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Vernon M. Briggs Jr.
Cornell University, vmb2@cornell.edu

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Abstract
Public testimony by Prof. Briggs given before the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary, House of Representatives, March 1, 1990

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Testimony Before the Immigration Task Force
U.S. House of Representatives
Washington, D.C.
March 1, 1990

Labor Market Transformation: The Role of U.S. Immigration Policy

Vernon M. Briggs, Jr.
Cornell University

As the United States enters the last decade of the 20th Century, its labor market is in a state of transformation. A marked break has occurred in both the evolutionary patterns of employment growth (i.e., labor demand) and in the growth and composition of the labor force (i.e., labor supply). Unprecedented adjustment requirements are being placed upon the U.S. labor market. In such an environment, there can be no assumption that the labor force can automatically adjust to the changes. Policy priority should be given to comprehensive programmatic efforts to develop the employment potential of the nation's human resources. These efforts should include the following policy components: (1) programs to salvage the considerable number of citizens who are already economically redundant (i.e., the long term unemployed, the would-be workers who are discouraged from seeking employment, the working poor, and the growing societal underclass who see little reward from seeking jobs in legitimate economic sectors); (2) programs to prevent currently qualified workers from becoming unemployed as conditions change by providing opportunities for upgrading their knowledge and skills, and to assist qualified workers who wish voluntarily to relocate from labor surplus to labor shortage areas; and (3) programs designed to improve the quality and retention capabilities of the nation's educational and training systems to prepare the future labor force for the emerging job requirements. Ideally, it would only be <u>after</u> such comprehensive labor market adjustment programs were in place and operational that the nation would turn to a small, targeted immigration policy to meet demonstrated gaps that the labor market that cannot fill in the short run. Unfortunately, the ideal is <u>not</u> the extant situation.

In this period of extreme labor market flux, the United States also finds itself in the midst of another period of self-imposed mass immigration. The current era commenced in the mid-1960s when the nation's existing immigration laws were overhauled. The reform movement of that period sought to purge the system of the overt racism associated with the "national origins" admission system which had been in place since 1924. Modest increases in the level of immigration were envisioned. No one, however, anticipated what has subsequently occurred. The number of aliens admitted for permanent settlement has soared from 296,697 in 1965 to 643,025 in 1988 (the highest such figure for any year since 1924). Illegal immigration has soared. Apprehensions -- an admittedly poor barometer of the actual magnitude but still the best available indicator of the <u>direction</u> of change -- have skyrocketed from 95,263 apprehensions in 1965 to a peak of 1,588,534 persons in 1986 before falling back to 854,939 persons in 1988. Likewise, the creation of an entirely separate refugee and asylee admission system in 1980 without a fixed ceiling or any obligation to balance annual increases in refugees with reductions in legal immigrant admissions has added immensely to the size of the annual inflow of foreign born persons to the U.S. economy. The mass immigration that has ensued has been the cumulative

result of the tyranny of incrementally implemented and politically motivated policy decisions as well as the product of a massive dose of political indifference to the unexpected policy outcomes. Thus, not only is the opportunity being squandered to use immigration policy in a constructive manner to solve short run labor market deficiencies but, tragically, the unguided nature of existing policy offers the real prospect of itself becoming counterproductive to efforts to meet the adjustment needs of the nation's citizen labor force.

The pending legislation before the Immigration Task Force fits the same mold. The bills are primarily concerned with raising the aggregate level of immigration with only token recognition given to the admission of some immigrants who will be ranked by certain human capital endowments. But even these so called "selected immigrants" will all be admitted each year regardless of whether they are actually needed. The nepotistic and discriminatory use of family reunification preferences remains the mainstay of the legal admission system. Indeed, if anything, the proposed bills will greatly increase the immediate flows of extended family members by the proposals to remove the annual cap on family reunification rights of permanent resident aliens. Likewise, the idea of institutionalizing the process by which some non-immigrant workers can eventually adjust their status to become resident aliens and citizens raises the same prospect. Collectively, the bills are ways to bypass the urgent job preparation and job placement needs of many citizens. These proposals are primarily concerned with the quantitative aspects of immigration. They are <u>not</u> designed to convert the policy to serve qualitative labor market objectives which, I believe at this juncture of U.S. economic development is the <u>only</u> basis on which immigration into the United States can be justified.

