

Labor Market Implications of Prevailing Immigration  
Policies and Practices

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No subject more fundamentally touches the essence of the American experience than the topic of immigration. An ethnically heterogeneous population in quest of a homogeneous national identity has been the history of the United States. In its evolving and often controversial role, immigration policy has served as a foundation stone for numerous components of public policy. It has been instrumentally involved in such diverse areas of public concern as human resource policy, foreign policy, labor policy, agricultural policy, and race policy. Yet until only recently, immigration policy itself has been among the least examined of all public policy measures. Changing events dictate that this neglect of attention be changed.

The Context of the Issue

As the nation's formal immigration policy has developed, it has passed through three distinct eras: no restriction of any kind (prior to 1888); numerical restriction based upon ethnic discrimination (from 1888 to 1965); and numerical restriction with ethnic equality (since 1965). With the legal and numerical restrictions, of course, has come the problem of illegal immigration.

The Immigration Act of 1965 ended the blatant discrimination that had been contained or condoned in all previous immigration statutes. Under the 1965 act, the number of legal immigrants admitted to the United States has averaged about 400,000 persons a year (or twice the annual flow allowed prior to enactment). Over 60 percent of these legally admitted immigrants go directly into the labor force. Accordingly, legal immigration has accounted for about 12 percent of the annual increase of the civilian labor force since 1969. If allowance is made for emigration, the annual growth rate is reduced to about 7 percent. These percentages, of course, do not include any estimate of the influence of illegal immigration.

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The United States is today only one of about a half dozen nations in the world which is still accepting substantial numbers of legal immigrants. If not the only, it is certainly among the even fewer number which admit persons impartially with respect to race and ethnic background. This is a fact about which every citizen can be justifiably proud.

Yet the formal immigration system of the United States has been rendered a mockery. Illegal immigration is by far the major avenue of entry. In 1976, for instance, a total of 875,915 illegal aliens were apprehended by the Immigration and Naturalization Service (INS) of the U.S. Department of Justice. This figure represents a 500 percent increase over the figure of a mere decade ago. To be sure, these apprehension figures are artificially inflated due to the fact that many persons are caught more than once. On the other hand, the vast majority of illegal aliens are not caught. It is believed that for every person apprehended, four or five are not. When the annual number of legal immigrants is combined with conservative estimates of the annual number of illegal immigrants, it is apparent that the United States is in the throes of the largest infusion of immigrants in its history.

Thus, as there are two distinctly different avenues of immigrants into the United States--the legal route and the illegal route, an assessment of the labor market impact of immigration requires that they each be examined separately. The illegal route, because it is by far the dominant method, will receive the bulk of attention.

#### The Impact of Legal Immigration

Given the size of the inflow, it is somewhat surprising that there is virtually no attention given to any possible labor market ramifications that might accrue from legal immigration. In accord with the generally humane character, the present legal system gives highest priority to family re-unification. In 1975, for instance, 72 percent of all visas were granted on the basis of family reunification. For non-family related immigrants, a nominal effort is made to see that legal immigration does not adversely affect the domestic labor market. The Secretary of Labor has since 1952 been empowered to block the entry of legal immigrants if their presence would in any way threaten prevailing wage standards and employment opportunities. The Act of 1965 bolstered the permissive language of the earlier legislation

by making it a mandatory requirement that immigrants who are job-seekers receive a labor certification. Due to numerous exemptions, however, only one of every 13 legal immigrants is subject to the labor certification process. But even for these few persons subject to the certification process, there is no probationary period to assure that they remain in the geographical areas and occupational categories that were the conditions of their receipt of their certification. Perhaps even more revealing of the lack of concern for local labor market impact is the fact that about 40 percent of all certifications since 1970 have occurred after the applicant had already illegally entered the country and secured a job.

As a result, the legal immigration system has become a highly mechanistic, case-by-case, process in which family reunification has become the principal characteristic. Literally no concern is manifested by the system as it now functions as to the ability of local labor markets to absorb the new immigrants or of their individual ability to adapt to its local requirements.

