LEGAL IMMIGRATION—OCCUPATIONAL PREFERENCES

HEARING

BEFORE THE

SUBCOMMITTEE ON IMMIGRATION, REFUGEES, AND INTERNATIONAL LAW

OF THE

COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

ON

LEGAL IMMIGRATION—OCCUPATIONAL PREFERENCES

JULY 21, 1987

Serial No. 13

Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE

77-563 WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

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Mr. MAZZOLI. Thank you very much, Doctor, for your excellent testimony. I have a couple of questions which I will ask you in just a moment.

Then if we could, to Professor Briggs from Cornell.

Mr. BRIGGS. Mr. Chairman, I expect I have a different perspective.

Mr. MAZZOLI. I think that is good; it will provide an interesting viewpoint here.

Mr. BRIGGS. My view is, just to summarize it, that the American economy is in the midst of a major transformation, a radical transformation from the past in terms of its production patterns and its employment patterns. So sharp has been that break that we are already talking about the de-industrialization and "industrial divide" and a whole number of other terms in economic writings. There is no question that the American economy is going through a dramatic shift.

The question only is about how our labor force is going to adapt to these changes and what role our immigration policies—that were essentially set back in the 1960s—will play? In my view, our legal immigration system is way out of synchronization with the contemporary events we are faced with and what we are likely to see in the future.

The basic question I raise in my testimony is whether we should continue to have this permissive immigration policy that allows it to function irrespective of essentially any of its economic implications. This does not mean that it does not have economic implications, just that it is allowed to function without concern for what they are.

In my view, the immigration policy has a major influence on the size of our labor force; we know that immigration now contributes to about a third of the annual growth of our population, perhaps even more of our labor force each year. That is a significant number. By the year 2000, it may be significantly more than that. Perhaps up to 100 percent of our labor force growth may come from immigration. So we are not talking about something minor. Immigration policy is a major economic influence.

There is also concern over the composition of that flow as well. We know that the foreign population increased by, as officially measured, by something on the order of 46 percent from 1970 to 1980, not counting a lot of illegal immigrants. I think it is fair to say that between 1980 and 1990 that 46 percent is the largest increase of any personal characteristic I know of in the labor force. I do not know of any other group—women, minorities, old people, young people—who increased by anything near to 46 percent in the 1970s.

I think that the increase in the 1970s, however, will be small potatoes compared to what is likely to happen here in the 1980s, given the new immigration legislation with its amnesty provisions, the Refugee Act of 1980, the special adjustment programs for the Cuban and Haitian refugees and on and on, and the continuation of the flow of illegal immigration. I am not content to believe that

the new law is going to be extremely effective in stopping illegal immigration.

So I think we are faced with the fact that our immigration policy is of major economic importance. Up until this point, our immigration policy has been basically based on sentimental reasons or purely political concerns. And I think it is a disgrace that it is not held accountable for its economic consequences, both as to its benefits and what it could do for this country, if it were seen essentially as a tool of economic policy, and not as being a political or sentimental policy.

Immigration policy is the one aspect of labor force growth that we should have some control over. I think experience has shown that we don't think we have much control over this one element of labor force growth and composition changes. Moreover, immigration policy today is essentially designed to be a honeypot for the nation's lawyers as opposed to something that is designed and used for economic purposes. What can it do for this country and what it does to this country's labor force should be the focus of action.

I will skip some of the sections, because I know this committee is well aware what this immigration law does; I won't go through that. Essentially the fact is that it is primarily geared toward family unification. As a result, it is very mechanistic, highly nepotistic, and also quite discriminatory. I think the policy is an embarrassment to the nation.

I think in the context of the changing labor market, immigration policy should be seen as an instrument of adjustment to help the economy respond to these changes rather than being something which the economy simply reacts to.

I have a long section on adult illiteracy in my testimony. Currently there is a great deal of concern about illiteracy in the United States. Most of it is directed at school drop-outs and push-outs. We don't seem to have any recognition that the major cause of the increase is illiteracy in the United States is immigration. The social capital costs that are associated with responding to what the immigration policy is doing are going to be immense.

At earlier times in American history unskilled and iliterate workers were exactly what we needed. I would say about the labor force of the 1980s and 1990s, that such workers are the last thing we need. Immigration is contributing to increased illiteracy.

If we are going to continue admitting people, especially through the refugee system who have difficulties with the American language and who lack training for the labor markets, we ought to be sure that there are social programs to assist those people in their communities. If we are not willing to fund those programs, I think we ought to re-think the wisdom of those policies as well.

Just to briefly highlight what my major recommendations are, I believe that the Congress should set a ceiling in immigration. The actual immigration policy however, should be allowed to have a flexible number and that the number should fluctuate with unemployment rates. When unemployment rates go up, immigration goes down; having a mechanistic number as we now do makes no sense to me at all.

In 1982-1983, we had a 10 percent official unemployment rate. What was the sense of having record flows of immigrants at a time

like that? I think the immigration policy should be primarily geared toward occupational purposes; that is, it should not be based primarily on family unification. It ought to be geared toward meeting occupational needs. That means that the Labor Department ought to be primarily involved in the administratiion of a large part of immigration policy, as the Department of Labor was for the first 26 years of the existence of the Department of Labor.

I also think that occupational preferences ought to be increased to at least 50 percent of total annual admissions. If we need highly skilled workers, that's what the immigration policy should bring in. If we need unskilled workers, that's what we ought to bring in. It ought to be flexible and adjustable, to bring in the kinds of workers this country needs; not simply based on family reunification principles.

Also with respect to refugee policy, that ought to be brought back within the overall immigration policy. If the number of refugees go up is a given year, then legal immigration ought to go down. If we admit increasing numbers of refugees, we must have the federally financed social programs to help them adjust to the labor force.

[The statement of Professor Briggs follows:]

Testimony Before The
Subcommittee on Immigration,
Refugees and International Law
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C.
July 21, 1987

Employment Implications of U.S. Immigration Policy

Vernon M. Briggs, Jr.*

The economy of the United States is in the midst of a radical transformation of its productive system and labor force. So sharp has been the break from the experiences of the past that it has already become in vogue to speak of a new "industrial divide" or of the "de-industrialization" of the economy. The issue is not whether fundamental economic shifts in the production and employment characteristics are occurring, but, rather, only the magnitude and the speed by which they are taking place. The fundamental challenge to the future welfare of the nation, therefore, centers upon the ability of its institutions and people to adjust without serious disruption to the metamorphic changes associated with what is now called post-industrial economic development.

The post-industrial transformation in America involves complex factors, such as accelerated technological change; growing foreign competition in science, technology and trade; shifting consumer buying patterns; massive public expenditures on military and space program; new employment patterns involving dramatic shifts from goods-producing industries to services and from blue collar labor to white collar occupations; the relative decline of old "smokestack" industrial regions and the rise of high-tech industries in specific centers as in Austin, Boston, and California's "Silicon Valley."

It is not the purpose here to explain post-industrialism. Rather, it is to discuss the one economic factor that distinguishes the United States from all other major industrial powers entering into the post-industrial era. Namely, the fact that the United States continues to receive massive numbers of immigrant and refugee workers and their dependents. It is also concerned with a key question of public policy: Should a permissive immigration policy continue to function irrespective of its economic consequences? Designing post-industrial economic policy to achieve full employment and to develop the full human resource potential of its citizens in the context of an economic transformation is plainly a formidable task. But, as will be emphasized, the effectiveness of such planning endeavors is greatly hampered -- if not rendered impossible -- when one of the most important contemporary influences on the size and composition of the nation's labor supply, namely immigration and refugee policies, is allowed to function as an exogenous policy factor.

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The 1980 Census revealed that the size of the foreign-born population of the United States had not only reversed its 50-year downward decline but it had sustained a quantum increase. As a group, the reported foreign-born population rose from 9.6 million in 1970 to 13.9 million persons in 1980 (an increase of 45 percent). No other grouping of the personal characteristics of the population increased by a larger percentage between 1970 and 1980 than did the foreign born. The 1980 Census 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 immigrant population by the 1980 census, even these official findings were surely understated.

More importantly, however, is the fact that since 1980 there have been momentous developments with respect to immigration flows to the United States. Some of these include the liberalization of refugee admission policies and the creation of an asylee admission policy associated with the workings of the Refugee Act of 1980; the adjustment of status of over 100 thousand refugee and asylee applicants from Cuba and Haiti outside of the terms of the Refugee Act of 1980; the on-going efforts of the sanctuary movement to facilitate the surreptitious entry of persons from various Central American nations into the country; and the provisions of the newly enacted Simpson-Rodino Act with its general amnesty provisions for millions of illegal immigrants and its relatively open-ended program to permit the adjustment of status of tens of thousands illegal foreign agricultural workers who would not otherwise qualify for the general amnesty. There is also the fact that it remains to be demonstrated whether the newly enacted Simpson-Rodino Act will have any real effect on reducing the flow of illegal immigration to the United States. The lack of an effective identification system, concern over inadequate funding for enforcement, and the omission of any attention to the powerful "push" forces of population growth, poverty, unemployment, and corruption in the sending countries all suggest that illegal immigration will continue at high and, possibly, increasing levels. All of these factors plus the on-going workings of the legal immigration and refugee admission systems throughout the 1980s make it certain that the foreign born population to be recorded by the 1990 census will show another quantum leap.

For these reasons, immigration now appears to be as important as fertility insofar as U.S. population growth is concerned. Since population changes are transmitted to the nation's economy through labor force changes, there are compelling arguments for a close coordination between the formulation of employment and immigration policy.

The lack of attention given to the labor market implications of the immigration reform drive of the mid-1980s serves largely to underscore the basic flaw in the nation's overall immigration policy. Namely, the immigration system has been designed to serve largely political and sentimental purposes -- not economic purposes. If contemporary immigration flows were of a minor scale and if the economy were not in the midst of a major structural transformation, the nation could probably afford to ignore pleas to overhaul the present immigration system. But such is not the case.

The Administration of Immigration Law

Because the magnitude and composition of legal immigration flows are subject to direct government regulation, it is essential to understand how immigration policy is administered. There is only tangential mention of immigration in the United States Constitution. By the late 19th Century, however, the Supreme Court had concluded that the federal government had exclusive responsibility for immigration. After being briefly assigned to the Department of the Treasury and later to the Department of Commerce and Labor, the administration of immigration policy was given 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 the primary concern of immigration policy. In 1933, by executive order, the immigration and the naturalization functions were joined into a single agency: the Immigration and Naturalization Service (INS) within the Department of Labor.

With the approach of World War II, an executive decision was made that has had lasting influence on handling of immigration affairs. In June, 1940, the INS was shifted from the Department of Labor to the U.S. Department of Justice. Under this agency, concern over the possible entry and presence of subversive foreign elements became the highest administrative priority of the INS, and immigration policy as an instrument of human resource policy became a distant secondary concern.

The INS is still under the Department of Justice. This arrangement has seriously impaired any effort to make the administration of immigration policy congruent with domestic labor market conditions. The Department of Justice consists of a dozen major agencies, all pleading for attention from the U.S. Attorney General. Consequently, 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 politicized of federal agencies. It often feels pressed to choose short-run, expedient solutions. Seldom has it manifested interest in the economic consequences of immigration, nor has it ever seen fit to establish any on-going research program to monitor the influences of immigration on the labor market or the economy. Moreover, the statistics that are generated by the agency are primarily for administrative rather than for analytical purposes.

Another result of the shift of Immigration Service to the Justice Department has been that the Senate and House judiciary committees gained the responsibility for formulating immigration policy and for supervising immigration affairs in general and the INS in particular. Traditionally, membership on these committees has been reserved almost exclusively for lawyers. One consequence is that immigration law in the United States is obsessively complex and legalistic. Another is that immigration lawyers and consultants have found a flourishing business -- a "honey pot" -- in the legal complexities and loopholes of immigration law that actually encourages illegal entrants and overstay visitors. In this legalistic atmosphere, economic considerations are usually ignored.

Present Immigration Policy and Priorities

The revival of large-scale legal immigration as a formative influence on the American economy, society and culture dates from the Immigration Act of 1965. This law represented the culmination of decades of effort to purge the nation's immigration system of the "overt racism" that liberal reformers perceived in the "national origins system" that had favored immigration of culturally similar peoples from Great Britain and Western Europe since 1924.

