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# Immigration and the U.S. Employment Policy

## **Keywords**

Immigrant, labor, policy, United States, worker, legal, nation, economic

## **Comments**

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Immigration Reform and U.S. Employment Policy  
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"Its death is a classic symptom of the problem with our politics; the special interest prevails over the general interest."<sup>1</sup> With this grim epitaph one Congressman summed up the political fate of the immigration reform package that had just died in a conference committee in October, 1984. The legislation, popularly known as the Simpson-Mazzoli bill, represented the latest unsuccessful attempt of a quest that began in the early 1970s by Congress to come to grips with the nation's unguided and massively abused immigration system.<sup>2</sup>

Even the Simpson-Mazzoli bill did not represent a panacea for the correction of nation's immigration policy ills. Its passage would have constituted only a first step in a reform effort designed to make the nation's immigration system consistent with other economic policies designed to pursue full employment and to develop the employment potential of the nation's available human resources. For although the Simpson-Mazzoli bill contained other features, it was primarily addressed at illegal immigration. As important as is the resolution of this issue, it is a fundamental error to assume that mass abuse is the only serious problem with the nation's immigration system. It is only the most obvious symptom that something is seriously wrong. The defeat of this bill -- which, incidentally, the noted authority on immigration history, Oscar Handlin, described as being "a more liberal measure than any we've had in 90 years"<sup>3</sup> -- means that the entire reform movement is back to square one.

The Policy Bifurcation

A nation can only acquire its labor force in two ways: people who are born within its boundaries come of working age or other persons immigrate

from other nations. Through-out most of the 19th and early 20th Century, immigration was the most important component of the nation's human resource policy. The imposition of the nation's first numerical ceilings on immigration in the 1920s were followed by several decades of depression, war, and their aftermaths. As a consequence, immigration diminished significantly in terms of its human resource importance over the lengthy period from the late 1920s to the mid-1960s. Accordingly, many scholars and policymakers have been slow to recognize that since the mid-1960s, immigration -- in all of its diverse forms -- has slowly but steadily reemerged as a major feature of the U.S. economy. In many regards, the nation's political system is better able to respond to sudden, but highly insignificant, claps of thunder than to slow, but methodical, changes in the barometric readings of its economic indicators.

The 1980 Census revealed that the size of the nation's foreign-born population had not only reversed its long downward decline but it had also sustained a quantum increase. As a group, they had increased from 9.6 million in 1970 to 13.9 million persons in 1980 after having declined in numbers during each previous decade since 1920. It also disclosed that one of every 10 people in the country spoke a language other than English at home. As it is certain that there was a substantial statistical undercount of the illegal immigration population by the 1980 Census, even these data findings are surely understated. Aware of this development as well as others, the noted demographer Leon Bouvier observed in 1981 that "immigration now appears to be almost as important as fertility insofar as U.S. population growth is concerned."<sup>4</sup> As the labor force is the principal means by which population changes are transmitted to the nation's economy, Bouvier warned that "there is a compelling argument for close co-ordination between the formulation of employment and immigration policy."<sup>5</sup> Recognizing this critical linkage and moving to correct this

bifurcation should be the underlying rationale for immigration reform in the mid-1980s. It is the thesis of this paper.

Immigration has significant economic implications for both the participants and the receiving society. It can determine labor force trends as well as respond to them. For this reason, the efficacy of policies that regulate immigration must be judged in terms of how congruent they are with the nation's labor force needs at any particular time. Any cursory review of contemporary U.S. immigration policy will show vividly that not only does it fail to meet this minimum standard of common sense but, in fact, it actually works at cross purposes to the accomplishment of this goal.

#### The Perverse Influence of Administrative Structure

Because the magnitude and composition of immigration flows are supposedly subject to direct government regulation, it is essential to understand how the policy making process functions. There is only tangential mention of immigration in the Constitution. By the late Nineteenth Century, however, the Supreme Court had concluded that the federal government was the exclusive governmental body to assume this responsibility.<sup>6</sup> After a brief assignment of power to the Department of the Treasury and later to the Department of Commerce and Labor, the administration of immigration policy was shifted to the newly established U.S. Department of Labor (DOL) in 1914. This action represented a clear recognition by policymakers of the time that labor market considerations should be a primary concern in the administration of immigration policy. In 1933, by executive order, the immigration and the naturalization functions (which had been separately administered in DOL) were joined into

agency -- the Immigration and Naturalization Service (INS). The INS has continued ever since to be responsible for the implementation of immigration policy.

With the recognition in 1940 of the likely involvement of the United States in World War II, a critical decision was made that has had lasting influence on the course of immigration policy. In June, 1940, the INS was shifted from DOL to the U.S. Department of Justice. Ostensibly, the shift was necessary for national security reasons. Concern over the possible entry and presence of subversive foreign elements in the population was elevated to the highest priority mission of the agency. Labor market considerations were shunted aside.

