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INTRODUCTION TO THE SYMPOSIUM PANEL ON "ECONOMIC IMPACTS OF IMMIGRATION"

The area of immigration law and policy presents numerous vexing questions. None of these is more nettlesome, however, than the issue of the economic consequences of immigration and of our current immigration policies. All sides are quick to remind us that immigration law and immigration policy contain or implicate social and economic issues. All sides are quick to point out that immigration provides numerous social and economic benefits, at least to the receiving society. Nonetheless, the reciprocal question, namely what costs or negative consequences flow from immigration policy (be it restrictive or open), is a much more contentious issue.

What if, for example, immigration provided a net aggregate benefit but harmed precisely those segments of the receiving society which are already most vulnerable and in the weakest economic situation? Arguments over this proposition and others like it provide the foundation of our final panel here this afternoon. Our first panelist, Stephen Moore, of the CATO Institute, emphasizes the aggregate social and economic benefits provided by large numbers of immigrants, who, today, are mostly unskilled and non-European, to the United States. The U.S. economy as an aggregate is the beneficiary of the transfer of human capital and human resources from the sending countries to the United States. For Moore, this is a relatively unproblematic phenomenon, captured by the older term "brain drain." Now, however, the brain drain is not limited to the movement of the most skilled people from third world countries to the United States and other developed societies. Nearly all movement of immigrants to the United States provides a net and

collective benefit to the United States. Few would argue with the proposition that it is the most ambitious of people in poor and backward countries who choose to undertake the difficult and risky business of moving far and across difficult barriers to the United States. Undoubtedly, virtually all the immigrants to the United States are hardworking, dedicated, and industrious. Their contribution is significant even if interim circumstances may require that they be the beneficiaries of social benefits, also referred to pejoratively as welfare. Who but the most shortsighted or selfish could oppose a policy that improved the situation of the United States as a whole and of most of those already in the country, not to mention the benefits derived by the immigrants themselves?

Who indeed? Professor Vernon Briggs of Cornell University (along with Richard Freeman, Jorge Borjas and others) provides an answer to this question. That answer emanates from analysis of the *distributional* consequences of immigrant participation in the labor market. What Briggs and the perspective that he represents argue is that the question of who benefits must be asked with greater precision. Certainly, the housekeeper who hires a legal or an illegal immigrant maid benefits from the hard work put in by that maid and the low wages paid to that maid. Let us even grant that the maid herself is in a far better position than she would have been had she remained in her country of origin. The same may even be true for the miserably paid and overwhelmingly immigrant agricultural labor force that, in Woody Guthrie's words from the 1930s, "puts on our table, those bright, sparkling crops." But, as Briggs reminds us, this is not the end of the inquiry. We are obligated to ask who else might have performed or might be performing the labor services now being provided by the new immigrants. This answer is both difficult and painful. The evidence suggests that current immigrant labor competes most effectively with precisely those who are already in the lower reaches of the labor market.

Unfortunately, we know only too well that those with a high school education or less occupy the lower reaches of the American labor market, and no group is more significantly present in that segment of the labor market than African-American males. What we thus discover, according to Briggs, is that immigration may help those who are in the upper reaches of the society, and it may help the immigrants themselves. However, immigration

hurts those who are already in the most precarious economic and social situation. For those concerned with social justice this creates a difficult dilemma. If we wish to be a receptive society and take on our share of poverty by maintaining a relatively open door immigration policy, we will continue to exacerbate the greatest historical injustice perpetrated by our society since its inception. That injustice is a worsening of the impoverishment and marginalization of a significant portion of the African-American population.

Everyone agrees that a picture is worth a thousand words. The problem is we are not always in agreement on what we are looking at a picture *of*. Some, like Moore and others whom I would describe as free traders, see a segmented job market or labor market in which immigrants, for the most part unskilled or semi-skilled, occupy job positions that would otherwise go *unoccupied*. In this analysis, most immigrants do not compete with domestic workers, i.e. those already present in the labor market; rather, they fill positions in which domestic workers are not interested. They are not interested either because the prevailing cultural standards lead them to disdain such work or because the existing social welfare safety net makes such work seem unappealing. Most arriving immigrants, on the other hand, have no cultural expectations that would preclude them from undertaking such unfavored labor, nor are they used to social welfare benefits at such a level that would make work of this sort unappealing. In other words, they harm no one and help all. Moreover, they work in areas where substituting capital or technology for labor is impracticable.

