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Illegal Immigration and the U.S. Labor Market of the 1990s

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Illegal Immigration and the U.S. Labor Market of the 1990s

Abstract

Public testimony by Prof. Briggs given before the Subcommittee on Immigration and Claims of the Committee on the Judiciary, House of Representatives, April 5, 1995.

Keywords

testimony, immigration, legal, policy, labor, market, benefit, public

Comments

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IMPACT OF ILLEGAL IMMIGRATION ON PUBLIC BENEFIT
PROGRAMS AND THE AMERICAN LABOR FORCE

HEARING
BEFORE THE
SUBCOMMITTEE ON
IMMIGRATION AND CLAIMS
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
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Mr. SMITH. Dr. Briggs.

**STATEMENT OF VERNON M. BRIGGS, JR., CORNELL
UNIVERSITY**

Mr. BRIGGS. Thank you, Mr. Chairman.

As has been discussed earlier, I am going to try to keep most of my remarks to illegal immigration. The indications are that the illegal immigration population is substantial and it is continuing to grow, but we do not know the precise numbers. Every indication is that it is large and there is a trend toward increasing numbers. And as long as the policy is permissive, I think the indications from events around the world are that those numbers will continue to grow.

Those groups that have specifically studied illegal immigration, such as the Commission on Agricultural Workers and the U.S. Commission on Immigration Reform in their recent reports have drawn strong conclusions about the adverse effect of illegal immigrants on the labor force of the United States.

I think it is clear that the labor market is the primary deciding factor in this immigration flow. People come here for other reasons, but it is primarily to work. The critical question then in looking at illegal immigration, in my view, is not just the sheer numbers or the breaking of the law, it is the actual impact issue. Who is it that is bearing the brunt of their competition? Who is it that is not bearing the academic costs, but the real costs of competing with illegal immigrants? And I believe that is the low-skilled workers of the United States.

All the studies that have been done that have focused on illegal immigration, and there are not many, but there are some good ones around, have indicated that most of the illegal immigrants have low levels of education, low levels of skill, many are non-English speaking and, therefore, lack human capital. They are primarily to be found in the secondary labor market of the U.S. economy.

That economy, that secondary labor market also tends to have quite a few citizens in it. Estimates are as many as a quarter to a third of the labor force in the United States are in those secondary, low-skilled types of occupations.

The 1990 census data that shows that 25 percent of the adult foreign-born population of the United States have less than a ninth grade education, and 41 percent of the adult foreign-born population, persons over 25, have less than a high school diploma. When you are talking numbers that large it has to be the low-skilled section of the labor market that is bearing the competition. Those numbers are enormous.

If there is a problem with the econometrics finding it, the problem is with the econometrics and not the issue itself. You cannot have these numbers this large and have the concentrations geographically and occupationally and not have an adverse impact. It is hard to find the smoking gun. I admit that. But when you are talking about these large numbers, it is the only logical conclusion that those people are likely to be in that secondary low-skilled labor market.

We have enormous research on what has been happening to that market. Low-skilled occupations did not increase in the 1980's; they

were the worst effected by the recession in the 1990's; and the slowest coming out of the recession. So it is the low-skilled workers of the United States, citizens and permit resident aliens, who bear the brunt of this competition. And I believe it is largely to be adverse.

I think—I show you some data about unemployment rates and the relationship between unemployment and educational attainment in my formal statement—that there are large numbers of citizens who are losing that struggle to compete with the illegal aliens for jobs where they are, in fact, competing.

I think it is important to point out that it is not just wage issues that are at stake, but it is opportunities to have jobs. Low-skilled jobs do play an important role as we do have a job hierarchy in the United States.

If you have high-skilled jobs, you are also going to have low-skilled jobs by definition. The low-skilled jobs are vital to young people, unskilled persons trying to get a foothold in the labor market to move up.

We talk about the need for welfare reform in the United States and the need to create jobs for people and get them off of welfare. You better be talking about where the jobs for these people are to be found.