When the war ended, the INS remained in the Department of Justice. The long run effects of this administrative change have been disastrous to efforts to build a coherent immigration policy -- especially if one of the concerns is that immigration policy should seek congruence with domestic labor market developments. The Department of Justice has multiple responsibilities and, when compared to its numerous other important duties, immigration matters have tended to be neglected or relegated to a low order of priority. Moreover, the Department of Justice is one of the most politically sensitive agencies in the federal government. It often opts for short run expedient solutions. It has seldom manifested any interest in the economic aspects and consequences of immigration. Indicative of this disinterest is the fact that there has been virtually no support by the Department of Justice over the years for independent research to study the consequences of the various immigration policies it administers. If it were not for research sponsored by the U.S. Department of Labor and by various private foundations in the 1970s, far

less would be known today than the scant information that does exist concerning this vital area of public policy.

Another lasting effect of the shift of immigration policy to the Justice Department has been that the two judiciary committees of Congress gained the responsibility for supervision over immigration in general and the INS in particular. Traditionally, membership on these committees has been reserved (often exclusively) for lawyers. The result, as noted by David North and Allen LeBel, is that "as immigration problems arise, be they major or minor, perceived or real, the response of lawyer-legislators is that the law should be changed."<sup>7</sup> As a consequence, immigration law in the United States has become obsessively complex and legalistic. In addition to the statutory laws, INS operations are also governed by more than 5,000 pages of written rules. The primary result of these developments has been to create a "honey pot" for the nation's legal community. In no way can it be said that the nation has an immigration system that is accountable for its economic impact.

#### The Nature of the Existing Immigration System

Before discussing the maleficent consequences of the extant immigration system, it is necessary to outline the current system. To do this, it is necessary to look at the major policy components -- those that pertain to legal immigration, refugees, asylees, and illegal immigration. For the sake of brevity, I am not going to discuss the troubled topics of nonimmigrant labor policy or of border commuter labor policy which are also part of this overall system and which are both also in a state of disarray.<sup>8</sup>

#### Legal immigration policy

The revival of legal immigration as an influential force can be virtually dated to the passage of the Immigration Act of 1965. It represented the

culmination of decades of efforts to purge the nation's immigration system of the overt racism that had been the central focus of the "national origins system" that was adopted in 1924. After years of active struggle, the Civil Rights movement achieved its capstone goal -- the passage of the Civil Rights Act of 1964. Just as overt racism could no longer be tolerated in the way citizens were treated by fellow citizens, neither could racism be practiced by the laws that govern the way in which non-citizens were considered for immigrant admission.

The restrictive features of the era of the "national origins system" had done more than shape the racial and ethnic composition of immigrant flows. It had sharply distorted the total flow. Some nations with large quotas (e.g., Great Britain which was entitled to about 40 percent of all of the available visas) did not use all of the slots available to it while other nations (e.g., Italy and Greece) with small quotas had massive backlogs of would-be immigrants. Hence, during the years 1952 to 1965, only 61 percent of the available quotas were actually used despite the fact that tens of thousands of persons were precluded from admission. Succeeding administrations in the post-World War II era were forced, therefore, to seek ad hoc legislation and to use parole powers given to the Attorney General to admit hundreds of thousands of refugees for both humanitarian and national interest considerations. As a consequence, one of every three persons admitted to the United States from 1952 to 1965 entered outside the terms of the prevailing immigration system. Hence, because the system was outdated by the progression of both world and domestic events, the Immigration Act of 1965 was adopted.

It is important to note that while the changes enacted in 1965 significantly changed the character of the existing system, the reform movement



could not entirely escape the heavy hand of the past. Thus, while overt racism was eliminated in 1965, the new act elevated family reunification to the role of being the dominant admission factor. On the surface this might seem to be a humane feature but the motivation for the change was far less noble. It was made in the judiciary committee of the House of Representatives where some congressional supporters were more concerned with finding a way to retain the national origins system under a covert guise. Obviously, if certain groups had been excluded or had a low quota in the past they would have had fewer chances to have relatives who could use their presence as a means to admit new immigrants. Thus, reliance on family unification would largely benefit those groups who had large quotas under the older system. The Johnson Administration opposed this move. It had sought to retain both the priority and the emphasis of labor market considerations as the highest preference criterion (which had been the case since the use of a preference system to determine immigrant priorities was formally established in 1952). Congress, however, made family reunification the dominant admission factor. The Johnson Administration was forced to accept the change as the price of getting rid of the national origins admission system. Labor market considerations were downgraded to both lower preferences and to a sharply reduced number of visa allotments. The ostensible reasons for the reversal of priorities was that during the era when labor market factors dominated the system had not used all of the available slots. But as already noted, the reason for the inability to use all of the available slots between 1952-65 was the distortion of the available pool imposed by the "national origins system" -- not the concept of labor force priority itself.

