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Thirty Years of Immigration Policy and Research: Labor Force Lessons

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At the time of its passage, the Immigration Act of 1965 was called "the most far-reaching revision of immigration policy" since the imposition of the first numerical quotas in 1921. Subsequent events have shown that this legislation led directly to the revival of the phenomenon of mass immigration from out the nation's distant past. Immigration, which had been of declining significance to the nation's welfare for over 50 years, soon again became a major factor in the nation's economic, social and political life. Indeed, a comprehensive study by an international panel of social science scholars concluded its assessment of U.S. society in the mid-1980s with the observation that "America's biggest import is people" and the conclusion that "at a time when attention is directed to the general decline in American exceptionalism, American immigration continues to flow at a rate unknown elsewhere in the world."

Because immigration involves the movement of people rather than of products, it is the labor market that is ultimately at the heart of any effort to assess the significance of the immigration issue. Fundamentally, immigration is an economic issue, although as events have shown, public policy has seldom been formed on this basis. Immigrants must work to support themselves or they must be supported by other people who do. The key issues that emerge, as a consequence, pertain to what impact immigrants have on the size, composition, and distribution of the nation's labor force. It includes not only their employment patterns
but also how they influence their labor market competitors (the native born and the already naturalized labor force). Thus, there are quantitative issues (the size of the flow), qualitative issues (the skill composition) and competitive issues (the geographic, occupational and industrial employment patterns) involved in any effort to assess what has transpired.

The Peculiar Nature of the Immigration Policy

Unlike most elements of public policy interventions that seek to influence labor market conditions, immigration policy is a special case. It is purely a discretionary act of government. In the contemporary world, divided into sovereign nation states, there is no obligation for any nation to allow others to enter or to work or to permanently settle. In fact, most nations do not admit immigrants for permanent settlement. The Universal Declaration of Human Rights states that no nation state should force people to stay within its borders; but there is no parallel obligation on any nation to accept outsiders into its sovereign territory.4 There is no right to immigrate. Hence, as with any public policy initiative, the first step in assessing the Immigration Act of 1965 is to ascertain what were its intended objectives at the time of its enactment.

The primary motivation for passage of the legislation was to end the overt discrimination embodied in the nation’s immigration laws that had been in effect since 1924. That earlier legislation had two distinct features: it set the level of immigration for the Eastern Hemisphere at a low level (about 154,000 a year) and it was blatantly discriminatory-- favoring Western and Northern European countries while disfavoring immigration from Eastern and Southern Europe and (in conjunction with other legislation) virtually prohibiting immigration from all Asian countries. There were no restrictions,
however, placed on Western Hemisphere immigration (except those provisions that exclude certain categories of would-be immigrants from any country, dealing mostly with moral, health, and ideological characteristics). Thus, the paramount goal of the 1965 Act was to achieve a non-discriminatory immigration policy (as part of the broader civil rights movement of that era). The reformers "were so incensed with the ethnocentrism of the laws of the past that they spent virtually all of their energies seeking to eliminate the country of origin provisions" and, as a consequence, "they gave very little attention to the substance or long range implications of the policy that would replace them." In a nutshell, there is the story of what has subsequently transpired.

There was no shortage of labor in 1965 that required an increase in immigration. Indeed, 1965 was exactly the year that the post-war "baby boom" hit the labor market. One million more people turned 18 years old (the primary labor force entry age for full-time job seeking) that year and that high level persisted for the next 16 years. Already worried about the adverse effects of foreign workers on citizen workers, the Johnson Administration (following through on a Kennedy Administration initiative) had terminated the Mexican Labor Program (i.e., the infamous "bracero program") only ten months before the Immigration Act of 1965 was signed. Moreover, in the presidential campaign of 1964, the Republican Party had raised the specter of massive job displacement if the immigration legislation (initially proposed in 1963 by the Kennedy Administration) were to be enacted by the Johnson Administration after the election. Congress, therefore, was sensitive to the change and, for that reason, it significantly tightened the labor certification requirements that
applied to non-family and non-refugee admissions that are contained in the Immigration Act of 1965.

