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[Economists support entry of educated foreigners](#)

[Experts see biggest impact of influx on low-skilled workers](#)

- Carolyn Lochhead, Chronicle Washington Bureau

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Washington -- Senators heard leading economists examine Tuesday one of the most highly charged issues in the emotional debate over immigration: Are immigrants cheap labor for business, or do they fill jobs like lettuce picking and chicken packing that native workers no longer want?

The economists testified to the Senate Judiciary Committee that the large recent influx of low-skilled and largely Hispanic migrants may undermine wages of low-skilled U.S. workers, though they differed on how much. But the economists strongly endorsed the entry of high-skilled foreigners, despite complaints from U.S.-born engineers in Silicon Valley that Indians and Chinese are taking their jobs and undercutting their salaries.

The economists also largely agreed that immigrants -- including an estimated 12 million now in the United States illegally -- have boosted economic growth by reducing the price of labor, increasing output and raising living standards for middle-class Americans, who benefit from cheaper prices for everything from new homes to restaurant meals.

The Senate committee produced an immigration reform measure that included tougher border security measures, a guest worker program that would increase the number of temporary visas for those with jobs and a plan to allow illegal immigrants to gain permanent residence. The legislation, however, stalled on the Senate floor, and the committee is trying to craft a new version that can win at least 60 votes to block a filibuster.

Harvard economist Richard Freeman, head of the labor studies program at the National Bureau of Economic Research, said the biggest benefit goes to immigrants themselves, a key point for policymakers grappling with the largest wave of immigration in nearly a century.

A Haitian who moves to Boston vastly improves his life, and "if you're a poor Mexican, your income in the U.S. will be six to eight times what it is in Mexico," Freeman said.

Poor migrants "can change their entire lives," he said. "They are going to be trying to come under almost any possible circumstance."

Freeman called immigration a part of globalization and said the United States lives on highly skilled, educated immigrants who fuel the technology industry. More than half of professionals with doctorate degrees in science and engineering under age 45 are now foreign-born, he said.

According to the 2000 census, about half of the foreign-born, legal and illegal, come from Latin America, and about a quarter are from Mexico. Mexican migrants have much lower education levels than migrants from other regions, the census found, with just over a third having completed high school versus 80 percent or more from other areas.

Harry Holzer, a professor of public policy at Georgetown University, said wage effects depend in part on whether immigrants compete with or complement U.S. workers. Few Americans want jobs as farm laborers or food processors, Holzer said, but many more want jobs in construction. He said there might be "some modest negative effect" on wages of native-born high school dropouts.

Dan Siciliano, executive director of Stanford University's program in law, economics and business, warned the country faces a "mismatch" between its aging and increasingly skilled workforce and the impending demands of Baby Boom retirees for services, particularly in health care. He said immigrants can help the United States "weather the storm of globalization" by keeping the country competitive.

But Barry Chiswick, a University of Illinois economist, said the United States admits too many unskilled workers, when it needs skilled ones to compete internationally. Low-skilled migrants have contributed to the widening income gap between low- and high-wage U.S. workers, he said.

He also dismissed calls by President Bush and Senate backers of a wide-ranging immigration overhaul for a guest worker program.

"The best guest worker program is no guest worker program," Chiswick said. "The maxim in immigration research is that there is no such thing as a temporary worker."

But Freeman countered, "An illegal guest worker program is the worst sort, which is what we are running today."

Harvard economist George Borjas, who produced the widely cited estimate that unskilled immigrants have reduced wages of native unskilled

workers by 8 percent, was invited to testify, committee aides said, but was unavailable.

But Stephen Haber, director of the Stanford University Social Science History Institute, said in an interview that Borjas' estimate is reasonable.

Haber said the oft-repeated claim that native-born workers won't take the jobs that immigrants do depends on the wages offered. "They're not going to do it at the wage rate that Mexicans will take," he said, noting that the meatpacking industry was dominated by native-born workers but now has heavy concentrations of immigrants.

As for arguments that jobs would be sent offshore if higher wages make those industries uncompetitive, Haber said many service jobs can't be sent abroad, such as construction and food service.

"In that part of the labor market, the entrance of Mexican labor clearly creates a downward pressure on wages. ... I happen to be sympathetic to immigrants, but to pretend that it doesn't have this effect on wages and on distribution is to stick our heads in the sand and argue from ideology rather than argue from the facts," he said in an interview with The Chronicle.

Economists largely agree, however, that highly skilled immigrants benefit the economy, despite the argument that they reduce the incentive for American children to enter fields such as engineering.

Siciliano said these workers should be invited to stay, and the United States should invest in educating native-born youth, so that "the 5-year-olds right now do end up getting the double Ph.D in electrical engineering and applied physics and go on to win the Nobel Prize. You're talking about 5-year-olds, not the 25-year-olds. We need the 25-year-olds to get an H1B (visa), have their own governments pay them to go to Stanford University, and then go on to work at Google. That's a good deal for us."

The \$2,000 fee for the H1B visa is spent on science and math education and training. A survey by the **National Foundation for American Policy**, a nonprofit research group, found that employers have paid more than \$1 billion in H1B visa fees since 1999. The fees have funded more than 40,000 scholarships and grants for U.S. students in science and math, and science programs for 75,000 middle and high school students, and provided training for 55,000 U.S. workers and teachers, the study found.

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