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Keywords

Immigration, labor, wage, legal, U.S. employ, manufacturing, market, worker

Comments

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Discussion

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In general, the paper by DeFreitas and Marshall is an important contribution to understanding the mounting influence that immigration has had and is continuing to have on the nation's labor force. As with most econometric studies of labor force trends, the authors carefully couch their findings in phrases that tend to manifest an impression of tentativeness about the certainty of their conclusions. Nonetheless, their central point is that immigration in the manufacturing sector of major U.S. metropolitan areas has exerted a statistically significant negative impact on wage growth. As would logically seem apparent, they also find that the negative effect is most prevalent in those metropolitan areas which have had the largest number of immigrants working in manufacturing.

Because the authors rely on data for the foreign-born, they make no pretense of separating the effects of legal immigrants from illegal immigrants. They are implicitly lumped together. As is well known from the immigration literature, there is a serious undercount of the illegal component of the total immigrant flows of the 1970s. Hence, it is highly probable that there are considerably more immigrant workers in the U.S. -- both in manufacturing and in other industrial sectors -- than are represented in any of the data sources used by the authors. Studies of illegal immigrants, however, have found relatively few illegal immigrants to be employed in manufacturing enterprises. The only clear exception to this is the low wage garment industry which seems to be aggressively seeking illegal immigrants as preferred employees. Hence, it can be presumed that the great preponderance of those persons studied by the authors are legal immigrants.

The importance of making this observation is not mentioned by the authors. Namely, under the nation's prevailing immigration policy, labor market consequences are not of any real importance to the operation of the system. Only 5 to 6 percent of the legal immigrants to the United States each year are admitted solely on the basis that their skills are needed by the labor market. This study serves as a vivid reminder that legal immigrants do have significant labor market impacts on both the earnings and employment opportunities of citizen workers regardless of the standard used to admit them. The fact that the overwhelming number of legal immigrants to the United States are admitted on the basis of family reunification and refugee status and not because their particular employment skills are needed by the economy is often overlooked by scholars, citizens, and policymakers. No other country in the world has an immigration admission system that gives so little attention to labor market factors. Consequently, even though the U.S. admission system pays scant attention to the labor market consequences of mass immigration, this paper proves the obvious: namely there still are significant labor market impacts which result from this process. With immigration now accounting for at least half of the annual increase in population and labor force (if conservative estimates of illegal immigration are added to documented increases in the number of legal immigrants and refugees) of the United States, the necessity to change the admission priorities of the nation's legal immigration policy should be obvious. I hope the authors intend to include some comments to this end in their larger study of this issue to which they allude in this paper.

There is only one minor problem in this paper that mars the ability to interpret the importance of their work. Namely, it would have been helpful if the authors had used a consistent term throughout the paper to describe the group that is being studied. They begin the paper by discussing "unskilled and semi-skilled

workers"; later they use the term "manual workers"; and still later they use "production workers". When "manual workers" are defined, they say it includes "laborer, operative and craftsman" occupations. Hence, the data they are using actually includes skilled workers as well as unskilled and semi-skilled workers. The inclusion of skilled workers (i.e., craftsmen) is not immediately obvious in the paper. A clear statement of the definition is important because over the decade of the 1970s -- the period used for analysis by the authors -- it is only the skilled worker component of the production worker group that sustained any significant growth among all of the blue collar occupations. The addition of large numbers of immigrant workers into occupations that are growing as opposed to those that are not in manufacturing can be expected to exert a differential impact on earnings and employment of native born workers. Likewise, because of their definitional ambiguity, it is very hard to understand how the authors use the term "low wage workers in U.S. metropolitan areas" in their paper. Craftsmen in manufacturing are not usually considered to be "low wage workers"; nor for that matter are most operatives. In reality, the group that is being studied are production workers in manufacturing. Most production workers in manufacturing -- regardless of their occupational category -- are considered to be above average wage earners among the nation's labor force.

Otherwise, I feel that the paper by DeFreitas and Marshall serves as a tantalizing appetizer that should encourage one to look forward to reading the complete study from which this paper is but a brief summary.