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The Role of Immigration Policy in
A Post-Industrial U.S. Economy

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The economy of the United States is in the midst of radical changes in both its employment patterns and its labor force. So sharp are the shifts in both the demand and the supply of labor from the past that it is in vogue to speak of a "labor market transformation" being in progress. The nation, it seems has entered its post-industrial stage of economic development. If true, past policies and mindsets are in need of alteration to assure that they are congruent to these newly emerging trends.

The concept of a labor market transformation means that a marked break has occurred in the nation's evolutionary patterns of economic growth and development. It also implies that there are adjustment difficulties in the labor markets associated with the speed and magnitude of these changes. Greater efficiency would normally be a sufficient rationale for new policy initiatives to be considered. But, in the case of the United States, there is also the paramount issue of equity effects that must also be taken into account. With a labor force that is already multi-racial and multi-cultural -- and which is in the process of becoming much more so, it is essential for future social cohesion that differential group impacts of these economic changes be minimized.

For present purposes, attention will be focused on the role of immigration policy in the United States in this context of a drastically changing national and international economic environment. Immigration policy is of particular importance for re-thought because, at present, this crucial element of U.S.

policy has been allowed to develop without obligation to be accountable for its sizable economics consequences. Whether this luxury of indifference can continue is the question that will be addressed. Unlike all other major industrial nations with whom the United States competes and whose economies are also entering post-industrial phases, no others are receiving immigrants for permanent settlement in such massive numbers. Indeed, some literally do not admit any immigrants. All have more restrictive and more enforceable policies already in place than does the United States. Given the new economic environment, U.S. immigration policy -- perhaps more than any other element of national economic policy, -- requires review. For immigration involves not only efficiency issues (the compatibility of immigrant workers with demonstrated domestic labor shortages) but it also raises equity concerns (pertaining to the national obligation to prepare citizens -- especially from presently economically disadvantaged groups -- for new job openings rather than simply to allow immigrants to fill these opportunities).

The Causes and Signs of Transformation

The labor market functions on the basis of both demand and supply focuses. On the demand side, new employment patterns are being shaped by such factors as accelerated technological change; unprecedented foreign competition in science, technology and trade; shifting consumer buying patterns; and major alterations in the character and location of the nation's massive defense expenditures. The actual signs of transformation are to be seen in the dramatic increase in employment in service industries (paralleled with absolute declines in employment in some and relative declines in all goods producing industries); rapid growth in non-production occupations relative to production

occupations in every industry); and in unbalanced growth and decline in geographic employment patterns across the nation.

On the labor supply side, the labor force has, since the mid 1970s, sustained unprecedented annual growth in its size as well as major compositional changes in its race, gender, and age structure. The labor force segments that are increasing most rapidly -- women and minorities -- have traditionally had the greatest difficulty gaining access to both preparation opportunities and employment in the job growth sectors. These groups are disproportionately concentrated in the declining sectors.

Some of the signs of adjustment difficulty are found in the fact that unemployment in the United States has shown a pronounced tendency to creep upward to higher levels with each succeeding period of post-World War II prosperity; the unemployment of minority groups remains almost twice that of non-minorities; labor force participation patterns of minority males are perceptively lower than those of non-minority males; poverty is increasingly in female-headed households with minority children in particular being at high risk; the incidences of poverty, unemployment, and non-participation are disproportionately higher in the racial and ethnic groups that are increasing most rapidly in size; and adult unemployment and non-participation of all racial groups are increasingly associated with education, skills, and language fluency.

Ironically, it appears that human capital requirements are rising for qualification into the both expanding and contracting employment sectors. The lack of adequate preparation is increasingly associated with unemployment and non-participation of adults in the labor market. With less need for physical and manual skills, the service economy places a premium on the

possession of knowledge and communication skills -- reading, listening, speaking, and with relating to others. Despite the manifest importance of education and skills to employment in the post-industrial era, there is mounting evidence of educational failure to prepare youth in general and minority youth in particular for the needs of the emerging labor market. There are substantial indications of widespread adult illiteracy that affect the ability of economically displaced workers to seek, find or hold new jobs. Thus, the nation is confronted with the prospect of a major mismatch between the requirements of available jobs and the qualifications of available job seekers. The fact that the unqualified are disproportionately found among the ranks of population sub-groups whose numbers are increasing most rapidly does not bode well for the future.