The pending proposals -- which could easily double the current annual levels of legal immigration if enacted -- are only part of the seeming chaos surrounding the formulation of immigration policy for the nation. Effectiveness of the restrictions on illegal immigration imposed in 1986 have yet to be demonstrated. Until this hemorrhage of the immigration system is effectively closed, it makes little sense to be talking about admitting more immigrants, non-immigrants and refugees. The full labor market consequences of the general amnesty for illegal immigrants granted in 1986 has yet to be carefully assessed -- especially the family reunification consequences. The same can be said for the amnesty for illegal aliens who had worked in agriculture (i.e., the Seasonal Agricultural Worker program). Nor is it clear whether or not more workers and their families will be added to the nation's labor force under the replenishment feature of that same program in 1991 and 1992. There are a host of additional pending proposals to provide extended voluntary departures and special status adjustment programs for a variety of nationals from countries in Central America and Asia. And, it remains to be seen how many additional refugees Congress will seek to admit as a consequence of the changing political climate in Eastern Europe and the Soviet Union.

The nation does not need more immigrants or more workers <u>per se</u>; it does, however, desperately need specific types of labor to meet the emerging requirements of its post-industrial economy. Immigration policy may be able to play a role as a short term answer to some to these needs. On the other hand, immigration policy needs to show that it is capable of reducing all flows of persons who lack such capabilities and whose

presence can only serve to flood already surplus labor pools of citizen workers. It is essential that immigration policy recognize the economic context in which its consequences are manifested.

The Changing Nature of Employment Patterns

Paralleling the revival of mass immigration, the years since the 1960s have witnessed a dramatic and on-going restructuring of the nation's industrial and occupational patterns. The United States has entered its post-industrial stage of economic development. The goods producing industries -- which had been the country's dominant employment sector since the founding of the nation -- have rapidly declined. As late as 1950, over half the labor force was employed in this sector; by the late 1980s, it accounted for only 26 percent of all employed persons. It is projected to continue to decline throughout the 1990s. Moreover, the industries that employed the most workers in the goods producing sector have sustained the most significant contractions. Agricultural employment has declined annually since the late 1940s -- accounting now for only about 3 percent of all employed workers. Manufacturing -- which in the mid-1950s provided jobs for over one-third of the nation's labor force -- now does so for less than one-fifth. Mining has also sustained a steady and absolute decline. Only the construction industry has shown moderate growth but it is characterized by significant cyclical fluctuations in any given year.

The rapid fall-off in employment in the goods producing sector has been caused by the confluence of several broad economic forces. First, there has been a shift in consumer spending patterns that is the hallmark of the coming of the post-industrial economy. The maturing of the mass consumption society is symbolized by shifts in expenditures away from goods toward services. In economics, where spending increases, employment increases (i.e., the service sector); where spending falls, employment declines (i.e., the goods sector). In addition to spending shifts, the advent of computer controlled technology has created self-regulating production systems that have dramatically reduced the demand for unskilled and semi-skilled workers in the goods producing sector. More output can now be produced with fewer inputs. This pattern will continue and probably accelerate. Lastly, of course, there have been the intrusive effects of international competition over the past two decades that have been unprecedented in all of U.S. economic history. The manufacturing sector in particular has been hard hit by the rising tide of foreign imports (and the inability to export) associated with the largely unilateral pursuit of a free trade policy by the U.S. government. The prospect of sizable cutbacks in defense spending as the result of the diminishing threat of the Cold War can only serve to exacerbate the decline in manufacturing in the 1990s.

In the wake of the sharp declines in employment in the goods producing sector, there have been dramatic increases in jobs in the service producing industries. Responding to the shifts in consumer spending patterns, 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. If so, 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 as it was in earlier eras when the goods producing sectors dominated. 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 mid-1920s and the mid-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 skills. Unfortunately, a disproportionate number of those who are presently vulnerable to these adverse employment effects are racial minorities, women and youths.

Directly associated with these dramatic industrial trends 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 the semi-skilled and unskilled occupations of operatives, farmers, farm laborers, and private household workers. The Department of Labor projects that the occupations expected to experience the most rapid growth over next decade will continue to be that require the most highly educated and trained workers. These include executives, administrators, and managers; professionals; and technicians and related support workers. Collectively, these three occupational categories are projected to constitute 40 percent of the nation's employment growth for the remainder of the century.

