

Employment Trends and Contemporary Immigration Policy:

The Macro Implications

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Over its national history, there have been few influences more important to the development of the population and the labor force of the United States than immigration. The descriptive phrase "a nation of immigrants" correctly portrays both the quantitative magnitude of the numbers of people who have come as well as the qualitative characteristics of their skill and educational contributions to the process of nation building. The fact that the United States continues to receive substantial inflows of immigrants remains a distinguishing feature of the nation from the practices of virtually all other countries. Throughout the 1970s and extending into the early 1980s, the United States has legally admitted twice as many immigrants and refugees for permanent settlement as the remaining nations of the world combined. If an allowance is made for the number of illegal immigrants who entered and settled over this same period, gap is even more pronounced.

There are only two ways for a nation to acquire its labor force: people are born within its boundaries or they immigrate from other nations. Throughout most of the 19th Century and the early 20th Century, immigration was perhaps the most important aspect of the nation's human resource policy. The imposition of the nation's first numerical ceilings on immigration in the 1920s were followed by several decades of depression, war, and their respective aftermaths. As a consequence, immigration receded significantly in terms of its human resource importance from the mid-1920s to the mid-1960s. Because of this diminished role over that 40 year period, many scholars and policymakers have been slow to

recognize that since the mid-1960s, immigration -- in all of its diverse forms -- has again become a major feature of the U.S. economy. During 1980, for example, it is believed that more foreign-born people came to the United States for permanent settlement than in any previous year in the nation's history. Moreover, the 1980 Census revealed that since 1970 "the number of foreign born Americans has increased sharply after declining [each decade] since 1920 and [that] one of every 10 people reported speaking a language other than English at home."¹ Noting the emerging trends, Leon Bouvier observed in 1981 that "immigration now appears to be almost as important as fertility insofar as U.S. population growth is concerned."² As the labor force is the principal means by which population changes are transmitted to the nation's economy, Bouvier warned that "there is a compelling argument for close coordination between the formulation of employment and immigration policy."³ It is precisely to this point that the content of this paper is addressed.

The Data Dilemma

Although it is a subject for discussion itself, it is necessary to mention briefly that a persistent barrier to the study of the effects of immigration on the labor force is the gross deficiency of available data. Part of the explanation for this inadequacy can no doubt be attributed to the decline in the relative importance of immigration to the nation from the mid-1920s to the mid-1960s. Even since 1965, a myriad of other domestic human resource issues -- such as concerns over youth unemployment, shortages of scientific and technical manpower, minority employment patterns, the job dislocation effects of changing technology, women in the labor market, anti-poverty concerns, and regional employment shifts -- have diverted attention from the gradual re-emergence of immigration as a major concern.⁴ As a result, there has been little pressure from scholars and policymakers for better collection and dissemination of

immigration data despite major improvements in most other labor force data sources over this same time interval. The influences of immigration on the labor market are without doubt the weakest links in the nation's contemporary labor market statistics system.⁵

As a consequence, a recent congressional report on immigration concluded that despite "long established data collection programs, immigration related data are still deficient in scope, quality, and availability" and that "immigration statistics are particularly inadequate as tools for policy analysis and demographic research."⁶ Reliable information on the economic characteristics of legal immigrants and refugees is scant and for illegal immigrants essentially nonexistent. Likewise, data on emigration flows out of the country have not been collected since 1958. Hence, net immigration cannot even be approximated with any degree of accuracy.

The lack of reliable data has been consistently used by persons and groups who oppose policy initiatives to reform the nation's inadequate immigration system. Yet, lest one dispare too much, this problem must be put into proper perspective. Gross data deficiencies are not unique to the study of immigration. The lack of reliable and useful data plagues virtually every important area of public policy. Yet the lack of good data has in no way retarded the initiation of significant policy interventions in these other areas of public concern. It is only with respect to immigration reform that the argument has been effectively used to forestall reform efforts.

The Ability of Policy to Affect Labor Force Trends

The preponderance of labor force trends that occur within the economy are beyond the realm of policymakers to influence even if they want to do so. Labor market research has repeatedly shown, for instance, that race and gender can influence employment and income experiences. As the number and proportion of

minorities and women have increased in the labor force, there is nothing that human resources policymakers can do to change these trends. They can only respond with adjustment policies to reduce the influence of the factors that cause these outcome differentials to occur. The same can be said for demographic changes in the age distribution of the labor force; or the shift in social values that have contributed to the dramatic increase in female labor force participation; or the effects of the pace and scope of technological change on the preparation of workers for jobs. The control of immigration flow, however, is considered to be an exercise in the use of the discretionary powers of the state. As such it is one dimension of a nation's human resource policy that should be capable of directive action rather than forced reaction.

Immigration has economic implications for the participants and for the receiving society. It can determine labor force trends as well as respond to them. For this reason, the efficacy of policies that regulate immigration must be judged in terms of how they related to broader labor force trends at any prevailing time. As will soon be apparent, this is decidedly not the case in the United States at the present time.