The Unique Role of U.S. Immigration Policy

Although post-industrialism is not a unique feature of the economy of the United States, the experience of mass immigration in this new era is. The United States annually admits hundreds of thousands of legal immigrants, refugees, and asylees for permanent settlement as well as tolerates the mass abuse of its laws by an even larger collective number of illegal immigrants. The nation also allows several hundred thousand non-immigrant foreign workers to be employed each year in a host of domestic occupations. Viewed in this context, the finding of a 1986 study of contemporary American society by an international team of scholars that "America's biggest import is people" is no real surprise. Its detailed analysis, which generally documents "the decline in American exceptionalism," observed that the one feature to distinguish the current U.S. economy from those of other industrialized nations

is that "immigration continues to flow at a rate unknown elsewhere in the world".

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 important public concerns as racial, agricultural, labor, family, human resource development, humanitarian and foreign relations issues. Regardless of the perceived 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. Immigrants in mass numbers can themselves contribute to changes in labor market conditions -- for either better or worse for citizen workers.

Immigration is the one aspect of population and labor force growth that public policy should be able to control. To date, however, policymakers in the United States have been unwilling to view it in this light. The design of immigration policy, in all of its forms, is still dominated by the pursuit of purely political objectives. It has yet to be held responsible for its sizable economic consequences. Less than 5% of the immigrants and refugees who are legally admitted to the United States each year are admitted on the basis that the skills and education 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-immigrants are currently recruited by U.S. industries.

In all of its diverse forms, the immigrant flow 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 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 labor force and population of the United States. Indeed, it is probably easier to physically hold a quart of unbottled mercury in your hands than it is to mentally grasp the nature of the nation's immigration policy. This complexity is, of course, part of the problem with pleas for reform. Few citizens and policymakers understand what the existing practices are. As with the tax laws and the welfare laws, the nation's present immigration system is the cumulative collection over time 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 laxity and limitations in a free society.

To understand the current immigration system, therefore, it is necessary to look separately at its major components. Only by seeing what exists can there be an appreciation for the changes that will later be proposed.

Legal Immigration Policy

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

The few nations with large quotas (e.g., Great Britain, for example) were not using all of the visas available to them while most other nations with small quotas, or virtually none, had huge backlogs of would-be immigrants. No doubt that was what the authors of the 1924 quota act intended. In any case, the 1965 Act abolished the former admission system. It also placed a numerical quota on Western Hemisphere immigration for the first time. In 1976 and 1978, further amendments led to the establishment of a single worldwide quota (i.e., 270,000 visas a year) for immigrants with no more than 20,000 visas each year to be made available for persons from any one country. Subsequently, the numbers of legal immigrants, their immediate relatives, and those who have entered under other provisions (i.e., such as refugees) has soared from 296,697 in fiscal 1965 to 601,516 in fiscal 1987, with enormous accumulations of backlogged visa applicants pending.

Equally important, the 1965 legislation made family reunification the dominant admission factor. Ironically, the motivation for the change was not entirely humane. In the Judiciary Committee of the House of

Representatives, some legislators were concerned with finding a way to retain the national origins system under a covert guise. Obviously, if certain groups had been excluded or had a low quota in the past, they would have fewer chances to bring in relatives under established family preferences. On the other hand, family unification would seem to benefit those groups who had large quotas under the former system.

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

(the 3rd preference) of the legal immigration system that favors professional workers and the non-immigrant provisions of the law (especially those pertaining to foreign students who come to the United States to study) to adjust their status and remain permanently or illegally. The result has been a marked change in the sources of immigration. Throughout the 1980s, nearly 85 percent of all legal immigration is from Latin America and Asia. It is commonly estimated that the same approximate percentage holds for illegal immigration.

In the years since 1965, there have been a number of minor changes in the immigration system, but the heavy emphasis on family reunification has remained essentially intact. The system currently sets a single worldwide admission ceiling of 270,000 immigrants annually, of which only 54,000 are reserved for needed workers. It is true that no more than 20,000 visas are allotted to would-be immigrants of anyone country in a single year but, and this is very significant, the immediate relatives brought in by naturalized citizens, after easy citizenship tests, are not counted in either ceiling. Immediate relatives are nearly all spouses, children and parents of naturalized citizens over age 21, and their numbers are growing rapidly. In fiscal 1987, the number of immediate relatives admitted outside the ceiling totaled 218,575 persons.

To decide which specific individuals are granted immigrant visas within the framework of numerical ceilings, a six-category preference system exists. Four of the categories, which account for 80 percent of the visas, are reserved for persons who are family related (i.e., relations other than immediate family members). The two remaining categories, that is, the third and sixth, are the only ones based on labor market considerations, but they together are allocated only 20 percent of the annual visas. To be admitted in either of

these two labor-market categories, an immigrant must secure a certification from the Department of Labor that states that his or her presence will not adversely affect the job opportunities and labor and wage standards of U.S. workers. On the other hand, immigrants admitted under family reunification priorities are exempt from any labor certification whatsoever. This means that the growing influence of family immigration on the labor market is largely the result of random chance and not planned accommodation with regard to the skills and education they possess. Moreover, the emphasis on family reunification also means there is a tendency to geographically settle on the basis of kinship rather than on the basis of labor market considerations for themselves or for citizen workers. Many are unskilled family members from underdeveloped Third World societies and many are functionally illiterate in English. Most were destined for unskilled jobs in services in secondary-labor markets. Only about 5 percent of these new residents are subject to labor certification. And, of course, none of the illegal immigrants are so subject.

