker also good for the economy? Or are the two goals in conflict?

WOULD WE COLLAPSE IF ILLEGAL WORKERS SELF-DEPORTED?

What if the officially estimated 7 million illegal foreign workers¹ were caused to self-deport over the next decade primarily through the enactment and implementation of laws that denied them U.S. jobs?

This is not an idle scenario. Most of the major corporate lobbies believe an aggressive enforcement of immigration laws, added to mandatory workplace verification of new hires, would lead to a substantial loss of workforce among businesses that have illegally hired a lot of foreign workers.

That is why they insist on a legalization of the current illegal workforce – and adoption of a large new guest worker program – before they would consent to full enforcement of immigration laws.

In the assessment of the corporate lobbies, an Attrition Through Enforcement policy depriving businesses of their illegal workers would threaten to collapse the economy, harming all workers and the national interest.

But in the school of thought represented by the bi-partisan U.S. Commission on Immigration Reform, the removal of millions of illegal foreign workers would open up jobs and raise the wages for American workers while strengthening the economy and serving the national interest.

A GIANT POOL OF NON-EMPLOYED AMERICANS

Would our economy suffer under an Attrition Through Enforcement & Self-Deportation scenario? Would American workers gain? Is it economically necessary to legalize the illegal workers to keep their employers in business?

Let's look at some big numbers.

About 142 million people in America (including 7 million illegal aliens) hold paying jobs. They are the producers, and they support 160 million people in America who do not hold a paying job (including 5 million illegal aliens).²

That's 142 million supporting 160 million others.

But among the 160 million "non-producing" dependents are 70 million "non-institutionalized" people who have no job but who are of the same age as the Americans who are holding full-time and part-time jobs.

Nearly 70 million people in the broad working age of 16-74 are either looking for a job and are considered unemployed, or have dropped out of the labor force altogether.³

That would be 70 million Americans without a job from which to find only 7 million to replace the illegal foreign workers – that is 10 available legal U.S. residents without a job for every one illegal foreign worker with a job.

The ratio is still overwhelmingly in favor of finding American worker replacements even if you limit the pool to:

- Native-born Americans
- Aged 18-64

Some 42 million Americans without a job meet those criteria.

And of those, 23 million are “less-educated” Americans with no education beyond high school and, thus, the people who would be more likely to compete for most of those jobs. That would be three less-educated Americans without a job for every illegal alien with a job.

Sadly, this category of less-educated Americans has seen labor participation rates fall still lower in recent years, as foreign labor participation has risen.⁴ Opening up construction, food production, hospitality and other service jobs would provide immediate opportunities to reverse the native workforce dropout damage of recent years.

ILLEGAL ALIENS DO JOBS AMERICANS WON'T WAIT TO DO

Skeptics always raise the question about whether Americans would do the jobs that illegal aliens are doing. My response long has been that without the availability of foreign labor, employers eliminate jobs that aren't very productive and improve the conditions on the others until Americans take them.

But many recent cases of workplace raids in meatpacking plants and factories in all regions of the country during the last few months have suggested that there are a lot of Americans who will take so-called foreigner work as is. In nearly every case, federal enforcement arrested or drove out large numbers of illegal foreign workers who were entirely replaced by American workers within a few weeks. In some cases, the employers offered somewhat better wages, benefits and working conditions to attract jobless Americans back into the labor market. But in other cases, Americans were willing to take the jobs under the exact circumstances the illegal worker held them.

We may understand why when we look at the labor statistics a little closer. There may be 23 million less-educated Americans without a job as the *potential* pool for replacing the illegal aliens and many of whom will need some serious recruiting to get back into the job market. But there are around 7 million unemployed Americans who *are* looking for a job right now.

SOCIETY AS A WHOLE AND ALL WORKERS TEND TO BENEFIT

Why would we not seek to meet our labor needs out of this pool of non-employed Americans?

From the standpoint of the non-employed Americans, why should they be denied the opportunity to be recruited to jobs that will provide them the satisfaction and dignity of being productive members of our society? The Americans who would benefit tend to be among the most vulnerable members of our national community, with the fewest resources.

From the standpoint of taxpayers, why should working-age Americans dependent on taxpayer support not be encouraged to step up to the plate to take available jobs?

The 142 million productive working people of this country already are supporting the physical and social infrastructure for those 70 million non-employed working-age Americans. As any of those 70 million enter the labor force, there would be no need for more infrastructure to handle the housing, education, transportation, recreation, health care, etc. of they and their families (because they already are here). Furthermore, as they enter the workforce they would begin paying more taxes to take some of the tax burden off the 142 million.

If all 12 million of the officially estimated illegal aliens were to leave the United States, and if 7 million Americans replaced the 7 million illegal workers in their jobs, the ratio of “producers” to “non-producers” would change from a 142 to 160 ratio to a 142 to 148 ratio, with significant implications for tax/expense ratios of local and state governments.

