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Does The United States Need to Import Skilled Labor?

Vernon M. Briggs, Jr.
Cornell University

As mass immigration has gradually re-emerged since the mid-1960s as a distinguishing feature of contemporary life in the United States, the sheer size of the annual flow has gradually forced the politicians and political interest groups of this nation who have created this phenomenon to justify their actions. Because the process has occurred slowly over several decades; because the relevant data to monitor the process have ranged from poor to non-existent; because the vital importance of on-going research to identify a rationale and to assess the societal effects of immigration has never been recognized by the governmental bodies that shape and implement immigration policy; and because the administration of this element of public policy has been designed by lawyers primarily to benefit other lawyers, the cumulative economic impact of immigration has been deferred from careful analysis. It would seem, however, that the consequences of this prolonged indifference to the national interest has finally reached the point today where it can no longer be ignored. Having resurrected immigration from its dormant state (where it had rested from the mid-1920s to the mid-1960s), a belated effort is now underway to find a purpose for having re-awakened this sleeping economic giant from America's past.

Immigration policy may be designed to meet a variety of perceived needs but there is only one relevant standard to assess its ultimate impact: namely, its economic effects. The primacy of its economic role is derived from the fact that, ultimately, most immigrants -- no matter how they got

here -- must find some way to support themselves or be supported by others. For most immigrants and their dependents, it is their labor market experiences that determine their welfare in this nation. Moreover, it is also in this role as workers that their compatibility with the interests of citizen workers becomes of possible concern. If jobs are readily available, a case for more liberal admissions of immigrants may be warranted; if jobs are scarce, the opposite is the case. If conditions are uncertain, prudence would dictate that restrictive policies be in place until such time as trends can be discerned.

While it is not my task in this paper to review the history of immigration to the United States, I do believe that it is essential to make one comment about the past in order to provide contrasting observations about the present and the future. Namely, the earlier mass immigration flows of the 19th Century and the early 20th Century were generally consistent with the basic economic needs of the nation. The country was in its pre-industrialization stage prior to the Civil War and in its actual industrialization stage following the Civil War up to World War I. The nation needed large numbers of unskilled workers to work its land and to staff its factories. It also needed a population to fill its acquired continental territory. During those periods when agriculture dominated employment in the 19th Century and when manufacturing emerged around the turn of 20th Century as the key employment sector, the types of jobs that were created required very little in the way of skills, education, or fluency in English from the work force. The supply of immigrants who came during these periods reasonably matched the effective demand for labor at the time. As late as the eve of the entry of the United States into World War I, 1917, only six

percent of the labor force in the United States had a high school diploma. The technology of that era asked little in the way of human resource endowments from the labor force. Rather, the jobs largely required blood, sweat, and tears; most of the immigrant and native born workers of those eras provided all three.

In sharp contrast, since the mid-1960s the United States has entered its post-industrial state. Agriculture has been a negative source of employment every year since the late 1940s. Today, it accounts for less than 3 percent of the labor force. Likewise, manufacturing -- especially its blue collar occupational categories -- has been in sharp relative decline (accounting in 1987 for only 20 percent of the employed labor force). In the wake of the collective employment decline of the goods producing sector, there have come the service producing industries. By the late 1980s, almost 70 percent of the U.S. labor force is employed in services and the U.S. Department of Labor projects that 90 percent of the new jobs that will be created in the remainder of the 20th Century will be in the service industries. As a consequence, the labor market of the United States is in a state of transformation. The shift to a service based economy is causing a general upgrading in the skill and educational requirements of the labor force. The demand for labor is being radically restructured. The supply of labor is adapting but the adjustment process is not as easy or as automatic as it was in previous eras.