Non Preference Immigration Policy

Due to the extensive backlogs of applicants under the existing legal immigration system, there have been no unused visas since 1978 left over for possible use by persons who do not qualify under the six preferences. Hence, there has been political pressure exerted -- much of it premised on ethnic rather than principle grounds -- to find a way to gain access for persons who do not know quality. Such persons are called non-preference immigrants.

The result of this political quest represents the ultimate assault to efforts to achieve a rational basis for U.S. immigration policy. The changes were contained in a minor provision of the Immigration Reform and Control

Act of 1986. Although this legislation was primarily directed at trying to reduce illegal immigration, it contained one section that added an entirely new dimension to the legal admission criteria: a lottery. Ostensibly, the concern was raised that the unanticipated domination of the legal immigration system by applicants from only a few countries in Latin America and Asia had adversely affected opportunities for Europeans to become immigrants. Hence, Congress accepted the notion that 36 countries (mostly from Europe but not all) should be given the opportunity to compete for 5,000 visas that would be made available for each of the next two years (i.e. for 1987 and 1988). These persons -- known as non-preference immigrants -- were not subject to the limitation of 20,000 persons from any one nation and they are in excess of the present world wide ceiling. The 10,000 visas were awarded on the basis of a lottery from the pool of applicants from these countries who applied as of a specified date. An incredible 1.4 million applications were received. In 1988, Congress extended this same arrangement for the years 1990 and 1991 for 15,000 visas each year from 162 countries (11 countries that had the highest number of legal immigrants in fiscal year 1988 are excluded from being in the pool). The idea of using random chance as a criterion for admission is but another extreme example of the domination of political over economic factors as a guide for immigrant admissions.

The immediate relatives of each of the lucky visa recipients, of course, are also ultimately eligible for admission without limitation. None of these persons, of course, is subject to any labor certification. These non-preference immigrants are randomly selected and so are the human capital endowments that they bring to the U.S. labor market.

Refugee and Asylee Policy

Due the fact that various Presidents felt impelled to admit even more refugees each year than the immigration quotas permitted, extensive use of presidential parole authority to admit mass numbers of refugees continued after 1965. Deeming this process unsatisfactory, Congress passed the Refugee Act of 1980. The intention was that refugees would be admitted to the United States under procedures entirely separate from those that apply to legal immigrants. Under this legislation, there is no statutorily fixed number of persons to be admitted. Rather, each year the President, advised by the State Department, rather arbitrarily uses the number of refugee admissions as an instrument of foreign policy (as no other government does). Reluctant to challenge the State Department's recommendations and moved by humanitarian considerations, Congress usually goes along with the President's number. For fiscal year, 1989, the figure is set at 83,500 persons. Refugees, who are usually given immigrant status in one year, then begin to apply for admission of relatives. Obviously, labor market considerations are not involved at all in the refugee admission process.

The Refugee Act of 1980 also created an asylee policy for the first time in the nation's history. As opposed to a refugee, who is a person living outside the United States and who fears persecution if forced to return to his or her homeland, an asylee is a person who expresses similar fears but is already physically present in the United States. Very little forethought was given to this policy when it was drafted. The Act authorized up to 5,000 asylee admissions a year on a case-by-case decision basis. The availability of this entry option has encouraged a growing number of asylee claimants to enter the United States illegally or to overstay visitor visas. Indeed, only

within a few months of its enactment, the "Mariel boatlift" from Cuba led to 125,000 Cubans, 6,000 Haitians landing in South Florida and requesting asylee status. Since then, flows from Central America and the Caribbean have added substantial numbers of asylee applicants to the visa "over stayers" from other nations from all over the world. In fiscal year 1987, for instance 26,107 asylee cases were filed. Due to the individual case decision process and the availability of multiple layers of appeals, the process is costly and time consuming. Again, of course, there is no labor market factor involved in the decision process.