According to recent Heritage Foundation research, most households headed by illegal aliens are net tax drains of around \$18,000 a year. When they leave the country, governments not only save the \$18,000 per household, but they save on the formerly non-employed legal resident who has taken the illegal worker’s job and is now paying more taxes. A less-educated legal resident worker will be a net tax drain, too, but since he/she already was a tax drain as a non-employed person, he/she should be less of a drain with a job.

‘ATTRITION’ -- NOT ‘MASS DEPORTATION’ -- PROVIDES TRANSITION

I am not aware of any study or even claim that the Attrition Through Enforcement & Self-Deportation option could result in mass departures of millions a year. And no political leader is proposing mass deportations.

Thus, the process of recruiting and training Americans to replace 7 million illegal foreign workers as discussed above would take place over several years.

The bad news for many of America's most vulnerable citizens is that it will be years before many of those jobs will be opened up by illegal aliens leaving the country. But the slow, steady process of emptying out the illegal population will provide employers plenty of time to adjust to a new era of the rule of law and establishing new channels of recruiting.

'ATTRITION' SETS NEED FOR DOMESTIC RECRUITING PATTERNS

Many public and business leaders in local areas seem to sincerely believe that their region not only needs the illegal workers but must import new platoons of legal foreign workers each year.

I recently spoke to a group of government and business leaders from western Colorado. One man said that many tourism and minerals businesses there depend on illegal labor now, have depended on it for a long time and would collapse if new flows of foreign labor were cut off. Through a combination of legal and illegal channels, according to this man, many businesses had become addicted to foreign labor.

The Jordan Commission spoke to this problem:

"The availability of foreign workers may create a dependency on them. It has been well-documented that reliance on foreign workers in low-wage, low-skill occupations, such as farm work, creates disincentives for employers to improve pay and working conditions for American workers. When employers

fail to recruit domestically or to pay wages that meet industry-wide standards, the resulting dependence—even on professionals—may adversely affect both U.S. workers in that occupation and U.S. companies that adhere to appropriate labor standards.⁵

Here again are conclusions that foreign-worker patterns that are harmful to vulnerable Americans are also harmful to the economy as a whole. But just like individuals who are addicted to harmful drugs, businesses and local economies can wean themselves and change to healthier patterns of behavior.

Does anybody really believe that the Colorado ski industry and mineral industry would shut down if the federal government shut off its supply of foreign workers?

Instead of shutting down, one can be sure that these industries would aggressively create new channels of recruitment, perhaps into the relatively nearby population centers of Kansas City, Dallas, St. Louis and Chicago. Yes, at first, they might find it difficult to persuade non-employed people in those cities to pick up roots and move with their families to Colorado. But once the first individuals and families settle and like their conditions, they will send back word to old neighbors, friends and family – just like the foreign workers have been doing the last 30 years. Soon, domestic networking patterns will create flows of labor just like the international ones do today that result in entire

villages in foreign countries emptying out to settle in one small area of the United States.

There are currently around 750,000 non-employed native adults (age 18-64) in Wisconsin, 900,000 in Missouri, 1.7 million in Illinois and 3.1 million in Texas.⁶ While Attrition Through Enforcement is gradually weeding out illegal workers from the Colorado labor force, employers have huge pools of potential workers to be persuaded to try living in the beautiful Rocky Mountain state. And if those states don't prove responsive enough, there are always the 4 million non-employed native adults in California.

Because international recruiting services and networks are so readily available and because the federal government provides and allows such large flows of foreign workers, many Colorado businesses are far more likely today to seek workers from Central America than from the Central Time Zone of the U.S.

The Jordan Commission thought the federal government should encourage employers to re-discover domestic recruiting, calling on it to provide:

*"... incentives or penalties to help ensure that employers in the U.S. engage in serious recruitment of American workers (for example, national rather than local recruitment where appropriate) and contribute significantly to the training of the domestic U.S. workforce."*⁷

The same phenomenon can be seen so readily in the Chesapeake Bay region and especially along the Atlantic seashore where the tourism industry clamors for access to more and more foreign workers even though around 2 million American natives in Maryland, Virginia and Washington DC do not have a job. Included in that are more than a million in the area who are less-educated. To again go alliterative, some of the businesses demanding more work visas each year are far more focused on recruiting from Poland than from the Potomac where tens of thousands of older teens and young adults waste away years in non-employment with little experience in entry-level and stepping-stone jobs that could form a pattern for later middle-class financial success.

The gradual loss of illegal labor and a gradual reduction in new legal foreign labor would begin to create the virtuous economic circles of the World War One and World War Two eras in which industries had to recruit heavily from among poor, underemployed White and Blacks in the South and in the hill countries of our nation. When the wars shut off immigration, corporate America finally valued the least valued members of our national community and created great migrations of American natives across regions, leading toward the Great Economic Compression that turned the country into a dominantly middle class society.⁸

DEAD-END JOBS BECOME PRIZED JOBS WITH LOWER IMMIGRATION

The Great Economic Compression between 1929 and the early 1950s provides us a model for how reducing overall immigration numbers not only can stop the damage of immigration policy but greatly improve the lives of people in lower-skill jobs without them even having to change jobs.