In the years since 1965, there have been a number of minor changes in the immigration system but they have retained this focus on family reunification. The system as of early 1984 sets a single world wide admission ceiling of 270,000 visas to be issued each year. No more than 20,000 visas are to be allotted to the would-be immigrants of any one country. The "immediate relatives" of each visa holder, however, are not counted in either ceiling. Immediate relatives are spouses, children, and parents of U.S. citizens over age 21. To decide which specific individuals are to be granted such a visa within the framework of these numerical ceilings, a six category preference system exists. The categories rank the preferences in order with a certain proportion of the total visas reserved for each preference. Four of the categories (which account for 80 percent of the visas) are reserved for persons who are family related. Thus, family reunification has since 1965 become the mainstay of the legal immigration system. The two remaining admission categories (which allocate only 20 percent of the available visas each year) are based on labor market principles. For these two labor market categories, a person must secure a certification from the Department of Labor that states that the presence of the immigrant will not adversely effect the job opportunities and prevailing labor force standards of citizen workers. The overwhelming dominance of family reunification as the guideline for admissions does not mean that there are no human resource considerations associated with the operation of this system. It means, rather, that the resulting influences on the labor market are largely the result of chance rather than of direction.

In addition to the preference categories, Congress has established 33 separate classes of people who are specifically excluded from being admitted

(e.g., paupers, prostitutes, Nazis, communists, facists, homosexuals, etc.) no matter if they would otherwise be eligible to be an immigrant. The pre-occupation with detailed attempts to regulate the political and social characteristics of immigrants contrasts sharply with the marked indifference manifested by Congress toward the economic characteristics of those admitted to this country.

#### Refugee and Asylee Policy

It should also be noted that between 1965 and 1980, a separate preference group existed for refugees with 17,400 slots. Over that interval, however, the actual number of refugee admissions greatly exceeded this ceiling by several multiples. The excesses occurred through the use of the parole authority given to the Attorney General to admit persons for "emergent reasons." Because the use of the parole powers was finally admitted to be what it was -- a means of circumventing the existing immigration statutes, refugees were removed from the established immigration system in 1980. With the Refugee Act of 1980, they are admitted under a separate procedure. Since 1982, the President arbitrarily sets the number of refugees to be admitted in advance of each fiscal year. He then must consult with Congress over the appropriateness of the suggested figure. The number of refugees approved for Fiscal Year 1985, for instance, is 70,000 persons (which incidently is the lowest figure since this procedure began). Obviously, there are no labor market considerations applied to the entry eligibility refugees.

The Refugee Act of 1980 also created an asylee policy for the United States. As opposed to a refugee (who is a person living outside of his or her home nation and who fears persecution if forced to return but who is not presently in the United States), an asylee is a person who also fears

similar persecution if he or she returns to his or her homeland but is already physically present in the United States. It authorized up to 5,000 asylee admissions a year on a case-by-case decision basis. As of 1984, however, there were over 173,000 asylee requests pending approval. The majority of these persons fled Cuba during the Mariel boat life era of 1980. In late 1984, the Reagan Administration announced that it would permit 125,000 Cubans in this category to adjust their status to become legal immigrants under a revised interpretation of the Cuban Adjustment Act of 1966.<sup>9</sup> Although this expedient decision was one way to reduce the size of the pending backlog of applications, it does nothing to address the fundamental flaws in this policy that have allowed these numbers to accumulate nor does it provide any real guidance over what should be done in the future. In no instance have labor market considerations been incorporated in the decision making process. But, as in the case of Cubans who are concentrated in South Florida, it is certain that this administrative decision will have a significant local economic impact. For not only is the number of people directly involved large, but also because it immediately means that several hundred thousand additional persons still in Cuba may subsequently be entitled to be admitted on the basis of being immediate family members of these former asylees.<sup>10</sup>

### Illegal Immigration

Having discussed the "front door" approaches to the nation's labor market, it is necessary to add that there is also a massive "back door" approach as well. Although the legal system is extremely complex in its objectives, the entire system can be easily circumvented by those who enter illegally. Unlike most other nations, there are no penalties on employers who hire illegal immigrants in the United States. Virtually all illegal immigrants who are

caught are given a "voluntary departure" back to their homeland. Hence, there is virtually no deterrence associated with the violation of the existing system. There is no system of work permits or of national identification and those forms of identification that are available are easily counterfeitable. Moreover, the INS has always been chronically understaffed and underfunded relative to the enforcement duties it is assigned. All evidence indicates that most illegal immigrants come to the United States to find jobs -- not for purposes of securing welfare or for criminal purposes. No one, of course, knows the exact number of illegal immigrants who compose the stock of the illegal immigrant population or the annual flow. In its final report in 1981, the Select Commission on Immigration and Refugee Policy cited a range of from 3.5 to 6 million illegal immigrants. Their estimate, however, was based upon a review provided by the Census Bureau of a variety of previous studies done in the early and mid-1970s. Thus, whatever the validity of the estimate included in the Select Commission's report, it should be understood that it was based on the averaging of data for the mid-1970s -- not the mid-1980s. Given the certainty that illegal immigration has increased substantially since the mid-1970s, the stock and flows are certainly greater in the mid-1980s than those cited by the Commission's Report. In F.Y. 1984, the INS apprehended 1,056,905 illegal immigrants. Many of these people were apprehended more than once. But, on the otherhand, most illegal immigrants -- especially those from countries other than Mexico -- are never caught. Hence, the precise magnitude of the stock and annual flows of illegal immigrants cannot be estimated with any degree of accuracy. No one doubts, however, that their numbers are substantial and growing. Accordingly, it is highly probable that

they influence employment opportunities and wage levels in the local labor market in which they congregate.

