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Immigration Policy and Its Impact: The Relevance for New York

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Beginning in the mid-1960s, the United States economy has witnessed the revival of one of its most distinguishing features: mass immigration. Indeed, a recent comprehensive study of U.S. society, conducted by an international team of social science scholars, concluded that "America's biggest import is people." It added that "at a time when attention is directed to the general decline in American exceptionalism, American immigration continues to flow at a rate unknown elsewhere in the world."[1] The prospect for the foreseeable future is for a continuation -- and probable acceleration -- of the phenomenon.

Public recognition that immigration has once again assumed a prominent role in the U.S. economy however, has been slow to develop. Immigration had significantly declined in importance from the 1920s through to the mid-1960s. As officially measured, the foreign born percentage of the population had steadily fallen from 13.2 percent in 1920 to 4.7 percent in 1970. The foreign born population in 1980, however, rose to 6.2 percent of the population (a 46 percent increase over the 1970 figure). Given policy developments during the 1980s, the figure for 1990 could easily approach 9 percent (or about one of every eleven person in the U.S. population). Even these percentages are widely suspected of being too low due to the belief that there was a significant undercount of illegal immigrants by the 1980 Census and the anticipation of similar problems in the 1990

Census.[2] By the year 2000, if current trends continue, the percentage should again approach the high level of 1920.

The main reason that the effects of the resurgence of mass immigration have not received more attention is that the impact is highly geographically concentrated. Six states -- California, New York, Florida, Texas, New Jersey, and Illinois -- account for 38.4 percent of the U.S. population but 71.4 percent of all immigrants admitted to the U.S. in 1987. Moreover, within the states, immigrants have overwhelmingly settled in urban areas. They are essentially "an urban phenomenon."[3] In 1980, 92 percent of the foreign born population that was actually counted by the Census lived in metropolitan areas compared to only 72 percent of the native born population. Thus, the magnified effects of mass immigration are felt only in some urban areas of a handful of states. These urban areas and states, however, are the largest labor markets in the U.S. economy. Hence, there is national as well as local significance to these developments.

New York is an excellent case in point. The state has always been a primary receiver of immigrants. In 1960, the foreign born population accounted for 12.5 percent of the state's population. By 1980, that percentage had increased to 13.6 percent (more than twice the national percentage). Within the state, it has been New York City, of course, that has traditionally borne the bulk of the accommodation pressure. In 1960, 20.0 percent of the City's population were foreign born; by 1980 the percentage had risen to 23.6 percent (almost 4 times the national percentage). The 1990 Census should reveal that at least 25 percent of the City's population will be foreign born (or one of every 4 New York City residents). Even these high percentages are suspected of being far too low due to the widely perceived notion of an extensive undercount of illegal immigrants in the City's

population and work force. (For example, City officials estimated that only 200,000 of the 750,000 illegal immigrants in New York City were counted in the 1980 Census -- at least 550,000 illegal immigrants were not counted).[4] Thus, New York City accounted for slightly over 70 percent of the New York State's total foreign born population. Of the immigrants who have moved into New York State since 1965, 80 percent have settled in New York City with an additional 13 percent moving into its adjacent suburbs. It is not surprising, therefore, that a 1988 study of post-1960s immigration concluded that "immigration into New York State is almost entirely immigration into New York City and its suburbs."[5]

The sheer magnitude of the immigrant flow -- especially into a state like New York -- is sufficient cause to review the intentions of the nation's existing immigration policy. But, given the fact that mass immigration is occurring at a time when the labor markets of the nation in general and of New York in particular are both in a stage of radical transformation, uncertainty about the human capital characteristics of the immigrant flow adds necessity to such an inquiry. Old industries that once provided an almost insatiable demand for immigrants as well as for many citizen workers are now in a stage of sharp employment contraction. New industries have developed but they often have employment requirements that make it difficult for many citizens and immigrants to qualify.

Perceptions of the Role of Immigration Policy

It is precisely because of the issue of labor market transformation that the issue of labor shortages has arisen. A transformation means a rapid break from the slow evolutionary patterns of change. In such a context, the relevant question is: are there

actual shortages of workers because there are simply not enough workers or is there a mismatch that involves shortages of qualified workers co-existing with surpluses of unqualified workers or would-be workers?

If the issue is the former, than the prevailing unguided immigration policy of the United States is acceptable. There are millions of people who want to immigrate to the United States, so just let some of them in. There is no need to be picky about their skill, education, linguistic abilities or where they wish to settle. Indeed, just such a course of action is precisely what the Wall Street Journal recently advocated in an editorial saying that the United States should simply admit everyone in the World who wants to enter.[6]

If it is the latter case, however, a diametrically different policy tact is required. The existence of a mismatch means that the nation should have a carefully administered and flexible immigration policy. Immigration could provide a means of filling job vacancies in the short run while long run domestic human resource development policies are adopted to prepare the native born population for these emerging jobs. The mismatch scenario also has a vital corollary. It is that immigration policy should be used to keep-out those persons who lack the skills and education to qualify for the new types of jobs that are emerging. Admitting such persons would only hinder efforts to upgrade the employability of the native born population who require assistance. Moreover, such immigrants, if admitted, would increase the competition for a diminishing number of jobs with the native born who are being displaced and are also unprepared for the newly created jobs. If there is a racial dimension to the mismatch scenario, -- and I believe there surely is, it is imperative that priority be given to preparing those minority groups who are being adversely affected for the newly created jobs. Immigration policy should not be allowed to

sabotage this incorporation process. On the positive side, the mismatch scenario means that the nation is confronted with a golden opportunity to rid itself of the real threat of economic polarization along racial lines.

Thus, immigration policy is emerging as a critical element of both national economic and social policies. How immigration policy should be shaped, therefore, depends directly upon how one interprets the prevailing economic trends and domestic social conditions.

The Anomalies of Immigration Policymaking

Although immigration policy is not mentioned in the U.S. Constitution, it has -- since a series of U.S. Supreme Court decisions in the late 19th Century -- become the sole policymaking province of federal government. But because "everyone has to be somewhere," the actual impact of immigration policy is played-out in those states and their respective cities and towns where the immigrants actually reside. Thus, policymakers in state and local governments can only respond to what the federal government decides to do (or not to do) with immigration policy at any given time. Neither the level nor the human capital attributes of these immigrant flows are within the domains of these receiving states or communities to influence. Thus, policy responsibility does not actually correspond with the levels of government confronted with the consequences of policy design.