The Influence of Administrative Structure

Because the magnitude and composition of immigration flows are supposedly subject to direct regulation by human institutions, it is important to understand how the policy making process functions. Although there is only scant mention of immigration in the Constitution, by the late Nineteenth Century the Supreme Court had concluded that the federal government was the exclusive governmental body to exercise this authority.⁷ After a brief assignment of administrative power to several different agencies, the responsibility for immigration policy was ultimately shifted to the newly established U.S. Department of Labor (DOL) in 1914. This action represented a clear recognition by

policymakers of the time that labor market considerations should be a primary concern in the administration of immigration policy. In 1933, by executive order, the immigration and the naturalization functions were joined into one body -- the Immigration and Naturalization Service (INS) in DOL.

With the recognition in 1940 of the likely involvement of the United States in World War II, a critical decision was made that has had lasting influence on the course of immigration policy. Namely in June, 1940, the INS was shifted from DOL to the U.S. Department of Justice. Ostensibly, the shift was necessary for national security reasons. It was believed that rapidly changing international events dictated a more effective means of control over immigrants and non-immigrants. Concern over the entry or presence of subversive elements in the population was elevated to the highest priority of the agency. Labor market considerations -- the historic concern -- were shunted aside. When the war ended, the agency remained in the Department of Justice. The long run effects of this change have been disastrous to efforts to build a coherent immigration policy -- especially if one of the concerns is that immigration policy should be congruent with domestic labor force trends. The Department of Justice has multiple responsibilities and, when compared to its numerous other important duties, immigration matters have tended to be neglected or relegated to a low order of priority. Moreover, the Department of Justice is one of the most politically sensitive agencies in the federal government. It has often opted for short run expedient solutions for immigration issues. It has seldom manifested any interest in the economic aspects and consequences of immigration.

Another lasting effect of the shift of immigration policy to the Justice Department has been that the two judiciary committees of Congress gained the responsibility for supervision over immigration in general and the INS in particular. Traditionally, membership on these committees has been reserved

(often exclusively) for lawyers. The result, as noted by David North and Allen LeBel, is that "as immigration problems arise, be they major or minor, perceived or real, the response of lawyer-legislators is that the law should be changed."⁸ As a consequence, immigration law in the United States has become extremely complex and legalistic. Over the years, the labor market implications of immigration policy have either been ignored or, in the best of circumstances, been given superficial attention.

Immigration Trends Since 1965

The revival of legal immigration as an influential force can be virtually dated to the passage of the Immigration Act of 1965. It represented the culmination of decades of efforts to purge the nation's immigration system of the overt racism that had been the central focus of the "national origins system" that was adopted in 1924. After years of active struggle, the Civil Rights movement achieved its capstone goal -- the passage of the Civil Rights Act of 1964. Consequently, just as overt racism could no longer be tolerated in the way citizens were treated by fellow citizens, neither could racism be practiced by the laws that govern the way in which non-citizens were considered for immigrant admission status.

The restrictive features of the "national origins system" had done more than shape the racial and ethnic composition of immigrant flows. They had sharply distorted the total flow of immigrants. Some nations with large quotas (e.g., Great Britain which was entitled to about 40 percent of all of the available visas) did not use all of the slots available to it while other nations (e.g., Italy and Greece) with small quotas had backlogs of would-be immigrants who were prevented from entering. Hence, during the years 1952 to 1965, for example, only 61 percent of the available quotas were actually used

despite the fact that tens of thousands of persons were precluded from admission over this period because they came from the "wrong" country. Succeeding administrations in the post-World War II era were forced, therefore, to seek ad hoc legislation and to use parole powers given to the Attorney General to admit hundreds of thousands of refugees for both humanitarian and national interest considerations. As a consequence, one of every three persons admitted to the United States from 1952 to 1965 entered outside the terms of the prevailing immigration system. Hence, because the system was outdated by the progression of both world and domestic events, the Immigration Act of 1965 was adopted.

It is important to note that while the changes enacted in 1965 significantly changed the character of the existing system, the reform movement could not entirely escape the heavy hand of the past. Thus, while overt racism was eliminated in 1965, the new act elevated family reunification to the role of being the dominant factor to determine the preferences for immigrant admission. On the surface this might seem to be a humane feature but the motivation for the change was far from less noble. The change was made in the judiciary committee of the House of Representatives where some congressional supporters were more concerned with finding a way to retain the older national origins system under a covert guise. Obviously, if certain groups had been excluded or had a low quota in the past they would have had fewer chances to have relatives who could use their presence as a means to admit new immigrants. Thus, reliance on family unification would largely benefit those groups who had large quotas under the older system. Even though the Johnson Administration had sought to retain both the priority and the emphasis of labor market considerations as the highest preference criterion (which had been the case since the use of a preference system to determine immigrant priorities was formally established in 1952),

Congress made family reunification the dominant admission factor. Labor market considerations were downgraded to both lower preferences and to a reduced number of visa allotments. The ostensible reason for the reversal of priorities was that, during the era when labor market factors dominated the admission criteria, the system did not use all of the available slots. But as already noted, the reason for the inability to use all of the available slots between 1952-65 was the distortion imposed by the "national origins system" -- not the concept of labor force priority itself.