Illegal Immigration

Although America's immigration system is legally complex and loaded with immigration requirements, the entire system can be easily circumvented by "back door" immigration. In most industrialized nations, there are penalties on employers who hire illegal aliens and local policy are authorized to assist immigration authorities to enforce immigration law and labor standards. In the United States, the passage of the Immigration Reform and Control Act (IRCA) of 1986 culminated a fifteen year struggle to enact sanctions on employers who hire illegal immigrants. The ban (which applies only to new hires) began the day the Act was signed by the President -- November 6, 1986. No penalties were imposed, however, on first time offenders for a period of eighteen months. After June 1988, a graduated series of civil penalties went into effect. The newly adopted sanctions system, however, has a gaping loophole. The law specifically prohibits the creation of a national identification system. All an employer has to do to be in compliance is to examine certain commonly available documents to verify that the job applicant is a U.S. citizen or an alien who is authorized to work (e.g., a non-immigrant worker). The

employer is not obligated to verify the authenticity of the documents if they appear to be "reasonably" genuine. Unfortunately, however, all of approved documents are easily counterfeitable and are readily available for a price. If it proves to be the case that there is a mass of abuse of the documentation requirement, the President is authorized to develop a more secure identification system. How effective the sanctions will be, of course, is also dependent upon how much federal manpower and funds are devoted to enforcement. Local and state police are not involved in the enforcement of U.S. immigration laws unless an individual is apprehended in the commission of a crime within their jurisdiction. Furthermore, the Act also contains a possible "sunset provision." After three years, the Comptroller General of the United States is required to report to Congress whether or not the sanctions program has contributed to significant employment discrimination against citizens for ethnic minorities. In such a case, Congress by joint resolution can repeal the entire sanctions program. Should this happen, IRCA will have proven to be a massive hoax to the cause of immigration reform.

In the United States, virtually all illegal entrants and overstays who are caught are given a non-penalty and non-expense voluntary departure back to their homeland, from which many can easily try to re-enter again. Hence, there is essentially no deterrence associated with the violation of immigration law. Unlike industrialized nations of continental Europe, there is no U.S. system of work permits or of national identification that can be used to establish citizenship and the eligibility to seek employment and social assistance. Most studies indicate that illegal entrants and overstays come to the United States to find jobs. Few originally come for purposes of securing welfare, although they may later do so because they are mostly

unskilled and some have large families. Many states do not allow any differentiation to be made between citizens and non-citizens in the determination of eligibility for various welfare programs for which the states are required to administer. No one, of course, knows the exact number of illegal immigrants who compose the stock of the illegal immigrant population or its annual in-flow or back-flow. In its final report in 1981, the Select Commission on Immigration and Refugee Policy cited a range from 3.5 to 6 million illegal immigrants. Their estimate, however, was based upon a review of previous studies done in the mid-1970s. Thus, whatever the validity of this estimate, it should be understood that it was based on the average of that earlier collected data. Given the certainty that illegal immigration has increased substantially since the mid-1970s, the actual number in the mid-1980s is certainly much higher.

Under the general amnesty provided to illegal immigrants under IRCA for illegal immigrants who had been in the United States since January 1, 1982, over 1.7 million persons applied for legalization. Under the separate amnesty for seasonal farmworkers who worked in U.S. agriculture for 90 days prior to May 1, 1986, another 1.1 million persons applied for legalization. Massive fraud is suspected in the farmworker amnesty program. But, in any event, the numbers of beneficiaries of both amnesties are substantial. Eventually, all of those legalized will be able to reunify their immediate relative. There is no labor market test involved in the process.

In fiscal year 1987, the Immigration and Naturalization Service apprehended 1.2 million illegal entrants -- over 90 percent of whom were Mexican nationals. Many of these detainees were apprehended more than once, especially those caught along the Mexican border. On the other hand, most illegal aliens in

the interior of the country, who come from many other countries, are never caught. Hence, the size of the stock and annual flows of illegal aliens cannot be estimated with any degree of accuracy, but hardly anyone doubts that their numbers are in the millions -- and growing. Moreover, because the IRCA did not address any of the "push" factors involved in the illegal immigration process, the most optimistic guess is that even if it is adequately enforced -- a heroic assumption -- that it will only reduce illegal immigration by 30 percent at the most from its pre-passage level.

Non-Immigrant Policy

In addition to permanent immigration, there are also 14 categories (plus a host of sub categories) of non-immigrants who are allowed to enter the United States. The critical characteristic of this element of immigration policy is that there are no limits on the numbers of non-immigrants who can enter each year. Overwhelmingly, most of the non-immigrants do not seek nor are most allowed to work in the United States during their stay (i.e., most are tourists and visitors for business or family purposes). Some of non-immigrants, however, are legally allowed to work and some do work illegally despite the ban on their employment. Indeed, of the latter, non-immigrants are a major source of illegal immigrants into the U.S. labor market. In defiance of the terms of their visas, a significant number of non-immigrants seek jobs while in the country and do not return to their native land when their visa expires (i.e., they become visa "overstayers"). But it is the groups that are allowed to work that are important for the present discussion. Four categories are particularly relevant: they are: workers of distinguished merit (H-1 workers); other temporary workers (H-2 workers); exchange visitors (J-1 workers) and intra company transferees (L-1 workers). There are a few

other classes, such as industrial trainees and some foreign students who may work in the United States in restricted circumstances but these other four grouping are the key categories that offer opportunities to conflict with or to complement domestic labor market conditions.