Throughout U.S. history, immigration policy has been called upon to serve a variety of perceived national purposes. It has at times become intertwined with such diverse national concerns as racial, agricultural, labor, family, human resource development, humanitarian and foreign relations issues. Regardless of the justifications at any particular point in time, however, there are always economic consequences. The ever present

economic role is derived from the fact that, ultimately, most immigrants -- no matter under what guise they enter -- must find some way to support themselves or to be supported by others. Ideally, the welfare of immigrant workers and their dependents will also be congruent with the best interests of the nation. But there is no assurance that such will be the case in a post-industrial economy. Domestic economic conditions are changing rapidly. There are signs that many citizen workers are experiencing difficulty adjusting.

Immigrants in mass numbers can themselves cause changes in labor market conditions as well as respond to prevailing conditions. Immigration is the one aspect of population and labor force growth that public policy should be able to control. Most of the other key factors -- fertility, mortality, emigration, and the whole range of labor force participation issues dealing with population demographics (e.g., those characteristics associated with age, gender, an race) are not directly controllable in a free society. To date, however, federal policymakers in the United States have been unwilling to view immigration policy as a form of economic policy. The design of immigration policy, as will be discussed, is largely dominated by political objectives that are intended to appease powerful special interest groups. Immigration policy is not responsible for its sizable economic consequences. Less than 4% of the immigrants and refugees who are legally admitted to the United States each year are admitted on the basis that the skills and educations they possess are actually believed to be in demand by U.S. employers. The percentage is considerably less than 1% if illegal immigrants are included in the total immigrant flow. In addition, little serious effort is made to find out if citizen workers could be used to fill jobs for which non-immigrant workers are currently being recruited and employed by U.S. industries.

The immigrant flow -- in all of its diverse forms -- accounts for anywhere from one-quarter to one-third of the annual growth of the U.S. labor force. The presence of a considerable number of illegal immigrants complicates efforts to be precise. It is highly probable that, when the female labor force participation rates (that have been rising for several decades) eventually stabilize and when the flow of "baby boomers" into the work force begins to ebb (as it soon will), immigration could, by the turn of the 21st Century, comprise all of the annual growth of the nation's labor force. Thus, the critical importance of adopting a rational basis for the nation's immigration policy should be apparent.

The Extant Immigration System: Its Priorities and Indifferences

There is no simple or quick way to describe the process by which immigrants enter the labor force and population of the United States. The complexity is, of course, one of the reasons there are pleas for reform. Few policymakers and even fewer citizens understand what the existing admission practices are. As with the tax laws and the welfare laws, the nation's extant immigration system is the cumulative collection over the years of a hodge-podge of dubious political compromises. Also like the tax and welfare systems, the immigration system suffers from considerable abuse due to enforcement laxities and legal limitations inherent in a free society.

A comprehensive discussion of the history of the immigration policy of the United States is beyond present purposes.[7] Nonetheless, a brief highlight of its evolution is essential to understanding the thesis that a change from its present course is desperately needed.

For its first century as an independent nation, the United States had neither ceilings nor screening restrictions on the number and type persons permitted to enter for permanent

or temporary settlement. The nation was in its pre-industrial stage of economic development. The economy was overwhelmingly dominated by agriculture (as late as 1880, 70 percent of the labor force were employed in this industrial sector alone). With a vast amount of land that was largely unpopulated, an unregulated immigration policy was consistent with the nation's basic economic needs. It was also a pragmatic position. The new nation simply did not have the enforcement capacity to effectively restrict immigration along its vast borders.

When the industrialization process began in earnest during the latter decades of the 19th Century, the newly introduced technology of mechanization required unskilled workers to fill job openings in its urban labor markets. Not all would-be immigrants, however, were welcomed. The nation's equity ideals were sublimated during this era. Not only did domestic racial segregation lock-in on the "newly freed" black citizen population of the South, but prejudice against some of the newer ethnic immigrants led to discrimination being institutionalized in the nation's immigration policies toward the outside world. Asians were the first racial group to be banned from immigrating.

From purely an efficiency standpoint, however, the mass immigration of the late 19th Century and early 20th Century was generally consistent with the domestic economic needs. Agriculture remained the nation's largest single employment sector (accounting for one-third of all employment as late as 1920). The rapidly emerging new employment sectors of manufacturing and mining generated jobs that required very little in the way of skills, education, literacy, or fluency in English for the work force. The enormous supply of immigrants who came during these years typically lacked these attributes. Nonetheless, they reasonably matched the effective demand for labor at the time. As late as the eve of

the entry of the United States into World War I in 1917, only about six percent of the adult labor force in the United States even had a high school diploma. Workers who actually had college degrees were so scarce as to be considered rare. The technology of that era asked little in the way of human resource endowments from most of the labor force. As the history of American labor clearly shows, the available jobs largely required blood, sweat, and tears. Most of the immigrants -- as well as most of the native born workers -- of those times amply provided all three.

Beginning with World War I, however, the nation experienced a sharp contraction in immigration. Following this venture into world affairs, the first quantitative restrictions on the number of immigrants to be admitted in the nation's history were imposed. Moreover, the pervasive negative social reactions to many of the ethnic groups who had entered during the 1890 to 1914 period (i.e., immigrants mostly from Eastern and Southern Europe) led to the adoption of overtly racist immigration reforms. These restrictive actions were embodied in the Immigration Act of 1924 (also known as the National Origins Act). Qualitative screening standards were enacted that favored Western and Northern Europeans; disfavored other Europeans; banned virtually all Asians; and ignored most Africans. By this time, the expanding domestic economy was characterized by the widespread introduction of the assembly-line method of production. Capital intensive mass production techniques no longer required unlimited numbers of workers to do labor intensive work. In those industrial sectors in which unskilled workers were needed, employers turned to domestic labor surpluses. These were found in the nation's massive rural economy. During the 1920s, over 6 million people moved to urban areas and the rural population declined for the first time since the nation was founded. The most important new supply

of workers to respond to these urban opportunities were the black citizens of the rural South who finally began their exodus. It should not be forgotten that it was only after mass immigration stopped that native born blacks could gain a modicum of access to the broad array of jobs in the U.S. economy.

