

Testimony on H.R. 750 “Save America Comprehensive Immigration Act of 2007”
Before the Subcommittee on Immigration, Citizenship, Refugees, Border Security,
and International Law U.S. House of Representatives Committee on the Judiciary

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By

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I would like to thank the Chairwoman, the Ranking member and Congresswoman Sheila Jackson Lee for the invitation to present my thoughts on H.R. 750. The views I express are my own, and do not necessarily reflect those of my employer, Howard University.

I will direct my comments on the legislation towards its implication for the labor market. I think it is important that the legislation has specific policy recommendations for the labor market.

Economists do not have a consensus on the labor market effects of immigration on the native work force. A basic disagreement exists between economists on how to measure the impacts of immigration on the native work force, whether the effects can be seen by comparing labor markets in cities with different rates of immigration or looking at the national labor market over time. There is also disagreement on identifying which workers are most likely to have their labor market outcomes affected by immigration.¹

There is some agreement however, that a sizable group of native and immigrant low-wage workers do have similar occupations. The work of David Card, which shows negligible impacts

¹ See for example David Card, “Is the New Immigration Really so Bad?” *The Economic Journal*, 115 (November 2005): F300-F323, and George J. Borjas, “The Labor Demand Curve IS Downward Sloping: Reexamining the Impact of Immigration on the Labor Market,” *Quarterly Journal of Economics*, CXXII (November 2003): 1335-1374.

of immigration on native workers who are high school drop outs, relies on the variation across of cities of immigrant populations. His work highlights that the size of the native born high school labor force does not appear to respond to changes in immigration levels across cities. He also finds little difference in industry structures across cities that might explain how local labor markets might absorb increases in less educated workers. The result is that Card's work strongly suggests that there is a great deal of overlap in the occupations of less educated immigrant and native workers. George Borjas, on the other hand, relies on relatively high correlations in occupations for similarly educated native and immigrant workers in the same age group to argue that a ten percent increase in immigration can lower annual earnings of native workers by 6.4 percent.²

I want to concentrate on the agreement that there is similarity in the occupations of immigrant and native workers to underscore the importance of including specific policies aimed at insuring an efficient labor market. In particular, I want to commend the legislation for calling on employers to make extensive searches for workers, and to require documentation of the employers' efforts to look for workers.

I have included a chart to show the index of dissimilarity for the occupations held by out-of-school workers with a high school diploma or less, and aged 18 to 34. The index is a commonly used measure to describe differences in occupation between two groups of workers. It has an easy interpretation, in that it shows the share of workers of a given race, gender or group that would have to shift occupations to make the share of workers holding each occupation equal between the two groups of workers.

² Borjas, *op. cit.* 1349.

The chart I have included show data for detailed occupations from the March Current Population Surveys for 2003 and 2007, so the data are for 2002 and 2006. The data show that immigrants have different jobs than native workers in about the same way that Black Non-Hispanics have from White Non-Hispanics and that Hispanics have from White Non-Hispanics. These differences suggest that between 36 and 38 per cent of immigrants, or native born workers, would have to switch occupation to make the shares of the two sets of workers equal in all occupations. This is much less than the difference in the types of jobs that men and women have in this less educated work force, where about six of ten men, or women, would have to change occupations to make the distribution of jobs equal between them.

Index of Dissimilarity Measuring Occupational Segregation³
for Out of School Workers, Ages 18 to 34
2002 and 2006

		2002	2006
All Women to All Men		0.62	0.62
All Immigrants to Native Workers		0.36	0.39
Immigrant	Women to Native Women	0.37	0.39
	Men to Native Men	0.36	0.38
Native Hispanics to Immigrants	Native Hispanics to Immigrants	0.39	0.41
	Native Hispanic Men to Immigrants	0.40	0.40
	Native Hispanic Women to Immigrants	0.43	0.46
Native Black Non-Hispanics to Immigrants	Black to Immigrants	0.42	0.48
	Black Men to Immigrant Men	0.43	0.51
	Black Women to Immigrant Women	0.40	0.45
Native Black Non-Hispanics to White Non-Hispanics	All Blacks to All White Non-Hispanic	0.33	0.34
	Black Men to White Men	0.40	0.38
	Black Women to White Women	0.32	0.34
Native Hispanics to White Non-	All Hispanics to All White Non-Hispanics	0.24	0.25