The few nations with large quotas did not use all of the visas available to them while most other nations with small quotas, or virtually none at all, had backlogs of would-be immigrants. No doubt that was what the authors of the 1924 quota act intended. In any case, the 1965 Act abolished the former admission system. In the process it also placed a numerical quota on Western Hemisphere immigration through an amendment for the first time. In 1976 and 1978 further amendments led to the establishment of a single worldwide quota for immigrants with no more than 20,000 visas each year to be made available for persons from any one country. In any event, the numbers of legal immigrants, their immediate relatives, and those who have entered under other provisions (i.e., such as refugees) has soared from 196,697 in fiscal 1965 to 570,009 in fiscal 1985, with enormous accumulations of backlogged visa applicants.

Equally important, the 1965 legislation made family reunification the dominant admission factor. Ironically, the motivation for the change was not entirely humane. In the Judiciary Committee of the House of Representatives, some legislators were 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 fewer chances to bring in relatives under established family preferences. On the other hand, family unification would seem to benefit those groups who had large quotas under the former system.

The Johnson Administration sought to retain the priority of labor market considerations as the highest preference criterion. This had been the case under the preference system established by the Immigration and Nationality Act of 1952. Congress, however, made family reunification the major preference factor. The Johnson Administration was forced to accept the change as the price of eliminating the national origins admission system. In the process, two fundamental changes occurred that have had a significant impact on U.S. labor markets. First, the 1965 law downgraded labor market considerations to lower preference levels, namely, the third and sixth, and it sharply reduced the number of visa allotments for immigrants with needed skills and knowledge. Second, legislators were flatly wrong in their anticipation that family reunification priorities would favor European immigration. As it turned out, the sources of European immigration dwindled because of economic and social advances there and, because of the massive backlog of non-European applicants for immigration that has accumulated since 1965, the "first-come, first served" admission process now means that there will be years of delay before many European applicants can be considered. In their place, great waves of Third World immigrants have taken advantage of reunification opportunities -- especially as the result of refugee

admissions. The result has been a revolutionary change in the sources of immigration. By the 1980s, nearly 85 percent of all legal immigration is from Latin America and Asia. It is commonly estimated that the same percentage holds for illegal immigration.

In the years since 1965, there have been a number of minor changes in the immigration system, but the heavy emphasis on family reunification has remained essentially intact. The system currently sets a single worldwide admission ceiling of 270,000 immigrants annually, of which only 54,000 are reserved for needed workers, such as technicians and professionals. It is true that no more than 20,000 visas are allotted to would-be immigrants of anyone country in a single year but, and this is very significant, the immediate relatives brought in by naturalized citizens, after easy citizenship tests, are not counted in either ceiling. Immediate relatives are nearly all spouses, children and parents of naturalized citizens over age 21, and their numbers are growing rapidly. In fiscal 1985, the number of immediate relatives admitted outside the ceiling totaled 198,143 persons.

To decide which specific individuals are granted immigrant visas within the framework of numerical ceilings, a six-category preference system exists. Four of the categories, which account for 80 percent of the visas, are reserved for persons who are family related (i.e., relations other than immediate family members). The two remaining categories, that is, the third and sixth, are the only ones based on labor market considerations, but they are allocated only 20 percent of the annual visas. To be admitted in either of these two labor-market categories, an immigrant must secure a certification from the Department of Labor that states that his or her presence will not adversely affect the job opportunities and labor and wage standards of U.S. workers. On the other hand, immigrants admitted under family reunification priorities are exempt from any labor certification whatsoever. This means that the growing influence of family immigration on the labor market is largely the result of chance and not planned accommodation with regard to the skills and education they possess. No small matter. In 1985, 570,009 legal immigrants, plus 62,477 refugees, were admitted to the United States. Many were unskilled family members from underdeveloped Third World societies and many were functionally illiterate in English. Moreover, most were destined for unskilled jobs in services in the secondary-labor markets. Only about 5 percent of these new residents were subject to labor certification. And, of course, none of the illegal immigrants were so subject. If illegal immigrants are included, the number of immigrants subject to labor certification falls to far less than one percent.

The Changing Nature of the U.S. Labor Market

The prevailing legal immigration policy of the United States was mostly forged in the early 1950s and mid-1960s when immigration was not a significant influence on the economy, and consequently it manifests little interest in labor force considerations. Perhaps the nation could tolerate such indifference if the immigration flows of workers had remained relatively small and if the economy and labor force had not undergone significant structural alterations. But the economy of the United States in the mid-1980s is a far cry from that which prevailed during the age of mass European

immigration that preceded World War I. The historical domination of the goods-producing sector as the major source of employment, as in agriculture, manufacturing, mining and construction, is over. Its relative share of employment has steadily declined since the mid-1950s. Goods-producing industries presently account for less than 29 percent of the U.S. jobs and only 32 percent of the dollar value of U.S. production. The service industries provided the balance.

Likewise, the occupational shifts associated with post-industrial changes show a dramatic shift from the blue collar to white collar jobs. Although many service sector jobs require relatively few skills or education (i.e., working in fast-food chains, cleaning, and laborer work), it is also the case that the service jobs that are increasing most rapidly (i.e., computer processing, health care, education, and legal services) require extensive job preparation. The demands of the service economy are, therefore, leading to a general upgrading of the qualifications that are needed to obtain and hold jobs compared to an earlier era when goods-producing industries dominated the economy.

On the labor supply side, the Bureau of Labor Statistics has projected a yearly labor force growth for the remainder of the 1980s of 1.6 million and in the early 1990s of 1.3 million new workers. These projections seem extremely conservative -- as all past projections by the Bureau of Labor Statistics have been -- because they underestimate growing numbers of legal immigrants and refugees through family preference immigration; they exclude any estimate of future illegal immigration; and they do not include any of the anticipated effects of the new amnesty and agricultural foreign worker adjustment program that have become effective in 1987.

As for the composition of the labor force, the years since 1965 have been a period in which racial and ethnic groups, as well as women, have dramatically increased their proportions of the total labor force. The Bureau of Labor Statistics projects that these patterns will continue, with women accounting for two-thirds of the annual growth in the labor force, blacks about 25 percent, and Hispanics about 30 percent over the next decade. Furthermore, it is likely that the heavy but unplanned influx of immigrant labor will serve to maintain high levels of black and Hispanic unemployment and social marginalization.

The Phenomenon of Adult Illiteracy

Although the 1980 census concluded that the nation is almost 100-percent literate, that finding has been openly questioned. Indeed, based upon several studies, the U.S. Department of Education reported in 1983 that 23 million adults are only marginally literate at best. Other studies released in the early 1980s have placed these numbers even higher. The situation is believed to be so severe that the National Commission on Excellence in Education, appointed by President Reagan, concluded in its comprehensive report that the future welfare of the nation is "in peril" and entitled its study A Nation at Risk.

The economic consequences of mounting levels of adult illiteracy among the labor force is relatively more significant in the emerging service-oriented society than was the case in the old industrial order. Factory, farm and extractive labor in the first half of the 20th Century did not require very much in the way of educational and verbal skills. But service industries and technologically-oriented businesses require workers to be able to handle comprehensive tasks which are based more on reading, writing and listening than on manual skills.

Widespread adult illiteracy poses a threat to economic productivity because of the limited availability of an employable work force to meet post-industrial needs. Furthermore, functional illiteracy contributes to the incidence of work place accidents, the production of inferior products and services for consumers, and the loss of management and supervisory time.

According to the U.S. Department of Education, the stock of functionally illiterate adults is increasing at an annual rate of 2.3 million persons. Of these, immigration -- in all of its forms (i.e., legal immigrants, refugees, immediate family members of immigrants and refugees who are adults, and illegal immigrants) -- accounts for the largest proportion of this estimated annual increase by adding about 1.3 million illiterate persons to the population each year. In contrast, the Department of Education estimates that the remaining 1.0 million illiterates are high school dropouts, pushouts, and even graduates who have received social promotions. Much public attention has been directed in recent years to the illiteracy problems associated with the nation's schools but no comparable attention has been directed at the major source of illiteracy in the United States: its new immigrants.

Many immigrants, it should be noted, are functionally illiterate in their own native language. Here one refers to most job seekers and their dependents who enter the nation illegally from Mexico and Central America, and to many of the refugees admitted in recent years from Southeast Asia, as well as to many of the recent asylees and asylee claimants from Cuba, Haiti, El Salvador and Guatemala. The new amnesty program and the agricultural worker adjustment programs that become operational in 1987 will greatly add to these ranks of the illiterate since the overwhelming numbers of those persons and their family members are from poor backgrounds in Mexico or other countries of Central America and the Caribbean area.

In general, functional illiteracy goes hand in hand with unskilled workers and high rates of unemployment in a changing economy. That unemployment levels are inversely related to educational attainment is a firmly rooted proposition in the economics of the labor market. Although there are many exceptions, such as labor-intensive service jobs, the post-industrial society has much less need for unskilled workers than the old factory system and repetitive assembly line work. But transferring unemployed workers with minimal skills to a service-oriented economy presents a formidable problem. In the 1985 congressional hearings, the U.S. Department of Labor reported that "75 percent of out-of-work Americans have inadequate reading and writing skills." In any case, it seems that the last thing that the nation needs at this juncture of its economic development is to import

more unskilled workers. For one thing, poorly skilled and poorly educated U.S. workers carry the burden of direct competition with poorly educated and low-skilled illegal aliens (who are willing to work for less), and also with many refugees and even unskilled and functionally-illiterate legal immigrants who are admitted only because they are family members of immigrants and naturalized citizens.

If, on the other hand, the nation were to face a future shortage of unskilled workers, a flexible immigration policy, based on labor market needs, could readily give uneducated and unskilled workers admission preference as permanent immigrants. Given the hundreds of millions of unskilled workers in the world, desperate to try America, it is hard to imagine an easier labor market problem to solve should it actually occur in the future.

Under present circumstances, however, America's post-industrial welfare state must somehow train, accommodate, or care for millions of unskilled workers and their dependents. The problem is difficult enough without being complicated by an immigration policy that is oblivious to labor market impacts. For there is good reason to believe that the present immigration system has contributed to the following adverse tendencies. First, it reduces employment opportunities and wage levels for U.S. workers in the concentrated sub-labor markets and regions; second, it postpones the introduction of labor-saving machines and robots in certain sectors of agribusiness and in assembly line industries, and thereby to perpetuate various labor-intensive modes of production that should be eliminated in a post-industrial order; it discourages citizen workers, particularly blacks and native-born Hispanics, who languish in America's inner cities as dropouts or "victims" of structural unemployment; and, fourth, it triggers the spending of increasing amounts of social capital in order to assist and educate the dependents of unskilled workers -- legal, refugees and illegal -- from underdeveloped Third World societies.

Guidelines for a New Immigration Policy

The fundamental principle that is missing from the nation's existing immigration policy is the recognition that it must be held accountable for its economic consequences. Allowing U.S. immigration policy to continue, in a mechanical manner, to pump in massive numbers of mostly low-skilled immigrants and extended-family members with little or no concern for economic and social conditions is a laissez-faire practice that should have no place in a planned post-industrial society.

What sense did it make, for example, to admit hundreds of thousands of legal and illegal immigrants and refugees during the 1982-1983 recession when U.S. unemployment soared to heights not seen since the Great Depression of the 1930s?

Common sense suggests that the annual inflow of immigrants should be limited by a fixed annual ceiling, and that it be enforced by U.S. consular and immigrations officers. Within this upper limit, there should be flexibility of numbers. In other words, the actual number of immigrants legally admitted each year (say 300,000 or less) would be determined by

unemployment trends in the nation. Annual immigration levels would thus fluctuate inversely with unemployment, as in Canada. The precise number of immigrant admissions would be an administrative decision set by the U.S. Department of Labor based on surveys of economic conditions, and in consultation with Congress.

It follows that the immigration preference system should revert back to the primary emphasis on occupational considerations as was the case from 1952 to 1965. Moreover, family reunification priorities should be restricted to members of the immediate family only. (The basic social unit of American society is the nuclear family and not the extended family of Third World societies.) In addition, all family immigrants, like job seekers, should be subjected to the fixed annual ceiling. No other modern nation allows chain migration of extended family members to dominate its immigration policy. Accordingly, the fifth preference that provides for the admission of adult brothers and sisters of U.S. citizens should be eliminated forthwith.