The depression decade of the 1930s (with its surplus of unemployed job seekers) was followed by the war years of the 1940s (when previously existing artificial barriers to the employment of women and minority groups weakened to absorb new domestic labor supplies). Even the low quotas of the prevailing immigration laws were not met during these years.

In the 1950s, the economy prospered due in large part to the pent-up consumer demand for products and the forced-savings of the war era. It was during this period of general affluence that the United States was finally forced to confront the legacy of racial inequality that had plagued the nation since its inception. The Civil Rights Movement, although it had earlier intellectual antecedents, was launched in earnest with the "bus boycotts" in Alabama in 1957. This movement soon spread throughout most of the South and it culminated in the passage of the Civil Rights Act of 1964 (with its landmark equal employment opportunity provisions). Just as overt racism could no longer be tolerated within the country, it was only a logical extension of principle that such practices had to be purged from its immigration policies toward the external world. Hence, the primary goal of the Immigration Act of 1965 was to end the national origins admission system. In the process, however, immigration levels were sharply increased and a politically popular new admission system based primarily on the concept of family reunification was adopted. Four of the current six admission preference categories of visas (i.e., 80 percent of the total

visas annually issued) available each year are reserved for various categories of adult and extended family relatives of persons who are already citizens. In addition, immediate family members (i.e., spouses, minor children, and parents) of each visa holder are exempt from all quotas and admitted automatically. President Lyndon Johnson had sought to keep labor market priorities as the foundation for the nation's immigration policy. Labor market priorities had been the primary basis for admission since the idea of creating preferences for admissions was adopted in 1952. Johnson, however, could not overcome the legislative pressures that favored a new family reunification system. Under this admission system, the human capital endowments of legal immigrants are largely accidental with regard to their compatibility with existing labor market needs. Likewise, because the legal system stresses family ties, the geographic settlement patterns of immigrants are linked more to kinship than to demonstrated local labor market needs.

The Immigration Act of 1965 also had several other unforseen features. One of these was that it contributed to the explosion of illegal immigrants. The Act imposed a ceiling on Western Hemisphere immigration for the first time in U.S. history. A subsequent amendment in 1976 placed a 20,000 person ceiling on the number of legal immigrants who can enter in any one year from any one nation. These caps, when combined with the nepotism of the family reunification, meant that millions of would-be immigrants from Mexico in particular and the Caribbean Basin and Central America in general would no longer be able to legally immigrate. Millions of such people have continued to come anyway -- albeit in the form of illegal immigrants. The situation was also exacerbated by the unilateral termination in 1964 of the infamous "bracero program" with Mexico that had permitted up to almost one-half million Mexican workers to be

employed in U.S. agricultural industry in the Southwest. Beginning in 1965, many former braceros just kept coming anyhow -- but now illegally. Since the late 1960s, the illegal immigration phenomena has spread to people from many other nations. The process of entering illegally became so widespread that it led the Select Commission on Immigration and Refugee policy, appointed by President Carter, to conclude in its final report in 1981 that immigration was "out of control."[8] Ultimately IRCA was adopted in 1986 to address the illegal immigration problem but its restrictive effectiveness has yet to be demonstrated.

An entirely new admission channel for immigrants was created by the Refugee Act of 1980. Again, the rationale of this legislation is too extensive to review for present purposes.[9] Briefly stated, this system obviously has no labor market test associated with the admission process. There is no fixed ceiling. The number to be admitted is based on an arbitrary figure set annually by the President, subject only to consultation with the Congress. During the 1980s, the number of refugees and asylees admitted has been substantial -- in some years even exceeding the number of legal immigrants admitted. The President is under immense political pressure by special interest ethnic and religious groups to admit more people of their particular persuasion.

Unfortunately, in the process of altering the admission process, of experiencing mass illegal immigration and of enlarging the scale of immigration and refugee flows, the fact that the U.S. economy was entering a new phase of fundamental employment changes was unforseen. It is these changes in economic circumstances that raises the greatest concern that the present immigration and refugee systems are at odds with the nation's emerging labor market needs.

The Changing Nature of the U.S. Labor Market

The United States has entered its post-industrial stage of economic development. The goods producing industries -- which had been the major employment sector throughout U.S. history have declined significantly. Agriculture has been a negative source of employment every year since the late 1940s. It provides jobs for less than 3 percent of the labor force. Likewise, manufacturing -- especially its blue collar occupational categories -- has been since the mid 1950s in sharp relative decline (accounting in the late 1980s for less than 20 percent of the employed labor force). Employment in mining has also fallen sharply. The construction industry has shown modest employment increases but it is an industry that is subject to frequent cyclical fluctuations.

The dramatic fall-off in employment in the goods producing industries has been sparked by the introduction of new forms of computer controlled technology. With computer technology, an electronic "mind" has been created for coordinating, guiding, and evaluating most routine operations. With the introduction of a vast array of mechanical and electrical substitutes for the human neuro-muscular system, it is now possible to link these new computer-driven machines together into self-regulating systems that can perform an enormous variety of work tasks. All of this is taking place in an environment of unprecedented international competition.

Thus, the new technology and the international competitive pressures means that high paying jobs for poorly skilled and inadequately educated workers are largely a thing of the past. As former Secretary of Labor William E. Brock aptly said in 1987, "the days of disguising functional illiteracy with a high paying assembly line job that simply requires a manual skill are soon to be over. The world of work is changing right under out feet."[10]

The new technology is creating new jobs but the growth is concentrated in occupations that reward extensive training and education.[11] It is unlikely in the foreseeable future that there will be an abundance of unskilled jobs. But, unless public policy changes dramatically with regard both to labor force preparativeness and immigration admissions, there is likely to be a chronic excess supply of unskilled job seekers. Worse yet, there could be large numbers of unemployable persons discouraged from even seeking employment in the legitimate labor market.[12]

In the wake of the sharp declines in employment in the goods producing sector, there have been dramatic increases in the service producing industries. Responding to major shifts in consumer spending patterns, almost 70 percent of the U.S. labor force is employed in services in the late 1980s. The U.S. Department of Labor projects that 90 percent of the new jobs that will be created in the remainder of the 20th Century will be in the service industries and that the service sector will account for 75 percent of all employment by the year 2000.[13] Thus, the demand for labor is being radically restructured. The supply of labor is slowly adapting but the adjustment process is not as easy nor is it as automatic as it was in earlier eras in the nation's history.