It was also the case that the Immigration Act of 1965 was passed the same year that the equal employment opportunity provisions (i.e., Title VII) of the Civil Rights Act of 1964 went into effect (i.e., on July 1, 1965). Indeed, a strong case can be made that the passage of the Immigration Act of 1965 was itself a manifestation of the achievement of the nation's civil rights agenda. Its primary goal was to end the nation's overt racism toward the external world. It is ironic that the domestic civil rights legislation was primarily concerned with improving the economic status of black Americans. Yet no racial group has benefited less over the ensuing years from immigration nor been more adversely affected by what immigration reform in 1965 has produced.

It is obvious, in retrospect, that the nation-changing ramifications of the Immigration Act of 1965 were not foreseen by its proponents at the time of its passage. In testimony prior to its passage, Secretary of State Dean Rusk stated that "the significance of immigration for the United States now depends less on numbers than on the quality of the immigrants."7 Congressman Emanuel Cellar (D-NY), the sponsor of the bill in the House of Representatives, stated during the final floor debate that "there will not be comparatively, many Asians or Africans entering the country...since few could immigrate from those countries because they have no family ties to the United States. "8 Senator Edward Kennedy, (D-Mass), the floor manager of the bill in the Senate stated "this bill is not concerned with increasing immigration to this country, nor will it lower any of the high standards we apply in the selection of immigrants."9 Kennedy also said "our cities will not be flooded with a
million immigrants annually"; that "the ethnic mix of this country will not be upset." and "it [the pending bill] would not cause American workers to lose their jobs." 10

As subsequent research has now shown, none of these assurances has proved to be valid.

The Instrumental Policy Features of the Immigration Act of 1965

The key features of the Immigration Act of 1965 that have instrumentally affected subsequent events transcend the vision of ending overt ethnocentrism. Prior to its passage, the preference system that had been in place since 1952 was one that set human resource concerns as the major objective of the nation's immigration policy. The extant system had reserved the highest preference category (i.e., the 1st preference) for workers with a level of education, technical training, special experiences, and exceptional abilities. Half of all available visas were set aside for this group. The Immigration Act of 1965, however, introduced the notion of "family reunification" as the highest priority -- setting aside 74 percent of the visas for such persons (later increased to 80 percent in 1980) and it downgraded labor needs to the third and sixth level preferences of a seven preference admission system.11 Thus, the focus of the nation's immigration policy shifted. Had the scale of immigration remained at its low pre-1965 levels, this shift in focus may not have proved significant. But as will be shown, the scale of immigration increased dramatically and the consequences of the shift from meeting human resource needs to family reunification has proven to have had monumental consequences for the nation's labor force.

Furthermore, the Immigration Act of 1965 also introduced a preference category for the admission of refugees. This is the first time in the history of U.S. immigration law that
refugees were given statutory recognition as being a permanent feature of U.S. immigration policy. Refugees have proven to be a major source of post-1965 immigrants and, subsequently, of additional family related immigrants.

The Act of 1965 is also significant for what it did not do. Namely, it failed to address the on-going problem of illegal immigration. It did not contain any forms of deterrence. By its silence, the legal provision in earlier legislation that exempted employers from being prosecuted for hiring illegal immigrants was perpetrated. Following its passage, illegal immigration simply exploded in scale.\(^{12}\)

What Did Post-1965 Immigration Policy Do?

The most obvious effect of the changes in immigration law that began in 1965 (and followed by the Refugee Act of 1980, the Immigration Reform and Control Act of 1986, and the Immigration Act of 1990) has been a significant increase in the size of the foreign born population. In 1970 the foreign born population (such data were only available at ten year intervals at the time) was 4.7 percent of the total population--the lowest percentage since before the Civil War. By 1990, the Census reported the foreign born population to be 7.9 percent of the population of the U.S. The Census Bureau has updated that estimate, as of March 1994, to be 8.7 percent of the U.S. population (or about one of every eleven people in the population).\(^{13}\) But as research has also shown, the immigrant population is younger than is the native born population and it contains more men than women; hence, the impact of immigration on the labor force is significantly greater than is revealed by population statistics. Indeed, in March 1994 the foreign born accounted for 10.8 percent of the labor force (or one of every nine members of the U.S. labor force).\(^{14}\) As always, these figures
must be viewed as minimal rates as there is a sizable undercount of the number of illegal immigrants present in the country. Some illegals are counted (no one knows how many, although several estimates have been made to approximate the figure) but it is still believed that many are not.\textsuperscript{15}

