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9-1-1990

Immigration Policy and Workforce Preparedness

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Abstract

"Entering the last decade of the 20th century, the United States finds its labor market undergoing a significant transformation. A marked break has occurred in the evolutionary patterns of employment and the requirements placed on the labor force to prepare for employment. So rapid and, in some cases, so radical are the changes that a mismatch between the effective demand and the available supply of labor is now a widely observed reality. It is a reality whose ominous implications, if not addressed, will have severe consequences."

Keywords

immigration, United States, U.S., policy, citizen, labor, market, employment, nation, occupation, economic

Comments

Suggested Citation

Briggs, V. M., Jr. (1990). Immigration policy and workforce preparedness. *ILR Report*, 28(1), 18-23.
<http://digitalcommons.ilr.cornell.edu/hr/23/>

Required Publisher Statement

Published by Cornell University.

Immigration Policy and Workforce Preparedness

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ILR Report; Fall 1990; 28, 1; pg. 18

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Vernon M. Briggs, Jr.

Entering the last decade of the twentieth century, the United States finds its labor market undergoing a significant transformation. A marked break has occurred in the evolutionary patterns of employment and the requirements placed on the labor force to prepare for employment. So rapid and, in some cases, so radical are the changes that a mismatch between the effective demand and the available supply of labor is now a widely observed reality. It is a reality whose ominous implications, if not addressed, will have severe consequences.

The forces that are altering the nature of labor demand are the same ones that confront all industrialized nations. They are associated with the pace of technological change, the expansion of international trade, and the shifts in consumer spending preferences from goods to services. It is possible that the domestic effects of sharply reduced military spending may soon be added to the list. The consequences of all these influences are manifested in the nation's emerging occupational, industrial, and geographic employment patterns. Employment in most goods-producing industries and in many blue-collar occupations is declining while it is increasing in most service industries and many white-collar occupations. Regional employment trends are extremely unbalanced but growth is generally more pronounced in urban than in rural areas and is particularly strong in the Southwest and weak in the Midwest.

But it is the concurrent forces being exerted on the supply of labor that constitute a uniquely American issue. Over the past decade, the labor force of the United States has increased in size by more than the combined growth of all of the other nine industrial nations of the free world. More importantly, the most rapidly growing segments of the U.S. labor force are composed of women and minorities. The projections for the 1990s are for more of the same. Women in general and minorities in particular have had fewer opportunities to be trained, educated, or prepared for the types of occupations that are forecast to increase the most in the

coming decade. Both groups are disproportionately concentrated in occupations and industries that are most vulnerable to decline. None of the nation's major competitors are faced with the need to create as many new jobs or to adjust to such rapid changes in the gender and racial compositions of their respective labor forces.

The concern of this article, however, is with the one element impinging upon the size and diversity of the U.S. labor force that is virtually unknown in other nations: immigration. Since the mid-1960s, mass immigration has again surfaced as a distinguishing feature of life in the United States. In contrast to all other advanced industrial nations, the United States stands alone in its willingness to admit each year hundreds of thousands of legal immigrants and refugees for permanent settlement as well as to tolerate the mass abuse of its laws by an even larger influx of illegal immigrants. Indeed, a recent study of contemporary American society commissioned by three large U.S. corporations and conducted by an international team of scholars proclaimed that "America's biggest import is people."

With immigration presently accounting for 30 to 40 percent of the annual growth of the U.S. labor force, it is essential to know how immigrants fit into the aforementioned processes now transforming the U.S. labor market.

Immigration: Fundamentally an Economic Phenomenon

Throughout its history, U.S. immigration policy has been called upon to serve a variety of perceived national purposes. Aside from its obvious population role, it has also become intertwined with such important public concerns as issues of race, agriculture, labor, family, human resource development, foreign relations, and humanitarian goals. No matter what the rationale is at any one time, however, there are always economic consequences. All immigrants must find some way



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to earn a living or to be supported by others who work. Ideally, the economic welfare of immigrant workers and their dependents will be congruent with the best interests of the nation. But there is no assurance that such results will occur—especially in the emerging postindustrial environment.

As domestic economic conditions change over time, the flow of immigrants can be the cause of changes in labor market conditions that are either favorable or unfavorable, depending on whether immigration policy is consistent with the labor force needs of the nation. If, for instance, jobs for citizens are readily available, a case for more liberal admission of immigrants may be warranted. If jobs are scarce, the opposite may be the case. If only certain types of jobs exist, a targeted policy could be beneficial but a general policy might not. If conditions are uncertain, prudence would dictate that restrictive policies be in place until such time as trends can be discerned.

Immigration is the one aspect of the labor force that public policy should be able to control. Immigration policy is, after all, supposed to be a purely discretionary act of the federal government.