### Labor Market Consequences of the Era of Renewed Immigration

There is a paucity of credible research on the precise employment experiences of all groups of post-1965 immigrants. There is no statistical data base to measure the labor force status of immigrants comparable to the information compiled by the monthly Current Population Survey for all workers in the United States. All that are available are administrative statistics; the findings of a few ad hoc studies of immigrants, and information on the foreign born population supplied by the decennial census count. From these disparate sources, however, it is possible to discern some likely tendencies. An awareness of these tendencies and their logical conclusions is prerequisite to an understanding the macro-economic effects of immigration to the nation.

### The Annual Immigrant Infusion to the Supply of Labor Has Increased

Since 1965, the annual flow of legal immigrants and their immediate relatives, as well as those persons who had been previously admitted for other reasons and who subsequently were permitted to adjust their status to become immigrants, has more than doubled the annual flow that existed for the period 1924 to 1965. For the earlier period, the annual total flow was 191,000 immigrants; for the period 1965 to 1981, the number has increased to an annual average of 435,000 immigrants; for the years 1978 to 1981, it was 547,000 immigrants. These figures do not include those refugees who have yet to adjust their status to become resident aliens, or those asylees whose status is still pending, or any illegal immigrants. If all flows are considered, it is likely that immigration in the 1980s is accounting for as much as

one-third to one-half of the annual growth in the population and of the real growth of the labor force.<sup>11</sup>

The Size of the Annual Flow of Immigrants Has No regard for Domestic Labor Market Conditions

The aggregate number of immigrants and immediate relatives admitted each year is completely independent of the prevailing labor market conditions. The number of immigrants annually admitted has in no way been influenced by the tightness or looseness (i.e., the levels of aggregate unemployment) of the domestic labor market. If allowance is also made for refugees admitted since 1965 and for the tide of illegal immigrants that have entered over this period, immigration has steadily added substantial numbers of additional workers regardless of the cyclical ability of the economy to provide sufficient jobs for citizen or immigrant workers. This practice is at total variance with the practice of most of the handful of other countries that have been admitting immigrants over this same period.

Immigrants Have A Higher Labor Force Participation Rate

The few studies that have focused upon labor force participation of immigrants reveal that the majority of immigrants over age 16 do enter the labor force. Indeed, they show that the actual labor force participation rate for legal immigrants and their immediate relative is likely to be considerably -- not marginally -- higher than that of the general population.<sup>12</sup>

There is no such data, of course, for illegal immigrants but it is intuitively obvious that their labor force participation rates are higher than those of legal immigrants. Illegal immigrants are primarily job seekers. They are legislatively ineligible for many of the transfer programs that might provide alternative income sources. The case with refugees, however,

its not quite so clear. Refugees prior to the 1970s seem to have had a relatively easier adjustment process to labor force entry than have large infusions of refugees from Southeast Asia that have occurred since the mid-1970s. Refugees have been eligible not only for federal income transfer programs but also for local and state programs that are available to needy citizens.

#### Immigration Supplies Workers With Only Minimal Regard for the Human Resource Needs of the Economy

For the overwhelming proportion of those persons who have immigrated to the United States, they have been admitted without regard to their skill, education, or geographic settlement preferences. As noted earlier, 80 percent of the persons who receive visas to immigrate are admitted because the immigration system gives preference to family reunification principles. Immediate relatives of all immigrants are admitted regardless of their labor force credentials as are all refugees and asylees. This is not meant to imply that those who are admitted under these procedures lack talents but, rather as North and LeBel have observed, they "do so accidentally."<sup>13</sup> Accordingly it is estimated that only about 5 percent of all those persons admitted to the United States each year are required to have labor certifications that indicate they are filling established labor force needs. If illegal immigrants are added, of course, this small percentage of certified workers would be reduced to an infinitesimal amount if compared to the total flow of immigrant workers.

#### The Immigrant Flow is Predominately Composed of Members of Minority Groups

The most important qualitative change in the personal characteristics of immigrants that has occurred since the end of the national origins system, has been the complete shift in the regions of origin of the immigrants. Almost



80 percent of the immigrants and refugees admitted during the 1970s were from Latin America and Asia. In the 1980s, the percentage is even higher (close to 84 percent). Beginning with the decade of the 1960s, Europe was replaced for the first time in the nation's history by Latin America as the leading source of immigrants. By the 1970s, Asia which was now free from the discriminatory features of the previous immigration system, was challenging Latin America for that distinction.