In the years since 1965, there have been a number of minor changes in the immigration system but they have retained this focus on family reunification. The system as of early 1984 sets a single world wide admission ceiling of 270,000 visas to be issued each year. No more than 20,000 visas are to be allotted to the would-be immigrants of any one country. The "immediate relatives" of each visa holder, however, are not counted in either ceiling. Immediate relatives are spouses, children, and parents of U.S. citizens over age 21. To decide which specific individuals are to be granted such a visa within the framework of these numerical ceilings, a six category preference system exists. The categories rank the preferences in order with a certain proportion of the total visas reserved for each preference. Four of the preference categories (which account for 80 percent of the visas) are reserved for persons who are family related. Two of the categories (ranked 3rd and 6th) are based on labor market principles. For these two categories, a person must secure a labor market certification from the Department of Labor that states that the presence of the immigrant will not adversely effect the job opportunities and prevailing labor force standards of citizen workers. In addition to these considerations, Congress has established 33 separate classes of people who are specifically excluded from being admitted (e.g., paupers, prostitutes, Nazis, communists,

fascists, homosexuals, etc.) no matter if they would otherwise be eligible to be an immigrant or a refugee.

It should also be noted that between 1965 and 1980, a separate preference group existed for refugees with 17,400 slots. Over that interval, however, the actual number of refugee admissions greatly exceeded this ceiling (averaging about 50,000 persons a year). The excesses were admitted through the use of the parole authority given to the Attorney General to admit persons for emergent reasons. Because the use of the parole powers was finally admitted to be what it was -- a means of circumventing the existing immigration statutes, refugees were removed from the established immigration system in 1980. With the Refugee Act of 1980, refugees are now admitted under an entirely new procedure. Since 1982, the President submits a number of refugees to be admitted in advance of the next fiscal year to Congress where a consultation process takes place. The number of refugees approved for 1984, for instance, is 72,000 persons.

The Refugee Act of 1980 also created an asylee policy for the United States for the first time. As opposed to a refugee (who is usually a person living outside of his or her home nation and who fears persecution if forced to return but who is not presently in the United States), an asylee is a person who also fears similar persecution if he or she returns to his or her homeland but is already physically present in the United States. The Refugee Act of 1980 authorized up to 5,000 asylee admissions a year. As of early 1984, there were over 173,000 asylee requests pending approval and it is likely that this number will continue to grow.

Having discussed the "front door" approaches to the nations labor market, it is necessary to add that there is a massive "back door" approach as well. This method, of course, is through the process of illegal immigration. For

although the legal system is extremely complex in its objectives, the entire system can be easily circumvented due the absence of a system of effective deterrence of those persons who simply enter on their volition. All evidence indicates that most illegal immigrants come to the United States to find jobs -- not for purposes of securing welfare or for criminal purposes. No one, of course, knows the exact number of illegal immigrants who compose the stock of the illegal immigrant population or the annual flow. In its final report in 1981, the Select Commission on Immigration and Refugee Policy cited a range of from 3.5 to 6 million illegal immigrants who were believed to be in the United States. Their estimate, however, was based upon a review by the Census Bureau of a variety of previous studies done in the early and mid-1970s. When making this estimate, the Bureau concluded "we have, unfortunately, been unable to arrive at definite estimates of the number of illegal residents in the United States or the magnitude of the illegal immigrant flow".⁹ Thus, whatever the validity of the estimates provided by the Bureau and included in the Select Commission report, it should be understood that those estimates are based on the averaging of data for the mid-1970s -- not the mid-1980s. Hence, given the certainty that illegal immigration has increased since the mid-1970s, the stock and flows are no doubt greater now than those cited by the Commission's Report.

Unfortunately, the only data series on illegal immigrants that is consistently available is the administrative data on apprehensions collected by the INS. This series, shown in Table 1 for the years 1965 to 1983, indicates a consistent upward trend. The problem with this data, of course, is that it cannot correct itself for multiple captures of the same individual in any one year. Yet there is no reason to believe that the multiple entry problem is proportionately any more substantial in the 1980s than it was in the 1960s. Hence, this series is probably reliable as a general indicator of the trend

Table 1. Illegal Immigrants Apprehended,
1965-1983

<u>Period</u>	<u>Number of Apprehended Illegal Immigrants</u>
1965	110,371
1966	138,520
1967	161,608
1968	212,057
1969	283,557
1970	345,353
1971	420,126
1972	505,949
1973	655,968
1974	788,145
1975	756,819
1976	866,433
1977	1,033,427
1978	1,047,687
1979	1,069,400
1980	910,361
1981	975,780
1982	962,687
1983	1,248,000

Source: U.S. Department of Justice, Annual Reports of the Immigration and Naturalization Service.

toward larger numbers of illegal immigrants in the U.S. labor force. Somewhat reluctantly, the General Accounting Office, in its exhaustive review in 1982 of the literature on the size of the illegal immigrant population came to the conclusion that, despite its limitations, the apprehension statistics are "the most comprehensive data on illegal aliens" that are available.¹⁰ It should be noted, of course, that this series only counts those that are caught. It is widely believed that apprehensions are only the tip of the iceberg.

Lastly, with respect to immigration policy and the labor force, there is the subject of non-immigrant workers. For a number of legitimate reasons, permission is given to a number of non-citizen workers (about 360,000 persons) to be employed in the United States. Some of these are foreign ambassadors, the foreign news media, visiting professors, athletes, rock bands as well as a wide assortment of other classifications. In most of these instances, there is little concern over any possible labor force displacement effects. There is, however, one category of foreign workers in this grouping that has been a consistent source of debate over the legitimacy of their need and over their possible displacement effects. These are H-2 workers who are admitted on a temporary basis. Of the approximately 23,000 admitted annually in recent years, about one-half are admitted as agricultural workers. The number of H-2 workers, however, is not specified by law so the number can fluctuate depending upon employer demand and the willingness of the Department of Labor (and sometimes the Attorney General who can override denial of a request by the Department of Labor) to admit them.