The Economic Role of Immigration in the Past

As a general statement, it can be said that immigration policy prior to World War II was consistent with U.S. economic development needs and labor force requirements. Throughout its first century as an independent nation, the United States had neither ceilings nor screening restrictions on the number and type of persons permitted to enter for permanent settlement. In its preindustrial stage, the economy was overwhelmingly dominated by agricultural production and agricultural employment. Most of the jobs required very little in the way of training. With a vast amount of land that was largely unpopulated, an unregulated immigration policy was consistent with the nation's basic labor market needs.

When the industrialization process began in earnest during the latter decades of the nineteenth century, the new technology of mechanization required mostly unskilled workers to fill job openings in its urban labor markets. There were pools of citizen workers who could have been incorporated to meet these needs—most notably the recently freed

blacks of the rural South—but the alternative of mass immigration from Asia and Europe was chosen instead. Soon, however, immigration from China and Japan was banned in response to negative social reactions, and various ethnic groups from Eastern and Southern Europe became the primary source of new workers.

Looked at purely from the standpoint of efficiency, the mass immigration of the late nineteenth century and the first two decades of the twentieth century was generally consistent with the basic economic needs of the nation. The continuing labor needs of agriculture, which remained the nation's largest single employment sector until as late as 1920, and the rapidly emerging new employment sectors of manufacturing and mining generated jobs that required very little in the way of human resource preparation. The available jobs largely required blood, sweat, and tears. Most of the immigrants as well as most of the native-born workers of those times amply provided all three.

Beginning with World War I, however, the nation experienced a sharp contraction in immigration as pervasive negative social reactions to many of the new ethnic immigrant groups led to the first restrictions in the nation's history on the number of immigrants who could be admitted. Overt discrimination was also embodied in the Immigration Act of 1924, which imposed qualitative screening standards that favored Western and Northern Europeans, disfavored other Europeans, banned virtually all Asians, and ignored most Africans.

In the 1920s, the expanding domestic economy was characterized by the widespread introduction of the assembly line method of production. Capital-intensive mass production techniques no longer required unlimited numbers of workers. The production technology still required largely unskilled workers, however, and this time employers did turn to domestic labor surpluses. These pools of underutilized workers were found in the nation's massive rural economy. During the 1920s, the rural population declined for the first time since the nation was founded. The most important new supply of workers to respond to these urban opportunities were the black citizens of the rural South who finally began their exodus.

The depression decade of the 1930s (with its general surplus of unemployed job seekers) was followed by the war years of the 1940s (when previously existing artificial

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barriers to the employment of women and minority groups weakened to provide access to new domestic labor supplies). Even the low entry quotas of the prevailing immigration laws were not met during these years.

In the 1950s, the economy prospered due to the pent-up demand for products and the forced savings of the war era. It was during this period of rising affluence that the Civil Rights Movement was launched in earnest. It culminated in the passage of the Civil Rights Act of 1964, manifesting the principle that overt racism would no longer be tolerated within the U.S. The next logical step would be to purge such practices from the nation's dealings with the external world.

The Present System

The enactment of the Immigration Act of 1965 ended the era of using immigration to further the purposes of racial and ethnic discrimination. It also ushered in yet another era of mass immigration. After being dormant for over forty years, this sleeping giant of public policy was again aroused. Immigration levels were sharply increased and a politically popular new admissions system, based primarily on the concept of family reunification, was adopted. Eighty percent of the admission visas available each year are reserved for various categories of adult members of the extended family of persons who are already citizens. In addition, immediate family members (that is, spouses, minor children, and parents) of each visa holder are exempt from all quotas and are admitted automatically.

In 1980, in response to mounting humanitarian pressures, the Refugee Act of 1980 was passed. It has no ceiling so that the number of refugees admitted each year varies depending on the amount of political pressure exerted by special interest groups on the president. The annual figures have ranged from a low of 67,000 refugees in 1986 to a high of 217,000 refugees in 1981. Obviously, there is no labor market test applied to refugee admissions. The vast preponderance of the refugees of the 1980s have come from Third World nations of Asia and Central America. Most have been low in skills, inadequately educated, and usually have lacked English proficiency. Many have clustered together in a handful of urban enclaves.

The complex admissions systems for both legal immigrants and refugees have proven

easy to circumvent. Illegal immigration has flourished. By its nature, the exact number of illegal immigrants is unknowable. Official estimates place the flow in the 1980s at about 200,000 a year but these figures are suspected of being far too low. Apprehensions—admittedly a poor indicator—have soared from 110,000 in 1965 to a historic high of 1.7 million in 1986. Following a generous amnesty in 1986 in which 2.2 million illegal immigrants were allowed to legalize their status, it is believed that there are still upwards of 4 million illegal immigrants in the U.S. and that their ranks mount by the day. The entry of illegal immigrants, of course, is without regard to requisite preparation for available jobs or possible effect on citizen workers. As with refugees, most illegal immigrants are from less economically developed nations. Most are deficient in their skills training, educations, and their abilities to speak English. They too tend to cluster together in enclaves—mostly in urban areas but also in some rural communities where labor-intensive agricultural methods still prevail.

