Is the Door Open Too Wide?

Congress is avoiding the real immigration issue

by Scot Lehigh

The immigration bill working its way through Congress is a prime example of doing the popular at the expense of the necessary. In focusing exclusively on stopping illegal immigration, lawmakers have avoided an issue at once more divisive and more fundamental: can the United States afford to admit 800,000 to 1 million new legal immigrants every year?

That question is directly linked to, but rarely discussed in conjunction with, the transcendent economic issues of the last few years: eroding wages, a growing gap between the rich and the poor, and the plight of the American worker in an era of economic anxiety. Instead, political pyrotechnics have overshadowed any rational discussion of immigration and its economic effects.

On the right, conservative Republican firebrand Pat Buchanan clouds the cause of overhauling immigration policy with nativist sentiments and open mocking of immigrants. On the left, the politically correct platoon greets proposals for reducing immigration with charges of xenophobia and immigrant bashing, as Wyoming's Republican U.S. Sen. Alan Simpson discovered when he spoke on the subject at Harvard in March. In the middle, sensible voices have gotten lost.

A year ago, a bipartisan commission chaired by the late Texas congresswoman Barbara Jordan concluded that the nation's current high level of immigration contributed to the declining earnings of less skilled American workers. In a nutshell, high immigration has hurt American workers by increasing the supply of unskilled labor, thereby depressing the wages American workers are paid — or displacing them altogether. The Jordan Commission proposed changes designed to phase down legal immigration from the current level — a yearly average of 773,000 from 1981 to 1990, some 1.1 million from 1991 to 1994 — to about 550,000 a year over five to eight years.

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At the time, President Clinton offered lavish praise of those recommendations. Then, in January, Jordan died, and with her passing, the commission's recommendations lost momentum in the face of heavy opposition from big business. In March, Clinton flip-flopped, sending word to Congress that he no longer supported proposed reductions in legal immigration. As a result, any real chance of limiting legal immigration this year has been lost. The most that will happen this year will be a heightened crackdown on illegal immigration, which totals an estimated 300,000 to 400,000 people annually.

A consensus exists for trying harder to stem the tide of illegal immigration. Increasingly, however, specialists say the economic effects require the United States to rethink policies that now give us the highest level of legal immigration in the world. The first argument high-immigration advocates adduce is usually a reference to America's history as a nation that welcomed a huge influx of new people. But as journalist Roy Beck documents in his new book, *The Case Against Immigration*, that's a misreading of history. Only in the period from 1880 to 1924, the so-called Great Wave when immigration levels hit an annual average of 584,000, did yearly immigration consistently approach today's levels. After the Immigration Act of 1924, the yearly average fell to 178,000.

Nor was a return to high immigration levels the intent of the

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Immigration Act of 1965, the law that established the basic framework for current policy. Although Congress hoped to distribute visas more fairly, lawmakers offered assurances the United States wouldn't return to an era of high immigration.

"Our cities will not be flooded with a million immigrants annually," said Massachusetts' Democratic U.S. Sen. Edward M. Kennedy, then chairman of the Senate subcommittee on immigration, in February 1965. "Under the proposed bill, the present level of immigration remains substantially the same."

But today's immigration levels are four to five times higher than those of the early 1960s. New research by Harvard economist Jeffrey B. Williamson and English economist Timothy Hatton suggests that high immigration has always had serious labor-market ramifications, particularly for lower-skilled workers.

The two men studied the high yearly immigration to this country between 1870 and 1910. Their conclusion: absent the massive wave of immigration in that period, wages for unskilled workers in 1910 would have been 10 percent higher. During the same period, Williamson says, immigration from low-income nations to high-income nations was responsible for much of the progress the former made in closing the wealth gap with the latter. In contrast, from 1925 to 1970 — a period all but for the last five years of which immigration was restricted to 178,000 a year — the opposite tendencies showed: large gains by U.S. workers contributed markedly to reducing economic inequality.