Ostensibly, non-immigrants admitted under H-1 provisions are -- as the name "distinguished merit and ability" seems to indicate -- very special persons whose presence would enhance the quality of life for all citizens. Indeed, in discussing the topic in its 1987 Yearbook the Immigration and Naturalization Service cites two examples: ("athletes or entertainers"). In practice a veritable smorgasbord of job holders are entering under this classification. Of the 45,000 H-1 visas issued by mid 1987, only 8,400 went to athletes and entertainers. The remainder -- the majority -- were used to fill a vast range of occupational categories [e.g., registered nurses (5,200); executives, administrators and managers; engineers (5,400), elementary and secondary teachers (1,200)]. Surprisingly over 12,000 of the H-1 visas specified "no occupation" which is hard to understand since their occupation is supposedly the key to their admission decision.

The H-2 group (which IRCA has now split into two new subgroups but for which separate entry data on this basis is not yet available) is for temporary workers to perform services or labor when unemployed citizens are either unavailable or incapable of performing such work. Agriculture has been a primary user of this category. But agriculture accounted for only about half of the 26,000 H-2 visas issued in 1987. Other major occupational groups were craftsmen of precision products (1,045); writers, entertainers and athletes (3,600); and service occupations (866). Again, as with H-1 workers, it is

surprising that over 6,000 H-2 visas were issued without a stated occupation reported.

In the J-1 classification, there were over 144,000 visas issued in 1987. The largest grouping was to students (who may or may not seek to work). Over 7,000 J-1 visas were given to post secondary teachers; over 2,900 to executives, managers, and administrators; over 1,700 to engineers, and over 1,500 to computer and mathematical specialists. Unfortunately, the largest numbers of J-1 visas, almost 45,000, were reported as having unknown occupations.

As for the L-1 category, it is rapidly growing. Reflecting the increasing presence of foreign owned enterprises in the United States, there were over 40,000 L-1 visas issued in 1987. The largest number, not surprisingly, were for executives, administrators, and managers with over 19,000 such visas. Engineers held over 3,400. Unfortunately for analytical purposes, over 12,000 L-1 visas had their occupation unspecified.

Without going into more detail, there is an upward trend toward the employment of non-immigrant workers in the United States. Given the absence of any ceilings, it is possible -- and likely -- that U.S. employers will increasingly turn to non-immigrants as a way of getting both already trained and educated workers for highly skilled jobs as well as of obtaining unskilled workers in special circumstances (rather than to tap available domestic surpluses).

At this juncture, non-immigrant policy is in urgent need of close monitoring. It has the real potential for mass abuse. It seems poised to explode in size and to cause the actual employment displacement or the denial

of training opportunities for citizen workers. Indeed, non-immigrant policy shows signs of becoming the major domestic labor policy issue of the 1990s.

The Changing Nature of the U.S. Labor Market

Since the mid-1960s, the United States has entered its post-industrial stage of economic development. The goods producing industries -- which had been the major employment sector throughout the history of the U.S. has declined sharply (from 51 percent of civilian employment in 1950 to 27 percent in 1986). 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 in sharp relative decline (accounting in the late-1980s for only 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. An electronic "mind" has been created for coordinating, guiding, and evaluating many 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.

Thus, the new technology means that high paying jobs for poorly skilled and inadequately educated workers are largely a thing of the past. As a recent Secretary of Labor aptly said, "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 our feet". The new technology is creating new jobs but the growth is concentrated in occupations that reward extensive training and education. 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 and, worse yet, citizens discouraged from seeking employment in the legitimate labor market or forced on to welfare.

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 that are a distinguishing feature of a post-industrial economy, almost 70 percent of the U.S. labor force is now employed in services. 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. Thus, the demand for labor is being radically restructured. The supply of labor is slowly adapting but the adjustment process is not as easy or as automatic as it was in earlier eras.

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 skills. Tragically, a disproportionate number of those who are vulnerable to such adverse employment effects are racial minorities, women and youths.

Even within the service sector, the growth in employment opportunities has been quite uneven. Four industry subsets -- eating and drinking, retail trade, business services and medical services accounted for 43 percent of all of the nation's job growth since 1959; 47 percent since 1969; and 65 percent since 1979.