Finally, the immigration system permits certain foreign workers to be employed in the United States under specified labor market circumstances. Known as non-immigrant workers, their numbers have been growing steadily and are now in excess of 300,000 workers a year. There are no annual ceilings on the number of non-immigrant workers who can be admitted. They are employed in a variety of occupations, ranging from agricultural workers to nurses, to engineers, to scientists. Most non-immigrant workers can be admitted only if qualified citizen workers cannot be found. But typically only perfunctory checks are made to test for citizen availability. Supposedly non-immigrant workers are admitted only for temporary periods, but their visas can be extended in some cases up to five years. In 1989, special legislation was enacted to allow thousands of nurses who were working as non-immigrants to adjust their status so as to stay permanently. Such adjustments and the growing dependence of U.S. employers on non-immigrant workers are warning signals that something is seriously wrong with the prevailing immigration system.

What has happened is this: In the process of altering the admission standards and enlarging the scale of immigration flows since 1965, the fact that the U.S. economy was on the verge of entering a new phase of funda-

mental employment change was not understood. For the first time in the nation's history, it can be said that the prevailing immigration policy is not consistent with the labor force needs of the nation. Indeed, a significant portion of prevailing policy may actually be counterproductive to the welfare of the nation.

Policy Indifference to Employment Trends

Immigration policy, by definition, is capable of influencing not only the size of the labor force but also the qualitative features of the group it admits. Presently, there is virtually no synchronization of the immigrant flows with the demonstrated needs of the labor market. It is not even possible to know how many foreign-born persons will annually join the U.S. labor force. Moreover, whatever skills, education, linguistic abilities, talents, or locational settlement preferences they have are largely incidental to the reasons for admitting them.

The labor market effects of our politically driven immigration system are twofold. Some 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. Some of these 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 have such skills. These others must seek employment in the declining sectors of the goods-producing industries (for example, agriculture and light manufacturing) or the low-wage sectors of the expanding service sector (for example, restaurants, lodging, or retail enterprises). Such immigrants—especially those who have entered illegally—are now a major factor in the revival of sweat-shop enterprises and the recent upsurge in child labor violations reported in urban centers of the nation.

Unfortunately, it is the case that many of the nation's citizens who are among the working poor or the underclass are also to be found in the same declining occupations and industries. A disproportionately high number of these citizens are adult 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 economically disadvantaged citizen groups need is more competition from immigrants for the declining number of low-skilled jobs that provide a livable income, or for the limited opportunities for training and education that are available to low-income workers to improve their lot.

The postindustrial economy of the United States is facing the prospect of serious shortages of *qualified* labor. It does *not* have a shortage of potential workers. No technologically 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.

It should be noted that immigration—especially that of illegal immigrants, recent amnesty recipients, and refugees—is a major contributor to the growth of adult illiteracy in this nation. It is not surprising, therefore, that the underground economy is thriving in many urban centers. The nature of the overall immigration and refugee flow is thus contributing to the need for localities to expand funding for remedial education, training, and language programs in urban communities. Too often these funding choices cause scarce public funds to be diverted from use in upgrading the human resource capabilities of the existing citizen labor force.

Among citizen workers, blacks and Hispanics have a much higher incidence of unemployment, poverty, and adult illiteracy and significantly lower labor force participation rates and educational attainment levels 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 (that is, 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 who are most at risk because of changing employment requirements. Unless public policy measures are addressed to their human resource development needs, many members of both groups (as well as other vulnerable segments of the population) have dim employment and income prospects.

If mass and unguided immigration continues, it is unlikely that there will be sufficient market pressure to enact the long-term human resource development policies needed

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to incorporate these citizen 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 this happens, the rare chance afforded by the employment trends of the 1990s 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 job opportunities for older workers who wish to prolong their working lives and for disabled citizens seeking to be included in the labor force will be reduced.

In other words, there is already a substantial reserve of citizens. If their human resource development needs were comprehensively addressed, they could provide an ample supply of workers for the labor force needs of the 1990s and beyond. But the immigration system, if its priorities are not changed, will almost guarantee that many citizens from these groups will remain *potential* or marginal workforce participants rather than actual and full-fledged participants. As matters now stand, immigration policy represents a major obstacle to the achievement of a stable, fully employed, and equitable society.