Occupational preferences should be increased to at least the pre-1965 level of 50 percent of the available visas and preferably more. Full discretion should be given to the administrative agency to decide which occupational skills are in greatest need at any particular time and to admit qualified immigrants accordingly, but especially those willing to settle in regions where there is a need for certain skills -- and not in areas with labor surpluses. It also follows that this aspect of immigration policy should be given back to the U.S. Department of Labor to administer with oversight responsibilities given to the Congressional committees primarily concerned with employment and human resource development issues.

The refugee and asylee policies of "a nation of immigrants" are the most difficult to integrate into a policy designed for a post-industrial economy and welfare state. Obviously, the United States feels bound to participate in the world-wide effort to accommodate refugees. But experience with waves of Cuban and South Asian refugees, who crowd into tight ethnic enclaves to compete for scarce jobs and social assistance, clearly indicates the need for limitations on the number of refugees admitted and where they settle. Since refugees are, in fact, immigrants, they should also be brought under the fixed annual ceiling, with the understanding that, if special circumstances do arise, more could be admitted in a given year but that offsetting reductions would then be made in the admission of legal immigrants in the same year or following years. In this manner, the fixed annual ceiling would not be exceeded.

Asylee admissions are presently facilitated by the prevailing state of judicial paralysis. Asylee claimants who enter illegally or as overstay visitors are presently entitled to more levels of appeal than are provided to convicted felons. Two reforms are needed: Immigration law should provide for an expedited system of deciding asylum claims with appeals limited to procedural issues and not substantive concerns. And the admission of asylees should be under the same cap on total immigration. As with refugees, for every asylee legally accepted, legal immigration should be reduced by one.

Conclusion

Present-day immigration policy functions as a wild card among the nation's labor market policies. Unlike other elements of national economic policy which policymakers try to orchestrate into a harmonious development program, immigration policy behaves erratically. To recapitulate, in this post-industrial era, the changing economic structure of the American economy requires a rational immigration policy that can be held accountable for its economic and social consequences. This means, in brief, a policy that can do the following: meet changing labor market needs; stop the illegal immigration of unskilled and functionally-illiterate job seekers; and provide employment assistance and guidance to a growing number of refugees and asylees admitted primarily for humanitarian reasons and the countless millions who are being admitted under the new amnesty programs.

Mr. MAZZOLI. Professor, thank you very much. I thank all of you. This has been excellent testimony.

Let me yield myself 5 minutes to start the questions, and we will go around the table.

So I can understand fairly clearly the recommendations you all would make; at least two of you, Dr. Chiswick and Dr. Briggs would suggest that we be more alert to and more sensitive to labor needs within our country, job skills of the entering immigrants, their ability to function in this land of ours, and both of you made quite a strong case for the changing nature of our economy, from the time when it was goods-producing to the time now we are service-offering, and the very different job skills that are required.

So at least for the two of you, you would break from the emphasis of what it has been since 1965, which is family unification, to something dealing with the impact on our labor force, and the job skills of the offerees. Is that essentially the case, Dr. Briggs or Dr. Chiswick?

Mr. CHISWICK. Yes, I think so. I think, though, that there is some area of disagreement.

Mr. MAZZOLI. I was going to ask a question to bring that out. If I understand Professor Briggs correctly, he would put under the total cap of roughly 350,000 people, everybody. That would be refugees, that would be family interests, close family, distant family, job skill; everyone basically, if I understand you correctly, Professor, would come roughly within that total cap; is that correct?

Mr. BRIGGS. That is correct. I would not stick refugees in the labor market cap.

Mr. MAZZOLI. But refugees would come under——

Mr. BRIGGS. You would have an overall cap, yes.

Mr. MAZZOLI. And Professor Chiswick, do I understand, you seem to exempt close family; so you are talking about close family coming as they do now in a non-preferenced or non-numerical limited category; and you would deal with 1 through 6 preferences, which are both family and job, and lump those together and then, in that category, emphasize job skills, abilities and impact on the labor climate; is that correct?

Mr. CHISWICK. Precisely. I do not believe one can talk in terms of refugees under the numerical limit.

Mr. MAZZOLI. And do you have any number for that 1 through 6? Because if I understand you correctly, roughly 270,000 under the '65 act come in under preferences 1 through 6. And we have something like 250,000 or so coming in outside of that, either as refugees or as close family.

Now, do you see that 270,000 number as sufficient given what Mr. Watenberg and other people have been writing about and you all addressed, which is the birth dearth, low fertility rates in the U.S.? Do you see that—just to kind of give you a general dimension.

Mr. CHISWICK. It is unfortunate that the question of immigration is intertwined with the question of fertility rates. I see them as separable issues and separate issues.

Immigration into the United States today relative to the population is about half the rate at the turn of the century. Regardless of what the fertility rate is; whether it's below replacement or above

replacement, it will have a trivial impact on the impact of immigration.

When we switch to what I believe would be a more appropriate system, a skill-based point system, we will have much greater economic benefits from immigration. This would be much more compelling argument for increasing total immigration from the current limit.

Mr. MAZZOLI. That is a very interesting point, because I think there is something to be said for that. If you change the basis, you might change the public support; and I think it gets down to what all of you have said which is, no matter how we try to separate this topic it is, if not at heart at least in large part, a political issue, however we cut it.

You would say then that we would not need to stick at the 270,000 number; that that could change depending on this new formula which is a year-by-year analysis of the future job needs; and so that 270,000 could shrink or expand. Is that essentially what——

Mr. CHISWICK. I can see it shrinking or expanding, but I think the likely consequence would be that we might want to expand it.

Mr. MAZZOLI. Dr. Abraham, I am intrigued by what you are saying, because you are, of the three panelists, the only one who does not really talk much about immigration. Except, you say, it is not correct to deal with temporary job shortages by using immigration. You would deal with it by raising the wage rates, by improving working conditions, and to set forth certain short-term dislocations which you would answer through some temporary immigration program.

Otherwise, you think, all of the job needs and all of the skill requirements of America could be met simply by, what I would remember from Econ 101, which is a classic supply and demand curve, and where they come into confluence or intersect.

Now are you satisfied that that really will solve the problem. We do not need to deal with immigration and just leave it exactly as it is, with family coming under one category and job categories coming in exactly as they are? We do not need to address legal immigration in that sense?

Ms. ABRAHAM. No, I certainly did not mean to imply that. Like the other two panelists, I would argue that economic considerations should play a role in immigration policy. But I don't think that targeting specific occupations makes sense, because I think the domestic labor market does do a very good job of responding to occupational shortages.

Mr. MAZZOLI. Well, let me ask you this, because both of the other panelists, and again, I have only read general literature, I have not read the classic treatises on this point, but it does seem to me that we are going from one era into another in which job skills that maybe my father or my grandfather had are practically unnecessary today; where in fact the job skills we are looking for now are in the service-oriented society; digital dexterity because of computers, mathematical skills, verbal skills.

Do you see those as inhibiting the use of the formula to raise the wages and improve the working conditions as solving the problem?

Ms. ABRAHAM. No, I do not. If you look back to the 1950s and early 1960s, we were in the middle of a period quite similar to the

current period, in the sense that many people were very concerned about the rapid pace of technological change and what that was going to mean for the match between job requirements and workers' skills. But accommodating the changes of that period did not turn out to be a serious problem. I am really impressed with how enormously flexible our labor market is.

Mr. MAZZOLI. Thank you very much. My time has expired.

The gentleman from Georgia is recognized for 5 minutes.

Mr. SWINDALL. I would like to ask Dr. Briggs and Dr. Chiswick just to summarize the differences that you have, starting with Dr. Briggs, if you can tell me the areas that Dr. Chiswick testified to that you would take exception to.

Mr. BRIGGS. The only difference that I see, is whether there ought to be a legislative ceiling on immigration—at least until we know what its impact is. For example, right now, I think we are in the midst of the largest immigration in the Nation's history and about to get more so; we are doing nothing to be prepared for the adjustment consequences. I can foresee 30 million immigrants surge in the next 10 years entering the United States, just by doing what Congress did last year plus the continuation of illegal immigration and uncertainties of refugee policies. Until we really have some idea of what we have already done, we should simply have a cap.

On the other hand, I don't like the idea of a fixed, mechanistic cap that is permanent like we have right now. I think that a cap ought to be set by Congress—you set the level but then you delegate the responsibility for whether or not we should reach that level to an administrative agency. My preference is the Department of Labor, because I think immigration should be basically seen as being an economic policy.

And with that policy, then, the Department of Labor might say, "Well, this year, we only need 100,000 immigrants" like in Canada; that is what Canada does with their immigration policy. The annual number of immigrants fluctuates roughly with the economic circumstances. And I think that is basically what I would like to see the United States do. Otherwise, I think we are pretty much in agreement. We are both opposed to the family unification as being the overriding principle in the existing system. It is out of date and out of sync with the present conditions, and I think it is dangerous for the future of the country. Besides, it is discriminatory.

Mr. SWINDALL. Before Dr. Chiswick responds to the same question, I would like to delve just a little bit into your suggestion that there ought to be an inverse relationship between the number of immigrants and our unemployment policy.

At what intervals would you make those adjustments?

Mr. BRIGGS. Well, I don't think we have an unemployment policy; it's the need to respond to what the unemployment situation in the country is. If unemployment goes up, I think the administrative agency should slow or reduce the immigrant flow. When unemployment goes up, we ought to let less in. It will have to be modified by what happens. You never know what the unemployment rate is going to be for next year until next year comes. There ought to be some ability to adjust to these circumstances. Right now, it makes no difference if unemployment goes up or down.

Mr. SWINDALL. Would you do that quarterly, annually?

Mr. BRIGGS. Well, probably annually or semi-annually.

Mr. SWINDALL. And would you do it based on projections or would you do it based on numbers from the past?

Mr. BRIGGS. On the actual numbers. When the unemployment rate figures are released, and the people responsible for setting the immigration policy—my suggestion is that they be in the Department of Labor—would then lower the number of immigrants to be admitted in the next six months.

Mr. SWINDALL. You would do it based on past unemployment?

Mr. BRIGGS. That is right.

Mr. SWINDALL. Well, what would happen, then, in those periods of time when you are—as you know, there is a lag in those numbers; so that you are coming out of a recession, for example, that we came out in 1982, your numbers would be based on the recession years.

Mr. BRIGGS. That is right.

Mr. SWINDALL. So at the very time that you are curbing the immigrants, you would simultaneously be having an economic growth that would require, it seems to me, greater numbers of immigrants.

Mr. BRIGGS. What I am saying is that the Department of Labor ought to be able to realize that we are coming out of a recession, and increase immigration; and they would have the flexibility to respond subject to congressional ceiling; and if they are not responding fast enough to changing circumstances—if we clearly need more doctors, or we clearly need more janitors, or we clearly need more teachers—they should be the ones admitted. It should not be entirely mechanistic as it is now. I am not trying to suggest a formula. But there needs to be some general accountability within the immigration system for the nature of the immigration flows into the labor market. Most immigrants come here to work.

Mr. SWINDALL. My point, though, is it is much more difficult to talk about these things as lofty concepts than it is to put them into practical application.

Mr. BRIGGS. That is okay. Congress has been doing it for years, and most other countries who admit immigrants do it on this basis. Canada and Australia have followed this basic policy approach in the past, so we have some experience to draw on.

Mr. SWINDALL. Dr. Chiswick, can you tell me briefly your differences with Dr. Briggs' testimony?

Mr. CHISWICK. I have several differences. One is that I am not as concerned with a legislative ceiling as is Mr. Briggs. If I were to pick a ceiling, I would pick a number much bigger than 350,000; the number that he suggested, especially if we adopt an immigration policy based on productivity. I would like to see a much higher number than that, even higher than current limits.

Another essential difference is that he focused on specific occupations. I believe we should get away from a system based on specific occupations and focus instead on skill levels.

Given the flexibility of the American economy and the rapidity with which things change, one really cannot talk sensibly about focusing on specific occupations in trying to meet occupational targets. When I started my immigration research I was on the staff of the Council of Economic Advisers. I knew nothing about immigra-

tion; I was just given an assignment by Alan Greenspan to become an expert as soon as possible. One of the first things I did was to call the Office of Labor Certification at the Labor Department and asked what studies they did to determine which occupations were Schedule A (favored) and which were Schedule B (barred).

