

IMMIGRATION &
THE U. S. LABOR
MARKET: PUBLIC
POLICY GONE
AWRY

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This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make the results of Center research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.

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One of the least discussed, yet most significant influences upon contemporary economic affairs in the United States, has been the post-1965 revival of mass immigration. In 1991, the annual number of foreign-born persons granted permanent residence status set an all-time record high of 1.8 million persons. It was the second consecutive year that such a record was established and the third straight year that the number exceeded a million persons. But even these figures underestimate the actual scale of entry because they do not include any allowance for illegal immigrants during the year; or for refugees and asylees admitted that year who must wait at least a year after entry before they can qualify for such status; or for foreign nationals who are legally permitted to work in the United States (called "non-immigrant workers") for specified periods of time. In terms of the stock of foreign born persons in the U.S. population, the "official" estimates from the decennial Census counts confirm the post-1965 trend. In 1970, the foreign born population totaled 9.6 million persons (or 4.7 percent of the population); by 1980, it was 13.9 million persons (or 6.2 percent of the population) and by 1990 it was 19.8 million (or 7.9 percent of the population).¹ These "official" figures also underestimate the true levels and actual percentages of the foreign born population because they too seriously undercount the illegal immigrant population of the nation. It was precisely in these contexts that a report by an international team of social science scholars, who were commissioned to study U.S. society in the 1980s, concluded 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." ²

The United States did not embark on its post-1965 course of mass immigration with any forethought. It was not the product of careful planning or public debate. Rather it has been the inadvertent consequence of the design and implementation of the separate components of the nation's immigration policy, without any attention being given to their collective effects, compounded by an appalling indifference by policymakers to the unexpected outcomes of their legislative actions. Specifically, the relevant policy components are those that pertain to the entry of legal immigrants, illegal immigrants, refugees, asylees and foreign workers who are temporarily permitted to work in the United States (i.e., "non-immigrant workers" in the parlance of immigration law). Collectively, they constitute the mass immigration phenomenon of the current era. As it is prevailing public policy that determines both the size and the composition of each of the aforementioned immigrant groups, it is these policies -- and not the foreign-born persons themselves -- that raise the question of congruence of mass immigration with the prevailing national interest. The foreign born entrants are only responding as individuals to the opportunities afforded by prevailing U.S. policy.

But, regardless of the reasons for specifically admitting or indifferently permitting the mass entry of foreign born persons for permanent or temporary residence in the United States, all immigrants must support themselves by their own work or by that of others. Hence, there are economic consequences associated with their presence, whether intended or not. Most adult immigrants, including their spouses, enter the labor market

soon after entry and most of their children will eventually do so. As the scale of immigration has become larger, it follows that its economic effects on the size and the composition of the labor market has also increased. Immigration policy, therefore, must be recognized for what it is -- an instrument of economic policy. Unfortunately, as will be discussed, policymakers have yet to adopt this fundamental perspective as they have designed the features of the nation's immigration system or have appraised its consequences.

With immigration currently accounting for 30-35 percent (depending on what estimate of illegal immigration is applied) of the annual growth of the U.S. labor force, it is essential to know how immigrants -- regardless of their mode of entry -- fit into the labor market. After all, our immigration policy is a purely discretionary act of the federal government. The flow of immigrants is the one aspect of labor force size and composition that public policy should be able to control and shape to serve the national interest.

The Historical Role of Mass Immigration

It is true, of course, that immigration at times has played a significant role in the economic history of the United States. The nation's political structure that has postulated such ideals as freedom, equality under the law, and a toleration of diversity has long appealed to persons from all parts of the globe. There has never been any problem in attracting would-be immigrants when the nation thought it needed them. But historical and economic circumstances change. What is both necessary and positive in its effects at one time, may not be so at another time. Too much of modern economic

analysis is ahistorical in its quest to interpret labor market happenings. But, with respect to immigration, an appreciation of historical circumstance is the key to understanding the policies that have governed the scale and shaped the composition of the immigrant flows that have occurred at any given time. Thus, while the basic questions pertaining to the nation's immigration policy remain the same -- how many immigrants should be admitted? what criteria should be used to choose who is admitted? how should the policy be enforced? and what are the anticipated effects on the economy and the domestic labor force of immigration? -- the answers will often be different.