³ Authors calculations from March Current Population Survey for March 2003 and March 2007 using March supplement weights, out-of-school workers listed by detailed occupation for longest job held in previous year, ages 18 to 34. Black refers to Black alone or in combination, white refers to white only.

Hispanics	Hispanic Men to White Men	0.28	0.29
	Hispanic Women to White Women	0.28	0.29

The concern is that while the level of occupational segregation between men and women and between Blacks and Whites and Hispanics and Whites has remained fairly steady during the recovery in the labor market from 2002 and 2006, the level of occupational segregation between immigrant and native workers is increasing. The most dramatic increases are between Blacks and immigrants, so that now about one in two Black men would have to switch occupations to make the distribution of occupations between immigrants and Black men equal, and 46 percent of Hispanic women would have to switch occupation to make the share of Hispanic and immigrant women equal in the occupations. For workers with similar education levels and of the same age group, such a difference is disturbing; by comparison, during this same period the difference between the occupations of Black men and white men in this age and education group, remained mostly unchanged at near 33 per cent.

Economists are more keenly aware of the importance of job networks—the informal exchange of information on job openings and job recommendations among workers—as important to getting workers access to jobs. Economists however have fewer consensus on whether job networks can boost the wages of individual workers, and have less information on the impact of such networks on wage levels in general.⁴ I think the evidence leans toward the networks making the labor market less efficient by lowering the amount of information that employers and potential employees have. I think the growing occupational segregation suggests that employers may be limiting their search for workers.

⁴ See Linda Datcher Loury, “Some Contacts are More Equal than Others: Informal Networks, Job Tenure, and Wages,” *Journal of Labor Economics*, 24 (Number 2, 2006): 299-318.

So, I think the legislation is correct when it calls for extensive search methods by employers. I think the legislation might go further in requiring all employers looking for workers with less education to centrally post their job openings. The legislation then might consider using that data as stronger evidence of the existence, or absence, of available workers.

Congress has already taken some steps to improve the general low wage labor market by increasing the federal minimum wage. This was a very important step in improving the functioning of the low wage labor market. Increasing the flow of information on job openings and making job matches happen faster is another; and this legislation takes the steps to move in that direction.

The legislation is also on target in calling for increased funding for job training. While the wage gap between high school educated and high school drop-outs has remained fairly flat over the last twenty-years, there is a growing gap between workers with high school education and those who have some post-secondary education. Increasing the skills of less educated native workers will, of course, reduce the supply of less educated workers in the work force and help offset any effects of the increase in the supply of less educated workers through immigration.