The Continuing Growth of the U.S. Labor Force

Much attention has been given to the extraordinary growth of the U.S. labor force during the late 1970s and throughout the 1980s. Indeed the U.S. labor force expanded between 1976 and 1988 by 26.5 million workers (or a 2 percent annual growth rate). This sum exceeded the combined amount of labor force growth of the nine other major industrial countries of the free world. For the remainder of this century, the Bureau of Labor Statistics (BLS) estimates (see Table 1) that the growth rate will decrease to a 1.2 annual growth rate but that will still mean an absolute increase of 19.5 million workers in the labor force by the year 2000.

It is my firm belief that as significant as the projected increase in the U.S. labor force is expected to be, the 19.5 million estimate is likely to far too low. This figure (which is the "moderate projection") is based on a belief that the annual net number of immigrants will decline from 600,000 to 500,000 by 1998. This conservative estimate includes two other heroic assumptions -- both of which I believe to be false. One is that the number of illegal immigrants entering the United States each year is about 200,000 persons a year and secondly that these numbers will fall to 100,000 a year by 1998. The BLS itself, in a separate study in 1989, has already raised questions about the annual 200,000 figure used by the Census Bureau to estimate illegal immigrants. It found evidence to support the view that employment is actually growing substantially faster than

Table 1. **Civilian labor force by sex, age, race, and Hispanic origin, 1976, 1988, and moderate growth projection to 2000**

[Numbers in thousands]

Group	Level			Change		Percent change		Percent distribution			Growth rate	
	1976	1988	2000	1976–88	1988–2000	1976–88	1988–2000	1976	1988	2000	1976–88	1988–2000
Total, 16 and over	96,158	121,669	141,134	25,211	19,465	26.5	16.0	100.0	100.0	100.0	2.0	1.2
16 to 24	23,339	22,535	22,456	−804	− 79	− 3.4	− 0.4	24.3	18.5	15.9	− 0.3	0.0
25 to 54	58,502	84,041	101,267	25,539	17,226	43.7	20.5	60.8	69.1	71.8	3.1	1.6
55 and over	14,319	15,094	17,411	775	2,317	5.4	15.4	14.9	12.4	12.3	0.4	1.2
Men, 16 and over	57,174	66,927	74,324	9,753	7,397	17.1	11.1	59.5	55.0	52.7	1.3	0.9
Women, 16 and over	38,983	54,742	66,810	15,759	12,068	40.4	22.0	40.5	45.0	47.3	2.9	1.7
White, 16 and over	84,768	104,756	118,981	19,988	14,225	23.6	13.6	88.2	86.1	84.3	1.8	1.1
Black, 16 and over	9,549	13,205	16,465	3,656	3,260	38.3	24.7	9.9	10.9	11.7	2.7	1.9
Asian and other, 16 and over[1]	1,827	3,708	5,688	1,881	1,980	103.0	53.4	1.9	3.0	4.0	6.1	3.6
Hispanic, 16 and over[2]	4,279	8,980	14,321	4,701	5,341	109.9	59.5	4.4	7.4	10.1	6.4	4.0

[1] The "Asian and other" group includes American Indians, Alaskan Natives, Asians, and Pacific Islanders. The historic data are derived by subtracting "Black" from the "Black and other" group; projections are made directly.

[2] Persons of Hispanic origin may be of any race.

Source: U. S. Department of Labor

is reported in the monthly Current Population Survey (CPS) that is the basis for measuring the size of the labor force. In that report, it noted the 200,000 figure was for the year 1980 -- a year when domestic unemployment was very high. In 1980, about 900,000 illegal immigrants were apprehended but that the number apprehended soared to 1.6 million persons in 1986. It noted that the "upsurge in illegal immigration in the mid-1980s has not been taken into account in constructing the official population estimates for the Nation. It thus is possible that we have a sizable shortfall in the official estimates of population growth ... and because most illegal aliens enter the country to take a job, a substantial underestimation of the increase in their number would inevitably lead to a substantial underestimation of employment growth ..." [quoted from Paul Flaim, "How Many New Jobs Since 1982? Data from Two Surveys Differ." Monthly Labor Review, (August, 1989) p. 14].

In my professional judgement (and apparently from some BLS experts as well), the projected estimates for labor force growth for the 1990s are too low. They will certainly be too low if any or all of the pending immigration bills pass that will dramatically enlarge the flow of legal immigrant workers and of non-immigrant workers as well as the additional flows of refugees that were apparently left out of the BLS projections.