Also, low-skilled jobs tend to provide opportunities for families to have multiple wage earners in such occupations that can give collectively an amount of income that can help a low-income family do better than being on welfare or food stamps.

Who has access to these low-skilled jobs is vital. What the magnitude of illegal immigrants in these jobs is, I will not pretend to say. I think it is substantial.

I think that the low-skilled workers of the United States are bearing the brunt of this impact of illegal immigrants and I think it should be a subject of major national concern. Because it is the most needy, the people who need government protection the most, who are in need of immigration reform. This Government ought to have an immigration policy that is enforceable. I don't think that is a radical doctrine.

This issue is not benign to needy people who are bearing the brunt of whatever adverse effects there are. If there are adverse effects, it is the low-skilled population that is bearing them, and we ought to be concerned about them.

[The prepared statement of Mr. Briggs follows:]

PREPARED STATEMENT OF VERNON M. BRIGGS, JR., CORNELL UNIVERSITY

Despite the adoption of deterrent legislation in 1986, illegal immigration continues to be an extensive problem for the U.S. economy and its work force. Apprehensions by immigration officials are at levels that approximate those occurring at the time of the enactment of the Immigration Reform and Control Act (IRCA). They have totalled over one million apprehensions each year since 1990.¹ In 1992, the Bureau of the Census doubled its previous statistical estimate of the annual number of uncounted illegal immigrants entering the United States each year that it uses for its annual population projections to 200,000 a year. This adjustment was long overdue. Indeed, the Bureau of Labor Statistics of the U.S. Department of Labor began chiding the Census Bureau in 1989 that there has been a "rather strong indication of an upsurge in illegal immigration in the mid-1980s [that] has not yet been taken into account in constructing the official population estimates for the Nation."² But even this 1992 adjustment is probably too conservative to be used in 1995. Indeed, in 1994, the U.S. Immigration and Naturalization Service (INS) suggested that the annual flow figure could be as high as 300,000 illegal immigrants.³

As for the accumulated stock of illegal immigrants, the latest published estimate (in 1994) by the INS placed the number at 3.4 million illegal immigrants in the country as of October 1992.⁴ Adding the conservative estimate of the annual flow at 200,000 a year would mean that in 1995 the number should be in the area of 4 million persons. In the past, all official estimates of the stock and flow of illegal immigrants have tended to be on the conservative side. Hence, the probable number of illegal immigrants is in excess of 4 million persons as of mid-1995. With the current political and economic instability in Mexico, these numbers could easily soar above these estimates this year. Indeed, it is reported that Clinton Administration used a figure of a possible increase of illegal immigration to as high as 500,000 persons a year from Mexico alone if the U.S.-funded bailout to support the Mexican peso was not enacted.⁵ It still could happen.

The point is that the number of illegal immigrants is large and it is increasing. Clearly, the problem of illegal immigration was not resolved by the passage of IRCA in 1986. Indeed, the Report of the U.S. Commission on Agricultural Workers to Congress in late 1992 -- which documented the devastating effects that illegal immigration has exerted on the economic welfare of what remains of the nation's citizen agricultural labor force -- stated that since 1986 "illegal immigration has continued and the work force in many parts of the country now includes proportions of unauthorized workers that rival those of a decade ago."⁶ Likewise, the interim report of the U.S. Commission on Immigration issued in September 1994 stated, with respect to the current state of the nation's immigration policy,

that "the immediate need is more effective prevention and deterrence of unlawful immigration."⁷

The Labor Market Impact

It has long been conceded that the driving force behind illegal immigration is access to the U.S. labor market. To be sure there are some persons who enter illegally for the purpose of criminal activity; there are some who are attracted by the possibility of going on public welfare if they can find a way to do it; and there are some who enter as vagrants. Likewise, there are powerful "push" factors involved in the process -- such as excessive population pressures, high unemployment, widespread underemployment, pervasive poverty, civil strife, and human rights abuses in the sending countries. Nevertheless, it is access to the labor market that appears to be the dominant factor that drives the process. If U.S. policies are permissive or unenforced, more illegal immigrants will seek to enter and more will be successful in their quests. The issue of illegal immigration, however, is more than one of sheer numbers or of violation of law *per se*. It also involves the question of unequal impact in terms of which segment of the U.S. labor force must actually compete with the illegal immigrants for jobs and income opportunities.