As previously discussed, the displaced workers from the agricultural sector in the early 20th Century had little difficulty qualifying for newly created jobs in the burgeoning manufacturing sector. They only had to relocate and, when immigration flows were sharply reduced between the 1920s through to the 1960s, they tended to do so. But the emergence of the service economy has imposed an entirely different set of job requirements on the actual and potential labor force. While the technology of earlier periods stressed physical and manual skills for job seekers, the service economy stresses mental, social,

linguistic, and communication skills. As a consequence, the shift to services has meant declining job opportunities for those who lack quality educations and good work skills. Tragically, a disproportionate number of those who are vulnerable to such adverse employment effects are racial minorities, women and youths.[14]

Related to these dramatic trends in industrial employment patterns are the derivative changes in occupational patterns. Since the early 1970s, over one-third of the growth in employment has occurred in the professional, technical and related workers classifications.[15] Other broad occupational groups experiencing substantially faster-than-average growth over this period were managers, administrators, and service and sales workers. The greatest decline in employment was among operatives, farmers, farm laborers, and private household workers. The U.S. Department of Labor projects that, for the period of 1986 to 2000, occupational growth will continue to be extremely uneven. Occupations expected to experience the most rapid growth over this period are those that require the most highly educated workers. These include executives, administrators, and managers; professionals; and technicians and related support workers. Collectively, these three occupational categories accounted for 25 percent of total employment in 1986 but are expected to constitute 40 percent of the nation's employment growth for the remainder of the century.[16] Absolute declines are projected for the lower skilled occupations in farming and private household work, and only marginal growth is expected in the operative and laborer occupations.

Without unduly belaboring the obvious, the critical conclusion is best summarized by a Department of Labor study of anticipated occupational demand projections up to the year 2000: "It should be pointed out that the occupational clusters projected to decline or

grow slowly are generally those requiring the least amount of education and training and those projected to grow the fastest require the most education and training."[17] Thus, the occupational trends of the present and the near future are apparent. The question is the ability of the supply of labor to adequately respond.

The New York City Experience

The New York City labor market provides an excellent example of the twin effects of rapid shifts in industrial employment patterns (on the demand side) and of mass immigration (on the supply side).[18] The New York City labor force, with about 3.2 million resident workers and another 700,000 daily commuting workers from its suburbs, is larger than the separate labor forces of 42 states. The City accounts for about 38 percent of the State's labor force. The New York City SMSA also has the largest absolute number of foreign born persons in its population in the nation (1.9 million persons in 1980). In addition to the foreign born, the City also has about one million Puerto Ricans who, as citizens, are counted among the native born.

Looking first at employment patterns, Table 1 shows first that while employment in the State has increased since 1960, virtually all of the growth has come outside the City of New York. Secondly, it shows that the manufacturing sector of the City has drastically declined but only slightly so in the balance of the State. Table 2 shows the employment trends since 1960 for the nine industrial sectors for the City and for the balance of the State. The long list of minus in the City's column tells a bleak story. Only two of eight private sector industries have shown any growth. Both of these growth industries are disproportionately composed of white collar occupations. The public sector has sustained marginal growth and one component -- federal employment -- is actually falling. Aside

TABLE 1

MANUFACTURING AND NONMANUFACTURING EMPLOYEES ON NONAGRICULTURAL PAYROLLS IN NEW YORK STATE, NEW YORK CITY, AND STATE MINUS CITY TOTALS, 1960 AND 1986 (in thousands)

Industry/Years	N.Y. State	N.Y. City	State Minus City
Total Nonagricultural Employees			
1960	6,181	3,538	2,643
1986	7,905	3,539	4,366
Difference	+ 1,724	+ 1	+ 1,723
Manufacturing			
1960	1,878	946	932
1986	1,250	390	860
Difference	- 628	- 556	- 72
Nonmanufacturing			
1960	4,303	2,591	1,712
1986	6,655	3,148	3,507
Difference	+ 2,352	+ 557	+ 1,795

Note: Parts may not equal totals due to rounding
Source: New York State Department of Labor

TABLE 2

EMPLOYEES ON NONAGRICULTURAL PAYROLLS IN NEW YORK STATE, NEW YORK CITY, AND STATE MINUS CITY TOTALS, 1960 AND 1986
(in thousands)

Industry/years	N.Y. State	N.Y. City	State Minus City
Manufacturing			
1960	1,878	946	932
1986	1,250	390	860
Difference	- 628	- 556	- 72
Mining			
1960	10	2	8
1986	6	1	5
Difference	- 4	- 1	- 3
Construction			
1960	266	127	139
1986	309	113	196
Difference	+ 43	- 14	+ 57
Transportation, Communication, & Public Utilities			
1960	482	318	164
1986	402	218	184
Difference	- 80	- 100	+ 20
Wholesale Trade			
1960	420	315	105
1986	477	238	239
Difference	+ 57	- 77	+ 134
Retail Trade			
1960	831	430	401
1986	1,198	401	797
Difference	+ 367	- 29	+ 396
Finance, Insurance, & Real Estate			
1960	480	384	96
1986	755	527	228
Difference	+ 275	+ 143	+ 132
Personal Services			
1960	978	607	371
1986	2,042	1,077	965
Difference	+ 1,064	+ 470	+ 594
Government			
1960	837	408	429
1986	1,382	574	808
Difference	+ 545	+ 166	+ 379

Note: Parts may not equal due to rounding
Source: New York State Department of Labor