In the earlier periods, the displaced workers from the agricultural sector had little difficulty qualifying for new jobs in burgeoning manufacturing sector. But the emergence of the service economy has imposed an entirely different set of job requirements on the actual and potential

labor force. While the technology of earlier periods stressed physical and manual skills for job seekers, the service economy stresses mental, social, and communication skills. Indeed the most rapidly growing industries in the private sector are personal services (especially its sub-categories of business services, medical services, professional services, educational services, and doctor and dentist services); wholesale and retail trade; and finance insurance and real estate. But even these new industry employment patterns do not give a clear picture of the actual occupational changes that are occurring. Indeed, one of the key characteristics of the phenomenal growth in employment in the United States over the past few decades has been the fact that it has been highly concentrated in only a few occupations. Of the more than 200 occupations for which the U.S. Department of Labor collects data, only 10 have accounted for almost 30 percent of the absolute employment growth since the 1970s. These have been secretaries, cashiers, registered nurses, cooks, computer specialists, accountants, engineers, truck drivers, computer operators and bookkeepers. In terms of rates of employment growth, the 10 fastest growing occupations in order are computer analysts, health technologists, computer peripheral equipment operators, economists, psychologists, computer programmers, operation and systems researcher, therapists, health aides, and designers. Most of these growth occupations -- either in absolute or percentage terms -- are those that require advanced training and education. All involve positions of responsibility.

Without unduly belaboring the obvious, let me quote from the Department of Labor's most recent study of projected occupational demand projections up to the year 2000:

> "It should be pointed out that the occupational clusters projected to decline or grow slowly are generally those requiring the least amount of education and training and those projected to grow the fastest require the most education and training."

Thus, the occupational trends of the present and for the future are clear. The question is the ability of the supply of labor to respond.

Unfortunately, in the United States we do not collect job vacancy data. We do not have an official index that shows what types of jobs are unfilled because of the absence of qualified job applicants. A cursory look at the want-ads in most urban newspapers, however, does show that a vast number of job openings are for highly skilled and educated persons. What is also generally known on the labor supply side is that unemployment rates for the labor force are inversely correlated to educational attainment levels (i.e., there is a much higher incidence of unemployment among job seekers with low levels of educational attainment than with higher levels of attainment). With an estimated 27 million adult illiterates already in the population and most of them in the labor force, the last thing that the nation needs is to allow unskilled and poorly educated persons to immigrate into the United States at this stage of its economic development. It is always possible for more highly skilled and educated persons to do unskilled work. It is seldom possible for unskilled workers to do skilled work. Hence, <u>if I am wrong</u> -- which I seriously doubt because it would mean that all of the experts on labor force trends and projections are also wrong -- and the future demand is for unskilled workers and there is a surplus of skilled workers, the operation of normal market forces should be able to guide the excess supply of skilled workers to vacant unskilled jobs. (This assumes, of course, that the operation of the market is not sabotaged by an immigration policy designed

to admit unskilled workers). But the reverse is not possible. If we need skilled and educated workers, you cannot readily create them. Unskilled workers cannot fill skilled jobs except at great financial cost associated with significant time delays for retraining and relocation and with significant productivity losses for the economy. In many instances, the lack of sufficient educational foundations will prevent many unskilled persons from ever being trained for the types of jobs that are projected to be most in demand.

I do believe, of course, that we should be preparing our native born citizens for these high skilled, high paying, and high status jobs. But human resource development requires a long term perspective to be successful. Providing qualified teachers, adequate facilities, and up-to-date instructional aids and equipment are all serious problems in the United States today. In fact, the findings of the numerous presidential commissions on the status of education in the nation in the 1980s have already concluded that we are failing at every educational level. There is no greater national priority than the need to address these educational deficiencies. But at this juncture, the nation must look elsewhere for a way to fill many of the jobs that require high skills and advanced education. Such is especially the case in fields that stress computer technology and scientific research and in the realm of providing higher education itself. It is in this capacity that immigration policy can find a justifiable purpose. It can serve as a short run method to fill these types of jobs until the nation can enact the types of human resource development policies and systems capable of supplying citizen workers to meet this emerging demand. But care must also be taken to assure that immigration policy does not forestall training and

education of native citizens for these jobs. Given the multi-cultural and racial character of the U.S. labor force, it is essential that minorities be given opportunities to qualify for these emerging high skilled jobs. The cohesion of the nation in the future will depend upon the avoidance of an occupational polarization of the labor force along racial lines. Hence, the importation of skilled labor should be administered in a flexible fashion by an administrative agency and not by statutory provisions or by the courts. It must be coordinated with other human resources development policies.