If the flow of legal immigrants to the United States were distributed somewhat equally about the nation, there would be no particular problem concerning the absorption of the quarter of a million legal immigrants who are annually entering the civilian labor force. Unfortunately, this is not the case. Legal immigrants have tended to concentrate in six states--California, Florida, Illinois, New Jersey, New York, and Texas. These six states account for about 75 percent of the total annual flow. Actually the concentration is even more specific as California and New York received over half of the total. Moreover, in each state, the immigrants have flocked to the large urban areas. Hence the impact of legal immigration is highly concentrated in a few local urban labor markets of a few states. It is this concentration of impact that is the critical issue. Many of these urban labor markets have severe unemployment and poverty problems (e.g., New York City, Chicago, El Paso, San Antonio, San Diego, and Los Angeles). The fulfillment of national immigration goals should not be allowed to adversely impact selected labor markets. As the system currently does, it is essential that special adjustment programs be made to assist these localities to overcome these nationally imposed local problems.

## The Impact of Illegal Immigration

It is not the purpose of this paper to describe the issue or the pressures that have propelled the subject of illegal immigration to the forefront of policy issues. Rather, it is because illegal immigration is the major source of new immigrants to the United States that the subject demands attention with respect to labor market consequences. In assessing the impact, several questions seem paramount. Among these are: how many people are involved? how is their impact felt? who is adversely affected? and what are the long run consequences?

### How Many People Are Involved?

Obviously, a crucial concern to any discussion of illegal immigration is the number of persons involved. But by the very illegal nature of the movement, precise data will never be available. Only figures pertaining to apprehensions exist and even they are suspect due to numerous duplications. The staggering growth of apprehensions, however, over the past decade does imply itself that the direction of change is toward increasingly larger numbers. But public discussion of this issue should not be diverted by debates over the actual numbers.

It makes little conceptual difference whether the stock of illegal immigrants in the nation is 3 million, or 6 million, or 9 million or 12 million persons. All of these numbers have been cited in various official reports and research studies. Actually, the precise number is irrelevant if one concedes--as everyone familiar with this issue does-- that the number of persons involved is substantial and that the direction of change is toward annually increasing numbers.

Frankly stated, there will never be any better data available on this question. Secretary of Labor Marshall has even been quoted as saying that there is little need for more research on this question. He is correct in the sense that the illegal character of the entire process forestalls the possibility that we will ever know much more about the actual number of persons involved. Estimates and anecdotes are all that is ever going to be available. But before one despairs that little can be learned because the data is so poor, it should be realized that this also is the case with most of the major social problems of the day. Reliable data are unavailable about the size of energy supplies, local labor market conditions, crime, health, and mental health, to name only a few. The problem of illegal immigration is real and

it is going to get much worse in the near future. Illegal aliens themselves are streaming into the United States from almost every nation in the world. President Carter's message on illegal immigration in August 1977 stated that "at least 60 countries are significant regular source countries." In one unpublished report by the INS in November 1976, a breakdown by nationality, showed that only half of the illegal aliens believed to be in the country were from Mexico. Illegal immigration is a national issue and not a regional issue alone.

#### How Is Their Economic Impact Felt?

I am not one of those people who believes that economics is a precise science with laws that are universally and mechanistically operational. There is much room for human manipulation. On the other hand, there is general truth to the laws of supply and demand. When the supply of anything increases, the effect is either to reduce the price or to restrict the rate of price increase from what it would have been in the absence of the increase in supply. There simply cannot be any debate over this point. It is a truism. In fact, it is precisely because of this phenomenon that the labor supply in the Southwest has historically been kept in surplus. Historically, conscientious human efforts have been made to keep wages low, to keep incomes depressed, and to keep unionism to a minimum by using waves of legal immigrants (from China, Japan, Mexico, and from Europe as well), braceros (from Mexico), border commuters (from Mexico), and now illegal aliens (mainly from Mexico but by no means exclusively so). The objectives of these efforts have been generally effective. The poorest metropolitan areas in the nation are found in South Texas (i.e., the Brownsville SMSA and the McAllen SMSA). Among the poorest rural counties in the United States are many in the border regions of the Southwest. Unemployment rates all along the border are regularly among the highest in the United States. These rates are frequently in double digits. It is no accident that of the 80 labor markets in the nation that are listed by the U.S. Department of Labor to be "major labor areas of substantial unemployment," 14 of these (or 18 percent) are in the four states that comprise the border with Mexico. Similarly, unionism in the Southwest is hardly known outside of California, and even there it has had its organizational problems due to the availability of hordes of willing strikebreakers. The effect of past immigration policies in the Southwest has been to maintain a labor surplus throughout much of the region.