The last time that a European nation was among the top five of the countries that supply immigrants to the United States was in 1973 (when Italy placed fifth). Mexico has become the country that annually supplies the most immigrants; the Philippine Islands have tended to be the runner-up. The other sources vary from year to year but, since 1974, they have all been located in either Asia or the Caribbean area.

The predominance of immigrants from Latin America and the Caribbean area can be easily explained in terms of the priority given to family reunification in the admission's system. For Asians, the explanation is more complex. It would seem that the family reunification system should have worked against many Asian groups, given the exclusionary features that were in effect for much of the pre-1965 era. The answer to this paradox in the fact that Asians have made astute use of the occupational preferences as well as the fact that they have overwhelmingly dominated the massive refugee flows for each year since the mid-1970s. In the first case, the Asian immigrants have tended to be highly skilled and educated; in the Asian refugee case, they have usually been unskilled and poorly educated.

Likewise, the illegal immigrant flows have also come predominately from Mexico and the Caribbean Area. The best approximations are that about 60

percent of the illegal immigrants to the United States come from Mexico; about 20 percent come from other countries of the Caribbean area; and the remaining 20 percent come from other nations of the world.<sup>14</sup>

Without doubt, therefore, the combined immigrant flows are overwhelmingly composed of persons from minority groups (Hispanics, blacks, and Asians). As will be discussed later, there is a strong clustering pattern of these immigrants into local labor markets of the central cities of a few large states that are already composed of persons from similar racial and ethnic backgrounds. As a result, it is very likely that many immigrants compete directly with other citizen minority workers for available jobs. The competition is likely to be most adverse in the lower skilled occupations. For the higher skilled legal immigrants, the competition for employment opportunities is more broadly based and, accordingly, the impact is less pronounced.

It is likely, therefore, that since 1965 immigration in general -- but illegal immigration and refugee flows in particular -- has tended to adversely affect the employment, unemployment and labor force participation experiences of minority citizens in a selected number of urban communities. The geographical concentration of immigrants in a few large metropolitan areas has also tended to moderate wage increases for all workers who compete with them in these same labor markets in general but with minority group citizens in particular.<sup>15</sup> To the degree this has happened, uncontrolled immigration has worked at cross purposes with other federal human resource policies that have been initiated over these same years that have been designed principally to improve the economic opportunity for these same minority citizen groups.

The Occupational Patterns of Immigrants Differ Extensively From Those of the Labor Force As a Whole

With specific reference to the occupational patterns of immigrants, the occupational distribution of those admitted as legal immigrants is skewed toward professional, technical, and skilled workers. The pattern is due largely to the fact that the complex admission system is biased toward those who have family connections as well as the time and the money that it takes to work their way through the labyrinth of the legal immigration system. For the minority who are admitted under the two occupational preferences and who, by virtual definition do not have family relatives who are citizens, the two occupational preferences generally favor those with high skills and extensive educational backgrounds. Persons who are likely to become "public charges", for instance, are specifically excluded from becoming legal immigrants. Furthermore, because of the extensive backlog of visa applications (over 1.2 million visa applications were pending at the end of 1982), there have been no visas available since 1978 for the non-preference "catch all" category that theoretically exists. Thus, it is not surprising that the occupational characteristics are skewed differently from the distribution of the labor force as a whole.

It appears from studies by David North of a cohort of 1970 immigrants and a study by Barry Chiswick of the foreign born who entered the U.S. up to 1970, that the earnings of immigrants tends to be initially below those of citizen workers in comparable occupations but that these differences gradually vanish in 11 to 15 years.<sup>16</sup> Chiswick, in fact, found that male immigrants actually end up doing better than citizen workers in comparable occupations after about 20 years in the country. He was unable to make

conclusive findings about female immigrants. It is of consequence to note that Chiswick found that immigrants from Mexico and the Philippines (the two countries that have been the largest sources of legal immigrants since 1962) were the least likely to sustain these favorable results.

In reviewing, Chiswick's ambitious research on this subject, it is vital to keep in mind that his analysis is of all foreign-born who had entered the United States prior to 1970. It has been after 1970, however, that the full effects of the Immigration Act of 1965 and the Refugee Act of 1980 have occurred. As North has noted, the 1970 census data on the foreign-born "is a group composed of persons of above average age, most of whom came to the U.S. many years earlier and under provisions of earlier legislation."<sup>17</sup> As a consequence he specifically warns about the use of this data as a reference group since "one must not assume that the profile of the foreign-born which emerged from the 1970 Census will be similar to that emerging from the 1980 or 1990 censuses."<sup>18</sup>

Likewise, the sizeable increases in the number of illegal immigrants -- since the 1960s -- especially those from Mexico and the Caribbean Basin -- have been dominated by low and unskilled workers which also challenge any complacent deductions that would seem to be the logical conclusions of some of the existing literature. In Chiswick's work, for instance, there is no way to separate the experience of legal immigrants from illegal immigrants since he is studying the foreign born as reported by the Census. It is certain that the illegal immigrant population is severely undercounted in the Census and, accordingly, it is likely that their experiences are not adequately captured by this data base.

