

Introduction

In their search for ways to justify mass immigration, advocates have leaned upon the idea that current immigration policy is essential to maintaining economic growth. To shore up this specious assertion, they have leapt upon certain statements of Federal Reserve Chairman Alan Greenspan, claiming that he has said it is the only way to keep inflation down and our economy growing.

Greenspan's original statement has been widely exaggerated as support for greater immigration, which it wasn't.

"[T]he only point I make in my prepared remarks...the point that I've been making for quite a while is, I don't know where the level [of unemployment] will trigger pressures [toward inflation], but I do know, because the law of supply and demand has got to work eventually, that there is a point at which if that pool of people seeking jobs continues to decline, at some point it must have an impact. If we can open up our immigration rolls significantly, that clearly will make that less and less of a potential problem."¹

Greenspan is not making a recommendation; he's stating a simple fact of economics. If you increase immigration, the labor market becomes loose, and inflation becomes less likely. That's hardly a recommendation, as Greenspan himself confirmed a year later in his semi-annual report to Congress:

Rep. Jan Schakowsky (D-IL):

"A year ago almost to this day at this hearing, you talked about immigration and expanding immigration. ... I'm wondering exactly what you're proposing or what you would think would be appropriate policies."

Federal Reserve Chairman Alan Greenspan

"Actually, I'm not proposing anything. And the reason I'm not is I think that integration policy is a very crucial, political issue, for a society in which elected representatives make very important judgments. What I'm trying to do and hopefully trying to stay this side of recommendation, is merely citing what I think the statistics and the economics were saying, and not making judgments as to whether H1B should be increased or decreased in a certain manner."²

Greenspan himself realizes that his remarks have been misinterpreted on the issue of immigration and that there is much more than simple short-term economics involved.

1 Federal Reserve Chairman Alan Greenspan's semi-annual economic report to Congress before the House Banking Committee (July 22, 1999), Question and Answer period.

2 Federal Reserve Chairman Alan Greenspan's semi-annual economic report to Congress before the House Banking Committee (July 20, 2000), Question and Answer period.

“I’ve tried to stop short of recommending any specific detailed programme, because I do think that that’s going well beyond, I think, anything that’s appropriate for central banks or anything related to issues which are major value judgments of a society, which, in my judgment, are wholly within the realm and should stay there of the elected representatives.”³

The importation of immigrant workers actually drives Americans out of the workforce, shrinking the labor pool.

According to a report from RAND by noted immigration scholars Kevin McCarthy and George Vernez, in 1990 competition with immigrants for jobs caused between 128,200 and 194,000 workers in California to withdraw from the workforce. Most of those workers were minorities or women. McCarthy and Vernez also pointed out that the effect would be ever greater except for the fact that so many natives left California due to the increased competition from immigrants.⁴

Other work from RAND confirms that the negative effect from immigrant competition primarily takes the form of increased unemployment.⁵

If more workers are needed, there are healthy alternatives close to home for maintaining growth that have added societal benefits.

“History shows that America’s labor pool is not the fixed quantity it seems at first glance. It is surprisingly elastic and resistant to accurate head counts. Those traditionally defined out of the workforce get drawn into it whenever demand is sufficient, as happened during the ‘Rosie the Riveter’ years of World War II. Through a national marketing campaign that recruited not only women, but also older people, minorities and people with disabilities into jobs, the workforce grew 35% and the average workweek expanded 20%. Not only did this produce record growth, the experience of economic empowerment was the breeding ground of modern movements towards greater equality for each of these groups.

“Today, as minority unemployment reaches record lows, we are on the threshold of the kind of social benefits fuller employment gave us in the 1940s. But sadly, we are also on the verge of relinquishing them as the Fed aims for ‘sustainable’ 4.5% to 5% unemployment. Many U.S. cities have sustained unemployment below the 3.9% national average—30% of cities are below 3% and 5% are under 2%. They aren’t being strangled by tight labor. Their employers are seeking and finding new workers previously defined out of the workforce. Few new jobs go begging, inflation stays low, and society’s overall

3 Ibid.

4 *Immigration in a Changing Economy: California’s Experience*, RAND, 1997.