Every study of illegal immigration of which I am aware has concluded that it is the low skilled sector of the U.S. labor force that bears the brunt of the economic burden. For illegal immigrants are overwhelmingly found in the secondary labor market of the U.S. economy. This segment of the labor market is characterized by jobs that require little in the way of skill to do them and the workers have little in the way of human capital to offer. The concentration of illegals in the secondary labor market occurs because most of the illegal immigrants themselves are unskilled, poorly educated, and non-English speaking which restricts the range of jobs for which they can seek. Also, if by chance the illegal immigrants are skilled, educated, and able to speak English, they are usually precluded from using their credentials due to their illegal status so they too are typically restricted to the secondary labor market.

Although occupational definitions vary, it can be crudely estimated that about one quarter to one-third the U.S. labor force are employed in jobs that are predominately concentrated in the secondary labor market. This high percentage certainly belies the claim that U.S. citizens and resident aliens will not work in these low skilled occupations.

The key characteristic of those who work in the secondary labor market is that most lack human capital attributes needed to qualify for better jobs. There is a direct relationship between low levels of educational attainment and unemployment (see Chart 1). As we know from the 1990 Census, 25 percent of the adult foreign born population (those over the age of 25) had less than a 9th grade education (compared to 10 percent of the native born) and 41 percent of the adult foreign born had less than a 12th grade education (compared to 23 percent, of the native born). It is highly likely that a substantial proportion of the adult foreign born population with less than 12 years of education are illegal

immigrants. It is manifestly clear, therefore, that it is the less skilled citizen and resident alien workers who carry the competitive burden with low skilled immigrants in general and with illegal immigrants in particular for the unskilled jobs that are available.

It is also the case, unfortunately, that low skilled jobs have been the most adversely affected by the advances in technology; by the opening of the U.S. economy to increased foreign competition; and by the flight of labor intensive industries to offshore production sites during the past two decades.⁸ There was virtually no growth in the number of low skilled jobs in the U.S. economy during the 1980s; these jobs were the most heavily impacted by the recession of the early 1990s; and they have been among the slowest to respond during the recovery of the mid-1990s.⁹

It is not surprising, therefore, to find that not only is unemployment the highest for the lowest skilled segment of the U.S. labor force but that their real wages since 1973 have fallen the farthest of all among the U.S. labor force.¹⁰ These are both signs of surplus labor in this segment of the labor force. There is certainly no indication of any present-day shortage of unskilled workers in the U.S. economy nor, with an estimated 27 million adult illiterates in the population, any prospect of one on the horizon. In fact, the major domestic economic problem the nation faces is that the number of unskilled jobs is declining more rapidly than is the number of unskilled job seekers.

Concluding Observations

In a free labor market of any nation state, there is nothing that says that certain types of jobs that are crucial to the performance of certain industries in its economy must be poorly paid. The normal operation of supply and demand forces should see to it that important and useful work is enumerated at levels that will compete with job alternatives. Or, if such work becomes too costly, employers may either improve efficiency by improving management skills or by substituting cheaper capital intensive technologies for labor. But this paradigm is usually described in terms of a national economy in which the size of the labor pool is fixed in the short run.

Once illegal immigrants are added as an on-going supplier of workers to a particular segment of a nation's urban and rural labor markets, the dynamics change. The supply of labor increases and it may even appear to employers that the supply of unskilled labor is infinite at almost any legal wage rate. In these circumstances, the addition of unskilled workers from Third World backgrounds into low wage labor markets can have devastating effects on the employment opportunities and working conditions for native born and resident alien job seekers. For such immigrants will often do whatever it takes to survive. They will work multiple jobs, double or triple up families in housing, and work in violation of child labor laws and other employment standards. Literally speaking, no citizen or permanent resident alien can compete with such workers. The presence of such immigrant labor exerts a narcotic effect on employers in low wage industries. They become addicted to their presence. They often come to prefer them to citizen and resident alien workers. It is not

long before they become convinced that citizens and permanent resident aliens will no longer do this type of work. But it is the presence of substantial numbers of unskilled illegal immigrant in these low wage labor markets that makes these conclusions by employers little more than self-fulfilling prophesies.