In a way, the current immigration system is trying to perform this function despite the complications imposed on it by the disproportionate priority given to family reunification principles and refugee accommodation. It is the non-immigrant system that seems to becoming the new immigrant route into the country for highly skilled and educated workers. This is, of course, a perversion of this element of public policy. Non-immigrant policy is supposed to provide temporary foreign workers who eventually return to their homelands. It is not intended to be an avenue for permanent immigrants. But because the legal system is hindered by misguided family reunification objectives and massive backlogs in the preference categories that ignore labor market needs to guide entry, the non-immigrant system seems to be the new way for American employers to find skilled and educated workers that are otherwise unavailable or for whom they do not wish to actively compete to hire from the native born pool.

No where is this trend more obvious than in the case of the training and employment of Ph.Ds for jobs in research, development, and university teaching. In a report issued in 1987 by the National Research Council (see Table 1), it is shown that over the past 25 years (especially the last 10

TABLE 1: Percentage Distribution of Doctorate Recipients, by Citizenship and Broad Field, 1962-1986*

Field	Year of Doctorate						
	1962	1966	1970	1974	1978	1982	1986
Total, All Fields							
U.S. Citizens	85.6	83.4	84.5	79.7	81.9	78.4	72.3
Permanent Visas	2.4	3.5	5.3	5.5	4.4	3.9	4.5
Temporary Visas	10.8	10.6	8.7	10.2	11.1	13.5	16.6
Physical Sciences							
U.S. Citizens	84.8	82.0	82.2	73.8	76.3	72.7	62.5
Permanent Visas	2.2	3.4	6.3	7.5	6.1	4.7	5.0
Temporary Visas	11.9	11.9	10.1	14.8	15.4	19.5	26.2
Engineering							
U.S. Citizens	76.5	73.4	73.2	55.7	52.0	44.2	40.8
Permanent Visas	4.9	6.3	12.5	16.4	13.4	11.2	10.2
Temporary Visas	17.9	16.7	13.7	22.4	31.7	38.9	40.6
Life Sciences							
U.S. Citizens	79.8	77.3	80.2	74.3	79.9	80.8	75.9
Permanent Visas	2.7	3.3	5.2	6.4	4.3	3.2	3.6
Temporary Visas	16.7	18.0	13.9	14.7	13.3	13.1	15.2
Social Sciences							
U.S. Citizens	85.4	83.4	85.1	82.7	84.8	82.2	77.9
Permanent Visas	2.1	3.7	4.9	3.6	3.5	3.4	3.8
Temporary Visas	10.5	10.2	8.7	8.8	8.1	9.2	11.5
Humanities							
U.S. Citizens	90.7	88.3	89.6	87.4	89.3	84.9	78.8
Permanent Visas	2.4	4.3	4.7	4.3	3.3	3.9	4.4
Temporary Visas	4.6	4.5	3.8	4.2	4.7	6.4	9.3
Education							
U.S. Citizens	94.5	94.6	94.6	90.6	90.3	86.6	84.7
Permanent Visas	0.8	1.0	1.2	1.4	1.8	2.0	2.5
Temporary Visas	4.3	3.5	3.4	4.2	5.7	7.9	7.1
Professional and Other							
U.S. Citizens	82.5	81.9	78.2	80.3	80.0	76.5	70.8
Permanent Visas	2.2	3.9	5.5	4.8	3.9	3.7	4.8
Temporary Visas	13.3	9.6	12.7	9.5	13.7	14.0	15.6

*Details do not add to 100 percent where citizenship is unknown.

years) that the proportion of doctorates awarded to citizens has declined dramatically (from 85.6 percent in 1962 to 72.3 percent in 1986). The sharpest declines have been in the fields of engineering (from 76.5 percent in 1962 to 40.8 percent in 1986) and the physical sciences (from 84.8 percent in 1962 to 62.5 percent in 1986). Many of these new doctorate recipients are foreign nationals on temporary visas who will return to their homelands. Some of these persons do find jobs in the U.S. however, which means they must seek to adjust their non-immigrant status (See Table 2). A growing number of Ph.Ds in every field are being granted to people who have permanent visas (i.e., resident aliens). Most of these persons will stay and seek jobs in the U.S. although there is also a counter trend for more of them to leave as well (See Table 2). The explanation for the declining number of citizen doctorate recipients cannot be explained by demographics (See Figure 1). It is rooted both in the job alternatives available to qualified students immediately after they received their undergraduate degrees and in the poor educational preparation of many other citizens who cannot qualify for graduate study.

