

27th Annual Meetings of the IRRA
San Francisco, California
December 29, 1974
Session XIII

7/1

The Impact of New Immigrants in Low Wage Labor Markets: Discussion

by Vernon M. Briggs, Jr.
Professor of Economics
University of Texas at Austin

For the first time since the pre-World War I era, labor migration into the United States is emerging as a major policy issue for the mid-1970's. As always, there is both a quantitative and a qualitative dimension to the topic. "How many" and "who are they" have been the traditional research questions on the subject. It is not surprising, therefore, that these concerns are the topics of both papers.

An examination of contemporary labor migration quickly shows that its character is without earlier parallel. As a result, a host of new policy questions have arisen. Both papers correctly stress the quantitative fact that illegal entry far exceeds the number of legal entrants. For this reason I would prefer to use the term "alien migration" to describe the phenomenon. The phrase "new immigration" offers the possibility of confusion since the identical term has been applied by historians to the 1890-1910 era when immigration sources to the United States switched from western and northern Europe to southern and eastern Europe.

Before turning to the points made by the speakers on the topic of alien migration, I do feel that some recognition of the relationship between legal and illegal immigration should be noted. The two are not unrelated flows. Since the Immigration Act of 1965 eliminated the ethnocentric aspects of the old immigration law that had prevailed since 1924, a new preference system that is based upon considerations of family reunification, overcoming shortages of skilled workers; and the accomodation of a limited number of political refugees has been created. The limited

research currently available as to the effect of Act of 1965 on the domestic labor force have concluded that it is having a "substantial impact." Legal immigration now accounts for about 12 percent of the annual increase in the civilian labor force and the distribution of legal immigrants is uneven with regard to their impact on certain geographic regions, urban areas, and certain occupations. Legal immigration is related to illegal immigration in two ways. First, it has been well documented that many illegal immigrants become legal immigrants through a variety of devices such as marriage to an American citizen, birth of a child in the United States; or through political-pull that is often provided by an influential employer, religious, or community-based organization. Secondly, the new preference system favors exclusively skilled workers with minimum opportunity provided for unskilled and low income workers to gain legal admission. Hence, the illegal route has become the established alternative to the unskilled worker.

Gaining entrance to the United States for the unskilled worker is literally no problem. The prevailing status of the law in the United States places no penalty on the employment of illegal aliens by employers or on the alien workers either since 95 percent of all aliens who are apprehended are given "voluntary departures" back to their home land. Therefore, neither the employer or the alien have anything to lose. Both gain. The only losers are the domestic labor force participants who must compete with these workers for jobs usually in the low wage sector of the economy. The supply of aliens, as both Fogel and Piore indicate, serves to keep these jobs in the secondary labor market in constant worker surplus.

Fogel has amply set forth the alternatives that alien migration presents. Either strong policy measures are taken to control this flow of rightless workers or the situation is allowed to continue as it is. In the latter case, the result is that a shadow labor force mounts in size and millions of citizen workers are condemned indefinitely to either unemployment or intermittent employment in low wage, insecure, dead-end, and non-union jobs. Fogel has chosen to demur from spelling out the policy steps required to quell the tide of illegal alien migration. I do feel that this reluctance is unfortunate but it is certainly understandable. There is a desperate need to air all of the policy alternatives. For there is absolutely no Pareto optimal solution. Either way, millions of human beings are going to be condemned to lives of poverty and maybe even squalor.

Piore, on the other hand, has succinctly described "what is happening" and "why". I have no qualms with his analysis but where we part company is over his conclusion that alien migration is "inevitable." He sees the problem as one in which the existence of a secondary labor market causes employers to constantly search for a new source of easily exploited workers. Rather than try to stop or to control the flow of illegal aliens, Piore suggests, by implication, that we should learn to live with the problem. He fears that intervention will only drive the labor market itself underground where even the minimal social protections that currently prevail would be evaded. In response, I would say that in the Southwest where alien migration has reached epidemic proportions, many of the abuses he fears will develop already exist. Violations of the minimum wage and social security laws are already commonplace. In addition, there are even worse human tragedies. The illicit transport of human

cargo has already become an institutionalized process; the forgery of identification papers is a burgeoning business; and the practice of "loansharking" the funds needed to purchase both transportation and illegal documents at exorbitant interest rates has been established by organized criminal elements so as to create an extortion system of human bondage for countless numbers of Mexican Nationals. Also, I feel, it is important to consider carefully the effect that massive and uncontrolled alien migration has upon the people with whom they generally compete. It is no accident of fate that half of the nation's seasonal migratory workers come from south Texas; or that unionization is virtually nonexistent in many of the industries of the region; or that most manpower programs in the area have been converted into income maintenance programs; or that the federal minimum wage is, in fact, the prevailing wage irrespective of years of experience or level of training; or that educational attainment rates for Chicanos in the Southwest are the lowest of any racial or ethnic group (except possibly those of American Indians) in the nation. All of these are characteristics of a surplus labor market.

For these reasons and others that I could recite if time permitted, I feel that the problem of illegal immigration must be addressed directly as a prime cause of impoverishment and not merely as a symptomatic characteristic of the existence of a secondary labor market. Also, there are powerful "push" forces at work that affect the current migration patterns and which would exert their influences even if a secondary labor market did not exist.

I hope, this session marks the beginning and not the end of the exploration of this vital topic.