Immigration policy in the Southwest has been used as an instrument to oppress many of our poorest citizens who are least able to protect themselves. It is precisely to end this institutional manipulation of the supply of labor that there is a need to control illegal immigration. It is the only chance there is to provide opportunity for higher income levels, to organize workers into unions (if they so wish), and to give hope to many youngsters from low income families in the region that human capital investments pay off. Let me be clear on this point--illegal immigration is not the total cause of the widespread economic disadvantage-ment in the Southwest. But it certainly is a factor.

The adverse impact of illegal immigrants is relatively easy to demonstrate in the Southwest. But I would submit that the same effect holds true in other local labor markets--as New York City, Chicago, Miami, and Detroit--where the presence of large numbers of illegal aliens is also known.

In recent months there have been efforts to try to minimize the impact of illegal aliens in the Southwest by claiming that many aliens have no intention of staying in the United States and that many of them simply come only to work on a seasonal basis. Aside from the fact that there is very little reliable data to know if this is correct or not, the fact remains that, even if it is true, this does not minimize their impact. Because a disproportionately high number of illegal aliens who do return to Mexico are those who work in seasonal jobs in agriculture, construction, and service industries does not negate the fact that these same jobs are only seasonally available for citizen workers too. Hence, the impact in these industries is the same as if the aliens remained in the United States year round.

#### Who Is Adversely Affected?

All of the limited research on the characteristics of illegal aliens show that the major reason that they come is to find jobs. The evidence also indicates that they are largely successful in their quest. Some of the jobs are sub-standard. They exist only because of the availability of an easily exploitable group (i.e., people who will seldom complain and who are grateful for anything they receive). The vast majority of illegal aliens, however, are not exploited in the sense that they receive wages below the Federal minimum wage. But they do work disproportionately in the low wage labor market. Many illegal aliens, however, work in good paying jobs in manufacturing and construction. Brief mention should be made of each of these situations.

For those who work under exploitive conditions, it is likely that they do not take jobs that citizens would tolerate. Yet this is certainly no excuse for the perpetuation of their presence. If it is wrong for citizens to work under legally unfair working conditions, it is also wrong for illegal aliens to do so.

With respect to the low wage labor market (i.e., in the range of the federal minimum wage and slightly above), it must be recalled that there are millions of citizens who are confined to this sector as well. With the newly legislated schedule of annual increases in the minimum wage through 1981, it is very likely that the number of citizens in this group will increase in the next few years. This is especially the case with young workers whose unemployment rates are already so high that they constitute a major national problem themselves.

In many of the local labor markets in which illegal aliens are known to be present in substantial numbers, it is likely that the presence of illegal aliens explain why certain industries remain low wage industries over time. Their very presence also explains why many employers in these same industries attempt to justify the employment of illegal aliens by claiming that citizen workers cannot be found to do the work. No American worker is capable of competing with an illegal alien when the end result of the competition depends upon who will work for the lowest pay and longest hours and accept the most arbitrary set of working conditions. Hence, it is a self-fulfilling prophecy for employers to hire illegal aliens and then to claim simultaneously that no citizen workers can be found to do the same work. Hence, it is clear that illegal immigration hurts all low income workers. Poor blacks, poor Anglos, poor Chicanos, poor Puerto Ricans, and all others are adversely affected. Anyone sincerely concerned with the problems of the working poor of the nation must include an end to illegal immigration as part of any possible policy of improved opportunities.

One of the major ways to increase the job opportunities and the income rewards for working, for our present working poor population, is to reduce the uncontrolled supply of new entrants into the existing low wage sector of the economy. Many of the jobs performed by low wage workers are essential to the operation of our economy. Farm workers, dishwashers, laborers, garbage collectors, building cleaners, restaurant employees, gardeners, maintenance workers, to

name a few occupations, do perform useful and often indispensable work. The tragedy is that the remuneration is so poor and this is largely due to the fact that there is such a large pool of persons available. Most of these tasks are not going to go away if wages increase. One way to see to it that wages do increase and that unionization becomes possible for low wage workers is to reduce the unfair addition of millions of illegal aliens into this sector of the economy. If the illegal aliens were flooding into the legal, medical, educational and business executive occupations of this country, you can be sure that this problem would have received the highest national attention and it would have been solved by now. But because it is the blue collar and service workers occupations who must bear the burden of the competition, the issue remains largely unaddressed.

I must add that I am appalled at the practice of the Immigration and Naturalization Service of focusing its enforcement attention on the apprehension of illegal aliens in "better-paying jobs" rather than in the low wage sector of the economy. It is precisely those helpless citizens who work in low wage industries who require the protection the most from the INS that are again the most neglected by their government.