The higher rates of immigration since 1965 have helped reverse that trend. On [June 19], the Census Bureau released a new study showing that eco-nomic inequality in America is growing at an ever-widening rate.

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"I don't think there is any way you can explain the rise in inequality without migration's playing a significant role," Williamson says. Logically, immigration levels should be determined not by history or myth, but rather by the needs of a nation's *economy.*

Although there remains sharp disagreement about the overall economic impact of immigration, a growing body of research suggests high immigration depresses wages for unskilled workers. The dynamic is as simple as supply and demand. With America experiencing only moderate economic growth, the nation's immigration policies have contributed to an excess of labor. Loose labor markets, which see workers vying for jobs rather than employers competing for employees, always spell lower relative wages. In tight labor markets, where employers must pay decent wages to keep workers, economic competition means more training and greater investment in equipment to increase productivity. Mistreated or underpaid workers have plenty of opportunities elsewhere, a reality that acts as a check on corporate behavior.

But the loose labor markets that high immigration helps create lead to quite different behavior. In his book, Beck documents the way employers have used cheap immigrant labor to slash pay or worsen working conditions in blue-collar jobs such as meat cutting, poultry processing and janitorial and agricultural work.

"High immigration rewards the most ruthless employers by making it possible to compete simply by reducing wages and worsening working conditions," Beck says. By putting conscientious companies at a competitive disadvantage, "it punishes the kind of responsible corporate citizens Clinton, [Labor Secretary Robert] Reich, and Kennedy say they want more of."

Economist George Borjas, an immigration specialist at Harvard's John F. Kennedy School of Government, says economists increasingly acknowledge the harm done to unskilled labor. "Most studies say that if you look at the decline of real earnings of less skilled workers in the last 10 to 15 years, which is substantial, maybe 20 to 30 percent is attributable to immigration," Borjas says.

If immigration contributes to low wages, why has Congress been so reluctant to reduce legal immigration? Part of the reason seems to be the relative political power of the winners and losers that result from immigration. By depressing workers' wages, high immigration essentially effects a redistribution of wealth from the less well off to the wealthy. Borjas estimates that the wage depression effect of high immigration benefits employers, the overclass and other users of immigrant services to the tune of $140 billion a year.

Who is hurt? The clearest losers are unskilled workers, particularly high school dropouts. David Jaeger, a research economist at the Bureau of Labor Statistics, has studied the effect of immigration in the country's 50 largest metropolitan areas, where an estimated 80 percent of immigrants locate. Although Jaeger found a relatively small overall effect, he says immigration accounted for as much as half of the real-wage decline that high school dropouts suffered between 1979 and 1989, and for one-fifth to one-quarter of the growth in the wage gap between workers with high school diplomas and those who finished college.

One particular group that suffers seems to be unskilled black workers, whom Beck found were disproportionately displaced by immigrant labor. Economist Marshall Barry, former director of applied research at Florida International University's Center for Labor Research and Studies, cites Florida's agricultural sector as an example. In 1970, for example, 88 percent of agricultural workers in Florida were US-bom blacks. Today, 80 percent are immigrants from Mexico, Haiti and other Caribbean nations.

Part of that displacement comes because immigrants are willing to accept lower wages than native workers. From 1967 to 1987, Florida agricultural wages, when adjusted for inflation, were halved, Barry said. Beck and other specialists say part of the reason blacks suffer in particular is that discrimination too often consigns unskilled black workers to the end of the hiring line — and high immigration makes that line ever longer.

A second group that suffers from present immigration is past immigrants struggling for an economic toehold. An economy that continues to shed the type of manufacturing jobs that once lifted noncollege-educated workers into the middle class only worsens the problem.

“The real question,” says Beck, “is that, given the fact that wages are stagnating or depressed, does it really make sense to have a federal policy that exacerbates that trend by increasing the surplus labor supply?” □