Hence, it is quite conceivable that the absolute growth in the labor force in the 1990s will approximate the high levels of the 1980s. The only offset that I can see is the possible withdrawal of segments of the citizen population from the labor force (especially of citizen blacks and citizen Hispanics) as the direct result of their inability to compete with the tide of new immigrants, non-immigrants, refugees, and illegal immigrants into the nation's urban labor force.

None of the nation's major industrial competitors are pursuing immigration policies that would enlarge the size of their labor forces. Instead, they have all recognized that the key to economic survival in the post industrial era rests with the quality of the labor force; not its quantitative size. All of these other major industrial nations are focusing their labor force policies on developing the potential of their human resources. They show no interest in increasing their numbers. All have much more rigid immigration policies, much stronger sanctions on illegal immigrants, and much more restrictive refugee accommodation practices.

In any event, the point is that the United States is not facing a shortage of prospective workers. To the contrary it is faced with a significant increase in their numbers.

The Changing Composition of the U.S. Labor Force

Since the mid-1960s, blacks, Hispanics, and Asians, as well as women from all racial and ethnic groups have dramatically increased their proportions of the labor force. As the data in Table 1 also show, all of these trends are projected to continue and, in fact, to increase. Women will account for almost two-thirds of the anticipated labor force growth to the year 2000; minorities will comprise more than one-half. As the native born labor force entrants for all years up to 2006 are already born, the only unknown is what

kinds of workers will immigration flows provide. In all likelihood, immigration will continue to add to the overall growth of the minorities in the population and labor force. Thus, if anything, the projections of the size of the minority labor force are probably understated by BLS.

Presently, the incidence of unemployment, poverty, and adult illiteracy are much higher and the labor force participation rates and educational attainment levels significantly lower for blacks and Hispanics than is the case for non-Hispanic whites and for Asians. It is also the case that blacks and Hispanics are disproportionately employed in the industries and occupations that are already in sharpest decline (i.e., in the goods producing industries and in blue collar occupations). Thus, those groups in the labor force that are most rapidly increasing are precisely those most adversely at risk by the changing employment requirements. Unless public policy measures are addressed to their human resource development needs, many members of both these groups as well as other vulnerable segments of the population have dim prospects in the emerging post-industrial economy. If mass and unguided immigration continues, it is unlikely that there will be sufficient pressure to enact the long term human resource development policies needed to prepare and to incorporate these groups into the mainstream economy. Instead, it is likely that the heavy but unplanned influx of immigrant labor will serve -- by providing both competition and alternatives -- to maintain the social marginalization of many citizen blacks and citizen Hispanics. If so, the chance to reduce significantly the economically disadvantaged population and the underclass in the U.S. economy will be lost -- probably forever. It will also mean that opportunities to prolong the working life of older workers wishing to remain employed and to include more of the sizable disabled citizen population in the labor force will be similarly reduced.

In other words there is already a substantial human reserve of citizens who, if their human resource development needs were comprehensively addressed, could provide an ample supply of workers for the labor force needs of the next decade. The proposed increase in immigration flows represent a direct threat to the prospects for their incorporation. They almost guarantee that many citizens from these groups will remain potential work force participants rather than actual participants. If so, immigration policy as it is currently being designed and implemented represents a major obstacle to the achievement of stable, fully employed, and equitable society.

Policy Indifference to Employment Trends

Immigration policy, by definition, is capable of influencing not only the quantitative size of the labor force but also its qualitative composition. As matters now stand, there is virtually no synchronization of the immigrant flows with the demonstrated needs of the labor market. With widespread uncertainty as to the number of illegal immigrants, refugees, and non-immigrant workers who will enter in any given year, it is impossible to know in advance of their actual entry how many persons from foreign countries will annually join the U.S. labor force. Moreover,. whatever skills, education, linguistic abilities, talents or locational settlement preferences most immigrants, refugees, and non-immigrants have is largely incidental to the reason that most of these persons are admitted or enter the country.