One study that has made use of the 1980 Census and its data on the foreign born was done by Gregory DeFreitas and Adriana Marshall found that

over one-third of all immigrants were employed in manufacturing (compared to 23 percent of native born workers.)<sup>19</sup> In many metropolitan areas, the concentration was more severe -- 75 percent of all manufacturing workers in Miami were immigrants; over 40 percent of those in Los Angeles and New York City; 25 percent in San Francisco; and 20 percent in Chicago and Boston. In 35 metropolitan areas with a population of one million or more immigrants comprised 19 percent of all production jobs in manufacturing. Not surprisingly, given the occupational, industrial and geographic concentration of the immigrant work force, the study found that the rate of wage growth in manufacturing was inversely related to the size of the immigrant population in those metropolitan areas. The high concentration of foreign born workers had a statistically significant negative impact on wage growth compared to the experience with large metropolitan areas with lower percentages of foreign born workers.

Douglas Massey, however, has warned that these findings may be "an artifact of the level of aggregation" of the data used by these scholars.<sup>20</sup> Indeed, George Borjas has found in a study using data from the 1970 and 1980 Public Use Samples of the U.S. Census that there was no impact of male immigrants on the earnings of native born males but there was a negative impact of female immigrants on native born women.<sup>21</sup> The model used by Borjas to reach his conclusions however, has been sharply criticized by Michael Piore as being totally inappropriate for the use to which it was applied.<sup>22</sup> Hence, as with most issues in this area of debate, the final verdict is still out. But, to the degree that simple logic is permitted to substitute when it is acknowledged that gross data deficiencies exist which limit the utility

of even correctly specified econometric models, the concentration of immigrants in selected industries and geographic areas strongly supports the findings of DeFritas and Marshall.

Given that the illegal immigrant flows into the labor force since 1965 are likely to have matched and probably exceeded the legal flows, it is essential that the labor market experiences of illegal immigrants be specifically included in any effort to assess the overall impact of immigrants on the labor market. This means that studies which simply using census data -- with its acknowledged undercount of illegal immigrants are never going to adequately capture the true impact of contemporary immigration flows on employment and earnings. There are only two studies that have been able to make a serious attempt to capture explicitly some measure of the influence of illegal immigrants. One was a nationwide study made of apprehended illegal immigrants by David North and Marion Houstoun in 1976.<sup>23</sup> The second was a study made of unapprehended illegal immigrants in Los Angeles in 1979 by a research team from the University of California at Los Angeles (UCLA).<sup>24</sup> Both studies were funded by the U.S. Department of Labor. In the North and Houstoun study, the respondents had been in the United States for an average of 2.5 years while in the UCLA study the mean was 4.0 years.

The occupational patterns of the respondents in the two studies showed conclusively that illegal immigrants are concentrated in the unskilled occupations of farm workers, service workers, non-farm laborers as well as the semi-skilled blue collar occupations of operatives. A significant number are also in the skilled blue collar occupation of craft workers. Very few were found in any white collar occupation.

A comparison of the data from these two studies shows that the occupational patterns of illegal immigrants closely resembles those of Mexican Americans (Chicanos) and of blacks. The employment pattern of Chicanos, in fact, better resembles the pattern of illegal immigrants than it does the general distribution pattern of the labor force.

It seems certain that the illegal immigrant workers are concentrated in the secondary labor market of the U.S. economy where they often compete with the millions of citizen workers who also work and seek-work in this sector. Indeed, Malcolm Lovell, the Under Secretary of Labor in his testimony to Congress in support of immigration reform stated that "in 1981, close to 30 percent of all workers employed in this country, some 29 million people, were holding down the same kind of low-skilled industrial, service, and farm jobs in which illegals typically find employment."<sup>25</sup>

Illegal immigrants are by no means the only cause of unemployment and persistent low income patterns among certain sub-groups of the American labor force but they certainly are a factor. The formulation of any serious full employment strategy for the United States in the 1980s, therefore, will have to include measures to curtail illegal immigration.

Thus, it would appear that the occupational impact of legal immigrants is at the upper end of the nation's occupational structure while the impact of illegal immigrants is at the lower end. Studies that combine these two groups -- such as those that rely exclusively on Census data -- to obtain an average measure of the experience of immigrants on the labor force miss the actual significance of the real impacts which appear to be concentrated on the extreme ends of the occupational spectrum.