5 *The Effects of Immigrants on the Employment and Wages of Native Workers*, Robert Schonei, RAND, 1997.

productivity continues to grow. As employment rises, the social costs of everything from health care to law enforcement fall. It is no accident that unemployment and crime hit their 30-year lows at the same time.”⁶

It is neither necessary nor healthy for society to coddle businesses dependent on a cheap, disempowered workforce.

The leaders of the pro-slavery crusade justified slavery the same way businesses today justify mass immigration: i.e., the work won't be done without this cheap labor and the economy will collapse without it.

“Without the institution of slavery, the great staple products of the South would cease to be grown, and the immense annual results which are distributed among every class of the community, and which give life to every branch of industry, would cease.”⁷

“It is, in truth, the slave labor in Virginia which gives value to her soil and her habitations; take away this, and you pull down the Atlas that upholds the whole system; eject from the State the whole slave population, and we risk nothing in the prediction that on the day in which it shall be accomplished the worn soils of Virginia would not bear the paltry price of the government lands of the West, and the Old Dominion will be a ‘waste howling wilderness.’”⁸

Such arguments were proven false 150 years ago, and we should not fall for them today.

‘Even the most sanguine are astonished at the zeal and energy displayed by our people in reconstructing their private fortunes. Our railroads have been repaired, commercial intercourse with the world reopened, cities and villages which were but a few months since masses of charred ruins rebuilt as if by magic, and our planting interest, though less prosperous than heretofore, owing to the change of labor and unpropitious seasons, has not been less active. We have every reason to hope that this is but the beginning, the ground swell of a great and glorious future, if fortune will continue to favor us.’⁹

Immigration law is supposed to prevent businesses from using immigration to keep down the wages of American workers.

“Congress’s intent to protect American labor has been expressed repeatedly, and the protections have been increased in successive amendments to the [Immigration] Act. In

6 “The Fed’s Approach Isn’t Working,” Eugene Ludwig (U.S. Comptroller of the Currency, 1993–1998), *Wall Street Journal*, May 23, 2000.

7 James D.B. DeBow, “The Interest in Slavery of the Southern Non-Slaveholder” (1860), found in *Slavery Defended: the Views of the Old South*, Eric McKittrick, 1963.

8 Thomas R. Dew, “Review of the Debate in the Virginia Legislature” (1832), found in *Slavery Defended: the Views of the Old South*, Eric McKittrick, 1963.

⁹John T. Burns, Comptroller General of Georgia (1866), found in *One Kind of Freedom: The Economic Consequences of Emancipation* (1977).

1965, Congress shifted primary responsibility for obtaining certification from the Secretary of Labor to the immigrant seeking such clearance. One stated intent of the amendment was to strengthen controls to protect the American labor market from an influx of both skilled and unskilled foreign labor. ... There can be no doubt, then, that the displacement of American workers is one of the primary concerns of the immigration laws, that Congress does believe that such displacement is a widespread problem, and that Congress has sought to prevent displacement of American workers[.]”¹⁰

The key to our economic growth is increased productivity, not an exploding workforce.

“With recently announced U.S. advances in faster, cheaper, and more efficient computer chips and microprocessors and other technological breakthroughs, businesses are going to be able to increase productivity while keeping their labor costs from spiraling out of control.”¹¹

“To look at the figures, what we’re seeing is that it’s the acceleration of productivity which has had such an extraordinary effect on our economy, that indeed what it has done is enabled us to grow at a fairly pronounced clip. It has kept inflationary pressures in check.”¹²

¹⁰ *Immigration and Naturalization Service, et al., v. National Center for Immigrants’ Rights, et al., Excerpted U.S. Supreme Court Brief for the Petitioners*, Kenneth Starr, Solicitor General, United States Department of Justice, May 13, 1991.

¹¹ “Economy Threatened by Labor Shortage?”, Donald Lambro, *Washington Times*, October 23, 1999.

¹² Federal Reserve Chairman Alan Greenspan’s semi-annual economic report to Congress before the House Banking Committee (July 22, 1999), Question and Answer period.