Labor Market Impacts of the Era of Renewed Immigration

There is a paucity of credible research on the precise employment experiences of all groups of post-1965 immigrants. There is no statistical data base to measure the labor force status of immigrants comparable to the information

compiled by the monthly Current Population Survey conducted by the U.S. Census Bureau for all workers in the United States. Hence, there does not exist any published data series that indicates employment, unemployment, or labor force participation for immigrants. All that are available are administrative statistics as well as the findings of a few ad hoc studies that have been conducted over the past decade. From these disparate sources however, it is possible to discern some likely tendencies as well as some firm conclusions. An awareness of these tendencies and conclusions is an essential prerequisite to an understanding the macro-economic effects of immigration to the nation.

The Immigrant Infusion to the Supply of Labor Has Increased

The annual flow of legal immigrants since 1965 has more than doubled the annual flow that existed for the period 1924 to 1965. For the earlier period, the annual flow was 191,000 immigrants and immediate relatives a year; for the period 1965 to 1981, the number has increased to an annual average of 435,000; for the years 1978 to 1981, it was 547,000. These figures do not include those refugees who have yet to adjust their status to become resident aliens, or those asylees whose status is still pending, or any illegal immigrants. If all flows are considered, it is likely that immigration in the 1980s is accounting for as much as half of the annual growth in the population and probably an even greater percentage of the real growth of the labor force.¹¹

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

The aggregate number of immigrants and immediate relatives admitted each year is completely independent of the prevailing labor market conditions. The number of immigrants annually admitted has in no way been influenced by the tightness or looseness of the domestic labor market. If allowance is also made for refugees admitted since 1965 and for the tide of illegal immigrants that

have entered over this same period, there is no doubt that immigration in all of its forms has steadily added substantial numbers of additional workers regardless of the cyclical ability of the economy to provide sufficient jobs for citizen or immigrant workers. This practice is at total variance with the practice of most of the handful of other countries that have been admitting immigrants over this same period.

Immigrants Have A Higher Labor Force Participation Rate

Legal immigrants are asked at the time they apply for a visa to specify an "occupation." The answers to this question have traditionally provided the source for the scant occupational information that exists for immigrants. David North and William Weissert, in the early 1970s, found in a small sample survey that those adult immigrants who, at the time of entry, specified an "occupation" did turn out, in fact, to subsequently be in labor force. In other words the answer to the question tended to be a rough proxy for a labor force participation rate. Using this procedure they found that, of adult immigrants who entered the United States in the 1960s, their labor force participation rate was only fractionally higher than the 59.0 rate for the general population.

More importantly, North and Weissert compared the original data supplied at the time of entry with registration cards completed by immigrants two years later. They found a 20 percent increase in the number of persons who indicated that they had an occupation.¹² The additional workers came largely from the immediate relatives of legal immigrants who were adult women who had previously listed themselves as "housewives" and from some of their children who had initially listed themselves as "students". To this degree, North and Weissert contended that the estimates provided by other studies that relied only on labor

force information at the time of entry seriously "understated" the real impact of legal immigrants on the labor market by their failure to allow for these subsequent labor force entry decisions.

There is no such data, of course, for illegal immigrants but it is intuitively obvious that their labor force participation rates are as high, if not higher, than those of legal immigrants. Illegal immigrants are primarily job seekers. These are legislatively ineligible for many of the transfer programs that might provide alternative income sources. The case with refugees, however, is not quite so clear. Refugees prior to the 1970s seem to have had a relatively easier adjustment process to labor force entry than have the large infusions of refugees from Southeast Asia that have occurred since the mid-1970s. Refugees have been eligible not only for federal income transfer programs but also for local and state programs that are available to citizen programs.

On balance, however, it seems certain that the labor force participation rate of all immigrants since 1965 is considerably higher than of the labor force as a whole.

Immigration Supplies Workers Independent of the Macro Human Resource Needs of the Economy

For the overwhelming proportion of all of those persons who have immigrated to the United States, they have been admitted without regard to their skill, education, or geographic settlement preferences. Eighty percent of the persons who received visas to immigrate are admitted because the immigration system gives preference to family reunification principles. Immediate relatives of all immigrants are admitted regardless of their labor force credentials as are all refugees and would-be asylees. This is not meant to imply that those who are admitted under these procedures lack talents but, rather as David North and

Allen LeBel have observed, they "do so accidentally."¹³ Accordingly, it is estimated that only above 5 percent of all those persons admitted to the United States are required to have labor certifications that indicate that they are meeting established labor force needs. If illegal immigrants are included of course, even this small percentage of labor certified workers would be reduced to an infinitesimal number if compared to the total flow of immigrant workers.

The Immigrant Flow is Predominately Composed of Members of Minority Groups

The most important qualitative change in the personal characteristics of immigrants that has occurred since the end of the national origins system has been the complete shift in the regions of origin of the immigrants. Almost 80 percent of the immigrants and refugees admitted during the 1970s were from Latin America and Asia. In the 1980s, the percentage is closer to 84 percent. Beginning with the decade of the 1960s, Europe was replaced for the first time in the nation's history by Latin America as the leading source of immigrants. By the 1970s, Asia, which was now free from the discriminatory features of the previous immigration system, was challenging Latin America for that distinction.