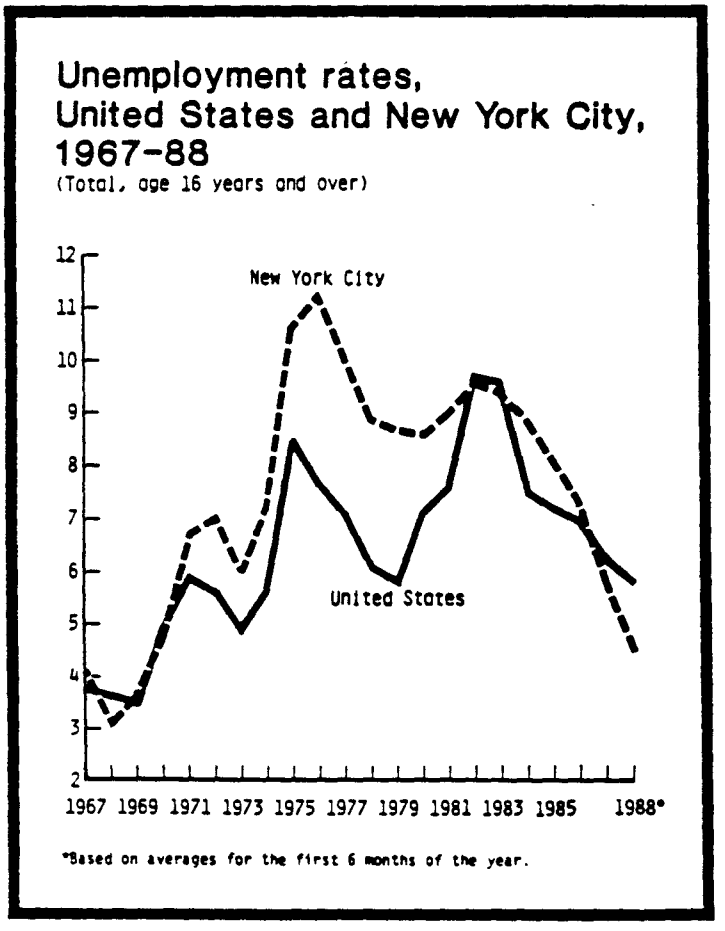
from the decline of manufacturing, the most disturbing revelation in Table 2 is the fact that retail and wholesale trade sectors both show minus figures for New York City. This is shocking! Nationwide and in the balance of New York State both of these trade sectors are booming. The retail and wholesale trade are sectors that traditionally are large employers of women, youth, minorities and part-time workers. They often provide entry level jobs for large numbers of workers. Such no longer is the case in New York City. Clearly, the industrial patterns are being radically transformed. There is serious reason for concern over labor force adjustment in such circumstances.

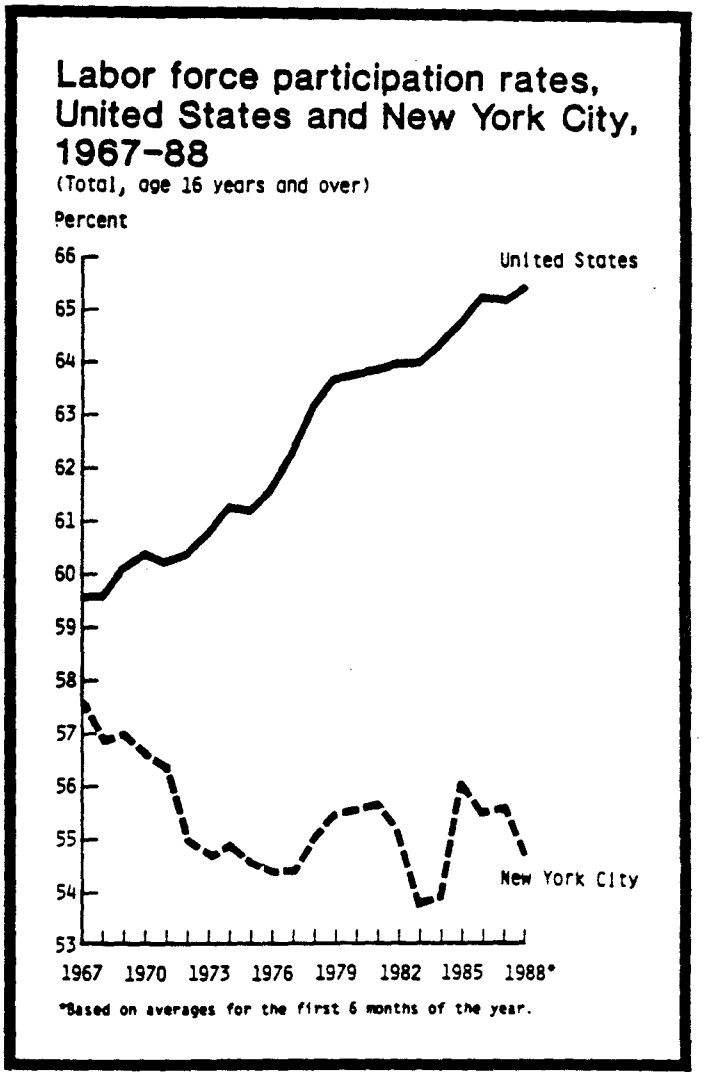
On the labor supply side, the resident labor force essentially has no racial majority.[19] In 1987, 51 percent of the labor force were non-Hispanic whites; 21 percent were Hispanics; and 29 percent were blacks and others (separate data for Asians were not tabulated). Fully 75 percent of the State's minority population live in New York City and most of the remainder live in the adjacent suburbs. The minorities are the fastest growing component in the State's population. It is an ominous sign that the minority populations disproportionately live and seek work in the City's labor market where there has been virtually no absolute growth in the number of jobs; where radical shifts in the industrial employment patterns are occurring; and where entry level jobs are vanishing.[20]

Since less than four percent of New York City residents seek employment outside the City, it is important to try to explain how the labor force is responding to these sweeping changes. Figure 1 shows the unemployment trends and the labor force participation trends for the City relative to the U.S. It is of particular note to see that the unemployment rates in New York City have been recently been below those of the United States. No doubt, it is this relationship that has generated the perception that there is a

FIGURE 1

UNEMPLOYMENT RATES AND LABOR FORCE PARTICIPATION RATES, UNITED STATES AND NEW YORK CITY 1967-1987 (TOTAL, AGE 16 YEARS AND OLDER)