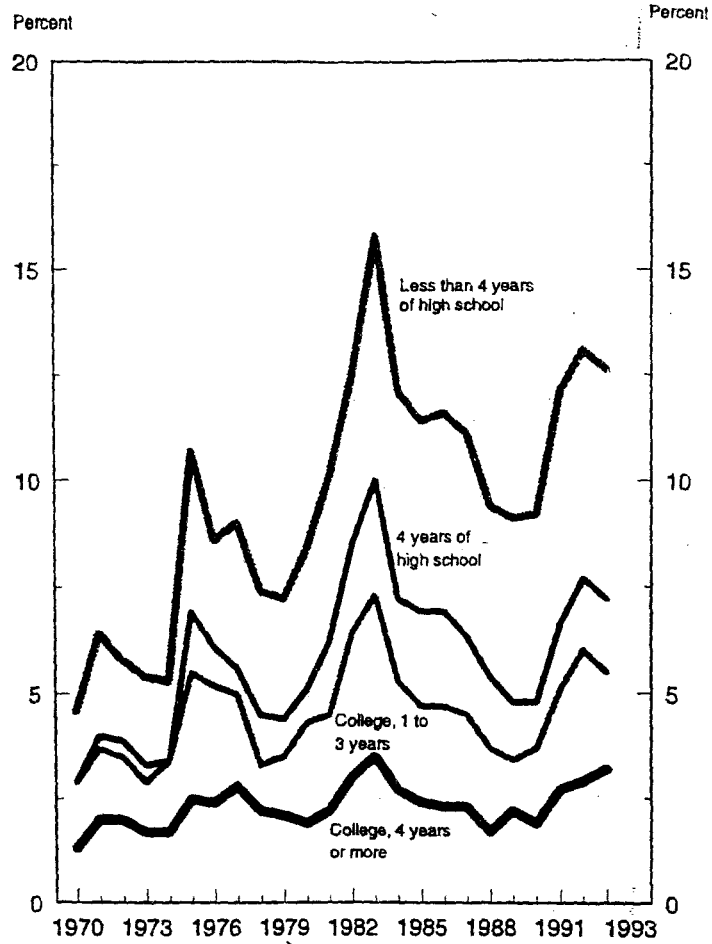
Without the additional presence of these unskilled immigrant, the existence of low skilled jobs means that native born workers and resident aliens must be attracted to them by being offered competitive wages and benefits. But aside from economic rewards, there is also the issue of employment itself. For within the economy, these low skilled jobs have a useful role to play. They provide entry opportunities to workers who lack sufficient education and training to qualify for better jobs. In so doing, they provide valuable work experience to such persons in the form of on-the-job learning -- which is itself a type of human capital acquisition. Simply by having access to a job, the job holder is often placed into a job information network within the enterprise and among co-workers with family and friend connections in other enterprises as well. Moreover, even in those circumstances where the specific jobs are dead-end with respect to promotion opportunities, these jobs can still have other social value. In the case of low income families, for instance, they afford opportunities for multiple members of the family to earn incomes that, when collectively summed, can provide a liveable margin above what can be provided by either welfare income alone or earned by a single low wage earner.

For these reasons, it is imperative that illegal immigration be recognized for what it is: a process of stealing jobs that adversely affects the economic welfare of the most needy citizens and resident aliens in the U.S. workforce. It is not a benign event to be romanticized, trivelized, or ignored.

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Chart 1 Unemployment rates of persons 25 to 64 years of age by educational attainment, March 1970-93



NOTE: Data for 1970-91 relate to years of school completed; data for 1992 forward reflect degree attained, and thus are not strictly comparable.
 SOURCE: Bureau of Labor Statistics, Current Population Survey