When she got done laughing she explained that they had no research basis for making this judgement. That is really a sensible position for the Labor Department. They cannot single out narrowly defined occupations and say "This one is really in shortage" and the other one is not. These so-called shortages are at best very short-lived. So there I am in agreement with the earlier testimony by Dr. Abraham.

We can still talk about broadly defined skill levels. And the question of flexibility, the business cycle is really too short a period of time on which to focus. The cycles that we had in the postwar period were of very short duration. In six months, the unemployment rate may go up 5 to 7 percentage points, and after that, the unemployment rate starts coming down.

Other economic indicators essentially tell you what was going on in the economy three months ago, rather than what will go on in the economy three months from now. The process of doing the paperwork for an immigration visa takes time. Once a person gets a visa; they do not instantaneously hop on a plane and come here. Especially not economic migrants. Economic migrants settle their affairs in the country of origin; and that usually takes some time.

It does not make sense to favor short term cyclical factors in deciding on immigration flows. We should plan in terms of longer fluctuations in economic productivity, in economic growth. To try to tailor immigration to the business cycle would be a mistake. I also believe that putting the decisionmaking in the Labor Department would be a mistake.

Mr. MAZZOLI. The gentleman's time has expired.

The gentleman from Massachusetts is recognized.

Mr. FRANK. I thank the Chairman.

Let me first say, Mr. Schumer and I are members of the Committee on Banking, and we appreciate the warning that if the Federal Reserve provides us with immigration statistics, to be a little skeptical; we will take that into account in the future.

I am delighted that the Chairman did this. It seems to me precisely the kind of generalized consideration of policy that we ought to do more of around here. I think this is a very useful hearing. I appreciate your coming.

I was particularly impressed, Dr. Abraham, with your testimony, because it seemed to me when we were dealing with the demands by American employers that we import large numbers of agricultural workers, that, I just thought we had seen a great convergence between some of the most conservative businessmen in America and Karl Marx on the value of the reserve army of the unemployed, as a matter of just a plain work force; and what they had found out was that there was, from the standpoint of the United States as an economic unit, a great reserve army of the unemployed out there across our borders.

One way to keep working conditions and wages very favorable from the standpoint of business was simply to open that tap. Every-

one has appreciated your testimony, that if we believe in the market system as I do, the response ought to be to allow wages to rise to an appropriate point; and I think that is a very, very useful thing to have emphasized. So I am very appreciative.

Mr. Briggs, I appreciate your agreement on this. I have to say to you that I am in agreement with what I think your views are about the problems of trying to gauge immigration to the short term cycle in particular; and I will tell you one other reason for it. Mr. Chiswick says that unemployment is a lagging indicator. I suppose it would be possible for someone to try to predict the unemployment rate and gauge immigration to that under your scheme. The notion that an administration in power would predict that unemployment was going to rise substantially a year ahead and use that as the basis for diminishing the immigration, is just not realistic because predictions from an administration in power do not just have a policy impact; they have a political impact. So I do not think they would do that.

I am very much persuaded by what Ms. Abraham said—your statement, what you are saying is that from the standpoint of—that it would be a mistake in general to put any significant degree of occupational concern into our long term immigration policies. Do I read that correctly?

Ms. ABRAHAM. Yes, that is exactly what I was trying to say.

Mr. FRANK. Let me ask—Mr. Briggs had been interested in a more short-term—we say, well, we have a shortage of doctors, let us bring some doctors in. But if you bring in some doctors, you would not be allowing to immigrate, you would not have that many 60-year old doctors immigrating.

There would be more likely to be 35 and 40 year old doctors. So you are talking about someone for the next 25 years, and I am not sure that the shortages based on contemporary views ought to be taken into account; wage adjustments and other things could happen.

Mr. Chiswick, you are not for doing it to a short term cycle. Are you for more occupational input into our immigration policies with immigration?

Mr. CHISWICK. I favor more focus on, the productivity characteristics of the individual, but I am against focusing on narrowly-defined occupations.

Mr. FRANK. So how do we measure those productivity characteristics?

Mr. CHISWICK. We can measure them by educational attainment, by qualifications as in having an M.D. degree, but I would not have a separate category for M.D.s.

Mr. FRANK. I worry about that in part because I do not think my grandfather was that highly educated, and I am concerned about social protections. This is an important forum in which to discuss and toss out some questions.

Mr. Briggs, on page 8 you say: What sense did it make, for example, to admit hundreds of thousands of legal and illegal immigrants and refugees during the 1982-1983 recession?

Well, none of us thought it made sense to admit the illegal immigrants, and we have been trying to get them out of there. And you might argue about the flow of illegal immigrants. But let me ask

you specifically, because part of your question is, what sense did it make to admit hundreds of thousands of legal refugees? Humanitarian. The basic philosophical principles on which this country was founded.

The policy is not always perfectly administered; but if you take the refugee policy, the purposes of which are to provide an escape hatch for people who otherwise face a terrible existence; the fact that we have had a temporary recession is a problem for us that I do want to deal with, but I would not use it to reduce the amount of refugees coming in.

Mr. BRIGGS. I understand refugee policy is a special area. I am simply saying that I think it ought to be brought into the considerations of the overall impact of immigration on the labor force of the United States; and to the degree the United States wishes to admit more refugees, then I think we want to make an economic decision so that we stop letting someone else in. Let's stop for example, the brothers and sisters of immigrants from automatically coming in. Refugees have an impact on labor markets as do other people, that that is my only——

Mr. FRANK. Do you think that unemployment in America is significantly higher than—if we had not had the Refugee Act, if we were not letting in refugees, do you think unemployment would be significantly low?

Mr. BRIGGS. Well, I am not opposed——

Mr. FRANK. Well, you said we should take into account the effect on policy. I am asking you what that effect is.

Mr. BRIGGS. I think probably refugees have contributed in some way to high unemployment in some areas because refugees like illegal immigrants and like legal immigrants, are so geographically concentrated. I would say that they do have an adverse effect on the unemployment rate. That does not mean I do not want refugees in. I am simply saying that refugee policy ought to be——

Mr. FRANK. Well, Mr. Briggs, we have to go beyond that. Please. I agree with you, that it ought to be. So now I am asking you, how?

Mr. BRIGGS. We do this every day.

Mr. FRANK. I am asking for your recommendations.

Mr. BRIGGS. Secretary Shultz says there are 16 million refugees in the world today. We admitted at least 70,000 this year. So obviously, we are not letting in over 15 million, so we have to make hard decisions as to whom is admitted.

Mr. FRANK. I understand, Mr. Briggs. I am not disputing with you the notion that we should be conscious of the implications of what we do. I am asking you for your recommendations. I want to say—I find it most useful to bring out disagreements to see if we can understand those bases.

When you say on page 9: experience with waves of Cuban and South Asian refugees, who crowd into tight ethnic enclaves to compete for scarce jobs and social assistance, clearly indicates the need for limitations on the number of refugees admitted and where they settle.

Well, obviously we have some limitations now, though I would make them broader. I have to say to you, the langauge bothers me. When you talk about human beings as "waves of people" coming in, nobody is very happy to have waves of people coming in. I

mean, when you like the people, they are "large groups." When you are not too crazy about them, they become waves. When you hate them, they become mobs. [Laughter.]

I think language is very important when we are dealing with immigration.

Mr. BRIGGS. That is your generalization. It is not mine.

Mr. FRANK. No, no, I think that is the general thing. I do not think we generally talk about waves of people that you are crazy about.

And that they "crowd into tight ethnic enclaves to compete for scarce jobs" it sounds to me like you think we are going to get too many refugees today. Is that correct?

Mr. BRIGGS. Well, in the New York Times yesterday, they had a whole story about Cuban immigration——

Mr. FRANK. Do you think we are letting in too many refugees today?

Mr. BRIGGS. I don't think we are letting in too many right now, but I think the policy is one which the Congress is willing to let refugees in, and then dump them on local communities, and local communities——

Mr. FRANK. Oh, I agree with that.

Mr. BRIGGS. Cannot handle them. If we are going to let refugees in, and I think we should, there is a parallel responsibility to see that those people are eased into the labor market as fast as possible, and that means federal money——

Mr. FRANK. I agree—I was for more money from federal to the state and local level; but you know we cannot, this being America, limit where people live once they come here.

I appreciate you saying you do not think we should cut back the number of refugees. Because as I read your statement, the clear impression I got was that you thought we should limit the number of refugees.

Mr. BRIGGS. If you want more, you say, let's cut down the legal immigrants.

Mr. FRANK. I am asking what you want.

Mr. BRIGGS. Well, I would say, more refugees with social assistance——

Mr. FRANK. Then we agree.

Mr. MAZZOLI. The gentleman's time has expired.

The gentleman from New York.

Mr. FISH. Thank you, Mr. Chairman.

Just a word about the refugees. Even before the Refugee Act, when we had the start of the flow from the fall of Saigon, the resettlement was monitored very carefully, from the spring of 1975 until Christmas, when a quite remarkable episode of 130,000 refugees had been processed through several camps and resettled.

A conscious effort was made at that time to spread them around the country, thinking in terms of pockets of unemployment in the United States to avoid, and so forth; it turned out that these refugees were rather like native-born Americans; they preferred Southern California for various reasons, and so of course we had the secondary migration. That was certainly something we would not want to interfere with, except through certain incentives.

I certainly agree with you; those impacted areas, I think it is 10 states and 40 counties, they should be given special consideration by the United States.

I would like to get into a question for all three of you. It has to do with retirees who like Florida, for example, and have homes there. They are not drawing from the economy in any sense, but the present law says that their visitor status ends at the end of six months.

When some of us last year were at a consulate officer's meeting in Rome, it was the unanimous opinion of these 15, 16 senior consular offices that a foreign retiree's category should be added to the non-immigrant status, so the people could live in the United States longer than six months. They could not see any reason why there would be this arbitrary cutoff.

And very minor; talking about somebody who obviously is well enough off to spend this kind of time and either rent or buy in the United States, and is treating this as a retirement community.

My question is, would you support an extension of this six months' restriction so long as these visitor-retirees do not work or obtain government benefits, and secondly, what limitations would you place on these individuals?

Mr. CHISWICK. I will take the first one. It is an interesting idea; I can see mutual advantages, but I would like to see some restrictions on this. One would be that they cannot be a public charge, and defining that broadly to include non-access to free or subsidized medical care.

I would also put in a stipulation that they could not earn equities toward becoming an immigrant or serving as sponsors for other relatives. That would be a potentially serious loophole. I can also see the United States having some other stipulations such as charging an "immigrant fee" or linking the visa to investments made in the United States.

Mr. FISH. Excuse me, an immigrant fee?

Mr. CHISWICK. Yes, the idea is to charge these individuals either a flat fee or annual fee for the right to have this particular type of visa.

Mr. FISH. On what basis? What precedent do you have for that?

Mr. CHISWICK. This is very similar to the hotel tax I paid this morning when I checked out of my hotel room. The District of Columbia charges visitors to the District of Columbia by imposing a rather hefty hotel tax. I presume the logic is that visitors to the District of Columbia use various services provided by the District: the use of streets, fire protection, police protection and so on and so forth. As compensation for the District of Columbia, for these burdens imposed by visitors a "user fee" or "visitor fee" is charged.

The retirees under discussion may not be paying taxes in the United States; their sources of income are overseas. They are merely visitors. One way of recapturing some of the cost to the American taxpayer from some of the services that are provided police, fire, roads, military defense, Federal courts, Federal law enforcement, and so on, would be charging them a fee.

Mr. FISH. Thank you. That is an interesting idea.

Could I hear from Mr. Briggs and then Ms. Abraham?

Ms. ABRAHAM. I also think that this sounds like a rather interesting idea. I have a somewhat different reservation than Dr. Chiswick about the proposal, which is, I am not sure, when you are talking about letting people essentially come here permanently, be in residence here permanently, how easy it would be to enforce the restriction that people not work.