Related to these dramatic trends in industrial employment patterns are the derivative changes in occupational patterns. Over one-third of the growth in employment since 1972 has occurred in the professional, technical and related workers classifications. 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 the occupations expected to experience the most rapid growth over next decade 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.

As for the supply of labor, the composition of the labor force is also experiencing radical changes. Since the mid-1960s, blacks, Hispanics, and

Asian groups, as well as women from all racial and ethnic groups have dramatically increased their proportions of the total labor force. The Bureau of Labor Statistics projects that these patterns will continue, with women accounting for two-thirds of the annual growth in the labor force and blacks about 25 percent over the next decade. The Hispanic population is growing in the 1980s at a rate five times faster than the population as a whole. There are no projections for Asians but their numbers are also expected to grow disproportionately. It is likely that the heavy but unplanned influx of immigrant labor will serve to maintain high levels of unemployment and social marginalization for citizen blacks and Hispanics. Thus, in coming years, there will be mounting demands that the economy generate additional low skilled employment opportunities, especially for minorities who are already citizens. But these types of jobs are the kind that are rapidly disappearing in the post-industrial era. They are also the jobs that many immigrant workers seek in those geographical labor markets where immigration is concentrated.

Unfortunately, there is every reason to believe that a substantial (and growing) portion of the adult population is unqualified to meet the demands of the emerging employment patterns. Several studies have found widespread adult illiteracy. The situation is believed to be so severe that the National Commission on Excellence in Education, appointed by President Reagan, concluded in its comprehensive report that the future welfare of the nation is "in peril" and entitled its study, A Nation at Risk.

The economic consequences of mounting levels of adult illiteracy among the labor force are more significant in the emerging service-oriented society than was the case in the earlier industrial order. Factory, farm and extractive labor in the first half of the 20th Century did not require very

much in the way of educational and verbal skills. But modern technology and most service industries do.

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

Much public attention has been directed in recent years to the illiteracy problems associated with the nation's schools. No comparable attention, however, has been directed at the major source of illiteracy in the United States: its new immigrants. Many immigrants, it should be noted, are functionally illiterate in their own native language. Here one refers to most job seekers and their dependents who enter the nation illegally from Mexico and Central America, and to many of the refugees admitted in recent years from Southeast Asia, as well as to many of the recent asylees and asylee claimants from Cuba, Haiti, El Salvador and Guatemala. The general amnesty program and the special agricultural worker adjustment programs that became operational in 1987 as the result of IRCA will add millions of persons to the ranks of the nation's illiterate since the overwhelming numbers of those persons and their family members are from poor backgrounds in Mexico or other countries of Central America and the Caribbean area.

In general, functional illiteracy goes hand in hand with unskilled workers and high rates of unemployment in a changing economy. That unemployment levels are inversely related to educational attainment is a firmly rooted proposition in the economics of labor markets. Although there are exceptions, such as some labor-intensive service jobs, the post-industrial society has much less

need for unskilled workers than the old factory system and repetitive assembly line work. But transferring unemployed workers with minimal skills to a service-oriented economy presents a formidable problem. The U.S. Department of Labor estimated in 1985 that "75 percent of out-of-work Americans have inadequate reading and writing skills". In any case, it seems that the last thing that the nation needs at this juncture of its economic development is to import more unskilled workers. For one thing, poorly skilled and poorly educated U.S. workers carry the burden of direction competition with poorly educated and low-skilled illegal aliens (who are willing to work for less), and also with many refugees and even unskilled and functionally-illiterate legal immigrants who are admitted only because they are family members of naturalized citizens or resident aliens.

If, on the other hand, the nation were to face a future shortage of unskilled workers, a flexible immigration policy, based on labor market needs, could readily give uneducated and unskilled workers admission preference as permanent immigrants. Given the hundreds of millions of unskilled workers in the world, desperate to try America, it is hard to imagine an easier labor market problem to solve should it actually occur. But the point is that the post-industrial U.S. economy now has a surplus of unskilled workers. This surplus will persist, even if heavy investments of social capital were made in adult remedial education and training programs, because there is an underlying school "dropout" problem, especially among black and Hispanic youth.

The handwriting is on the wall. American's post-industrial welfare state must somehow train, accommodate, or care for millions of unskilled workers and their dependents. The problem is difficult enough without being complicated by an immigration policy that is oblivious to labor market impacts.