The shift in the source of immigrants can be vividly seen by an examination of the nations that have become the primary source of immigrants since 1970 (see Table 2). The last time that a European nation was even in this ranking was in 1973 (when Italy placed fifth). Mexico has clearly become the country that supplies the most immigrants and the Philippine Islands have tended to be the runner-up. The other leading source countries vary from year to year but, since 1974, they have all been located in either Asia or the Caribbean Basin area.

The predominance of immigrants from Latin America and the Caribbean area can be easily explained in terms of the priority given to family reunification in

Year	Total Legal Immigration	Rank Order of Immigrant Source Countries					Percentage of Total Accounted For By Five Highest Countries
		First	Second	Third	Fourth	Fifth	
1969	358,579	Country: Mexico Total: 44,623 Percent: 12.4	Italy 23,617 6.6	Philippines 20,744 5.8	Canada 18,582 5.2	Greece 17,724 4.9	34.9
1970	373,326	Country: Mexico Total: 44,469 Percent: 11.9	Philippines 31,203 8.4	Italy 24,973 6.7	Greece 16,464 4.4	Cuba 16,334 4.4	35.7
1971	370,478	Country: Mexico Total: 50,103 Percent: 13.5	Philippines 28,471 7.7	Italy 22,137 6.0	Cuba 21,511 5.8	Greece 15,939 4.3	37.3
1972	384,625	Country: Mexico Total: 64,040 Percent: 16.7	Philippines 29,376 7.6	Italy 21,427 5.6	Cuba 20,045 5.2	Korea 18,876 4.9	35.8
1973	400,063	Country: Mexico Total: 70,141 Percent: 17.5	Philippines 30,799 7.7	Cuba 24,147 6.0	Korea 22,930 5.7	Italy 22,151 5.5	44.2
1974	394,861	Country: Mexico Total: 71,586 Percent: 18.1	Philippines 32,857 8.3	Korea 28,028 7.1	Cuba 18,929 4.8	China-Taiwan 18,056 4.6	42.9
1975	386,194	Country: Mexico Total: 62,205 Percent: 16.1	Philippines 32,857 8.5	Korea 28,362 7.3	Cuba 25,955 6.7	China-Taiwan 18,536 4.8	43.4
1976	398,615	Country: Mexico Total: 57,863 Percent: 14.5	Philippines 37,281 9.4	Korea 30,803 7.7	Cuba 29,233 7.3	China-Taiwan 18,823 4.7	43.6
* 1976 TQ	103,676	Country: Mexico Total: 16,001 Percent: 15.4	Philippines 9,738 9.4	Korea 6,887 6.6	Cuba 6,763 6.5	China-Taiwan 5,034 4.9	42.8
1977	462,315	Country: Cuba Total: 69,708 Percent: 15.1	Mexico 44,079 9.5	Philippines 39,111 8.5	Korea 30,917 6.7	China-Taiwan 19,764 4.3	44.0
1978	601,442	Country: Mexico Total: 92,367 Percent: 15.4	Vietnam 88,543 14.7	Philippines 37,216 6.2	Cuba 29,754 4.9	Korea 29,288 4.9	46.0
1979	460,348	Country: Mexico Total: 52,036 Percent: 11.3	Philippines 41,300 9.0	China-Taiwan 29,264 6.4	Korea 24,248 5.3	Vietnam 22,546 4.9	36.8
1980	530,639	Country: Mexico Total: 56,680 Percent: 10.7	Vietnam 43,483 8.2	Philippines 42,483 8.0	Korea 32,320 6.1	China-Taiwan 27,651 5.2	38.2
1981	596,600	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

* = Transitional Quarter

** = Projected Estimate

N.A. = Not Available

Source: Select Commission on Immigration and Refugee Policy, U.S. Immigration Policy and the National Interest, Staff Report, Supplement to the Final Report, Washington, D.C. U.S. Government Printing Office 1981, pp. 230-1.

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the admissions system. For Asians, the explanation is more complex. It would seem that the family reunification system should have worked against many Asian groups, given the exclusionary features that were in effect for much of the pre-1965 era. The answer to this paradox is the fact that Asians have made astute use of the occupational preferences as well as the fact that they have overwhelmingly dominated the massive refugee flows since the mid-1970s.

Likewise, the illegal immigrant flows have also been dominated by flows from Mexico and the Caribbean Area. The best approximations are that about 60 percent of the illegal immigrants to the United States come from Mexico and about 20 percent come from other countries of the Caribbean area. The remaining 20 percent come from other nations of the world.

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

It is likely therefore, that since 1965 immigration in general -- but illegal immigration and refugee flows in particular -- has tended to adversely effect the employment, and earnings opportunities of minority citizens. To the degree this has happened, uncontrolled immigration has worked at cross purposes with other human resources policies that have been initiated over these same

years that have been designed principally to improve the economic opportunity for these minority citizen groups.