The foreign born population has increased from 9.6 million persons in 1970 to 22.8 million persons in 1994. Of the 1994 foreign born population, 4.5 million arrived within the last 5 years-- or about 900,000 immigrants a year plus whatever the annual undercount of illegal immigrants may be. The actual inflow has certainly exceeded a million a year in most of the 1980s and all of the 1990s to date. The inflow, however, has been exceedingly uneven in terms of where the immigrants have come from. Twenty-eight percent of the entire foreign born population of the nation in 1994 came from only one country --Mexico.

These aggregate figures and percentages are for the nation as a whole. They mask the key descriptive characteristics of the immigration phenomenon: its \textit{geographic concentration}. Five states (California, New York, Florida, Texas, and Illinois) account for 65 percent of the entire foreign born population and 68 percent of the entire foreign born labor force. It is also the case that the foreign born are overwhelmingly concentrated in only a handful of urban areas. But these particular labor markets are among the nation's largest in size, which greatly increases the significance of their concentration. These five metropolitan areas in 1994 were Los Angeles, New York, Miami, Chicago, and Washington, D.C. Collectively, they accounted for 51 percent of all foreign born workers in 1994. The concentration in the central cities of the nation is even more extreme. The 1990 Census, for instance, revealed that that percentage of the population that is foreign born of Miami was 60
percent; in New York City 28 percent; for Los Angeles, 38 percent; for San Francisco, 34 percent; and for Chicago, 17 percent. The percentage of the labor force that was foreign born, of course, would be higher than these population percentages.

The flow of immigrants into the United States has tended to be bimodal in terms of their human capital attributes (as measured by educational attainment) but the highest concentration is in the lowest end of the nation’s human capital distribution. The 1990 Census revealed that the percentage of foreign born adults (25 years and over) who had less than a 9th grade education was 25 percent (compared to only 10 percent for native born adults) and whereas 23 percent of native born adults did not have a high school diploma, 42 percent of foreign born adults did not. Immigration, therefore, is a major contributor to the nation’s adult illiteracy program. On the other hand, both foreign born adults and native born adults had the same percentage of persons who had a bachelor’s degree or higher (20.3 percent and 20.4 percent respectively) but with regard to those who had graduate degrees, foreign born adults had a considerably higher percentage than did the native born, 3.8 percent versus 2.4 percent. Thus, it is at both ends of the U.S. labor force that immigration has its impacts -- at the bottom and at the top of the economic ladder. In the low skilled labor market, immigration has increased the competition for whatever jobs are available. In recent years, unskilled jobs have not been increasing as fast as have the number of unskilled workers. As for skilled jobs, immigration can be useful in the short run as a means of providing qualified workers where shortages of qualified domestic workers exist. But, the long term objective should be that these jobs should go to citizen and resident aliens. No industry should have unlimited access to the possibility of recruiting immigrant and non-
immigrant workers. Shortages should be signals to the nation’s education and training system to provide such workers and for private employers to initiate actions to overcome these shortages. They should not be excuses to increase skilled immigration per se.

The effects of the human capital variation between the foreign born and native born, not surprisingly, are reflected in a comparison of their 1994 occupational distributions. Twenty-six percent of the foreign born were employed in the low skilled and semi-skilled occupations as operatives, laborers, or farming workers (compared to 17 percent of native born workers).