In general, immigration policy prior to World War I was consistent with economic development trends and labor force requirements of the United States. Throughout its first century as an independent nation (i.e., until the late 1870s and early 1880s), the country had neither ceilings on the number nor screening restrictions as to the type of people permitted to enter for permanent settlement. In this largely preindustrial stage, the economy was dominated by agricultural production and the labor market by agricultural employment. Most jobs required little training or educational preparation. Policymakers did not need to concern themselves with human resource preparation issues. Because the nation had a vast amount of land that was largely unpopulated and it was still expanding its territory throughout much of this era, an unregulated immigration policy was consistent with both the nation's basic labor market needs and its requirements for nation building.³

When the industrialization process began in earnest during the latter decades of the nineteenth century, the newly introduced technology of mechanization also required

mainly unskilled workers to fill the growing number of manufacturing jobs in the nation's expanding urban labor markets. The same can be said of the employment growth in the other goods sectors of mining, construction, and transportation at that time. Immigrants became the major source of the workers for the growing non-agricultural urban labor force in the North, Midwest, and West. Pools of citizen workers existed who could have been incorporated to meet those needs. Most notably there were the millions of recently freed blacks of the former slave economies of the rural South. There were also millions of underutilized citizens from other racial groups living and working in the nation's vast rural sector. But mass immigration from Asia and Europe became the chosen alternative. Before long, however, immigration from China (in 1882) and Japan (in 1908) was banned in response to negative social reactions, so various ethnic immigrant groups from Eastern and Southern Europe became the primary source of new workers during this critical era of industrialization.

From purely an efficiency standpoint, the mass immigration of the late nineteenth century and the first fourteen years of the twentieth century was consistent with the labor market needs of the nation. Most of the immigrants were men, their numbers consistently exceeding the number of women by 2 to 1 margin and at times by a 3 to 1 margin (for some specific ethnic groups the male to female ratio, was as high as 9 to 1). Jobs created during this expansive era typically required little in the way of skill, education, literacy, or fluency in English from the workforce. The enormous supply of immigrants who came during this time generally lacked these human capital attributes but, nonetheless, they reasonably matched the prevailing demand for labor. The

technology asked little in the way of human capital and the immigrants of that era came with little. The available jobs required mainly blood, sweat, and tears, and most immigrants as well as most native-born workers of those periods amply provided all three.

Beginning with the outbreak of World War I in 1914, however, the nation experienced a sharp contraction in immigration. After the war, when it appeared that mass unemployment might resume, the United States imposed its first quantitative restrictions on the number of immigrants who could be admitted. A ceiling of about 154,000 immigrants a year from the countries of the Eastern Hemisphere was established. Moreover, the pervasive negative social reactions to many of the recent immigrants from Eastern and Southern Europe also led to the adoption of overtly discriminatory qualitative screening. Both of these restrictive actions were embodied in the Immigration Act of 1924 (often called the National Origins Act). Ethnic screening standards were enacted that favored immigrants from the nations of Western and Northern Europe, disfavored all other Europeans, banned virtually all Asians, and ignored most Africans. Immigration from the entire Western Hemisphere, however, was not included in the ceiling or the national origin quotas of this legislation.

In the 1920s, the rapidly expanding domestic economy was characterized by the widespread introduction of the assembly line method of production. The adoption of capital-intensive mass production techniques no longer required unlimited numbers of workers. Assembly line technology, however, still required largely unskilled workers. With mass immigration from the Eastern Hemisphere curtailed, employers had to turn to

domestic labor surpluses to meet their needs. They found these pools of underutilized workers in the nation's massive rural economy. During the 1920s, the rural population declined in absolute numbers for the first time in the nation's history. Among the new supply of workers to respond to these urban job opportunities were the native-born blacks of the rural South who could finally begin their exodus to the large cities of the North, the South, and the West Coast. Also during this decade, there was a temporary spurt in Western Hemisphere immigration -- especially from Canada and Mexico but also from the Caribbean region.

