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Immigration Divides Allies

Guest-Worker Plan Sets Democratic Supporters Against Organized Labor

By [Jonathan Weisman](#)
Washington Post Staff Writer
Friday, March 31, 2006; Page D01

New economic research that pits native-born workers against low-skilled immigrants in a struggle for jobs and wages has fueled a rift between some of Washington's most liberal lawmakers and their allies in economics and labor, who fear that the Democratic Party is pushing an immigration policy that forsakes the party's working-class mainstay.

The quarrel comes as the Senate debates a proposal to bring millions of immigrants into the legal workforce. A growing body of economic research contends that the recent surge of foreign workers has depressed wages for low-skilled workers, especially for high school dropouts, and has even begun displacing native-born workers. That benefits employers, higher-income consumers and the economy at large, but it may exacerbate the problems of the working class.

"What immigration really does is redistribute wealth away from workers toward employers," said George J. Borjas, an economist at Harvard University's John F. Kennedy School of Government.

As with so many economic quandaries, other researchers have come to virtually the opposite conclusion. Those economists maintain that an expanding economy, spurred in part by plentiful low-wage labor, has created more jobs on the bottom of the income chain, absorbing the new immigrants with little or no impact on wages.

But the work of Borjas and other economists is becoming a wedge in the Democratic Party. Citing Borjas's work, Sen. Byron L. Dorgan (D-N.D.) denounced the Senate immigration bill yesterday, saying: "This is clearly a corporate strategy to keep wages low. It clearly will replace the jobs of American workers."

At issue is a guest-worker provision that would allow hundreds of thousands of foreign workers legal access to



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Immigrant farm workers harvest broccoli near the border town of San Luis, Ariz. Experts differ on the economic effects of foreign labor. (By David McNew -- Getty Images)

THE IMMIGRATION DEBATE



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Washington Post staff writer Manuel Roig-Franzia, who is covering President Bush's

the U.S. labor market each year and the impact those new low-wage workers would have on stagnant wages. An unusual coalition of business groups, immigration advocates and labor unions with large immigrant memberships have come together to support the guest-worker program proposed by Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.).

Kennedy, the Senate's liberal lion and an unflagging ally of organized labor, says the legislation he co-wrote would help all low-wage workers by applying minimum-wage laws and other workplace protections to immigrants and undocumented workers, who are often exploited.

The AFL-CIO and many economists strongly disagree.

Guest-worker programs "cast workers into a perennial second-class status and unfairly put their fates into their employers' hands, creating a situation ripe for exploitation," AFL-CIO President John J. Sweeney said this week. "They encourage employers to turn good jobs into temporary jobs at reduced wages and diminished working conditions and contribute to the growing class of workers laboring in poverty."

Over the past decade, economists such as Borjas have examined the impact of a surge of illegal immigration on wages and the economy at large. Most agree that the influx has had a small but positive impact on the national economy, holding down consumer prices, improving the productivity of the workforce and increasing demand for goods and services.

Upper-middle-class consumers can dine at restaurants, stay at hotels, and have their cars hand-washed and their house windows cleaned for far less than they would without illegal immigration. An abundant supply of low-wage workers may have spurred more investment in labor-intensive businesses. Giovanni Peri, an economist at the University of California at Davis, estimates that immigration in the 1990s actually boosted the average wage of native workers by 1.1 percent.

"The fact is the economies of Texas, Illinois, California, New York, and half the country would collapse if tomorrow we could click our fingers and have every undocumented worker out of the country," said Steven M. Ladik, an immigration lawyer with Jenkins & Gilchrist in Dallas. "Construction, hospitality, the medical industry, manufacturing -- all these key segments of our economy are dependent upon these people."

But some of those macroeconomic gains have come at the expense of low-wage workers, especially the 10 percent of the labor force that dropped out of high school. In recent years, competition from low-skilled immigrant workers has reduced the wages of high school dropouts by as much as 8 percent, Borjas said. For a worker earning \$20,000 a year, such a drop can be substantial.

Looking at annual earnings, the percentage losses are in the double digits, said Andrew Sum, director of Northeastern University's Center for Labor Market Studies, because jobs that once provided year-round employment are increasingly becoming temporary.

A Northeastern University study found that nearly 86 percent of all newly employed workers hired from 2000 to 2005 were immigrants. For men, the statistics were more stark. In that time, the labor market

trip in Cancun, discusses his meeting with Canadian Prime Minister Stephen Harper and Mexican President Vicente Fox and their discussion of immigration, trade, border security and other issues.

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[H-1B Visa Debate](#)

Washington Post Staff Writer S. Mitra Kalita will be online to discuss the Congressional debate on whether the H-1B visa program should be expanded.

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for men rose by 2.66 million while 2.77 million foreign-born men found work. In other words, Sum said, immigrants have begun replacing native-born male workers.

"Young guys are being displaced by immigrants," he said. "Some of my good liberal friends take issue, but if you're a young worker under 25, poorly educated, probably African American, the higher the share of new immigrants in your community, the worse your employment prospects are becoming."


Critics say competition for low-wage jobs would only increase under the legislation approved by the Senate Judiciary Committee this week, which would not only allow undocumented workers to find lawful jobs but would also offer 400,000 temporary work visas annually to foreign workers.

"What they're doing is increasing the pool of people eligible to compete for the very limited resources that are available for people at the bottom," said Carol M. Swain, a political scientist and law professor at Vanderbilt University. "The obligation of the nation should be for the people who have been here for decades."

Not all economists see it that way. David Card, an economist at the University of California at Berkeley, said the recent surge of low-wage immigration has had virtually no impact on wages. That may be because the presence of abundant, low-skilled workers has allowed companies to expand to absorb them. Higher profits at a restaurant allows an owner to open another one. Ethan G. Lewis, an economist at the Federal Reserve Bank of Philadelphia, suggested that companies are forsaking adoption of new technologies in favor of old-fashioned labor -- a trend that would help absorb low-skilled immigrants but could hurt innovation and high-wage work in the long run.

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