I was listening to this idea about charging people a fee for coming under this kind of status. It seemed to me that local services are generally provided by local government. The person is buying property and paying property tax on it; renting, property tax cost will be built into the rent, that that sort of fee would really be necessary. Perhaps we could extract it, get some surplus out of people, but I am less enamored of that idea.

Mr. FISH. Well, are you suggesting that perhaps these people—I see a problem. Some people retire in their sixties and some people might be lucky enough to retire in their thirties, and have a nice place and a golf course in Florida that they have not being an American citizen or national.

How about having them register once a year, like we used to have aliens do in the United States? Just so that there could be some check on the fact. They would have to sign a piece of paper, at least, that they had not engaged in any——

Ms. ABRAHAM. I must say that I always found those ads on television, "Illegal aliens must register at the Post Office" rather offensive.

Mr. CHISWICK. Illegal aliens don't register.

Ms. ABRAHAM. I am not sure how much good that would do. If you have people coming permanently there, becoming a part of the community, I think you really are just opening up.

Mr. FISH. But how about leaving it up to the consular officer; he was responsible, ultimately, anyway, to make a determination that the person is a bona fide retiree, and the burden would be on the applicant, if he was in his thirties and forties, and that he was wealthy enough so that the reverse of sponsorship; he was wealthy enough to sustain himself in the United States, or that he owned property in the United States.

Ms. ABRAHAM. Some screening would help. I think it would be hard to have it work perfectly.

Mr. FISH. This is, as was brought up to us, largely a Canadian problem, that there are lots of Canadians who have both property in Florida and it just fits their purpose; and it is just inconvenient; a lot of paperwork for our missions but also inconvenience for them to have to return to Canada in six months.

So I suggested that if you need a new visa, we can call it the CG visa, taking after the Canada Goose; it does about the same thing, comes down in the winter and goes back in the summer.

Mr. Briggs, do you care to comment on this?

Mr. BRIGGS. My concern with immigration policy has always been with its labor market impact; and you are talking about a group that is not going to be in the labor markets.

Mr. FISH. Correct.

Mr. BRIGGS. I do not have very much to say other than I am very worried about non-immigrant labor policy in the United States—

that is a whole another topic—and I would like to see this proposal discussed in the context of non-immigrant labor policy as a whole.

I did read recently about a proposal that the Japanese government has been considering that suggested that their people should retire in the United States. With the falling dollar in relation to the rising yen, it is a good way to get an automatic increase in your social security in Japan, by retiring in the United States. So maybe that is what you are suggesting.

Mr. MAZZOLI. The gentleman's time has expired.

The gentleman from New York.

Mr. SCHUMER. I thank the Chairman, and I thank all the witnesses for their interesting and thought-provoking testimony.

Let me say that my initial inclination is in accord with some of the remarks of Mr. Chiswick. Labor preferences matter but they should not be too narrow. I have some concerns about them, and I would like to ask questions.

My first question is, somebody mentioned Canada has this point system.

Mr. CHISWICK. I did.

Mr. SCHUMER. My question is, is the country-by-country breakdown of immigrants to Canada, fairly close to where it was before 1965 in the United States? And do we have to worry about going back to the old system if we use this point system or does Canada get a large number of immigrants from throughout the world, using this method?

Mr. CHISWICK. The really interesting thing about the Canadian point system and the Australian point system is that they both opened up immigration opportunities for ethnic groups in source countries from which Canada and Australia had not previously received immigrants.

Canada's immigration was heavily British, although the Australian immigration was even more heavily focused on Britain. Once they went to a point system, they started getting large numbers of immigrants not just from other parts of Europe, but from other parts of the world.

Mr. SCHUMER. What percentage, say, of Canadian immigration now comes from Asia?

Mr. CHISWICK. 40 percent. And what is incredible is that, for the U.S., Australia and Canada, 40 percent of current immigrants are from Asia. The occupational preferences in the U.S. also show the same pattern, in that they opened immigration opportunities to people from all parts of the world.

Mr. SCHUMER. The relationship between the United States and Latin America is closer than that of Canada and Latin America. What percentage of Canadian immigration, under this system, comes from Latin America?

Mr. CHISWICK. Uhh.

Mr. SCHUMER. Thank you. That was a good answer.

Mr. CHISWICK. Let me rephrase it. Most of the western democracies including Canada gets very little Hispanic speaking immigration. Most of the Canadian Western Hemisphere immigration, other than from the United States, is from the English-speaking islands in the Caribbean.

Mr. SCHUMER. Does Canada have ability to speak English as part of its point system?

Mr. CHISWICK. Yes. One of their categories is fluency in English.

Mr. SCHUMER. That was another question I had.

Mr. CHISWICK. And French.

Mr. SCHUMER. It seems to me, and I generally agree with your view. I think part of the reason for my interest in the immigration bill, the Simpson-Rodino-Mazzoli bill that was just passed, was my belief that we ought to rationalize the system and allow many more immigrants in. From my observations in New York I can say that immigrants are really the vitality of large parts of our economy; and that has been the history of the United States. I have two questions. Number one, English-speaking does not seem to me to be a necessary criteria for success. We have many immigrants who learned English quickly or who do not speak English and are really contributing mightily to the economy—and I can only speak about the New York area, Brooklyn in particular.

My second question is, given I at least feel that the family preferences are over emphasized and that we need new seed—new invigoration—is the point system able to really measure certain qualities? I am less concerned with the engineers and doctors because it cuts two ways a little bit. I would not want all the doctors in India or Pakistan to come to the United States; I do not think it would be quite fair for all of them to cash in after they have taken years and years of training in India and Pakistan, for instance. A lot of their doctors are coming here when they are so desperately needed there.

On the other hand, there might be lots of people in India who, given the opportunity to come to the United States, would be terrific entrepreneurs or whatever else. People who did not have any educational training.

So the question is, does not your point system, even though it is broad-based amd not job-related, somehow miss a lot of good people. Doesn't it have some other negative effects in terms of pushing immigration into a, for lack of a better word, too educated a level?

Why not let the kids of the immigrants be the doctors and the engineers like has always happened in the past?

Mr. CHISWICK. It is a very good question; and let me take it a piece at a time.

Over the past few years there has been a lot of research done on the relationship between language fluency and success in the U.S. labor market. These studies have been done by a variety of scholars using a variety of datasets and using a variety of methodologies.

One thing stands out from all of these studies: English fluency is really very important. One does not need the fluency of an English professor, but one needs a certain degree of English fluency to be successful in the U.S. labor market.

There are many individuals who do not speak English very well who are successful, but on the whole, those with a lesser degree of fluency in English have lower earnings and have higher unemployment experiences.

Mr. SCHUMER. Is that true, say, after 10 years of being in the United States?

Mr. CHISWICK. Even after 10 years in the United States.

Mr. SCHUMER. It is lessened, I presume?

Mr. CHISWICK. After a longer period in the United States, all immigrants do better. But if you are comparing immigrants with greater or lesser fluency, the impact of the lesser fluency is still strong, even after 10 years.

Mr. SCHUMER. What about for children?

Mr. CHISWICK. Native-born Americans who are less fluent in English get less schooling and, even though you control for their lower level of schooling, they have lower earnings in the labor market.

I have recently completed a study of Hispanics in the U.S. labor market, and I will send you a copy of that report. One of the important findings is that even among native-born Hispanics, if they have a lesser fluency in English, they have lower earnings than other Hispanics, who have greater fluency.

Mr. SCHUMER. What about the other intangibles?

Mr. CHISWICK. In the——

Mr. MAZZOLI. Professor Chiswick, may I just say we would all appreciate that study.

Mr. CHISWICK. I will send it to the committee.

In my written testimony, I talk about various criteria that can be used, and one criteria in my written testimony that I did not bring up orally that requires some explanation is bringing the investor back into immigration policy. The 1965 amendment allowed the immigration of people called investors. These are not the Ivan Boeskys; these people are setting up a business in the United States that they themselves would manage. The minimum investment of at least $20,000 is not not a very large sum of money. Investors could be recognized in a point system. Some points could be alloted for those who will be establishing a business in the United States.

On the issue of the South-Asian professionals, the U.S. cannot solve the problems of all the countries of the world, and a good example of one of the problems is mismanaged educational system in many of the less developed countries. They provide the wrong incentives. They provide incentives to get a higher education, but they do not provide the economic structure in which these individuals can take advantage of the schooling that they did receive.

The United States cannot be faulted for having a system that allows some countries doctors and engineers to come to the United States, rather than being unemployed. One of the peculiar problems of South Asia is educated unemployment.

Mr. MAZZOLI. Doctor, thank you very much, and I appreciate your having addressed—and I might get back to it—the question of investors. That is another interesting aspect.

The gentleman from Virginia is recognized.

Mr. SLAUGHTER. Thank you, Mr. Chairman. I would like to have the reaction of any of the panelists as to this matter of possibly basing immigration on economic conditions in this country, based on what, as I understand the proposals made, that administrators

make this determination which would affect the total number of immigrants.

Now, we have in the federal government all kinds of estimates that we worked on, federal revenues, gross national product, employment levels, rates of inflation, and so on. And the only thing that seems to be certain of those is that any group of economists that you have give you those predictions, the majority will be wrong.

Why would it be more efficient for us to delegate to an administrative board, say, the determination of the immigration levels rather than the Congress? That information is just as good, and I would say that the Congress is certainly able to make that determination as would be an administrative board.

Mr. BRIGGS. Well, it seems that is the way it is done right now, Congress does make the decision. Legal immigration is set; 270,000, period. Whatever happens, that is what is involved here, and Congress does not allow extra immigration.

In my view, the immigration policy is placed with the wrong agency. What does the Department of Justice have to do with immigration? Except for naturalization and making jobs for lawyers, it does not seem to me to have any expertise at all. The Justice Department is the most political agency in government, as I see it. It has a thousand other responsibilities that are far more pressing in its priorities; and INS is lost and buried down within an agency that has really no interest in immigration. It was only given the responsibility in 1940 because of fear of subversives. And this immigration policy was originally given to the Department of Labor from the day it was founded, 1914, because it was basically an employment policy.

It was taken out of the Department of Labor by Executive Order in 1940, for no reason other than a fear that subversives were coming in to the Nation. And the war ended, the responsibility stayed there. In my view, the Department of Labor has a far more relevant mandate of responsibilities. Its primary interest is on employment and income questions, and I think it is the most logical one to have responsibility for immigration policy.

And in that sense, I do not say that the Department of Labor will not make mistakes. The Congress should hold them accountable for what they do. But right now, the policy is just the same regardless of what happens, and I think that makes no sense at all.

Mr. SLAUGHTER. But can you demonstrate that the Department of Labor would do a better job than the Congress?

Mr. BRIGGS. Well, I don't want to be disrespectful, but I am not so sure it can do a worse job. Right now it is just a mechanistic system. It runs like a motor; it runs and runs. But immigration policy as I see it today accounts for at least a third of the growth of population; more growth in the labor force. And it has no accountability, essentially, for its economic implications.

Where is the research department in the Department of Justice to answer the questions you all ask? There is none. Not one cent for research. If there is any real interest in immigration, why is not there money in research? Why is it left to scholars to find money wherever they can find it to do a little study, here, and on

this piece and on that piece. What data that comes out of INS is for administrative purposes, not for any analytical purpose.

I mean, if circumstances were the way they were in 1965, as Barry indicated, when immigration was an irrelevant policy, immigration was a minor part to what was happening in the American economy, who would care. But now immigration, especially given what has happened here in the last couple of years with the amnesty program, the agricultural worker adjustment programs, refugee programs, all kinds of other admission programs working around the policy boundaries the circumstances are different. The boundaries between refugees and illegal immigrants, for example, is in many cases is not always clear.

So I think there are a lot of questions that are not being answered and not being addressed because immigration policy is lost in the general broad array of judiciary matters. So I think it needs to be recognized for the important policy that it is. It is an economic policy.

Mr. SLAUGHTER. I have no further questions.

Mr. MAZZOLI. The gentleman's time has expired.

The gentleman from California.

Mr. BERMAN. Thank you, Mr. Chairman.

I would like the panel to comment on a view that is expressed widely in the Los Angeles area; and this deals with all of your comments regarding the employment effects of migration policy.

I think it is fair to say that a place like L.A. County or Southern California, I have seen figures that say that maybe 40 to 50 percent of all the refugees end up in L.A. County. We can tell already from just the applications on the legalization program that a very high percentage of the not-native workers reside in Southern California; and I guess the illegal immigrants at least get their share.