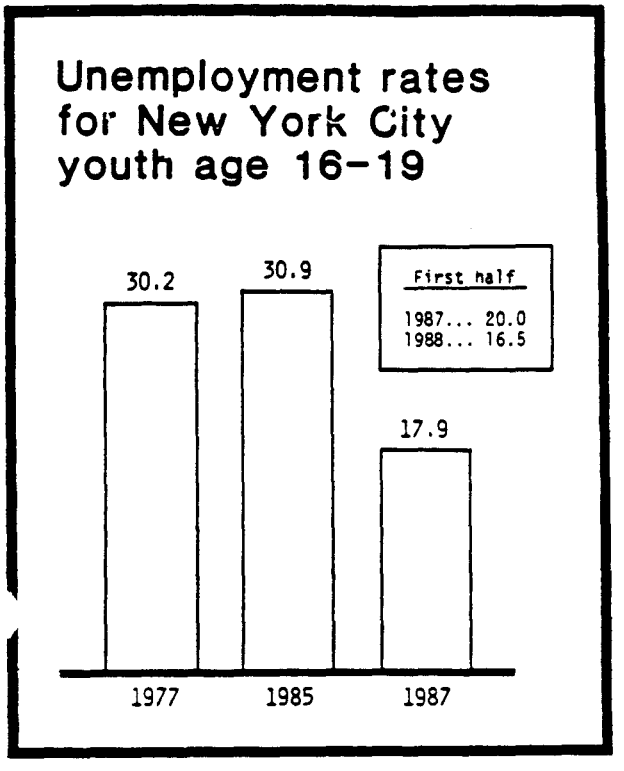
Source: U.S. Department of Labor

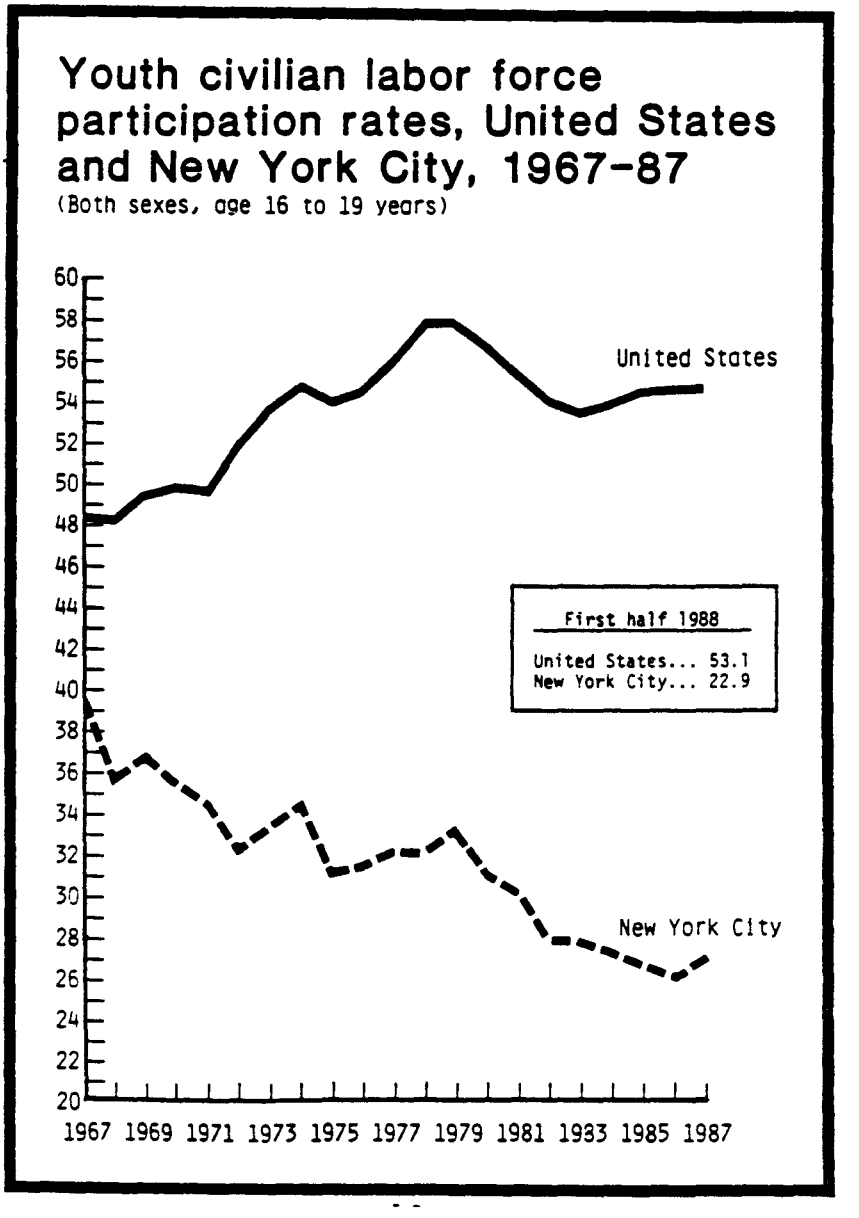
labor shortage in the City. But when the trends in labor force participation rates are examined, the New York City trends are sharply divergent from those of the nation. The national labor force participation rates in the 1980s are following the predicted course taught in the labor economics textbooks: as unemployment falls, labor force participation rises. But in New York City, the falling unemployment rate has been accompanied by sharply declining labor force participation rates. Figure 2 shows an even worse picture. It traces the labor force participation trends for 16 to 19 year olds in the nation and in New York City. The figure for youth in New York City for 1987 is more than 32 percent below from the national average for comparably aged youth. The participation rates are even lower for minorities (see Table 3). Thus, this data suggests that a massive withdrawal from the labor force is in progress in the City. This mass discouragement is a symptom of the existence of a mismatch between the types of jobs available and the lack of qualifications of potential job seekers. It means working age persons are available but they are unemployable. It is also a sign of a growing underclass with strong racially divisive implications.

As for the role of immigration, the available data shown that immigrants are highly concentrated into only a handful of industries. As shown in Table 4, almost one half (47 percent) of all post 1965 immigrants are employed in only 13 industries of over 200 industries for which such industrial data is collected. These 13 industries, accounted in 1980 for 34.8 percent of all the jobs in the City. Table 4 also shows the inordinately high penetration of immigrant workers into both declining industries (such as manufacturing, private household work and retail businesses) as well as growth industries (such as hospitals, banking, real estate, insurance, and motels and hotels) in New York City. The

FIGURE 2

YOUTH UNEMPLOYMENT RATES AND LABOR FORCE PARTICIPATION RATES, UNITED STATES AND NEW YORK CITY, 1967-1988 (BOTH SEXES, AGES 16 TO 19 YEARS OLD)





Source: U.S. Department of Labor

TABLE 3

CIVILIAN UNEMPLOYMENT RATES AND LABOR FORCE PARTICIPATION RATES, BY RACE AND GENDER, UNITED STATES AND NEW YORK CITY, 1987 AND 1988

Civilian unemployment rates and labor force participation rates, United States and New York City

(not seasonally adjusted)