It was a time when the lower classes gained considerably on the middle classes and the middle classes gained on the upper classes. This emerging egalitarianism happened despite the coincidence with a Great Depression and a World War. Economic historians have attributed as much as one-third of this advancement of the working classes to the fact that immigration levels were low (well below 200,000 a year) and fertility had been low, producing an ever-tighter labor market.⁹

I stood face-to-face with this history during my research in Iowa meatpacking towns. I talked to old meatcutters who had begun their careers in the 1920s in disgusting, dangerous conditions at very low pay. For four decades, industry had used the easy supply of foreign labor to bust unions and keep meatcutting as one of the worst jobs in America.

But after Congress put strict numerical caps on immigration in 1924, the immigrants in the packing houses found that their labor was more and more

valued in the tighter labor markets. Their unions grew stronger, pay rose and meatpacking became one of the safer jobs in America.

I talked to numerous men who in the 1970s made enough money to support large families on one income and took nice vacations every year.

But all of them had lost their jobs in the early to mid-1980s after Congress allowed the flow of foreign labor to rise from a quarter million a year in the 1960s to a half million a year in the 1980s (and then a million a year after 1990). One meatpacking company used the excess labor to bust the unions and slash wages and working conditions. Every other company then had to do the same or be run out of business (and several were). Now, meatcutting is back to being one of the worst jobs in America, populated mainly by immigrants and illegal aliens who will put up with the conditions just as long as it takes to find another job.

I have no doubt that if Congress would enact the Jordan Commission recommendations, we would again see a beleaguered immigrant workforce in the meatpacking industry see their jobs turn into some of the best lower-skilled jobs in the country.

But until then, we seem destined to continue a sad chain of occupations collapsing across the country. American drywallers are among the workers most under attack right now. But you can see it with all kinds of trades and services as

the federal government's recklessness about immigration numbers ruins formerly middle-class occupations.

JORDAN COMMISSION RECOMMENDED LESS FOREIGN LABOR

The Jordon Commission in the 1990s could find no rational justification to meet emerging labor needs by importing large quantities of new foreign workers.

Regrettably, Congress dealt with only some of the illegal immigration issues in 1996 and decided to set aside all of the Jordan Commission recommendations on legal immigration for consideration in a future year. That year has yet to arrive.

I hope this hearing is a sign that the time has finally come when Congress and the President will effect policies that place the same kind of priority as did the bi-partisan Commission on ensuring that immigration never be allowed to reduce the wages, working conditions or opportunities of American workers.

Based on that principle and research of the economy and labor markets in the 1990s, the Jordan Commission concluded that:

- Annual legal immigration numbers should be dramatically reduced;
- Illegal immigration should be substantially curbed by eliminating the jobs magnet;

- Illegal foreign workers already in the U.S. should be removed from our labor markets and caused to return to their home countries;
- Large-scale foreign guest worker programs should be avoided;
- Legal immigration should be limited to spouses, minor children, refugees and workers of very high skills not possessed by American workers.

It seems to me that the major question before this subcommittee is why it should not go ahead and approve the rest of the Commission's recommendations and also exercise its oversight and purse functions to force this Administration to implement the immigration laws already passed by Congress.

Congress needs to consider if the conditions of the American worker and the economy have changed substantially since 1996 to suggest that a different direction from the Jordan Commission is in order.

With the abysmal statistics on widening gaps in income distribution and the plight of both our native and our foreign-born workers at the lower rungs of the labor market, it appears that the recommendations of the Jordan Commission are even more in order today than when they were made a decade ago.

¹ "Size and Characteristics of the Unauthorized Migrant Population in the U.S.," Jeffrey S. Passel, Pew Hispanic Center.

² March 2006 Current Population Survey

³ “2006 annual Average Data, Employment status of the civilian noninstitutional population by age, sex and race,” Bureau of Labor Statistics

⁴ “Dropping Out: Immigrant Entry and Native Exit From the Labor market, 2000-2005,” Steven A. Camarota, Center for Immigration Studies Backgrounder, March 2006

⁵ 1997 Report To Congress, “Becoming An American: Immigration and Immigrant Policy,” p. 79

⁶ March 2006 Current Population Survey

⁷ 1997 Report To Congress, Becoming an American: Immigration and Immigrant Policy, U.S. Commission on Immigration Reform

⁸ The Case Against Immigration, Roy Beck (W.W. Norton)

⁹ American Inequality: A Macroeconomic History, Jeffrey Williamson and Peter H. Lindert (Academic Press)