The Occupational Patterns of Immigrants Is Extremely Different From That of the Labor Force As a Whole

With specific reference to the occupational patterns of immigrants, the occupational distribution of those admitted as legal immigrants is skewed toward professional, technical, and skilled workers. The pattern is due largely to the fact that the complex admission system is biased toward those who have family connections as well as the time and the money that it takes to work their way through the labyrinth of the legal immigration system. For the minority who are admitted under the two occupational preferences, they are largely restricted to those with high skills and/or extensive educational backgrounds. Persons who are likely to become "public charges" are specifically excluded from becoming legal immigrants from any nation. Furthermore, because of the extensive backlog of visa applications (over 1.2 million visa applications were pending at the end of 1982), there have been no visas available since 1978 for the non-preference residual category that theoretically exists. Thus, it is not surprising that the occupational characteristics are skewed differently from the distribution of the labor force as a whole. Yet, it should also be apparent that given this occupation distribution, it is likely that legal immigrants do compete extensively with the citizen labor force for the available jobs in these white collar and skilled blue collar occupations when they are in the same local labor market. Thus, even though 80 percent of the legal immigrants are admitted under family reunification principles, it is a mistake to believe that there are no labor market consequences that flow from their presence.

It appears from studies by David North of a cohort of 1970 immigrants and a study by Barry Chiswick of the foreign born who entered the U.S. up to 1970,

that the earnings of immigrants tends to be initially below those of citizen workers in comparable occupations but that these differences gradually vanish in 11 to 15 years.¹⁴ Moreover, Chiswick found that male immigrants actually end up doing better than citizen workers in comparable occupations after about 20 years in the country. He was unable to make conclusive findings about female immigrants. It is of consequence to note that Chiswick found that immigrants from Mexico and the Philippines (the two countries that have been the largest sources of legal immigrants since 1965) were the least likely to sustain these favorable results.

In reviewing, Chiswick's ambitious research on this subject, it is vital to keep in mind that his analysis is of all foreign-born who had entered the United States prior to 1970. Since 1970, the full effect of the Immigration Act of 1965 and the Refugee Act of 1980 have occurred. As North has noted, the 1970 census data on the foreign-born "is a group composed of persons of above average age, most of whom came to the U.S. many years earlier and under provisions of earlier legislation."¹⁵ As a consequence he warns against the use of this data as a reference group since "one must not assume that the profile of the foreign-born which emerged from the 1970 Census will be similar to that emerging from the 1980 or 1990 censuses."¹⁶

Likewise, the sizeable increases in the number of illegal immigrants -- since the 1960s -- especially those from Mexico and the Caribbean Basin -- have been dominated by low and unskilled workers which also challenge any complacent deductions that would seem to be the logical conclusions of some of the existing literature. In Chiswick's work, for instance, there is no way to separate the experience of legal immigrants from illegal immigrants since the foreign-born as reported by the Census are a collective statistical grouping. It is certain that the illegal immigrant population is severely undercounted in the Census

and, accordingly, it is likely that their experiences are not adequately captured by this data base.

One study that has made use of the 1980 Census and its data on the foreign born was done by Gregory DeFreitas and Adriana Marshall. It found that over one-third of all immigrants were employed in manufacturing (compared to 23 percent of native born workers).¹⁷ In many metropolitan areas, the concentration was even more pronounced -- 75 percent of all manufacturing workers in Miami were immigrants; over 40 percent of those in Los Angeles and New York City; 25 percent in San Francisco; and 20 percent in Chicago and Boston. In 35 metropolitan areas with a population of more than one million, immigrants comprised 19 percent of all production jobs in manufacturing. Not surprisingly, given the occupational, industrial and geographic concentration of the immigrant work force, the study found that the rate of wage growth in manufacturing was inversely related to the size of the immigrant population in those metropolitan areas. The high concentration of foreign born workers had a statistically significant negative impact on wage growth compared to the experience with large metropolitan areas with lower percentages of foreign born workers. The study does have some of the same data problems that confronted Chiswick (i.e., all forms of immigrants are lumped together, the data is cumulative in that it makes no distinction for how many years they have been in the country, and illegal immigrants are likely to be undercounted) but it does have the real advantage of using 1980 data.

Given that the illegal immigrant flows into the labor force since 1965 are likely to have matched and probably exceeded the legal flows, it is essential that the labor market experiences of illegal immigrants be specifically included in any effort to assess the overall impact of immigrants on the labor market. There are only two studies that have been able to make a serious attempt to

capture some measure of these patterns. One was a nationwide study made of apprehended illegal immigrants by David North and Marion Houstoun in 1976.¹⁸ The second was a study made of unapprehended illegal immigrants in Los Angeles in 1979 by a research team from the University of California at Los Angeles (UCLA).¹⁹ Both studies were funded by the U.S. Department of Labor. In the North and Houstoun study, the respondents had been in the United States for an average of 2.5 years while in the UCLA study the mean was 4.0 years.

The occupational patterns of the respondents in the two studies are shown in Table 3. Clearly, the illegal immigrants are concentrated in the unskilled occupations of farm workers, service workers, non-farm laborers as well as the semi-skilled blue collar occupations of operatives. A significant number are also in the skilled blue collar occupation of craft workers. Few were found in any white collar occupation.

A comparison of the data in Table 3 with the employment patterns of the nations black and Mexican origin workers will show that workers from these groups are employed disproportionately in exactly the same occupations as are most illegal immigrants in the cited studies. The employment pattern of Mexican origin workers, in fact, better resembles the pattern of illegal immigrants than it does the general distribution pattern of the nation's labor force.