Age, race, and sex	Unemployment rate		Participation rate	
	1987	1988	1987	1988
United States				
All persons, 16 years and over..	6.7	5.8	65.2	65.5
White.....	5.8	4.9	65.5	65.8
Black.....	13.7	12.4	63.0	63.1
Hispanic origin.....	9.5	8.7	65.9	67.0
Both sexes, 20 years and over.	5.9	5.1	66.3	66.6
Male.....	6.1	5.2	78.0	77.8
Female.....	5.6	4.9	55.8	56.5
Both sexes, 16-19 years.....	18.2	16.3	52.6	53.1
New York City				
All persons, 16 years and over..	6.0	4.5	55.4	54.7
White.....	4.8	3.6	54.7	54.2
Black.....	9.8	7.0	54.5	54.5
Hispanic origin.....	8.7	6.4	51.6	50.4
Both sexes, 20 years and over.	5.6	4.2	58.1	57.2
Male.....	6.4	4.7	72.7	71.9
Female.....	4.4	3.5	46.5	45.9
Both sexes, 16-19 years.....	20.0	16.5	22.1	22.9

Note: Data based on averages for the first six months of each year.

Source: U.S. Department of Labor

TABLE 4

NEW YORK CITY INDUSTRIES WITH CONCENTRATIONS OF NEW IMMIGRANTS, 1980
(in rank order by number of post-1965 immigrants employed)

Industry	Total Employed	Post-1965 Immigrants Employed: Number	Post-1965 Immigrants Employed: Percent of Total Employed
Total for all industries	2,897,880	492,760	17.0
Apparel manufacturing	118,540	42,760	36.1
Hospitals	185,820	41,660	22.4
Eating/drinking establishments	110,640	36,820	33.3
Banking	125,320	21,540	17.2
Construction	77,960	15,120	19.4
Real estate/building management	71,660	11,540	16.1
Private households	30,620	11,520	37.6
Nursing facilities	30,960	9,820	31.7
Miscellaneous manufacturing	32,080	9,520	29.7
Grocery stores	47,040	8,920	19.0
Insurance	76,980	8,720	11.3
Motels/hotels	25,420	7,860	30.9
Printing/publishing	74,280	7,760	10.4
Total	1,007,320	233,560	23.2
All other industries	1,890,560	259,200	13.7

Source: Elizabeth Bogen, Immigration in New York (New York: Praeger Publishers, a division of Greenwood Press, Inc., 1987) p. 85. The data in the Table is tabulated from the 1980 U.S. Census Public Use Microdata Samples.

Office of Immigrant Affairs for New York City which compiled and released this data in 1987 warned that "because the census omitted the majority of undocumented aliens and because some are employed off the books, the concentration of immigrants in those industries may be even higher than census data suggest."[21] Given the huge immigrant flows that have occurred since 1980, it is certain that the 1990 Census will reveal even larger concentrations of immigrant workers.

With immigrant concentrations of this magnitude, it is hard to argue that the presence of immigrant workers is not affecting both wage levels and employment opportunities in these particular industries over what might prevail in their absence. It is worth noting in passing, that the study also found striking "ethnic demarcation lines" between which immigrants were employed in which industry and which were not.[22]

Because the decline in employment is so pervasive, many immigrants are in direct competition with the city's considerable unskilled and poorly educated citizen population for the jobs that remain in the declining sectors of the economy. Too often, the consequences of even fewer job opportunities being available and depressed wages are borne by the citizen-workers who are typically Black and Puerto Rican. Many immigrants -- especially those from Third World backgrounds -- will do whatever it takes to survive. They will double up families in apartments, work dual jobs, have several family members in the labor force, and accept substandard wages and working conditions. These are the characteristics of labor markets in contemporary Third World nations. Yet these appalling living and working conditions -- reminiscent of supposedly bygone "sweatshop" eras in this country -- are being revived once more in the nation's largest city. It should not be surprising that many citizen New Yorkers simply cannot or will not

compete for jobs on such demeaning and often unfair terms. For too many citizens, the options are unemployment, or welfare, or participation in the city's enormous "irregular" economy.

The Role In Immigration Policy in a Post-Industrial U.S. Economy

By the late 1980s, the industrial and occupational employment needs of the U.S. economy are crystal clear. As immigration policy is a way of affecting both the size and the composition of the supply of workers, it should admit only the number and types of persons who complement emerging labor demand patterns. It should not increase the labor supply of workers who lack the skills and education that are required to fill existing job vacancies. Likewise, it should not be allowed to forestall the pressures to develop the employment potential of native born citizens who should be prepared for the jobs in the growth sectors. In a word, the immigration policy of the nation should be flexible.

At this stage of U.S. economic development, the types of workers who are needed are those that already have skills, education and experience and, for whatever reason, voluntarily wish to leave their homelands. Such is especially the case of workers who are in fields that involve computer technology; conduct scientific research and; provide higher education itself. Obviously, the nation should be preparing its native born citizens for the high skilled, high paying, and high status jobs that the post-industrial economy is generating. But human resource development requires a long term perspective to be successful. Providing qualified teachers, adequate facilities, and up-to-date instructional aids and equipment are all critical educational problems in the United States. Unfortunately, the findings of the numerous presidential commissions on the status of education in the nation in the 1980s have already concluded that the nation is failing at

every educational level. There is no greater national priority other than to reverse these trends and to address these educational deficiencies. But at this juncture, sad to say, the nation must look elsewhere in the World for a temporary way to fill many of the jobs that require high skills and advanced education.

Great care must be exercised to assure that such an immigration policy focus does not forestall training and education of native citizens for these quality jobs. Given the increasingly multi-cultural and racial character of the U.S. labor force, it is mandatory for equity reasons that citizen minorities in particular be given opportunities to prepare and to qualify for these emerging high skilled jobs. The social cohesion of the nation in the future will depend directly upon the avoidance of an occupational polarization of the labor force along racial lines. Hence, the importation of skilled immigrant and non-immigrant labor should be administered in a flexible fashion by a responsible governmental agency and not by fixed statutory provisions or by arbitrary rulings of courts. It must be a policy that is capable of being coordinated with other human resource development policies and equal employment opportunity objectives.