Administrative Barriers to Accountability

An ongoing obstacle to efforts to achieve a labor-market-oriented immigration policy stems directly from the policy's administrative structure. The responsibility for the implementation and enforcement of immigration policy currently rests with the Immigration and Naturalization Service (INS) of the U.S. Department of Justice (DOJ). It has resided with this agency since 1940. Prior to that year, the U.S. Department of Labor (DOL) was assigned these duties. The administrative shift was made by Executive Order on the eve of U.S. entry into World War II in response to mounting fears that subversive elements were entering the country disguised as immigrants. When the war ended, however, there was no effort to return INS to the Department of Labor.

There are multiple reasons why the Department of Justice is an inappropriate agency to oversee immigration policy. DOJ consists of a dozen or so major governmental

divisions, all pleading for attention from the U.S. Attorney General. In this context, immigration matters have tended to be neglected or relegated to a low order of priority. Moreover, the Department of Justice is the most politicized and politically sensitive of all federal agencies. It often chooses to pursue short-run, expedient solutions to controversial policy issues. Seldom has it manifested any interest in the economic consequences of immigration, nor has it ever seen fit to establish any ongoing research program to monitor the influences of immigration on the labor market or the economy. Moreover, the statistical data on immigration that DOJ generates are primarily designed to meet administrative purposes rather than to serve analytical needs.

An ancillary consequence of the shift of the INS to the Justice Department has been that the Senate and House judiciary committees gained the responsibility for formulating immigration policy and for overseeing immigration affairs. Traditionally, membership on these committees has been reserved almost exclusively for lawyers. The result is that immigration law in the United States is obsessively complex and procedurally protracted. It also has meant that immigration lawyers and consultants have found a flourishing business—a “honey pot”—in the intricacies of immigration law. In this legalistic atmosphere that typically focuses on individual situations, the broader economic considerations that affect the collective welfare of society have become a distant concern.

It would be a major step forward toward the achievement of an immigration policy that is accountable for its economic effects if the INS were returned to its previous home in the Department of Labor (or incorporated in a new superagency responsible for national human resource development and employment policies). The DOL is an employment-oriented agency. It is far better equipped to understand labor market issues and to be able to design and administer an immigration policy targeted to meet specific labor force needs. DOL should be charged with the annual duty to set immigration levels (with zero a possible number); to specify the qualitative nature of the occupations that need to be filled by immigrant workers; and to certify that specific individuals admitted are qualified to fill vacant jobs. Likewise, DOL should be charged with doing the labor force forecasts and assessments needed to

justify its decisions and to evaluate the consequences of these actions. Such an administrative shift would also mean that the labor and human resource committees of Congress would regain oversight responsibilities for immigration matters. These committees are usually composed of members who are more familiar with labor market concepts, more sensitive to labor force needs, and more aware of the labor market institutions that protect workers and prepare citizens for employment.

The Needed Reform

It was Napoleon who said that "policy is destiny." As the nation enters the 1990s, the evolving employment patterns overwhelmingly reveal a preference for skilled and educated workers. The nation is facing the prospect of the worst of all possible situations: a shortage of qualified workers coexisting with a surplus of unqualified job-seekers. A clear racial dimension is shown in the resulting patterns of employment.

In this context, the appropriate role of immigration policy is crystal clear. Immigration policy must be made strictly accountable for its economic consequences. It should be a targeted, short-run policy that is designed to admit only persons who can fill job vacancies requiring significant skill preparation and educational investment. The number admitted should be limited to far fewer than the actual number needed. Immigration should never be allowed to dampen the market pressures needed to encourage citizen workers to prepare for vocations that are expanding and to insure that governmental bodies provide the requisite human resource development programs to prepare citizens—especially those in minority groups—for these jobs.

As it takes time for would-be workers to acquire skills and education, immigration policy can be used on a limited basis to admit experienced workers for permanent settlement who possess such abilities. It is the preparedness, or lack thereof, of the existing labor force that is the fundamental issue confronting the nation. Over the long haul, citizen workers must be prepared to qualify for the jobs that are increasing.

With the job prospects for unskilled and semiskilled workers becoming dimmer by the

day, the long-run human resource strategy must be predicated on ways to enhance the employability of those workers facing reduced demand for their services and to prevent future would-be workers from facing such dismal prospects. The fact that too many of those presently lacking sufficient skills and education are from the nation's growing minority populations only adds urgency to this domestic challenge. The nation cannot allow its labor force to polarize along class lines with racial dimensions if it hopes to prosper and persevere.

The national goal must be to build a high-wage, high-productivity labor force along the lines being pursued by Japan and West Germany. In the process, the existence of shortages of *qualified* labor offers to this country a chance to improve the lot of its working poor and to rid itself of its large underclass. Such shortages 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. Immigration policy must cease being a cause of the problems of the U.S. economy and, instead, be redirected to become a means to the attainment of solutions.

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