It seems certain that the illegal immigrant workers are concentrated in the secondary labor market of the U.S. economy where they often compete with the millions of citizen workers who also work and seek-work in this sector. Indeed, Malcolm Lovell, the Under Secretary of Labor in his testimony to Congress in support of immigration reform, stated that "in 1981, close to 30 percent of all workers employed in this country, some 29 million people, were holding down the same kind of low-skilled industrial, service, and farm jobs in which illegals typically find employment."²⁰

Table 3. . Employment Patterns of Illegal Immigrants from Two Research Studies Prepared for the U.S. Department of Labor.

	Detention Site Study, 1974-5 ^A All Apprehended Aliens	Los Angeles Community Study 1972-1975 ^B		
		Total	Previously Apprehended Aliens	Never Apprehended Aliens
<u>White Collar:</u>	5.4	10.5	6.6	12.1
Professional and Technical	1.6	4.3	2.7	5.0
Managers and Administrators	1.3	0.7	.8	.7
Salesworkers	1.1	1.9	.8	2.3
Clerical	1.4	3.6	2.3	4.1
<u>Blue Collar:</u>	55.2	73.0	79.0	70.4
Craft Workers	15.3	28.8	32.8	27.1
Operatives	25.1	31.8	31.1	32.1
Non-Farm Laborers	14.8	12.4	15.1	11.2
Service Workers	20.6	16.1	14.2	16.9
Farm Workers	18.8	.4	.2	.5
Total Percent	100.0	100.0	100.0	100.0

Sources: ^A David S. North and Marion F. Houstoun, The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study, Washington, D.C., Linton & Company, 1976, p. 104.

^B Maurice D. Van Arsdol Jr., Joan Moore, David Heer, Susan P. Haynie, Non-Apprehended and Apprehended Undocumented Residents in the Los Angeles Labor Market. Final Draft submitted to the U.S. Department of Labor under Research Contract No. 20-06-77-16, (May, 1979), p. 65.

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

Thus, it would appear that the occupational impact of legal immigrants is at the upper end of the nations occupational structure while the impact of illegal immigrants is at the lower end. Studies that combine these two groups to obtain an average measure of the experience of immigrants on the labor force (e.g., those that use the data for the foreign born population) miss the significance of the real impact. The important point is that in both segments of the labor force there is competition with citizen workers and in both cases there is no guidance provided by the extant immigration system.

The Locational Impact of Immigrants Is Extremely Unequal

One of the most pronounced effects of the unguided immigration system is that legal immigrants are highly concentrated into a relatively few major labor markets. Since 1966, California and New York have consistently accounted for about 46 percent of the intended residences of all legal immigrants. Texas, Florida, New Jersey and Illinois account for about 25 percent of the remainder. Thus, six states have received almost three-quarters of all of the legal immigrants. Data from the 1980 Census also confirm this high concentration rate of the total foreign born population in the same states (the percentage of foreign born in California was 14.8 percent, New York 13.4 percent, New Jersey 10.3, Florida 10.9, Illinois 7.3 and Texas 6.0).²¹

Within the states in which they settle, legal immigrants have demonstrated a consistent preference in the 1970s for the large central cities.²² Although the exact percentages varies each year, a central city was the destination of

about 55 percent of the immigrants who were admitted between 1960 and 1979. Urban areas -- those with a population of between 2,500 to 99,000 people -- were the clear second choices while rural areas were a distant last. These initial residential patterns differ distinctly from those of the general population in which urban areas have become the overwhelming first choice since 1960 (accounting for almost half of the population) followed by an almost equal preference (of about 25 percent each) for central cities and rural areas.

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

Thus, the uneven distribution of immigrants means that studies that focus on the national level and which use aggregate labor force data miss the actual impact of immigration. The labor forces in many states and localities are largely unaffected by this phenomenon. But when one recognizes that those states (and those central cities in these states) which are forced to

accommodate to massive immigration account for a significant portion of the total employment in the nation, there is no reason to consider these impacts as inconsequential to the economy as a whole.

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

Although the available research is very limited, Chiswick has found for the foreign born males that it takes about five years for them to reach the same number of weeks worked and to come down to the same number of weeks of unemployment as native born men.²³ This would suggest that, in the short run, immigrant males tend to experience a higher incidence of unemployment than is the general case. In his findings, it is also of importance to note that he also found that the foreign born males from Mexico, Cuba, and China tended to take longer to reach parity with native born men than it did the foreign born men from other nations. As indicated earlier in Table 2, all three of these countries have consistently ranked among the largest sources of legal immigrants and refugees since 1970. Again, it is important to keep in mind all of the aforementioned limitations of the Chiswick analysis -- especially the fact that his work is based largely on the experiences of the foreign born prior to the 1970s. It is logical to conclude that, if anything, the experiences of the past decade should be less favorable than those that occurred prior to the 1970s.

Concluding Observations

The prevailing immigration policy of the United States was largely conceived in the early 1950s and the mid-1960s when immigration was not a particularly significant influence on the economy of the nation. As a consequence, the current immigration policy manifests a complete disinterest in its labor force implications. Perhaps the nation could continue to allow immigration

policy to be excluded from any responsibility to contribute directly to nation's economic welfare if the economy had not undergone significant changes and if the immigration flows of workers had remained relatively small. But this has not been the case. Hence, the "practice" of allowing immigration policy to continue to follow its own nepotistic, inflexible, mechanistic, and massively abused course is a "luxury" that this nation can ill afford to continue.