The disproportionate concentration of the foreign born who lack even a high school diploma is also reflected in their unemployment experiences. The overall unemployment rate of foreign born workers in 1994 was 9.2 percent while the comparable national unemployment rate at the time was 6.5 percent. Consequently, one firm finding is that immigration is pulling up the national unemployment rate. The unemployment rate for foreign born workers with less than a ninth grade education in 1994 was 13 percent; for those with some high school but no diploma, it was 15.2 percent. The comparable rates for native born workers were 13.5 percent and 29.9 percent. Consequently, the greatest labor market impact of immigration is in the sector of the labor market that is already having the greatest difficult finding employment. It is, therefore, the least skilled segment of the labor force (using educational attainment as the usual proxy for skill) who are bearing the brunt of the direct job competition with immigrant workers. There certainly is no shortage of unskilled native born workers as indicated by their high unemployment rates and by the number of adult illiterates (estimated to be over 27 million adults).
As for the racial and ethnic composition of the immigration phenomenon, immigrants from Asia and Latin America overwhelmingly dominate the current inflow. Immigrants from Asia and Latin America account for over 80 percent of the post-1965 immigrants. Indeed, Asia emerged in the 1990s as the primary source region. As of March, 1994, 62 percent or the Asian population of the United States were foreign born with 92 percent of such persons entering the United States since 1970. As for the Hispanic population, 39 percent were foreign born in 1994. As for the labor market impact, there is no labor force data collected for Asians on a regular basis. The immigration impact, however, must be the overriding labor force characteristic of that group. As for Hispanics, this is clearly the case. In 1994, over one half the Hispanic labor force was foreign born (51.2 percent). It is the only group, for which labor force data are collected, where this is the case. In contrast, only 3 percent of the non-Hispanic white labor force was foreign born and only 4 percent of the black non-Hispanic labor force in 1994 were foreign born. Thus, the most distinguishing feature of the Hispanic labor force is the proportion that is foreign born. Thus, immigration is significantly altering the racial and ethnic composition of both the nation’s population and labor force.

The 1990 Census also disclosed that 79.1 percent of the foreign born population (5 years old and over) speak a language other than English (compared to 7.8 percent of the native born) and that 47.0 percent of the foreign born (5 years old and over) reported that they do not speak English "very well". The ability to speak English in an increasingly service-oriented economy has been definitively linked to the ability to advance in the U.S. labor market of the post-1965 era.16
For these reasons and others, it should come as no great revelation that the incidence of poverty among families of the foreign born population in 1990 was fifty percent higher than that of native born families or that 25 percent of the families with a foreign born householder who entered the country since 1980 were living in poverty in 1990.

Nor is it surprising to find that immigrant families make greater use of welfare than do native born families.\(^{17}\) Worst of all, of course, is the fact that children raised in poverty have a bleak future in the labor market of the 1990s and that of the next century. It also means that immigration policy has retarded efforts to combat poverty in the United States more difficult and played into the hands of politicians who criticize the effects of post-1960 anti-poverty efforts.

The human capital deficiencies of adult immigrants has dire intergenerational consequences on the preparation of their children to become future workers. It is estimated that two million immigrant youth enrolled in U.S. public schools in the 1980s. Studies of these immigrant children indicate that they are "twice as likely to be poor as compared to all students, thereby straining local school resources."\(^{18}\) Moreover, "many immigrants, including those of high school age, have had little or no schooling and are illiterate even in their native languages."\(^{19}\) New demands for the creation of bilingual programs and special urban education classes have added to the costs of education and have frequently led to the diversion of funds from other important programs for other needy children.\(^{20}\) Overcrowding of urban school systems, already confronting enormous educational burdens, has frequently occurred with devastating impacts on the educational process.\(^{21}\) Other educational costs to social policy are more subtle but equally as significant as the financial concerns. Namely,
the societal goal of desegregated urban schools has been greatly retarded by the arrival of immigrant children because it has increased the racial isolation of inner-city black children.22

There is also the issue of job competition. It is the hardest to prove. Yet, it is probably the most contentious issue surrounding any assessment of what has happened since mass immigration in the post-1965 era. Logic would indicate that, if immigrants are disproportionately concentrated in the nation’s largest urban labor markets and if foreign born workers are disproportionately lacking in human capital attributes, and if they are overwhelmingly minority group members themselves, it would be similarly situated native born workers (actual and potential) who experience the greatest competition with immigrants for jobs. But developing a methodology to measure displacement has proven to be an insurmountable feat. Not only is it impossible to prove that if one person is hired, someone else has been displaced, but even such a straightforward approach would not settle the issue even if it were feasible. For as George Borjas has said, there is no way to ascertain who else would have moved to the high-immigrant impact cities if the immigrants were not pouring into those labor markets.23 Moreover, he notes there is no way to measure the number of people who have left these same local labor markets in despair who might otherwise have retained their jobs or had higher wages if not for the presence of newly arrived immigrants. Other research confirms his views. Post-1965 immigration has been found to have reduced the internal immigration patterns of the native-born labor force to the urban areas where immigrants are concentrated.24 Still other research has found that immigrants themselves are less likely to move out of states where they are concentrated than are the native born.25 Both features can cause the accentuation of the impact on those labor
markets where immigrants are concentrated. Furthermore, research shows in those urban cities in California that have experienced quantum increases in immigration have seen the "flight" of low income, poorly educated citizen workers out of their former communities to outer fringes of their metropolitan areas or to other states.\textsuperscript{26} This means that they lost the competitive struggle for jobs with low skilled, poorly educated immigrants and it means that these other labor markets are now non-confronted with trying to accommodate these outflows of unskilled citizen and resident alien job seekers.