There is good reason to believe that the unregulated presence of large numbers of immigrants and their dependents has the following adverse effects: first, it reduces employment opportunities and wage levels for citizen workers in the concentrated sub-labor markets and regions in which immigrants congregate; second, it postpones the introduction of labor-saving machines and robots in certain sectors of agribusiness and in assembly line industries, and thereby to perpetuate various labor-intensive modes of production that should be eliminated in a post-industrial order; it discourages labor force participation of citizen workers, particularly of citizen blacks and Hispanics, who languish in America's inner cities as dropouts or "victims" of structural unemployment; and, fourth it triggers the spending of increasing amounts of social capital in order to assist and educate the dependents of unskilled immigrant workers from underdeveloped Third World societies, and to keep a safety net under America's unemployed minorities.

Guidelines for a New Immigration Policy

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

The annual inflow of all immigrants should be limited by a fixed annual ceiling. Within this upper limit, however, there should be annual flexibility of the actual admission numbers. In other words, the actual number of immigrants legally admitted each year would be determined by domestic economic

conditions (e.g., unemployment trends) in the nation. The precise number of immigrant admissions would be an administrative decision, based on surveys of economic conditions. If this were to be done, it means that the primary responsibility for immigration policy would be shifted from the U.S. Department of Justice (which has had these duties since 1940) back to the U.S. Department of Labor and to those congressional committees charged with employment and human resource development.

It follows also that the composition of the annual immigrant flow should also be tied to demonstrated labor market needs. The preference system should give primary emphasis to occupational considerations. Moreover, family reunification priorities should be restricted to members of the immediate family only. (The basic social unit of U.S. society is the immediate or nuclear family and not the extended family of Third World societies.) In addition, all family immigrants, like job seekers, should be subjected to the fixed annual ceiling. After all, no other modern nation allows chain migration of extended family members to dominate its immigration policy.

Immigration policy can be used as a means of providing the types of workers that are actually needed. Under present circumstances, these workers 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. It is in this capacity that immigration can find a justifiable purpose. Immigration policy can serve as a short run method to fill these types of jobs until the nation

can enact the human resource development policies capable of meeting this emerging demand.

Full discretion should be given to an administrative agency to decide which occupational skills are in greatest need at any particular time and to admit qualified immigrants and non-immigrants. In some instances, perhaps, a probationary immigration status could be given to immigrants willing to settle in regions where there is a need for certain skills. If they do not settle there for a certain length of time, their immigrant status would be revoked. After they have met the minimum period required, they would be free to move elsewhere if they so desired.

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

Asylee admissions are presently facilitated by judicial paralysis. Asylee claimants who enter illegally or as overstay visitors are often entitled to more levels of appeal than are provided to convicted felons. Two reforms

are needed: Immigration law should provide for an expedited system of deciding asylum claims with appeals limited to procedural issues and not substantive concerns. The admission of asylees should be under the same cap on total immigration. As with refugees, for every asylee legally accepted, legal immigration should be reduced by one.

Actually, many would-be asylees and refugees, from such regions as Central America and Southeast Asia, are fleeing poverty, excessive population growth, and unemployment in the home country and not individual persecution for political or religious beliefs. An expedited administrative review process of substantive issues that does not involve the nation's legal and judicial system is required (except where there is an allegation of procedural error).

There is no sense postulating an immigrant admissions policy theoretically tied to labor market needs if the lack of immigration controls encourages big inflows of labor from abroad. In this respect, the uncapped entry of refugee and asylee claimants is relatively minor compared to the much greater numbers of illegal immigrants slipping through semi-guarded Mexican and Canadian borders and through superficial inspections at ports of entry, including international airports. Plainly, the federal government must enforce immigration and inspectional controls if it is to establish the principle of national sovereignty over immigrant admissions. That is, the United States has the right to determine who shall be admitted to the American economy and given access to its social assistance programs as well as who is rejected. Essentially, the present policy is weak and permissive.

If it is in the national interest to control and channel the flow of immigrant workers and their dependents, then enlightened federal policies must address both the "push" and the "pull" factors that set in motion illegal

immigration. With regard to "pull" forces, vigorous deterrent measures are called for, such as the strict enforcement of the new sanctions on employers of illegal immigrants; the adoption of a counterfeit proof system of worker identification to prove actual eligibility to work in the United States; increased funding for the Immigration and Naturalization Service and the consular service; more detention penalties for violators of immigration law; and less use of the penalty-free voluntary departure system for apprehended illegals. As for preventive measures that address the "push" factors in immigration, they should include economic and technical assistance for immigrant-sending countries of the Third World, as well as trade and tariff concessions. At the same time, the United States must insist on adherence to human-rights principles and the protection of human life from political assassination and torture in immigrant-source countries as a prerequisite for economic assistance and access to our market.

