An Immigration Puzzle;

Crises in Cuba and Haiti Resurrect Debate About Newcomers and Employment in U.S.

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Byline: By PETER PASSELL

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Body

With Cubans piling up at Guantanamo and an invasion of ***Haiti*** seeming inevitable, the ***United States*** is once again facing the prospect of a tide of huddled masses -- only this time many Americans seem decidedly uneasy.

And while their feelings are a product of everything from racism to fears of cultural change to the end of the cold war, economics surely plays a big part.

"Americans think immigrants are stealing their jobs and lowering their standard of living," said William Alpert, an economist at the University of Connecticut -- thoughts that have a special resonance in an era of widening gaps in income between the skilled and unskilled.

Are the politicians and policy makers who see economic peril in continuing ***immigration*** correct? Research in the area has been less than conclusive, a fact that Orley Ashenfelter, an economist at Princeton University, says is feeding passions on both sides. "Some try to exaggerate" findings of job and wage losses, he says, while "some try the opposite."

The perceived economic threat of ***immigration***, notes Claudia Goldin, an economic historian at Harvard University, is no different today than it was in the 1890'***s***, when Samuel Gompers of the American Federation of Labor was calling on Congress to "shut the doors." Unskilled immigrants compete with unskilled American-born, either reducing the wages of natives or putting them out of work.

Raising the Returns

By the same token, if unskilled native-born citizens are made worse off by competition from immigrants, Americans with money are made better off. This is most evident in the availability of low-wage workers to wash dishes, mow lawns and tend babies.

Cheap, plentiful unskilled labor probably did (and still does) directly raise the returns to capital, both physical and "human." Machines and white-collar workers are presumably more valuable if it costs less to hire labor for the

repetitive tasks of the assembly line. But does the scale of ***immigration*** currently being experienced in America portend such economic class conflict?

Ms. Goldin points out that the percentage of population growth attributable to ***immigration*** in the last decade is close to the spectacularly high peaks during the decades of the Great ***Immigration*** before World War I -- 33 percent in the 1980'**s**, compared with 28 percent in the 1890'**s** and 54 percent in the first decade of this century.

But David Card of Princeton surprised many fellow economists with his benign analysis of the most notable influx of immigrants in modern times, the 1980 Mariel boatlift, in which 125,000 largely unskilled Cubans flooded southern Florida in a matter of weeks.

Using other Sun Belt cities as a benchmark, he found that the Marielitos had no discernible impact on wages or unemployment. The local economy, he concluded, expanded rapidly enough to absorb the new immigrants without driving the largely black and Hispanic competition onto the unemployment rolls.

But the study hardly settled the question of whether immigrants make life tougher for American-born workers. Lawrence Katz of Harvard, who was formerly the Labor Department'**s** chief economist, speculates that the American labor force is so mobile that the impact of excess labor supplies on localities quickly dissipates. Or to put it another way, more nonimmigrant workers would have come to Miami if the Mariel boatlift had never happened.

Not Off the Hook

"There is now evidence," Mr. Katz said, "that where immigrants are going, natives are leaving" -- evidence that Mariel-style ***immigration*** is not necessarily traumatic for regional economies, especially rapidly growing ones like Miami'**s**.

But this interpretation does not get immigrants off the hook in the national economic context. Indeed, it implies that in one place or another, more unskilled immigrants mean lower wages and fewer low-end jobs for those already here.

Mr. Katz, along with his Harvard colleague Richard Freeman and George Borjas of the University of California at San Diego, say the impact of unskilled immigrants has been substantial. They estimate that roughly one-fifth of the growth in the wage gap between the skilled and unskilled since the mid 1970'**s** is linked to the growing supply of unskilled immigrant labor.

The ***United States*** is, of course, a nation of the descendants of immigrants who are reluctant to deny opportunities to a new generation of immigrants. Thus to many, the more important question is whether continuing ***immigration*** is adversely affecting the American economy'**s** long-term prospects. But here, too, the evidence is ambiguous.

Cause for Celebration

Mr. Borjas notes that the skills and cultural backgrounds that immigrants are bringing is "hollowing out" in the middle, with higher percentages of highly skilled college graduates and higher percentages of people with just the rudiments of education. Americans do not worry ***about*** the top end -- in fact, many celebrate the arrival of all those Indian computer whizes, Russian physicists and Filipino nurses as a revitalizing influence.

But over all, Mr. Borjas said, immigrants are far more likely to receive welfare than people born in America. In 1990, he calculates, the 8.4 percent of households with foreign-born heads received 13.1 percent of the total cash assistance. And he questions the capacities of low-income immigrants to assimilate into America'**s** largely middle-class culture as rapidly as preceding generations did.

Before the 1970'**s**, immigrants entered the country with smaller earning gaps, compared with their native counterparts, and made far more progress in closing the gap. Mr. Borjas projects that the wages of immigrants who arrived from 1970 to 1990 will never catch up, remaining 15 to 20 percent behind those of American-born workers.

These (and less responsible) calculations are figuring prominently in the California gubernatorial election, where Gov. Pete Wilson, a Republican, has made an issue of the taxpayers' cost in supporting immigrants.

A Social Tragedy

Other economists share Mr. Borjas' concerns, but put a different spin on their significance. Ms. Goldin notes that a disproportionate number of the economically distressed immigrants are political refugees from the wars in Indochina. Their problems constitute a social tragedy, but do not say much ***about*** the consequences of ***immigration*** driven primarily by economic incentives.

Barry Chiswick, chairman of the economics department at the University of Illinois at Chicago, points out that job opportunities for unskilled workers, native and immigrant, have collapsed since the 1970'***s***. Hence, it is hardly surprising that immigrants facing language, cultural and racial barriers have had more trouble moving up in a society in which native-born are also having more trouble moving up.

Moreover, he emphasizes that only unskilled immigrants qualify as competition for Americans near the bottom of the economic pecking order. Thus, changes in ***immigration*** policy that discriminated in favor of the affluent and educated would defuse the problem.

American ***immigration*** laws were in fact revised in 1990, raising the number of visas for individuals in skills deemed in short supply and lowering the priority of reuniting families. The latter policy of giving preferences to the relatives of American residents, adopted in the mid-1960'***s***, has been widely blamed for the decline in average skill and earnings levels of immigrants.

Economic Waste

But Mr. Chiswick notes that Washington exercises enormous discretion in deciding which skills are needed, a process open to both bureaucratic inefficiency and political influence. He would much prefer a Canadian-style system, in which immigrant preferences were largely determined by a formula based on education and assets.

To some economists, the saddest aspect of limits on ***immigration*** (current and prospective) is the sheer economic waste of preventing labor from moving to where it is most productive. For in theory, part of the increase in productivity of, say, a Haitian who goes from making 20 cents an hour in Port-au-Prince to $8 an hour in New York, could be used to compensate the native-born who are made a bit worse off by competition from immigrants.

Immigrants might, for example, be made ineligible for beefed-up anti-poverty programs like earned income tax credits and food stamps. But that may not be constitutional; and it certainly does not mesh with notions of equality under the law. Even more to the point, Mr. Chiswick argues, it would add to the sorts of social problems that worry Americans most ***about*** low-end ***immigration***.

What seems almost indisputable in the ***immigration debate***, though, is the unfortunate coincidence of widening income inequality in America and the pressure on the ***United States*** to admit unskilled immigrants, legal and illegal. "It would be tough enough to make sensible ***immigration*** policy in the best of times," Mr. Ashenfelter concluded. "Today it'***s*** almost impossible."

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