As a consequence, the labor market effects of the current politically driven immigration system are twofold. Some of the immigrants and non-immigrant workers do have human resource endowments that are quite congruent with the labor market conditions currently dictated by the economy's needs. These immigrants and non-immigrant workers are desperately needed due to the appalling lack of attention given by the policymakers to the adequate preparation of many citizen members of its population. But many do not. Hence, they must seek employment in the declining sectors of the goods producing industries (e.g., agriculture and light manufacturing) or the low wage sectors of the expanding service sector (e.g., restaurants, lodging, or retail enterprises). Such immigrants are now a major factor for the revival of "sweat shop" enterprises and the recent upsurge in child labor violations reported in urban centers of the nation. Unfortunately, it is also the case that many of the nation's citizens who are among either the working poor or the underclass are also in these same low wage employment sectors. A disproportionately high number of these citizens are minorities, women, and minority youth. As these citizen groups are growing in both absolute and percentage terms, the logic of national survival would say that they should have the first claim on the nation's available jobs and chances for employment preparation. The last thing these groups need is more competition from immigrants for the limited number of existing jobs a well as for the scarce opportunities for training and education that are available.

The post-industrial economy of the United States is facing the prospect of serious shortages of qualified labor. It does not presently have a shortage of potential workers. No advanced industrial nation that has 27 million illiterate adults and another 20 to 40 million adults who are marginally literate need have any fear about a shortage of unskilled workers in its foreseeable future.

In this regard, it should be noted that immigration -- especially illegal immigrants, amnesty recipients, and refugees -- is a major contributing factor to the growth of adult illiteracy in this nation. As a consequence, immigration -- by adding to the surplus of illiterate adult job seekers -- is serving to diminish the limited chances that many poorly prepared citizens have to find jobs or to improve their employability by on-the-job training. It is not surprising therefore, that the underground economy -- with its culture of drugs, crime, and gangs -- is thriving in many of the nation's urban centers. The nature of the overall immigration and refugee flow is also contributing to the need to expand remedial education, training, and language programs at the very time when such public funds are desperately needed to upgrade the human resource capabilities of much of the citizen labor force.

The prospect of shortages of qualified labor offers to this country a chance to improve the lot of the working poor and to rid itself of the large underclass. It can force public policy to focus on the necessity to incorporate into the mainstream economy many citizens who have been "left out" in the past. It was in this precise context that William Aramondy, the president of the United Way, recently said, "We have the biggest single opportunity in our history to address 200 years of unfairness to blacks. If we don't, God condemn us for blowing the chance." The major threat to "the opportunity" he correctly identified is the perpetuation of the nation's politically dominated immigration policy. It is long past time for immigration policy to cease being a contributor to the problems of the

U.S. labor force. It must become accountable for its economic consequences. If it can be redirected, immigration policy can be part of the answer to the nation's pressing needs in an increasingly technologically-driven and internationally competitive economy.

Concluding Observations

In 1981, a presidential commission -- the Select Commission on Immigration and Refugee Policy -- bluntly stated that U.S. immigration policy was "out of control" and it urged policymakers to confront "the reality of limitations." Subsequently, on two occasions Congress attempted to adopt legislation that would reform the nation's immigration policy in a comprehensive manner. Both efforts failed. A new tact was next pursued: piecemeal reform. The immediate consequence was the adoption of the Immigration Reform and Control Act of 1986 that was targeted largely to the issue of illegal immigration. But even this vital policy thrust was watered-down. Its provisions fail to adequately address the issue of worker identification and Congress, in a period of fiscal restraint, has been unwilling in the years since its enactment to sufficiently fund the enforcement mechanisms required to make the law effective. Moreover, as Congress has turned attention to the remaining areas of policy reform -- those pertaining to legal immigrants, non-immigrant workers, and refugees, it has encountered a plethora of well organized special interest groups who have placed selfish and shortsighted goals ahead of any consideration of the national welfare. These groups have marshalled their power to exert influence on each of the separate policy components that Congress takes up. There is, apparently, no one interested in watching what is the cumulative outcome. The consequence is that Congress is in the process of making a mockery of the Select Commission's informed plea for a policy of "limitations". Thus, if anything, immigration policy is, as we enter the 1990s, more "out of control" now than it was when the reform process began a decade ago.

It was Napoleon who said that "policy is destiny." For the United States, it can only be hoped that the direction of immigration policy will be changed. The present course offers little hope for meeting the nation's pressing human resource needs. Indeed, if continued, it can only make matters far worse. Prevailing policy is designed primarily to accommodate a myriad of short run political goals. Little concern is demonstrated for long run economic consequences. Given that the nation in the throes a major labor market transformation, the present approach is an indulgence of irresponsibility that this nation can ill afford. It is time to restart the reform movement.