The same can be said of wage rates. If the immigrants had not entered these local labor markets in substantial numbers, wages might have risen which would have attracted citizens to move-in or to stay-in these cities. In the 1920s, for instance, when immigration was first regulated, millions of native born workers in rural areas from the South and the Prairie States moved to the expanding urban labor markets of the North and West; the same thing happened in the 1940s when the war stopped immigration. Why did it not happen during the 1980s when, for example, billions of defense dollars poured into Southern California?

While the direct displacement issue cannot be definitively resolved, the substitution of immigrant workers for native born workers can be described. Unfortunately, this type of work requires case studies of occupational patterns in high immigrant impact cities. Few have been conducted. One excellent study in southern California clearly documented the situation whereby black janitorial workers, who had successfully built a strong union in the 1970s that provided high wages and good working conditions, were almost totally displaced
by Hispanic immigrants in the 1980s who were willing to work for far lower pay and with few benefits. More such case research is desperately needed.

Finally, but without question, the most serious finding concerning post-1965 immigration is the adverse effect it has had on income distribution. It has taken a long time for the U.S. government to acknowledge the harmful influence immigration policy has had on this critical indicator of national well-being. In the Economic Report of the President: 1994, however, it is stated that "immigration has increased the relative supply of less educated labor and appears to have contributed to the increasing inequality of income" in the United States. This is the first official government statement, to my knowledge, that recognizes the adverse economic effects that contemporary U.S. immigration policy has exerted on the U.S. economy since mass immigration was accidentally revived in 1965. This acknowledgment of what has transpired was followed by a qualifying observation that "the effect has been small." Unfortunately, as already discussed, immigration is highly concentrated in its geographic impacts. If the negative effects of immigration on income distribution show-up at the national level, it can be safely concluded that the local effects of immigration on income distribution have to be significantly worse in order to offset the aggregation effects of the massive domination of this economic index by the majority of persons who are not immigrants. Hence, whether the effect of immigration policy on the distribution of national income is "small" or not is a matter of contention; that its effects are adverse to the national interest are not.

Concluding Observations

The Immigration Act of 1965 did succeed in ending the racial and ethnic
discrimination that had characterized and dominated the nation's immigration system since 1924. But it introduced a new form of discrimination in its place -- nepotism. As the noted immigration scholar, John Higham has pointed out, family reunification serves to "reinforce and perpetuate existing patterns of immigration" which instead of opening a way for prospective leaders, striking out on their own to make a new life, grants preference to followers, pursuing the family chain.\footnote{Higham notes, however, that just as with the earlier national origins admission system, "the family preference scheme [has] a stubborn consistency in the ethnic groups that believe they benefit from it."} Hence, it is politically difficult to convert present immigration policy that was created in 1965 into one that serves the national interest.

Moreover, when one reflects back over all the events that have occurred since the passage of the Immigration Act of 1965, one finds a story of unintended consequences. All of the assurances by the advocates of the legislation of things that would not happen did, in fact, happen. Supposedly, those assurances were made because they were not desirable outcomes.

Thus, by any normal standard used to evaluate public policy, the available research shows that the Immigration Act of 1965 has failed. It has done precisely what its proponents said it would not do. Prevailing immigration policy in the 1990s is still based essentially on the elements contained in the Immigration Act of 1965. Consequently it is not serving the national interest. It is not surprising, therefore, that major reforms are currently being proposed in Congress. They are long overdue.
Endnotes


19. Ibid.


30. Ibid.