Pending Immigration Reform: A Timid Step Forward

In 1988, Senators Ted Kennedy (D-Mass) and Allan Simpson (R-Wy) co-sponsored a bill to change some features of the legal immigration system. The bill overwhelmingly passed the Senate but died in the House. In February 1989, the bill was reintroduced in the Senate and, no doubt, will be a major topic of legislative debate during the pending session of Congress. Without belaboring its many provisions, the thrust of the effort is to alter the distribution of immigrant classes and it seeks to cap overall immigration. Legal immigration would be changed in three major ways. First, the number of visas available for family preferences would be determined by the level of immediate relatives (i.e., within a new limit of 590,000 total visas, 440,000 visas would be reserved for "family connected immigration" -- i.e.,

the sum of family preference plus immediate relative immigrants). If the sum of 440,000 family connected immigrants were exceeded in one year, the number of such visas for the following year would be reduced by that excess number. Secondly, there would be a shift toward allowing more unmarried adult children and spouses of resident aliens (2nd preference persons) to be admitted and fewer brothers and sisters of adult U.S. citizens (5th preference persons) within the family preference limitation. Thirdly, it would create a new class of "selected immigrants" within the independent immigrant category (i.e., those non-family immigrants allowed to enter the United States). The independent immigrants would be limited to 150,000 visas a year of which 45 percent (or 54,000) would be reserved for selected immigrants. The selected immigrants are to be admitted on the basis of a point system based on their educational background, English language ability, and occupational training and experience. Thus, the overall ceiling would be capped at 590,000 visas (440,000 family related immigrants plus 150,000 independent immigrants). The President, after 1994, can recommend changes in any of the component and over immigrant levels to Congress. If the recommended change is 5 percent or less for a three year period, the change can go into effect unless Congress changes it by joint resolution. If the recommended change is 5 percent or more, it becomes effective only if Congress approves it by passage of a joint resolution.

On the positive side, the bill does at least introduce a modicum of opportunity for flexibility in the annual statutory admission ceilings; by separating the family preferences from the independent preferences, it means that they will no longer compete with each other for available visas; and it does, in a small way, increase the number of immigrants who have

characteristics potentially congruent with the U.S. labor market needs. On the other hand, the system is still highly inflexible in the total number of persons it admits each year. There is no tie of immigrant flows with overall domestic economic conditions. Moreover, the increase in selected immigrants is essentially piggy-backed on the existing immigration system with its nepotistic and non-labor market orientation characteristics. Nothing has really been done to change the core of the immigrant admission process with its politically popular family preference domination. Nor does the legislation seek to be comprehensive in scope. Refugee and asylee admissions still function independently and unrelatedly to the overall objective of accountability for impacts. The open-ended and ubiquitous non-immigrant worker abuses are not addressed. Nor were any new steps proposed to correct the gaping loopholes in IRCA to make employer sanctions truly meaningful. Until the immigration system is addressed comprehensively as a whole, efforts to repair one part only lead to worsening problems elsewhere.

Concluding Observations

Designing post-industrial economic policy to achieve full employment and to develop the full human resource potential of its citizens in the context of an economic transformation is plainly a formidable task. The effectiveness of such planning and programmatic endeavors is greatly hampered -- if not rendered impossible -- when one of the most important contemporary influences on the size and composition of the nation's labor supply -- immigration policy is allowed to function as an exogenous policy factor. It is an exercise in self-delusion to believe that the present state of public affairs can continue without dire consequences. The immigration system in all of its forms is over-supplying the many local labor markets with people who lack the human

capital endowments needed for the types of jobs that are increasing. It also makes it difficult to admit the types of workers who are needed to overcome domestic skill shortages.

A labor market oriented immigration policy, however, must be a readily adaptable to changing economic conditions. Great care must be exercised to assure that such an immigration 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 administrative 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 resources development policies and equal employment opportunity objectives.

The most likely candidate for this administrative mission would be the U.S. Department of Labor which, in fact, did have responsibility for the implementation of immigration policy from 1914 to 1940. This function was shifted to the U.S. Department of Justice as a national security measure just prior to the entry of the United States into World War II. The suggested administrative change would also have the effect of transferring the congressional responsibility for oversight of immigration matters to the labor and human resource committees of Congress. These committees are far better

prepared to understand the economic role of immigration policy than are the judiciary committees who seem to view it as purely a political toy.

The United States 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. 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 to immigration policy for a way to fill many of the jobs that require high skills and advanced education.

Thus, the United States needs to formulate an immigration policy that is consistent to its rapidly changing labor market trends. If congruent, immigration policy can provide a valuable tool to national efforts to enhance economic efficiency and to achieve societal equity. If contradictory, as it now largely is, immigration policy can present a major barrier to the accomplishment of either or both goals.