In other words, there is a huge impact of immigration, legal/illegal/refugees in the Los Angeles-Southern California area. It does not seem like the result of this large supply has depressed the region economically—though there are all kinds of serious problems; education problems, so on.

Just from the straight economic analysis, it does not seem like this has had the kind of impact that some of you, particularly Mr. Briggs, have emphasized. I am wondering, is the information I have wrong or does this shake the analysis about the adverse job effects of very generous and liberal immigration policies?

Mr. BRIGGS. Well, I do not know what the exact impacts on your county have been. In my view, the problems with the immigration research that has been done is that when you are trying to discuss the economic impacts of immigration I think you have to look at specific labor markets.

I am convinced, from many years of living in Texas, where we had very large impacts from immigration, especially illegal immigration, that the impact of illegal immigrants was disproportionate. It did not affect the upper income class or the middle income class, but it certainly affected the lower wage occupation labor market, and adversely affected them in their ability to unionize—that is how I got into the position, the inability to establish unions for farm workers in South Texas because it would be simply impossible, when we were faced with bus loads or strike breakers.

Mr. BERMAN. Well, I mean, there is no argument and there is ample history of that.

Mr. BRIGGS. There is literature, and there has been depressed wages in certain selected labor markets in certain occupations. I think that probably—again looking at South Florida with the refugee movement in Florida that the black population is clearly being left out of the occupational growth and opportunities in South Florida, frozen out of jobs in Florida. In California there is some of the same thing; occupational patterns are being shifted. Some groups that used to do certain jobs can no longer have those jobs.

I think the impact of immigration is unequal geographically in its effect on certain occupations, because immigration does have economic impacts. Essentially what we are faced with is simply reacting to what is happening.

Mr. BERMAN. Okay, Professor Chiswick.

Mr. CHISWICK. One question you have to ask, why are those areas attracting so many immigrants? In part because they have expanding economies. It is, therefore, more difficult to measure the depressing effect on wages. Consider the average wage and the unemployment rate in Los Angeles. Its difficult to identify the effects of immigrants because two offsetting effects occur. One is the growing economy, and that should raise wages and lower unemployment. The other is large increase in low-skilled immigration and that would lower the wages and raise the unemployment for low-skilled native workers. These factors tend to offset each other in a local geographic area, it is very hard to identify the separate effects statistically.

When the migration has been large and unexpected, or not in response to expanding employment opportunities, there is sharper evidence looking at a simple correlation. This is seen very clearly in Florida where the Cuban migration has come in episodes, and whenever there was an influx of low-skilled Cubans, the wages and unemployment opportunities for low-skilled blacks in Miami deteriorated.

Another way in which migration has an impact is through internal migration. There had been a substantial migration of blacks from the South to Southern California, because wages were higher in Southern California than in the Central Southern States.

Mr. BERMAN. You say that migration has stopped?

Mr. CHISWICK. Yes. And that is because wages and job opportunities in Southern California for low-skilled workers are just as robust as they had been or had been anticipated. The reason for this change is the huge influx of low-skilled migrants.

Mr. BERMAN. So it is having an economic impact, but perhaps in another part of the country.

Mr. CHISWICK. The impacts can get spread out. We have a very flexible economy; we have very flexible markets, and you can make the analogy of dropping a drop of water into a tub of water, the water level in that particular spot may not change because it is dissipated throughout the tub. We can think of the American economy in that way. The level of the water rises but the effect is not just concentrated in that one spot.

Mr. MAZZOLI. The gentleman's time has expired.

Mr. BERMAN. I do want to get Dr. Abraham's comment on that, and I cannot resist the opportunity to point out that on page 5 of her testimony she very specifically, from her own research of the impact on domestic farm workers from the use of the H2 program.

Ms. ABRAHAM. I would agree with Dr. Chiswick in emphasizing the flexibility of our labor market, I think the analogy of the tub of water goes a little bit far. It does seem clear that in the short run anyway, there can be adverse effects on the particular local labor markets, from big influxes of large numbers of people.

People find it easier to change jobs within a local labor market than they do to move across the country; so the adjustment to high unemployment in one area and low unemployment in another area may be quite slow.

The second point, I suspect these problems would be less severe when we are talking about legal immigrants than when we are talking about illegal immigrants. Legal immigrants would have greater freedom to move around the country and look for a job, and that kind of thing.

Mr. MAZZOLI. The gentleman's time has expired.

It would seem to me, though, I think you can create a permanent underclass of domestic workers by allowing a too free flow of people in. You see it in agricultural workers in California, you see it in the needle trades in New York City and Los Angeles; they will be perpetually and permanently unable to deal with their own futures so long as you do have an immigration policy or the lack of enforcement policy which allows great groups of people to come in whose opportunity to gain a piece of the rock is clearly evident to them and they are willing to put their own services down to get the job.

It does seem to me very clear that there is no question between unbridled immigration, which has no economic context, is designed to do one thing; and that is to keep workers docile and to keep wages down, and working conditions poorly kept.

The gentleman from Texas.

Mr. BRYANT. Thank you. I agree with the sentiments just expressed by the Chairman, and I am particularly glad to have this kind of a hearing today. I also agree with what I assume to be the consensus of the three witnesses that, no matter how you divide it up, economic considerations in the labor market ought to be, and would become once again, the principal focus of our immigration policy.

I would like to ask you to comment on this, however: It occurs to me that we have an additional interest, and to bring forth the fact that the labor market and the economy should drive the policy here; we have another competing concern and that is the increasing de-stabilization of Mexico and Central America and in some places, South America. And the possible ameliorating effect that changes our immigration policy to allow more of them in here with a concurrent reduction of the number we allow in from other countries could have.

In other words, I am asking you to comment on the possibility that we might at some point consider reducing the number of immigrants from other countries; increasing the number of immigrants from Latin America, in order to try to obviate a future for-

eign policy problem we may have there, because of the inability of Mexico and other countries to in the future maintain stability with their growing unemployed populations.

Mr. Briggs?

Mr. BRIGGS. Well, I believe in some of the earlier legislative proposals of the Simpson-Mazzoli bill, there was some talk about actually increasing the ceilings for immigration from Mexico and Canada as neighboring countries, and that it is normal for neighboring countries to give special treatment to people from countries that actually physically touch their borders.

I would not be opposed to that; in fact, I have written several times in support of the idea that Mexico is a special case, and it should have a higher quota than 20,000. I think they should have a special, extra ceiling; but that does not mean that I see immigration as being a way of resolving the broader questions of illegal immigration. Mexico has very serious problems; I think we need to talk much more in terms of different types of foreign aid, economic development aid which in most cases Mexico will not presently accept.

Mexico is a very proud country. It is my understanding that it will not accept bilateral assistance from the United States. It is my understanding that it is actually prohibited in their constitution, to accept bilateral aid. But they will take assistance from multilateral international agencies. Perhaps some help in debt reduction would be accepted. Things along this line will take some of the pressure off.

I think you raise a very important point, though. Too much of our discussion of immigration policy in the past six or seven years has focused only on the U.S. side; that is, illegal immigration as a demand phenomena; when there are these massive push factors, pushing people out of those countries. I think that part of effective immigration policy in dealing with illegal immigration has got to include ways of addressing those push factors. And they may require more creative solutions than the government has been able to do so far. That is, we need to deal with some of these fundamental issues of poverty, population, corruption in government, and all these types of things. I also think we should link immigration to the United States with human rights policies in Central American countries, for example. Creative-type things that focus on the push factors in immigration are needed.

I do not think, unfortunately, that the legal immigration system will ever be able to accommodate the pressure that you touched on in your question.

Mr. BRYANT. Mr. Chiswick?

Mr. CHISWICK. Thank you. I think we have to start realizing that Mexico is an economic disaster, which in the not-too-distant future may turn into a political disaster. We also have to bear in mind that it is a country of 60 million people and has a very high rate of growth of population.

We also have to bear in mind that there is really no way that the United States can solve all the problems of other countries. Most of the problems of Mexico will have to be solved by the Mexicans themselves, by changing their economic policies, their atti-

tudes toward foreign investment, and their attitudes toward the United States.

There is no politically realistic way the U.S. could change its immigration law that would have any material effect on the Mexican economy. The number of Mexican immigrants is currently between 50,000 and 60,000 per year. There is a 20,000 per year ceiling for those subject to numerical limit, and another 30,000 to 40,000 Mexican nationals enter as the immediate relatives of U.S. citizens. So we are talking about 50,000–60,000 Mexican immigrants per year. Suppose we raise that to 200,000? It would have a trivial effect on Mexico and it would not solve any of Mexico's problems. Mexico has a large population—60 million people—with a very high rate of natural increase, in part due to very large youth cohorts. If the fertility rates go down, the large youth cohorts mean high rates of population growth for several decades.

Mexican immigrants are the least educated immigrants that come to the United States. Among the adult male Mexican immigrants who came to the United States between 1975 and '80, the average level of schooling was eight years compared with an average level of schooling of all adult male immigrants, of about 12 and a half years.

Increasing immigration from Mexico, meaning increasing the low-skilled components of the labor force, concentrated in particular geographic areas. This would have significant negative effects on the U.S. economy. If we decide to increase Mexican immigration, we have to realize that the U.S. is paying a price, and it's not clear who is getting the benefit. Clearly, the Mexican immigrants who come to the United States, are getting the substantial benefit; the cost is paid by the American public.

Mr. BRYANT. Let me ask Ms. Abraham to express her opinion about it. I am going to run out of time here.

Ms. ABRAHAM. This is not really something that I have thought enough about to have an educated opinion on.

Mr. BRYANT. One last comment. I noticed on page 3 of Mr. Briggs' testimony that you pointed out that now that the immigration issue is in the Judiciary Committee that only has lawyers on it, that in your opinion the immigration laws are unnecessarily complex and legalistic.

I hear that observation often of late, and I want to point out to you that we do not write the language in these laws; we tell the legislative counsel what we want, and they draft it. If you think the fact that lawyers are on this committee makes it more complex and legalistic, I would ask for your opinion of the tax code, which is written by the Ways and Means Committee, which does not contain many lawyers. I simply wanted to point that out to you.

Mr. MAZZOLI. I appreciate the gentleman's ringing defense of our profession.

The gentleman's time has expired.

I yield myself 5 minutes for the second round, and there are numerous questions, and we cannot get to all of them, so I will say you may find letters from us with certain questions which we will ask you to answer in writing.

To get back to this question, Dr. Chiswick just mentioned about the high fertility rates in Mexico; and of course the converse event is that there are low fertility rates in Western Europe and low fertility rates in the United States, to get back to what I said earlier about this book; and it is one of many that happen to be written by Ben Watenberg that is currently being talked about very broadly, about the birth dearth and what effects it has on our foreign policy, our domestic policy, our immigration policy.

I think it was you who said that you would rather not talk about that in the context of immigration, someone said that. How can we not talk about that demographic fact when we're talking about immigration? Because if, in fact, we suffer, if this demographic prediction is correct, and I remember vividly in the early '70s the predictions about power plants would be sited every 15 yards from here up the Eastern Seaboard to produce the power we needed by 2000; and obviously we do not have that situation.

So these doom-and-gloom predictions, these Jeremiahs, may not turn out to be correct. But if they are, can we ignore them; and secondly, because a respected writer has put them down, can we just simply brush them aside without even so much as a comment?

Mr. CHISWICK. I was the guilty party that raised that.

I know Dr. Watenberg; he is a very brilliant man; I think very highly of him. On this issue, however, he has raised a red herring. Many people have raised this issue. I have been at a number of conferences in which this has been the central theme; and I will give you the same speech I give them. They are really two separate issues.

Mr. MAZZOLI. Do you agree with his data, that it takes 2.1 percent fertility to maintain a population and we are 1.8? I mean, are those——

Mr. CHISWICK. Those numbers are correct.

Mr. MAZZOLI. Again, you accept his facts for Western Europe——

Mr. CHISWICK. Western Europe will eventually experience a declining population.

Mr. MAZZOLI. Okay. So we accept the basic framework, but what you dispute is what is going to happen in the next five to ten years? Is that what you dispute?