Conversely, the rise of the service economy is raising the knowledge levels of persons who can qualify and hold jobs. The U.S. Department of Labor has estimated that about 75 percent of the unemployed persons in the United States have reading and writing problems.[23] It is also believed that there may be as many as 23 million functionally illiterate adults in the U.S. population and an equal number who are only marginally illiterate.[24] No advanced industrial nation at this juncture of its economic development that has so many adult illiterates (and whose ranks are swelling each year) need have any fears about a shortage of unskilled labor. One of the major contributing factors to the growth of

adult illiteracy is immigration -- especially by illegal immigrants and refugees.[25] Thus, with the possible exception of legitimate political refugees, there is no reason to admit legally or to tolerate illegal entry by persons who can only qualify for low skilled jobs that require minimal education. To the contrary, immigration should admit only people who have a high probability of finding employment in growth sectors and who are trained, educated, and who have experience in occupations for which shortages presently exist. For those granted refugee and asylee status, there should be a parallel obligation by the Federal government to entitle all such persons to training, education, and language assistance if they lack such skills. Such policies would facilitate their entry into the labor force. Such adjustment burdens should not fall on local and state governments who have no say in the entry of such persons. It also goes without need for elaboration that there should be strict enforcement of the Immigration Reform and Control Act of 1986 with its strictures against illegal immigration. The gaping enforcement loopholes in this legislation that do not provide adequate identification safeguards to give true meaning to this Act should be closed.

Thus, immigration policy must be seen as being a major element of the nation's arsenal of economic policies. In such a role, it has the potential to help the nation overcome the mismatch problem it is currently confronted. It can temporarily admit those workers with the skills, education, and experience needed to fill the contemporary labor shortages. But it should do so only to the degree that these numbers do not significantly influence the pressure of the market place to signal priorities to develop the nation's citizen workers for these jobs over the long run. Likewise, it is especially urgent that the elimination of the labor surpluses that co-exist with the labor shortages be recognized as

being a problem of co-equal significance. Labor shortages represent a "window of opportunity" for the nation's minority worker force but the pressure to address their chronic human resource development needs is endangered by "the wild card" of contemporary unguided immigration policy. This must not be allowed to continue. The labor market trends of the 1990s provide the United States with the biggest single opportunity in our history to rid the nation once and for all of inequality of economic opportunity. It may well be the last chance -- given the growing dimensions of the nation's racial underclass -- to end the legacy of unfairness. It will be a social and economic disaster if we allow our immigration policy to undermine this generation's good fortune to be able to accomplish this feat. To do it, however, the nation must adopt an immigration policy that contributes to the solution and is not part of the problem.

Endnotes

1. Oxford Analytica, America in Perspective, (Boston: Houghton Mifflin, 1986), p. 20.

2. For an excellent discussion of the historical and methodological efforts by the Bureau of the Census to enumerate illegal immigrants in the decennial censuses, see Statement of John G. Keane, Director of the Bureau of the Census before the Subcommittee on Energy, Nuclear Proliferation and Governmental Affairs of the Committee on Governmental Affairs of the U.S. Senate, (September 18, 1985), [Reproduced material].

3. Elizabeth Bogen, Immigration In New York, (New York Praeger Publishers, 1987), p. 60.

4. Ibid., p. 53.

5. The Nelson A. Rockefeller Institute of Government, New York State Project 2000: Report on Population, (Albany, NY: State University of New York at Albany, 1986), p. 54.

6. "The Re-Kindled Flame", Wall Street Journal, (July 3, 1989), p. 6.

7. For a more complete discussion, see Briggs, Vernon M., Jr., Immigration Policy and the American Labor Force, (Baltimore: The Johns Hopkins University Press, 1984).

8. Select Commission on Immigration and Refugee Policy, U.S. Immigration Policy and the National Interest, Washington, D.C. U.S. Government Printing Office, 1981), p. 5.

9. For background of the process by which refugees were removed from inclusion in the legal immigration system and an asylee policy was adopted for the first time in the nation's history, see Briggs op. cit., Chapter 6.

10. William E. Brock, U.S. Secretary of Labor, "Presentation to the National Press Club", Washington, D.C., (March 5, 1987), p. 8.

11. Richard M. Cyert and David C. Mowery (eds.), Technology and Employment, (Washington, D.C.: National Academy Press, 1987), Chapter 4.

12. See Louis Uchitelle, "America's Army of Non-Workers," New York Times, (September 27, 1987) pp. F-1 and F-6, and William J. Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy, Chicago: University of Chicago Press, 1987.

13. Valerie A. Personick, "Industry Output and Employment Through the End of the Century," Monthly Labor Review, September 1987, pp. 30-45.

14. Cyert and Mowery, op. cit., Chapter 5.

15. Ronald E. Kutscher, "Employment Growth in the United States" in Job Generation: U.S. and European Perspectives, edited by Howard Rosen (Salt Lake City: Olympus Publishing Company, 1986), p. 8.

16. Ibid., pp. 14-15; see also Carol Leon, "Occupational Winners and Losers: who Were They During 1972-80?" Monthly Labor Review, June 1982, pp. 18-28.

17. George T. Silverstri and John M. Lukasiewicz, "A Look at Occupational Employment Trends to the Year 2000," Monthly Labor Review, (September, 1987), pp. 46-63.

18. For a more detailed discussion of the labor force and population changes in New York, see Leon F. Bouvier and Vernon M. Briggs, Jr., The Population and Labor Force of New York: 1990-2050, Washington: The Population Reference Bureau, 1988.

19. "Minorities on Verge of Becoming New Majority of Labor Force in New York City," News Release of the Middle Atlantic Regional Office of the Bureau of Labor Statistics of the U.S. Department of Labor, December 14, 1987, pp. 1-5.

20. Herbers, John, "New Jobs in Cities Little Aid to the Poor," New York Times, October 22, 1986, pp. A-1 and A-24. The study referred to in the article was prepared by John D. Kasarda, who was Chair of the Department of Sociology at the University of North Carolina. His report was made to the Joint Economic Committee of the U.S. Congress but additional data were supplied by him to the New York Times pertaining to the particular New York City experience.

21. Bogen, op. cit., p. 84.

22. Ibid., see also Bouvier and Briggs, Tables 35 and 36.

23. "Hearings Accents Problem of Work Force Illiteracy," Daily Labor Reporter, No. 149 (August 2, 1985), p. A-10.

24. Jonathan Kozol, Illiterate America, (Garden City, N.Y.: Anchor Press/Doubleday, 1985), pp. 7-12.

25. "Hearings Accents Problem of Work Force Illiteracy," op. cit., p. A-10.