### The Locational Impact of Immigrants Is Extremely Unequal

One of the most pronounced effects of the unguided immigration system is that legal immigrants are highly concentrated into a relatively few but still major labor markets. Since 1966, California and New York have consistently accounted for almost half of the intended residences of all legal immigrants. Texas, Florida, New Jersey and Illinois account for about one quarter of the remainder. Thus, six states have received almost three-quarters of all of the legal immigrants. Data from the 1980 Census also confirm this high concentration rate of the total foreign born population in the same states (the percentage of foreign born in California was 14.8 percent, New York 13.4 percent, New Jersey 10.3, Florida 10.9, Illinois 7.3 and Texas 6.0; the only other state with a large foreign born population was Hawaii with 14.0 percent).<sup>26</sup>

Within the states in which they settle, legal immigrants have demonstrated a consistent preference in the 1970s for the large central cities.<sup>27</sup> Although the exact percentages varies each year, a central city was the destination of about 55 percent of the immigrants who were admitted between 1960 and 1979. Urban areas -- those with a population of between 2,500 to 99,000 people -- were the clear second choices while rural areas were a distant last. These initial residential patterns differ distinctly from those of the general population in which urban areas have become the overwhelming first choice since 1960 (accounting for almost half of the population) followed by an almost equal preference (of about 25 percent each) for central cities and rural areas.

The Census information on the foreign born population in 1980 vividly demonstrates the effect that immigration is having on the population of a



few large metropolitan areas. In 1980, for instance, the metropolitan area with the highest percentage of its population being foreign born was Miami, Florida with a phenomenal percentage of 35.2 percent. The second highest was Los Angeles, California (21.6 percent) and the third was New York City (20.8) percent). Thus, the necessity to accommodate the growing immigrant flow has not fallen evenly. Only a few states and a handful of cities have borne the brunt of the revival of immigration that has occurred since 1965. As the aforementioned DeFreitas and Marshall study found, one effect of these disproportionate concentrations has been to retard wage growth in these large metropolitan areas relative to other metropolitan areas with fewer immigrant workers. It is also of consequence to note that the settlement pattern of illegal immigrants has closely resembled the locational preferences of legal immigrants. In their quest to avoid detection, illegal immigrants often seek to blend into communities that already have large numbers of persons from similar ethnic backgrounds. This tendency, of course, only intensifies the pressures on these few states and cities to accommodate immigrants.

Thus, the uneven distribution of immigrants means that studies that focus on the national or state level miss the actual impact of immigration at the local level in the communities of only a handful of states. But when one recognizes that those central cities in these few states account for a significant portion of the total employment in the nation and especially the employment opportunities available for minority group workers, there is no reason to consider these impacts as inconsequential.

#### In The Short Run, It is Likely That Immigrants Contribute to Higher Unemployment Rates

Chiswick has found for the foreign born males that it takes about five

years for them to reach the same number of weeks worked and to come down to the same number of weeks of unemployment as native born men.<sup>28</sup> This would suggest that in the short run that immigrant males tend to experience a higher incidence of unemployment than is the general case. In his findings, it is also important to note that he found that the foreign born males from Mexico, Cuba, and China tended to take longer to reach parity with native born men than it did the foreign born men from other nations. With respect to their unemployment experience, all three of these countries have consistently ranked among the largest sources of immigrants and refugees since 1970. It is logical to conclude that, if anything, the unemployment experiences of immigrants over the past decade should be less favorable than those that occurred prior to the 1970s.

#### Concluding Observations

The prevailing immigration policy of the United States was largely conceived in the early 1950s and the mid-1960s when immigration was not a significant influence on the economy. As a result, the policies that have led to the consequences outlined in this paper manifest a complete disinterest in their labor force implications. Perhaps the nation could tolerate such permissiveness if the immigration flows of workers had remained relatively small and if the economy had not undergone significant structural changes. But such is not the case. Hence, the "practice" of allowing immigration policy to continue to follow its own nepotistic, inflexible, mechanistic, and massively abused course is a "luxury" that this nation can ill afford to continue.

The economy of the United States in the mid-1980s is a far cry from the one into which earlier waves of immigrants entered. The resurgence of

immigration since 1965 has paralleled a period when the labor force of the United States has sustained unprecedented changes in both size and composition.

With regard to size, the civilian labor force increased by an average of 1.8 million workers each year from 1964 to 1973; and annually by 2.2 million from 1973 to 1980. Since then the rate of annual increase -- as officially measured (which means that it is doubtful if the full effects of growing numbers of illegal immigrants are included) -- has declined slightly. Nonetheless, in 1984 the Bureau of Labor Statistics (BLS) announced that it is revising its long term projections of labor force growth from the period 1982 to 1990 to 1.6 million net new workers each year. (I would argue that even this projection is conservative -- as all past projections by BLS have been).

As for the composition of the labor force, the years since 1965 have been a period one in which racial and ethnic groups as well as women have dramatically increased their proportions of the total labor force. The BLS projects that these patterns will continue -- with women accounting for two-thirds of the annual growth in the labor force and blacks about 25 percent over the next decade. It is certain -- especially if immigration continues the pattern of the past -- that the Hispanic labor force will also increase its share disproportionately even though the BLS did not highlight this group in its projections.

With respect to the entire labor force, the next decade presents the nation with a unique situation. Because the "baby boom" generation has now come of age, it is projected that by 1990 the largest single age cohort of the population will be between the ages of 25 to 44 -- the prime working age years. It is a period when labor force participation is at its highest for both males and females. During the late 1980s and early 1990s it is predicted

that there will be more persons in the labor force than not -- including babies. By 1995, it is expected that 70 percent of the labor force will be between 25 and 54 years of age. Thus, it is going to be a time in which there will be mounting pressure on the economy to generate additional employment opportunities -- especially for women and minorities.