Of related consequence is the relationship of illegal aliens and the youth labor market. As it is a feature of the low wage labor market that most of the jobs are unskilled, they are often jobs that provide entry opportunities and initial work experience for youth and young adults. As youth labor market problems are now the special subject of national policy initiatives (e.g., the Youth Employment and Demonstration Projects Act of 1977), it is perverse irony to allow the question of illegal immigration to remain unaddressed. For in many local labor markets, it is often illegal aliens who are a major competitor for entry level positions for young workers.

As for the better paying jobs, no one will debate that the illegal aliens employed in these positions cause a displacement effect. Even here, illegal aliens are often "preferred workers" since they are less likely to join unions, or to complain about denial of equal employment opportunity or to make other demands upon employers. Because of their unfair competition, it is in this sector that the INS is most vigilant in its limited enforcement activities. Helping the most privileged of our society has always been a popular role for government agencies. It is only when government helps those who really need it that questions about government's proper role are asked. This inequality of attention needs to be stopped.



## What Are The Long Run Consequences?

Aside from the obvious adverse effects of illegal aliens on employment and income opportunities for citizen workers, there are other serious long run consequences. By this, I mean that the nation is rapidly accumulating a growing sub-class of truly rightless persons within our society. Although technically able to avail themselves of many legal rights and protections, few illegal aliens do so. In addition, they and their family members are increasingly being legislatively excluded from much of the basic social legislation in this nation. These exclusions vary from the Federal level where illegal aliens are excluded from receipt of Supplemental Security Income, Medicaid, and Aid to Families with Dependent Children, to individual state exclusions from unemployment compensation programs, and even in some cases, from attending public schools without being charged tuition. At all levels, illegal aliens are denied the political right to vote. These are all signs of growing displeasure by the general populace with the presence of illegal aliens within our midst. Certainly the growth of a sub-class of rightless illegal aliens is in no one's long term interest. It is a time bomb. The adults may be grateful for the opportunities provided them, but it is certain that their children will not be and they should not be.

### Concluding Observations

It should be clear that current immigration policy confounds efforts to achieve full employment and to secure adequate income for many citizens. The relationship of immigration and employment policies needs to be completely reassessed. If humanitarian considerations that give priority to family reunification are to remain the mainstay of the legal immigration process, a categorical-assistance program should be created to cushion the economic hardships imposed on communities which receive high numbers of legal immigrants. The fulfillment of national policy goals should not impose severe hardship on any local community without some form of compensatory aid. The program should be based upon the principles of the "impacted areas" programs that once were used to assist communities to adjust to the presence of a new or expanded Federal government installation in a local community. The assistance package should extend beyond simply job-training and language instruction. It should include funds to local public agencies to defer the financial

burdens of education, housing, training, and health services that they are required to make as a result of national policy.

If the seemingly futile system of labor certification is to be continued, consideration should be given to making it meaningful. To accomplish this, a probationary period should be a part of the admission procedure to assure that the legal immigrants who are not family related go to the geographical areas and are actually employed in the occupations that are the conditions of their admission.

With respect to the illegal aliens, it is a problem that a free society can never completely resolve. There are no nice answers to this issue. If you do nothing, citizens are hurt; if you do something, aliens are hurt. There are no other alternatives. Much of the present problem stems from the fact that our current immigration laws are essentially unenforceable. There are no penalties placed against employers for hiring illegal aliens; there is little risk of penalties being imposed on an illegal alien if he or she is apprehended, since 95 percent of all apprehended aliens are given voluntary departures; and the federal agency responsible for enforcement of the immigration statutes has a staff that is miniscule relative to its assigned duties. As every member of the community of nations has an immigration policy, the issue is not whether our nation should have a policy but, rather, should the present farcical policy be replaced by a policy that means something. Simple logic would dictate that our nation should have an enforceable policy if it is going to have a limitation policy at all. Greater deterrence can reduce some of the "pull" factors that contribute to illegal immigration.

But deterrence measures alone are not the answer. They are, however, the required first step in any effort to build an enforceable immigration policy. Other needed measures involve the need to increase economic aid to our neighboring nations of Mexico, the Caribbean Islands, and Central America. Special tariff concessions should also be made to these same nations. Other assistance in the form of technical aid and information on population controls should also be made available. These policies would be addressed at reducing the "push" forces.

For too long our immigration system has been allowed to function in an imperious manner with respect to its employment implications. The quest for full employment and a just society dictates that this past neglect be changed.