

Federal Reserve Board Chairman Alan Greenspan in Testimony Before the House Financial Services Committee – February 17, 2005

(Question from Rep. Luis Gutierrez)

GUTIERREZ: Thank you very much.

Welcome, Chairman Greenspan. Tuesday's New York Times indicated that one of the most important factors in maintaining the solvency of the Social Security system is the number of immigrants who are allowed to enter the country legally.

An immigration report authored by a former INS official under President Bush and based on an analysis of data provided by the Social Security Administration concludes that if legal immigration rises by one-third over the next 75 years, the result will be a 10 percent reduction in the Social Security deficit.

GUTIERREZ: However if the number of immigrants declines by one- third, the retirement system shortfall will worsen by the same 10 percent.

The immigration report found that at the present pace new workers entering the United States, that is the pace of new immigrants legally entering our workforce, will contribute \$611 billion in 2005 dollars over the next 75 years.

Chairman Greenspan, according to these data, doesn't it make sense that we should reform our immigration system to allow for a regulated, legal flow of workers to come here, build jobs, improve our economy, and strengthen Social Security, so that we can keep the promise we make to our seniors?

And I say that also, but I'd like you to think about it in terms of the George Bush Department of Labor says that we will create over the next decade 6 million new low-wage, low-skill, very little training needed for jobs. Over the next 10 years we're going to create these jobs according to that.

And given the fact we have eight, nine, 10, depending on who you want to listen to, undocumented workers -- workers, I mean people who are actually working in our economy, do you not think it would be appropriate that we take a look at our immigration policy vis-a-vis our economy and specifically our Social Security issue that we presently are addressing?

GREENSPAN: Congressman, as I've said before, I'm always supportive of expanding our immigration policies. I think that immigration has been very important to the success of this country. And I fully support it.

I'm not sure I would want to give the reason that we're creating immigration to support our Social Security system. I think we ought to do it on the grounds that it's good for the country, but not because it helps the Social Security fund, because that then suggests that

we find other means to solve the Social Security problem, that we shouldn't be expanding immigration. And I would not support that.

So I would say I support the general issue of increased immigration, but I hope we don't do it for that particular reason.

GUTIERREZ: And that isn't why. And so I share that with you, Chairman. Unfortunately, the Congress is not made up of such enlightened 435 people such as yourself. Would it be, I would not have to ask this question, we could just look at. The fact is that we have a Social Security problem. We know that they enter.

And I guess my question to you is I want to reach that goal that you and I share, that is that immigrants are good for this country. They're good economically, they're good for the United States, and all of the other reasons. I want to reach that goal. Therefore, I have to change the immigration policy of this nation.

In order to change the immigration policy of this nation, because not everyone shares our perspective on immigrants, I have to find new reasons.

So I guess my question to you is, just so that I can say that even the Chairman Greenspan indicates, is it not true that we would add money to our Social Security, given their young age, and would that not help the solvency of Social Security, understanding that that should not be our principal reason for doing it?

GREENSPAN: You're asking a statistical question. Your numbers, as best I can judge, are accurate.

GUTIERREZ: Thank you.