Under these circumstances, it is clear that the last two decades of the Twentieth Century are going to be years in which the labor force of the nation will be confronted with immense pressures to accommodate both the growth in the number of jobs seekers as well as to significant changes in the racial and gender composition of the supply of labor. The quest to meet these challenges will be difficult enough without being undermined by an immigration policy that is oblivious to its labor market impacts but which, in actuality, has influential labor market consequences.

The broad outlines of the policy reform needed to make immigration policy conform to the economic welfare of the nation are easy to list. With respect to the annual levels of immigration, there need to be enforceable ceilings. But they should be ceilings and not established and inflexible numbers. The actual number of immigrants admitted each year should be responsive to unemployment trends in the nation. Annual immigration levels should fluctuate inversely with unemployment trends (as is the practice in Canada). The system should be capable of responding to changing economic circumstances. The boundary ceiling should be set by legislation but the precise levels in any given year should be set administratively. It is implicit if this were to be done, that the administrative responsibilities for immigration policy should be shifted back to the U.S. Department of Labor (or some other new agency that might be created to administer and coordinate all of the nation's

human resource development policies) and away from the U.S. Department of Justice and the judiciary committees of Congress.

As regard to the actual determination of who is admitted as a legal immigrant each year, the preference system should revert back to the primary emphasis on occupational preferences that characterized the preference system from 1952 to 1965. Family reunification should remain an admission criterion but not the primary factor as has been the case since 1965. No other nation in the world allows such a nepotistic and discriminatory doctrine to dominate its admission system. The occupational preferences should be increased to at least the pre-1965 level of 50 percent of the available visas. Full discretion should be given to the administrative agency to decide which occupations (skilled, semi-skilled, or unskilled) are in greatest need at any particular time and to admit them. Included within this discretionary power should be the right to give preference to immigrants willing to settle in regions where there is scarcity of labor with certain skills. The shift away from the dominance of family reunification would also allow opportunities for "new seed immigrants" (especially for immigrants from Africa which have the most trouble entering under the existing system).

The refugee and asylee policies of the nation are the most difficult to integrate into a policy design that focuses on economic priorities. Obviously, the United States should continue to participate in the world wide effort to absorb and to assist in the accommodation of refugees. But experience clearly indicates that there must be limitations on the number of refugees admitted and where they settle. A legislative ceiling should be set on the number of refugees to be admitted with the understanding that, if special circumstances do arise, more refugees may be admitted but that offsetting

reductions will be made in the number of legal immigrants in the same or the following year. If a situation should develop that was truly extraordinary, Congress could legislate a temporary increase in the numerical boundaries to accommodate such a unique circumstance. The asylee issue is presently too complex to discuss in this paper except to note that the current policy is hopelessly bogged down in a system of judicial paralysis. Currently, asylees are entitled to more levels of appeals of their status than are provided to convicted felons. It is essential that a more expedited system of reaching closure in these cases be designed. But the ultimate principle for admission should be the same as refugees: namely, if asylees permissions are granted, legal immigration should be reduced accordingly. It is essential that the principle of choice be firmly established in the operation of the nation's immigration system. Otherwise, one is confronted with the chaos of the present system where the policy is essentially one that ratifies what has already happened anyway. Moreover, there is no sense establishing the concept that total immigrant flows should fluctuate with domestic labor market conditions if the entire process can be circumvented by flows from another source. There are already ample signs that the refugee and asylee system is being used for purposes other than those for which it was designed -- to avoid persecution for one's political and personal views. The full cost of assisting refugees and asylees to be prepared from entry into the labor market should be borne by the federal government and not by local communities where they congregate.

All of the preceding suggestions, of course, are predicated on the assumption that a full-scale effort will be mounted to end the flow of illegal immigrants into the country. It would make no sense at all to attempt to construct a positive immigration policy that works in tandem with general

economic policy if the entire process can be easily circumvented. The appropriate policies should be designed to address both the "push" and the "pull" factors that contribute to the illegal immigration process. They should include enhanced deterrent policies (e.g., employer sanctions, enhanced INS funding, and less reliance on the use of the voluntary departure system) as well as prevention measures (e.g., extensive economic and technical development assistance, trade and tariff concessions, and the absolute insistence on the adherence to human rights principles and the protection of human life from murder and torture as a prerequisite for receipt of the economic aid and trade concessions).

The absence of any serious effort to forge an immigration policy based upon labor market considerations means that immigration policy today functions as a "wild card" among the nation's array of key labor market policies. Unlike all other elements of economic policy (e.g., fiscal policy, monetary policy, employment and training policy, education policy, and anti-discrimination policy) where attempts are made by policymakers to orchestrate these diverse policy elements into a harmony of action, immigration policy has been allowed to meander aimlessly. This is a situation that no sensible nation can allow to continue.

## Endnotes

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