Mr. CHISWICK. Allow me to dispute. Within the next few decades, even if we had absolutely no immigration, the U.S. population would continue to grow.

Mr. MAZZOLI. Let me say first, do you see a reversal of that fertility rate in the indigenous population?

Mr. CHISWICK. Not in the near term.

Mr. MAZZOLI. All right. So you say it is going to continue at a below maintenance level, and therefore, to maintain the U.S. population of 240 million or whatever we are, you see that by reason of what, immigration?

Mr. CHISWICK. The U.S. population will continue to grow, even though we have below replacement fertility for another 20 or so years, and then the population will continue to decline.

Mr. MAZZOLI. I see. In other words, the demographic fact is that even a below-replacement level will still yield an increasing popu-

lation for the period of time; and unless the fertility rates increase at that time, it drops off.

Mr. CHISWICK. That is correct.

Mr. MAZZOLI. So you say there is going to be an increasing population. Now that population is going to be the kind that will replace the work force; or is this going to be the graying of America. Is there any factor that fits into the labor force?

Mr. CHISWICK. The age structure of the population will be changing. The age structure is such that an increasing number of people will be over 65 and a decreasing number will be under 25. The question is, what are the economic implications of these changes? Are they important?

My assessment is that these changes do not have major implications. There will be changes in relative wages. It will mean that, in 20 years, younger workers will be relatively scarce, older workers will be relatively more abundant, and so the ratio of wages of 50-year-olds to 25-year-olds will change.

People talk about the coming shortages of young workers. What that means is that the relative wages of younger workers will rise. For certain activities that we now use a lot of youth to do, we will tend to use more machines, we will tend to use older workers.

Mr. MAZZOLI. Let me just ask about that, because Dr. Abraham talked about this very thing in her statement. It sounds wonderful and very smooth and easy because we say, well, if you don't do it with people you do it with machines; and yet there are many jurisdictions in America that enact laws that say you will not do certain things with machines; these are the effect of organized labor, the effect of other kinds of political bodies and forces.

So you cannot always make a smooth transition from doing it with people to doing it with machines or with high tech, and I think that—I am not a technician—but I think there is a point of diminishing returns as to how you can high tech anything. I mean, a point is reached where you cannot robotize even more than we have done and you are still falling off in productivity, and you have too few people; so it seems to me that there is a "crunch" point in there, unless you have more people coming in and if we accept the birth dearth as factually correct, then the only way I see to get people in is through immigration. Am I dead wrong on that?

Mr. CHISWICK. I hate to be disrespectful, but yes, you are dead wrong on that.

Mr. MAZZOLI. Well, I have been told that by a lot of very eminent people, like yourself. So, soon I may start believing it.

Mr. CHISWICK. To the extent that there are restrictions that prevent using various kinds of technology, those laws should be changed and those problems should be addressed directly, rather than trying to come up with some other indirect solutions to the problem.

Can I give an example?

Mr. MAZZOLI. Yes, but then I need to move on.

Mr. CHISWICK. Declining teenage labor means there are going to be fewer youths to mow the lawns.

Mr. MAZZOLI. Just paint the concrete green and be done with it.

Mr. CHISWICK. Well, that is one solution.

Another example is the development of a new type of grass which grows very, very slowly. I am going to be among the first to buy it. And there are many different ways to cut grass.

Mr. MAZZOLI. That is very interesting. Thank you.

Mr. BRIGGS. Well, I do not believe labor markets work quite as competitively as my two colleagues do. I think there are imperfections in labor markets, and it is not certain that there is always an automatic adjustment. I have not heard Dr. Chiswick talk about abolishing tenure protections for college professors.

Let me say that I happened to get an announcement last night of a study that just came out by the Center for Immigration Studies here in Washington, with population projected that simply use the 1.8 fertility rates, that is not fully replacing itself right now, but with immigration at about a million people per year. And its conclusion is that with immigration of one million and fertility rates unchanged, the United States will have a population of 340 million in the year 2080. That is less than a hundred years from now. That is a significant increase.

Mr. MAZZOLI. Does that study establish if it is correct that using the 1.8 fertility rate to 2080, and using a million immigrants; we now have about 600,000, but if you made it a million you would have 380 million people, 140 million more than we have right now?

Mr. BRIGGS. That is right.

Mr. MAZZOLI. So that study suggests that we really do not need to link—we can get away with that 350,000 figure? If we were to squeeze the million down to 350,000, is that your recommendation? Because then you keep the population more stable.

Mr. BRIGGS. Well, it makes a whole series of projections—that is, keeping the system as it now is. But I think we are closer to a million right now, give or take the illegal immigrants into the system, as well as the legal immigration.

Mr. MAZZOLI. So——

Mr. BRIGGS. I think Professor Watenberg leaves out all of the projections of the labor force growth in the United States to me are chronically conservative; as they have always been in the past, underestimate what has happened. No one is able to predict the women's revolution in 1970, no one predicted that. Now, we do not know what the labor force participation rate of women will level out.

Mr. MAZZOLI. Dr. Abraham?

Ms. ABRAHAM. I find it a little surprising that you are so pessimistic about our ability to project labor force participation and so on, and so optimistic about our ability to project occupational requirements and what the rate is going to be next year.

Mr. BRIGGS. I never said—unemployment rates. I said once you find out what it is, then——

Mr. MAZZOLI. If I understand this correctly, Dr. Briggs is more or less agreeing with you in this case, that you basically do not need to increase immigration much, because in your case, you say that the combination of increasing wages and improving working conditions will solve all but the short run problems, which are solved by some kind of an H2A program, or H2.

What Dr. Briggs is saying, basically, is that you really do not have to worry about the birth dearth because you are going to have mechanisms and means and people to get the jobs done, or——

Ms. ABRAHAM. That goes to what Dr. Chiswick was saying.

I believe those are two issues.

Mr. MAZZOLI. Yes.

Ms. ABRAHAM. One is what the level of the population should look like, and I do not think we talked very much about that at all. Why should we be concerned if our population is growing fast or slow or even shrinking? I have not thought about how we might bring economic analysis to bear on that.

Mr. MAZZOLI. Well, I am not caring about the ultimate number. We might have 450 million for all I know, but if it means that we are not getting certain work done, if it means——

Ms. ABRAHAM. That is the point—what the composition of the population is.

Mr. MAZZOLI. Just talking about social security, all we hear here are doom and gloom predictions about how few workers in the active force will be supporting how many more of those in the retired force. That is the graying of America, has got a lot of economic implications.

Ms. ABRAHAM. One thing those projections overlook is the fact that there also are going to be fewer people under 16, but the effect on the dependents ratios is going to be—have an effect on the ratio of older workers to the working population.

Like Dr. Chiswick, I really think that the labor market is very responsive; and that if we started having shortages——

Mr. MAZZOLI. Let me just ask you this: If I understand you correctly, we need people who are computer skilled, and we sometimes have to import them from England and Ireland and everyplace else. How, if you simply raise the price are you going to get people coming out of the woodwork when you have that kind of skill? You cannot get that skill no matter how much you are willing to pay for it until you train them to do the job and you cannot train them for months, and what happens when you need them right now or within a few months or a few years and you project down the road the need for more?

Ms. ABRAHAM. The adjustment in the long run is greater when you have had time to train people, is greater than the mobility adjustment. But these shortages do not just arise out of the blue. These things are gradual.

Mr. MAZZOLI. You think we can predict them, if we are careful we could prudently——

Ms. ABRAHAM. No, I do not think we can predict them. But these things arise over a period of time. It is not that we wake up one morning and all of a sudden we need 100,000 more computer scientists. Even to take that example, there are a lot of things that people in almost every job do, and that would include programmers. There is very high level programming and there is low level programming; and even in the very short run, if you have a shortage of high level programmers, work can be redesigned in a way such that the people whose skills are really in short supply are doing more of the things that they really were trained to do and less of the things that somebody with a lot less skill can do.

Mr. MAZZOLI. Well, I appreciate that. It is an interesting point. I am glad you are on the panel because it is important for us to be drawn back to at least one point of view which is, we do not have to do much of anything because I think we have to realize the context in which we are living and working on Capitol Hill, which is the political area in which you have lobbies of large interest groups lined up on each side of every preference and each side of the issue of wages versus more imported workers. So we have a lot of pull and push on us, and I see it reflected in the panel, which makes this a very valuable panel.

The gentleman from New York is recognized.

Mr. FISH. Thank you, Mr. Chairman.

Professor Briggs was reading from this question of projecting the population growth. That is another resource that we do not have. Could I ask that be submitted for the record?

Mr. MAZZOLI. Sure.

Mr. FISH. The Select Commission on Immigration Policy, headed by Father Hessburg, is the genesis of that. The information we had then was that the population of the United States should decline in another 50 years, absent immigration.

Now I would like to refer the panel to an article that appeared in the New York Times on Sunday, July 19, entitled: American Laboratories-Foreign Brains, written by Steven Solomon. He is talking about the Nation's dependence on foreign scientific and engineering brains; that increasingly, foreigners would be the ones training America's next generation of scientists.

Skipping down here: 58 percent of those earning engineering doctorates in the United States are foreigners, twice the percentage of the mid '70s. That is obviously because of the standards of postgraduate education for these skills. But the article's basic point is that ultimately this represents a vulnerability, as many of these foreigners are leaving homes. It is not comparable to post-World War II when they came here and stayed; that most of the Asians are leaving when they get their degrees.

And they come here, the number of Ph.D.s, for example, with temporary visas, often permanent status, has been rising sharply, to more than 80 percent of engineering Ph.D.s.

Again, it says: America's need for top talent is likely to become most acute in the late 1990s, when there will be 25 percent fewer Americans of college age than today. This can translate to a shortfall of roughly 700,000 engineering and science undergraduates over 25 years, an estimate by the National Science Foundation.

By almost any projection, America's dependence on foreign talent seems bound to grow significantly, but will the foreigners continue to come in sufficient numbers?

I wonder if any of you had seen this article or if you care to comment on this problem if you are familiar with it?

Mr. BRIGGS. I did read it, and I think it reflects basically what I was trying to say in my testimony; that immigration policy ought to be one that encouraged these occupations that are in need. That is, we ought to be encouraging, and we are, people to come to study in the United States and graduate institutions. Many of them may decide they will remain here; and obviously, some go back. And of course it is a matter of intention, that these other governments

want these people to come back to them. They send them, sometimes, on government subsidies to come here to study.

I do think that we also have to be concerned. The real problem is why, U.S. students do not go on to graduate study? And basically the problem is that they get bid away, at the end of their bachelor's degree or when they could finish their physics or computer science degree, rather than continue to study to get a Ph.D. in computer sciences and then teach in a university faculty; eventually making $25,000, $30,000 or $40,000 a year. They go to private industry with a bachelor's degree and they take off due to higher initial salary offers.

Mr. FISH. Professor, before you leave that point, I would ask for your comment on the statement by D. Allen Bromley, the Yale physics professor. He says: Our pre-college system is essentially collapsed, and is not vaguely competitive with that of other countries.

Mr. BRIGGS. Well, that was the next point I was going to get at. What worries me is that we rely to much upon immigration policy to bring in our high talent. It takes the pressure off us, in this country, to address the—what I fear is the collapse of the public school system. There is a crisis in education, even at the higher education level. The lack of standards in report after report in the last six years has come out indicting undergraduate education, graduate education, elementary schools, high school education—there is a national crisis in education, of declining standards, and those standards have got to be raised, and they have got to be raised by large infusions of funds to attract better people into teaching, more people into teaching, better facilities, better discipline, and all the things that the Bell Commission touched on. All of those institutional changes.

I cannot agree with my two colleagues here, that markets work automatically and all of that good stuff. There are institutional problems here. They are political and they are social and economic, and they overlap.

Mr. FISH. If the Chairman will respect a slow count here, are you putting your finger on the secondary school education, the pre-college educational system in the United States, and college, too?

Mr. BRIGGS. Yes.

Mr. FISH. It seems that this article bears out that, you know, I do not hear about people rushing to the University of Tokyo for their Ph.D.; they come here.

Mr. BRIGGS. The problem is the great variety standards in higher education in the United States.

Mr. MAZZOLI. It is also true, though, once those people come here, they very seldom go back home; is not part of the reason the fact that they get the job offer, and they adjust their status while they are here. They really do not go back to that two year hiatus back home.