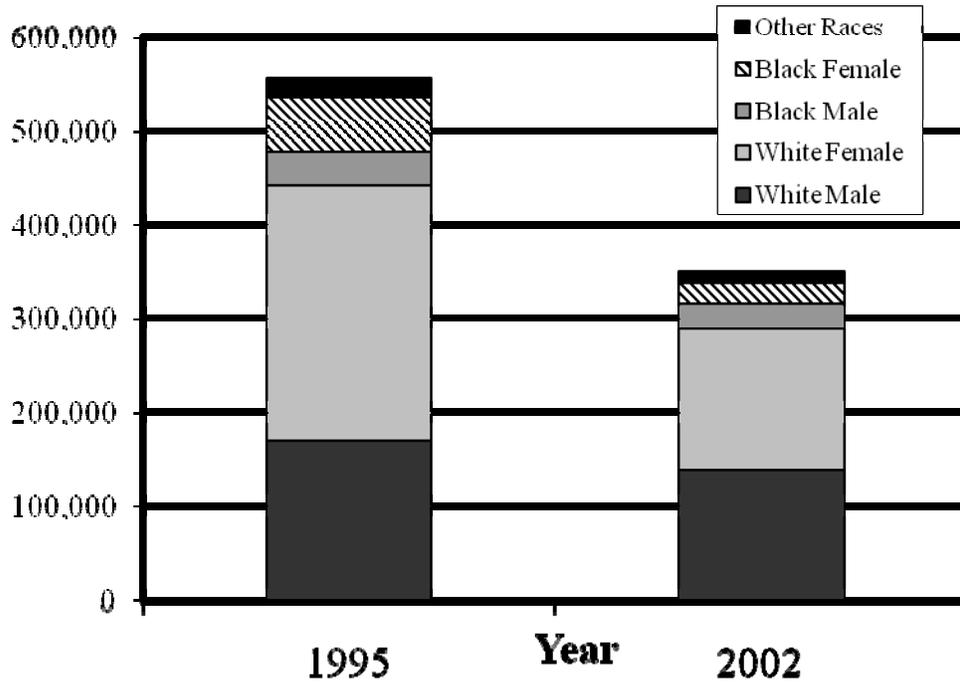
In closing my remarks, I want to touch the issue of high skilled workers. Too often, discussions of immigration focus on the perceived conflicts between African Americans and Hispanics and less skilled workers. But, for African Americans and Hispanics it is vitally important to discuss jobs in the Information Industries—those industries billed as the wave of the future, and based on knowledge and information exchange, including software development, internet service providers, publishers, motion pictures and similar knowledge and content based industries.

For prime age workers, those ages 21 to 61, maintaining access to those jobs is important. Blacks and Hispanics work in the Information Industries in about the same share as is true of the U.S. work force as a whole. But, in particular, Black and Hispanic college graduates are more likely to work in Information Industries than is true of college graduates in the U.S. work force as a whole.⁵ In 2006, Blacks made up a disproportionate share of workers in the occupations of: computer support specialists; operation research analysts, computer hardware engineers, computer operators, data entry keyers; and computer, automated teller and office machine repairers. Black workers are essential to the telecommunications that forms the backbone of the internet, including be over represented in the occupations of: radio and telecommunications equipment installers and repairers; telecommunications line installers and repairers; and, electrical, electronics, and electromechanical assemblers. And, among college educated workers, a higher share of Black college graduates are employed as computer programmers, computer scientists and systems analysts and computer software engineers than is true for college graduates as a whole; making access to those occupations very important to college educated workers.

Jobs in the Information Industries reached a peak of 3.7 million in March 2001. In July 2006, jobs in those industries reached a bottom of 3.043 million. They have since edged up to 3.092 million as of October. However, there are still roughly 700,000 fewer jobs today than in 2001. A key inefficiency in any labor market is brought about by discrimination. And, even in this important labor market, there are data more consistent with discrimination than an open labor market.

⁵ Authors calculations based on the March Current Population Survey, out of school workers, ages 21 to 61, by longest industry worked in previous year. Black means Black alone or in combination.

U.S. Computer operators 1995 and 2002



Source: Authors' calculations from March Supplement to Current

Between 1995 and 2002, the number of computer operators fell in the U.S. Interestingly, the drop was very mild for white males in the occupations, but very steep for women—and Black women in particular. Given that the job was dominated by women prior to the 2000, it is unlikely that it was simply a matter of letting the least experienced workers go.⁶ With such disparities, it is very important that efforts to address shortages faced by Information Industry companies take steps to make the labor market appear more efficient.

I think this legislation takes the correct approach to directly look at issues of the labor market. It is important contribution to the immigration debate. I think a close look at America's labor

⁶ Susan McElroy and William E. Spriggs, *The Journal of The Center for Research on African American Women*, 2006.

markets reveals that we have too much inefficiency in our labor markets. I thank you again for the opportunity to share my thoughts.

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