The opposing view, represented by Professor Briggs and numerous others, paints a far less happy picture. Indeed, the picture painted is a rather distressing one. Put bluntly, the weak compete *with each other* for the benefit of the middle and upper classes (owners of capital and prosperous consumers) in the domestic labor market, the unskilled labor market, and the lower levels of the service sector. In these and other areas, immigrant labor competes precisely with those who would otherwise occupy entry-level positions and those who would pursue life courses at the unskilled labor level. The consequence of this, of course, is an acceleration of the famed "race to the bottom."

If one seeks to account for why several years of economic expansion in the United States has seen very little in the way of

rising wages for unskilled work, the answer undoubtedly has something to do with large immigration flows. Indeed, very credible studies by labor economists (Freeman, Briggs, etc.) suggest that the fact that a portion of bottom twenty five percent of the U.S. population has made no economic progress over the past twenty years is attributable to immigration growth, both legal and illegal. Seen comparatively, the United States' investment in fixed capital and other technological developments has not been very impressive. Rather, the current economic boom is to a substantial degree built on low wage levels. Nowhere is this more evident than at the unskilled level and semi-skilled level. In both these areas immigrant labor has played a significant role in both the manufacturing and the service industries.

To further compound the vexatious impact of immigration on American society, we need to bear in mind that immigration consists of both legal and illegal flows. The legal flow represents about one million immigrants per year. The illegal flow is, of course, more difficult to gauge. Estimates vary widely from 50,000 to 200,000 illegal immigrants per annum. The current total of illegally present aliens is over six million. Worst of all, and uncontradicted so far as I know, illegal flow is concentrated in the lower socio-economic reaches, consisting overwhelmingly of undocumented migrants from Mexico, who represent about one-half of the illegal population. It is certainly beyond dispute that the declining wages in agriculture are almost entirely due to the competition of illegal farm workers. Ironically, after a spell of improved conditions for agricultural workers brought about in substantial part by the labor organizing efforts of Mexican-Americans such as Cesar Chavez, agricultural wages are now in relatively steep decline. Rural California and rural Florida abound in their misery.

Further, entirely new areas of American industry are now witnessing wage competition from illegal migrants. The meat packing industry in the central Midwest is a good example. Places like Nebraska, which had previously never contained or even seen Mexican or Central American migrants, now see the displacement of previously unionized workers from meat packing plants and an attendant precipitous decline in wages. The new workers, who are largely Mexican-American, are certainly an asset to owners of meat packing plants. Certainly, they too

contribute to the stability and perhaps even the real decline in the cost of fresh meat to American consumers, but at considerable expense. A rough industry, one which ever since the days of Upton Sinclair has been known to Americans for its labor and health difficulties, nevertheless became a unionized sector of American manufacturing where wages were relatively high even though the work was undesirable. Now the impact of immigration has become central, both to the de-unionization of these industries and to the career paths of illegal aliens drawn from thousands of miles away in Central America. To this phenomenon Morse and others sharing his position reply, all the better. Previous occupants of these jobs have moved on to better things while no one else has sought after them. Also, only the heartless could look askance at the willingness to undertake such difficult and strenuous work for modest pay. If the hourly manufacturing wage in Mexico is \$1.75 and the hourly manufacturing wage in unionized U.S. plants is \$18.00, then \$6.00 an hour, which is the average hourly earning for illegal immigrants in the United States, looks very good to the illegal alien. It even looks good to the legal alien, which is to say to the new immigrant. All is well that ends well from this perspective.

The counter perspective contends that this phenomenon merely accelerates the race to the bottom. It represents the very opposite of the "closed shop" principle. Namely, the entire world is one labor market, and consequently the lowest wage will predominate and equalization will take place at some level above the lowest but far below the highest. In this sense, unlimited labor mobility is the precise opposite of unionization or, at the very least, accomplishes precisely the opposite of what unionization had accomplished. The ugly face of free market globalization shines brightly.

So, in the end, much depends on whether the point of view adopted is that of a consumer or of a worker, of the aggregate or of the individual, of the wealthy or of the poor, and, perhaps most painfully, of the poor and oppressed from *abroad* or of the poor and oppressed *at home*. This, of course, raises the prickly and difficult question of who are "we?" How much "closure" is permitted and on what basis or bases? The answer offered by Michael Walzer and many others some twenty years ago, that all communities are bounded and rightfully invoke principles of closure, is not so self-evident or widely endorsed today. We

might easily agree that the United States owes Mexico in particular a special debt. But how do we best pay it off or make good?

P.S.: Because of its emphasis on family-relation preferences, current immigration law favors those nations that have been the *most recent* sending countries. Should that continue or should alternatives like the Canadian "point system" be adopted?

In conjunction with the related issues of diversity and multiculturalism, we must ask our changing and dynamic selves, how much of a tradeoff between solidarity and diversity or difference can or should we want?

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