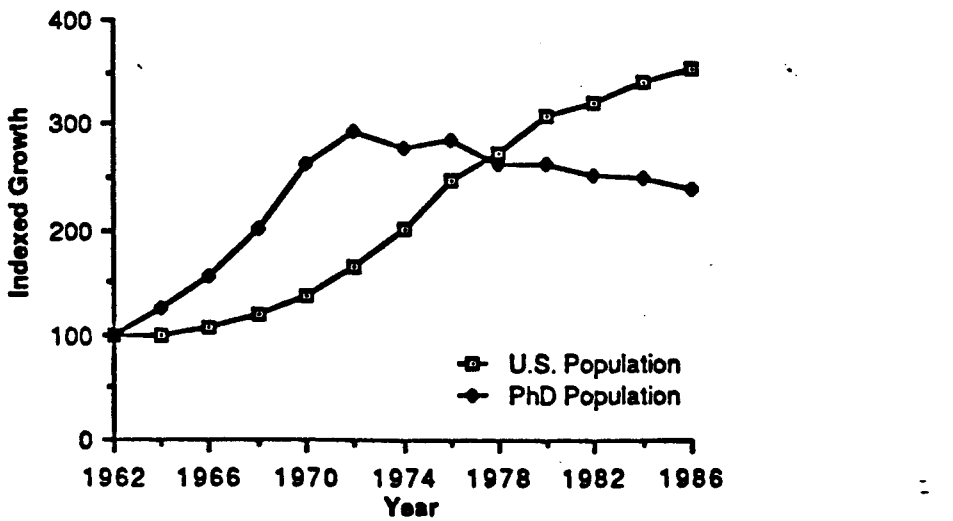
In my view, the United States has no choice at this point but to shift the priorities of its immigration system to accommodate more highly skilled and educated immigrants. In certain occupations and industries, the U.S. economy desperately needs them. Due in part to its own negligence in the development of its human resources, the high technology economy that the U.S. aspires to maintain requires higher educational and training standards than the nation is willing or capable of imposing on its extant education and training system. Eventually this will change but, at the present, it is the reality. There is an old saying that "logical consequences are the

TABLE 2: Percentage of Doctorate Recipients with Employment Commitments in the U.S., by Citizenship and Broad Field, 1977 and 1986*

Field	U.S. Citizen 1977	U.S. Citizen 1986	Permanent Visa 1977	Permanent Visa 1986	Temporary Visa 1977	Temporary Visa 1986
Total, All Fields	94.9	92.4	85.4	74.5	23.7	35.6
Physical Sciences	97.1	96.0	84.0	80.9	25.5	49.6
Engineering	96.3	95.3	94.1	84.3	48.6	53.7
Life Sciences	94.1	93.9	75.4	56.1	9.2	13.1
Social Sciences	94.3	92.6	85.1	74.7	21.6	28.2
Humanities	92.7	89.6	87.3	74.2	21.1	27.1
Education	95.2	90.8	62.2	52.8	8.1	8.2
Professional Fields	95.5	92.8	85.4	80.0	21.4	48.4

* Percentage based on total reporting definite postgraduation plans (17,215 doctorate recipients in 1977 and 15,981 in 1986).

FIGURE 1 Trends in the number of U.S. and permanent-resident Ph.D.s and in the comparable U.S. population, 1962-1986.



NOTES: Index year = 1962. Comparable U.S. population = 25- to 34-year-olds having 16 or more years of education.
SOURCES: National Research Council and U.S. Department of Commerce, Bureau of the Census.

beacons to wise men and the scarecrows of fools." Our immigration system at this point in time can be a beacon -- a way of showing the nation how to acquire the workers it needs (the skilled and educated) and how to keep out those that it does not (the unskilled and uneducated). A flexible immigration admission system that could respond to changing economic situations could end the "fools paradise" that best describes the existing immigration system with its nepotistic, mechanistic, and legalistic characteristics and highly political orientation. Making immigration policy a human resource development policy would give immigration policy what it now lacks: economic accountability for what it does. It could provide a useful purpose for the benefit of the economy rather than the counterproductive role that it now plays.