The contemporary economy of the United States is a far cry from the one into which earlier waves of immigrants entered. The resurgence of immigration since 1965 has exactly paralleled the period when the labor force of the United States has sustained unprecedented changes in both size and composition.

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

As for the composition of the labor force, the period since 1965 has been a one in which racial and ethnic groups as well as women have dramatically increased their proportions of the total labor force. The BLS projects that these patterns will continue -- with women accounting for two-thirds of the annual growth in the labor force and blacks about 25 percent over the next decade. It is certain -- especially if immigration continues the pattern of the

past -- that the Hispanic labor force will also increase its share disproportionately even though the BLS did not highlight this group in its projections.

With respect to the entire labor force, the next decade presents the nation with a unique situation. Because the "baby boom" generation has now come of age, it is projected that by 1990 the largest single age cohort of the population will be between the ages of 25 to 44 -- the prime working age years. It is a period when labor force participation is at its highest for both males and females. During the late 1980s and early 1990s, it is predicted that there will be more persons in the labor force than not -- including babies. By 1995, it is expected that 70 percent of the labor force will be between 25 and 54 years of age. Thus, it is going to be a period in which there will be mounting pressure on the economy to generate additional employment opportunities -- especially for women and minorities.

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

The broad outlines of the policy reform needed to make immigration policy conform to the economic welfare of the nation are easy to list. With respect to the annual levels of immigration, there need to be enforceable ceilings. But they should be ceilings and not inflexible numbers. The actual number of immigrants admitted should be responsive to unemployment trends in

the nation. Annual immigration levels should fluctuate inversely with unemployment trends. The system should be capable of responding to changing economic circumstances. The boundary ceiling should be set by legislation but the precise levels in any given year should be set administratively. It is implicit if this were to be done, that the administrative responsibilities for immigration policy should be shifted back to the U.S. Department of Labor (or some other new agency that might be created to administer and coordinate all of the nation's human resource development policies) and away from the judiciary committees of Congress. Likewise, this agency should have complete control over the circumstances in which non-immigrant temporary workers are admitted to work in the United States.

As regard to the actual determination of who is admitted as a legal immigrant each year the preference system should revert back to the primary emphasis on occupational preferences that characterized the preference system from 1952 to 1965. (It should be recalled that such a change would not affect the status of immediate family members as they are not counted). Family reunification should remain an admission criterion but not the primary factor as has been the case since 1965. No other nation in the world allows such a nepotistic and discriminatory doctrine to dominate its admission system. The occupational preferences should be increased to at least the pre-1965 level of 50 percent of the available visas. In addition, the occupational categories should be changed to allow the entire range of skill levels (i.e., unskilled, semi-skilled for skilled) to be admitted with full discretion given to the administrative agency to decide which occupations are in greatest need at any particular time. Included within this discretionary power should be the right to give preference to immigrants willing to settle in regions where labor is scarce. The shift away from the dominance of family reunification would also

allow opportunities for "new seed immigrants" (especially for immigrants from Africa which have the most trouble competing under the existing system) to enter.

The refugee and asylee policies of the nation are the most difficult to integrate into a policy design that focuses on economic priorities. Obviously, the United States should continue to participate in the world wide effort to absorb and to assist in the accommodation of refugees. But experience clearly indicates that there must be some limitations on the number of refugees that are to be admitted and where they are to be settled. A legislative ceiling should be set on the number of refugees to be admitted with the understanding that, if special circumstances do arise, more refugees may be admitted but that offsetting reductions will be made in the number of legal immigrants in the same or the following year. If a situation should develop that was truly extraordinary, Congress could legislate a temporary increase in the numerical boundaries to accommodate such a unique circumstance. The asylee issue is presently too complex to discuss in this paper except to note that the current policy is hopelessly bogged down in a system of judicial paralysis. It is essential that a more expedited system of reaching closure in these cases be designed. But the ultimate principle for admission should be the same as refugees: namely, if asylee permissions are granted, legal immigration should be reduced accordingly. It is essential that the principle of choice be firmly established in the operation of the nation's immigration system. Otherwise, one is confronted with the chaos of the present system where the policy is essentially one that ratifies what has already happened anyway. Moreover, there is no sense establishing the concept that total immigrant flows should fluctuate with domestic labor market conditions if the entire process can be circumvented by flows from another source. There are already ample signs that the refugee and asylee

system is being used for purpose other than those for which it was designed -- to avoid persecution for one's political and personal views. The full cost of assisting refugees and asylees to be prepared for entry into the labor market should be borne by the federal government.

All of the preceding suggestions, of course, are predicated on the assumption that a full-scale effort will be mounted to end the flow of illegal immigrants into the country. It would make no sense at all to attempt to construct a positive immigration policy that works in tandem with general economic policy if the entire process can be easily circumvented. The appropriate policies should be designed to address both the "push" and the "pull" factors that contribute to the illegal immigration process. They should include enhanced deterrent policies (e.g., employer sanctions, increased INS funding, and less reliance on the use of the voluntary departure system) as well as prevention measures (e.g., extensive economic and technical development assistance, trade and tariff concessions, and the absolute insistence on the adherence to human rights principles and the protection of human life from murder and torture as a prerequisite for receipt of the economic aid and trade concessions).

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

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