Mr. FISH. Mr. Chairman, I did not read the whole article, which I will ask unanimous consent to insert in the record.

One paragraph says: More than two-thirds of the foreign engineer doctorates are from fast growing Asian nations, and many are leaving. Japanese and Chinese students almost all go home, and anecdotal evidence suggests that more Koreans are returning.

Then they go on about other countries like Taiwan and Italy that actually have incentives to get their students back.

[The article referred to follows:]

American Laboratories, Foreign Brains

THE NEW YORK TIMES, SUNDAY, JULY 19, 1987

By STEVEN SOLOMON

HALF of the students in the classrooms of Andrew Frank, professor of mechanical engineering at the University of California at Davis, are foreigners. About 60 of the 300 scientists employed by the Rockwell International Corporation at its main research center are foreign.

Professor Frank's classrooms and Rockwell's laboratories are not unique. While concern grows about America's foreign capital debt, the nation's dependence on foreign scientific and engineering brains is also mounting. Increasingly, foreigners will be the ones training America's next generation of scientists, performing cutting-edge research and filling key positions as working scientists in America's industrial laboratories, according to educators and scientists.

"The trend is underscored by the flood of foreigners in the nation's graduate schools, the pipeline for academia and industry. Today, 58 percent of those earning engineering doctorates in the United States are foreigners, twice the percentage of the mid-1970's. The number of foreign mathematics and computer science Ph.D.'s has also swelled, to roughly 40 percent. And foreign scientists and engineers now account for two-fifths of those who go on to post-doctoral research, up from one-third in 1979.

The dramatic jump in the proportion of foreigners is a product of two converging trends. Students abroad continue to view America's graduate engineering and science programs as the best in the world, the right place to be at a time of technological ferment. Foreigners are becoming a bigger factor on American campuses in other disciplines as well, including the social sciences and graduate business programs. But the trend is most dramatic in engineering and the hard sciences.

Meanwhile, the number of Americans earning advanced engineering degrees has been dropping at an alarming rate since the early 1970's, a reflection in part of the deteriorating state of technical training at the pre-college level. Lesser declines have occurred as well in physics, chemistry and the other sciences.

The reliance on foreign talent is a double-edged sword. It has helped the United States to maintain the superiority of its graduate educational system and to reinforce its industrial competitiveness. Between 1972 and 1982, the proportion of foreigners in the American science and engineering work force grew to 17 percent, from 10 percent, for instance.

But ultimately it represents a vulnerability should many of the foreigners leave for home.

"It works against our national competitiveness to train the manpower in our universities that returns home to compete against us," said S. Allen Heminger, vice president of resource planning at the Monsanto Company.

"The role of foreign Ph.D.'s is coming under serious discussion in the science community," said Frank Press, president of the National Academy of Sciences. "There is a mixed view whether we should try to keep them. From one point of view we want to send them back, especially if they are from poor countries. From another, we trained them and they can help U.S. industry and universities perform well."

This is not the first time, of course, that foreign scientists have played a major role in this country. In the 1930's and 40's, America's superior scientific base was partly built by an influx of top-flight European scientists, who moved here to stay. But today's foreigners are different. They are raw talent being trained here, and the number of Ph.D.'s among them with temporary visas — rather than permanent immigrant status — has been rising sharply, to more than 80 percent for engineering Ph.D.'s, for example.

More than two-thirds of the foreign engineer doctorates are from fast-growing Asian nations, and many are leaving. Japanese and Chinese students almost all go home and anecdotal evidence suggests that more Koreans are returning.

For their part, Taiwan and Italy reportedly have been wooing their top nationals with packages that include modern laboratory equipment and research support. For instance, Italy's Istituto per la Ricostruzione Industriale, the giant state-owned industrial holding company, is building a research and development facility to attract scientists to the poor Naples region.

Thanks in part to American training, in some industries, other nations are now technologically competitive with American companies for the first time in the postwar era. As a result, some of the best American engineers and scientists are being courted to work abroad in well-equipped laboratories on advanced research projects.

"In the last 18 months, Japanese companies have started to actively recruit U.S. engineers and scientists to go to Japan," said Peter Cannon, vice president of research and chief scientist at Rockwell. "That's a first."

The Japanese companies would "like to get our Ph.D.'s, even for a year or two," added Karl Willenbrock, executive director of the American Society for Engineering Education.

America's need for top talent is likely to become most acute in the late 1990's, when there will be 25 percent fewer Americans of college age than today. That could translate to a shortfall of roughly 700,000 engineering and science undergraduates over 25 years, the National Science Foundation estimates. And it is unclear whether even a continued torrent of foreigners could fill a gap of that size.

THE expected decline of the number of students in the pipeline foreshadows a fierce recruiting battle among industry, government and academia for students earning advanced degrees in engineering, computer science, mathematics and other technical fields. President Reagan's Strategic Defense Initiative in particular is expected to require vast numbers of Ph.D.'s.

The oft-stated fear is that universities will lose out in such a competition. The crunch will be exacerbated by a wave of retirements in the late 1990's of faculty hired to teach the baby boomers in the 1960's. They will have to be replaced as the demographic curve rebounds after 2000.

"We don't see where the new people will come from," said John H. Moore, deputy director of the National Science Foundation. Women and non-Asian minorities are vastly under-represented among American engineers and scientists. The number of women in these fields has been growing, but not at a rate that would alleviate the problem. The small number of non-Asian minorities is particularly troublesome since they represent an increasing proportion of the degree-age population.

Meanwhile, science education experts worry that the nation's preparatory schools are not equipping students with the technical skills necessary for pursuing scientific careers.

"Our pre-college system has essentially collapsed and is not vaguely competitive with that of other countries," says D. Allen Bromley, a Yale physics professor who served as vice chairman of the 1986 White House Science Council Panel on the Health of U.S. Colleges and Universities. "It's a national disgrace."

Concern about the problem has already led to talk of eventual job-sharing between industry and academia. And a few companies are taking measures to deal with the problem now.

The Digital Equipment Corporation has become concerned in the last couple of years that a shortage of American engineers could hurt its ability to grow, said Mark Conway, manager of Digital's education investment review board. The company now gives about $2 million a year in cash and equipment to support engineering and science faculty and students at both the university and high school levels.

And the National Science Foundation spent $27 million through 1986 sponsoring young tenure-track professors who remain at universities. But that represented only 70 percent of the foundation's potential allotments, since many young researchers were unable to obtain required matching funds from private sources.

"Industry sort of knows there is a problem now, but everyone will become aware of it very suddenly when the shortages hit," said Sheldon Thompson, director of applied research and development at the Sun Refining and Marketing Company.

By almost any projection, America's dependence on foreign talent seems bound to grow significantly. But will the foreigners continue to come in sufficient numbers? Some education experts say that the average annual increase in the past decade of nearly 8 percent cannot be sustained.

And will those who come stay? Stiff American regulations currently make it difficult to hire foreigners. "Sometimes you fight it out to get them because they're the best," said Mr. Heininger of Monsanto. "Other times it's just too much hassle." And the Reagan Administration's stringent effort to prevent high technology from being transferred abroad has had the effect of prohibiting foreigners from working on advanced projects where their talents would be a boon to American industry. Eventually, those restrictions may have to be eased to keep the nation's laboratories working, some in the science establishment contend.

"So far, we've locked out in that a significant number of those foreign nationals have decided to stay," said Roland W. Schmitt, senior vice president and chief scientist at the General Electric Company. "The United States has many research centers, including our main facility at G.E., that would have been dead in the water had they not been available."■

Mr. FISH. Could I hear from you, Ms. Abraham, or Dr. Chiswick?

Mr. CHISWICK. First let me thoroughly endorse Professor Briggs' encouragement that faculty salaries at universities go up. I think the members of this panel would unanimously view that as a desirable objective.

In terms of the issue being discussed, the foreign student issue is an important one. For many of our colleges and universities it is crucial that they receive large numbers of foreign students to support their doctoral programs; to support undergraduate education, and to assist the faculty member in furthering basic research.

At the same time, we are providing high levels of training and skills for individuals many of whom, go back to the countries from where they came, and make those countries more productive.

To enhance our comparative advantage, the United States should be producing goods and services that embody a lot of skill. One way to do that is by providing training for nationals from other countries.

Some of these nationals will choose to stay in the United States, and I think that is good; and some of these nationals will choose to go back to where they come from, or to a third country. I think that is good too. It is good for our economy and it is good for their economies to have a system in which there is this flexibility.

I noticed the article only refers to fields in which there is some international transferability of skills. There are various disciplines in which there are very few foreign students; law would be an example. But in the area of science, and high technology, there is an international arena. Conferences and the exchange of researches have an international scope.

This international scope is facilitated by the free flow of students that so many foreign nationals want to come here and learn because of the excellence of our degree programs.

Mr. FISH. Thank you.

Mr. MAZZOLI. The gentleman's time has expired.

Ms. Abraham, did you have a comment to add?

Ms. ABRAHAM. I, also would emphasize the contribution that providing education to foreign students can make it to improving our balance of payments.

Mr. FISH. You do not think that we are actually helping other countries to compete with us by training their scientists?

Ms. ABRAHAM. We may in fact be improving our ability to compete, by building ties with other countries and in that way enhancing our ability to engage in successful joint ventures. I do not view the education of foreign students at U.S. universities as a negative.

Mr. MAZZOLI. The gentleman's time has expired.

Let me just wrap up. We, in the early stages of our immigration bill, debated this subject at some length; and we had people telling us, and I came to believe at least in part their stories were correct; and that is that higher education has used the foreign student as a crutch and as a cane; because it gives them the opportunity of getting very skilled people, very determined, very educable at a very low price.

This is kind of like an H2A program for colleges and public universities. They do not have to recruit in the barios; they do not have to go into the ghettos and try to convince a black kid to go

into something like nuclear physics, where they would have to if—I mean, they have this great source of foreign, cheap labor, which we said earlier in the panel, keeps down wages and depresses working conditions; but they have that in an almost unlimited form and they become addicted to it. We give higher education and the institutions of higher learning a great opportunity to keep from having to recruit U.S. faculty and promote from within, and I wonder how long that ought to continue. It just seems to me that there is an end to that, too.

It is not that we cannot find kids in America who can be as skilled as the kids from Korea and Taiwan and Singapore and elsewhere to do the kinds of thinking and mathematical programs that we have to have done for the future, I just think we have them in America and we are just not recruiting.

Mr. CHISWICK. You have just described, very eloquently, one of the most pernicious features of the current law, in which we focus on particular occupations. This generates political pressure on Congress; from particular narrow occupational groups. They lobby either that these people should not be let in or that they should be let in.

Next week the three of us may be here saying, "Keep those foreign professors out because they are cutting our wages." The skill-based point system that did not focus on, whether this occupation is in, or that occupation is out, would relieve Congress of a lot of occupation-specific political pressure, harassment, whatever.

Mr. MAZZOLI. Well, I must say, it has been a very fascinating panel; one of the best we have had. I appreciate it so much. As I said before, there may be questions or further information that we will solicit, and we thank you very much for your time.

I would like to call our second panel today.

Mr. Robert F. Schmidt, Director of Personnel Management for the Medical College of Wisconsin; and Mr. Daryl R. Buffenstein, with the law firm of Paul, Hastings, Janofsky and Walker, representing the U.S. Chamber of Commerce.

Gentlemen, we appreciate your attendance today, and your statements in full will be made a part of the record, and we would appreciate having your comments about the subject today.

Mr. Schmidt, you may start.

STATEMENTS OF ROBERT F. SCHMIDT, DIRECTOR, PERSONNEL MANAGEMENT, MEDICAL COLLEGE OF WISCONSIN, REPRESENTING THE AMERICAN ASSOCIATION OF UNIVERSITIES; AND DARYL R. BUFFENSTEIN OF PAUL, HASTINGS, JANOFSKY & WALKER, REPRESENTING THE U.S. CHAMBER OF COMMERCE

Mr. SCHMIDT. Thank you, Mr. Chairman and Members of the Subcommittee. I am the Director of Personnel for the Medical College of Wisconsin, and I am also president of the College and University Personnel Association. Today I am here representing the Medical College, and on behalf of the College, I want to express my appreciation to you and the subcommittee for the opportunity to present this testimony today.