The world wide depression of the decade of the 1930s, with its massive surplus of unemployed job seekers, caused immigration from all nations to plummet. Full employment returned with the war years of the 1940s but immigration did not. Would-be immigrants could not leave the countries of Western and Northern Europe and would-be immigrants from the Western Hemisphere, fearing the military draft, were deterred from coming. The labor market was very tight. In this economic environment, the federal government initiated unprecedented policies to reduce the artificial barriers to the employment of women, the disabled, youth, and minority groups. Together, these pressures provided access to a wide array of jobs that had been hitherto unavailable to these domestic sources of labor supply. Thus, during the 1930s and 1940s even the low entry quotas of prevailing immigration law were not met.⁴

The pent-up demand for products and the forced-savings of the World War II era led to economic prosperity in the postwar era of the late 1940s and the 1950s. It was during these years of general affluence that the organized civil rights movement launched

its assault on all aspects of overt discrimination within the U.S. society. This movement achieved its legislative goals with the passage of historic legislation in 1964 (regarding public accommodations and employment), in 1965 (regarding voting rights), and in 1968 (regarding fair housing). Although the impetus for these laws was primarily directed toward addressing the treatment of black Americans, the legislation broadened rights protection beyond race to include national origin, gender, religious belief, and color. In subsequent years, equal employment opportunity policies have been expanded to provide protection against discrimination on the basis of age, disability, and alienage. But what is often overlooked in reviewing the evolution of the civil rights legislation is that the pathbreaking laws of the 1960s were enacted at a time when immigration levels were still sharply restricted. With regard to the employment implications of these laws, the assumption was that they would not only terminate future discriminatory practices but that they would also be accompanied by other human resource development policies designed to redress the past denial of opportunities for victim groups to be prepared for jobs. In the short run, this is, in fact, what did occur. Parallel legislation was adopted in the mid-1960s pertaining to education, training, health, housing, community development and poverty prevention. With unemployment declining in the mid-1960s, it was assumed that the newly protected groups -- blacks in particular -- would soon become qualified to fill the available jobs that a tightening labor market was providing. They would make it possible for "the Great Society" to become a reality.

As for the external manifestation of discrimination (i.e., the national origins system) that was embodied in the nation's immigration law entering the 1960s, it was only natural that it too -- in this period of heightened domestic concern over civil rights -- would be a target for reform. And it was. But the immigration reform movement at the time did not include any plans for significantly raising the overall level of immigration. It was focused entirely on purging the immigration statutes of the explicit racism inherent in the national origins admission system. Every presidential administration since that of Harry Truman in the late 1940s through to that of John Kennedy in the early 1960s had sought to accomplish that feat. It was Lyndon Johnson who successfully secured passage of the Immigration Act of 1965. What happened afterwards, with respect to immigration, was entirely unanticipated. Namely, this legislation set in motion forces that, over the ensuing years, accidentally triggered the renewal of the mass immigration experience.⁵

The Non-Economic Design of the New Immigration Policy

Enactment of the Immigration Act of 1965 ended the era of using immigration for racial and ethnic discrimination purposes. It also ushered in the era of mass immigration that has continued to this day. Virtually dormant for more than forty years, this sleeping giant from America's past was aroused. Instead of seizing the opportunity to craft a new immigration policy to meet some positive definition of the public interest, however, Congress created a policy aimed primarily at fulfilling the private interests of some of its legal residents.

The new law sharply increased immigration levels. A new ceiling on annual immigration was set at 290,000 visas a year (plus their immediate family members) and immigration from the Western Hemisphere was now included in this ceiling for the first time. But of even greater consequence, it replaced the social goals of the national origins admission system with a politically popular new admission system based on the concept of family reunification. Seventy-four percent of total visas available each year were reserved for various categories of adult relatives and extended family members of U.S. citizens and permanent resident aliens. In 1980, the percentage was raised to 80 percent. In addition, immediate family members (spouses, minor children and parents) of each adult visa holder were made exempt from all quotas and were usually admitted automatically. In other words, non-economic considerations were established as the guiding principle for designing the nation's revised immigration policy. Table 1 shows the meteoric growth in legal immigration that occurred from 1965 to 1991. Mass immigration once again became a fact of life in the United States.

The Inadvertent Revival of Mass Immigration

There was no general shortage of would-be workers in the United States in the 1960s when the new immigration legislation was drafted, debated, and passed. The nation was at war in Vietnam, which had contributed to a sharply declining unemployment rate, but it was not expected at the time that the war would be long or that low unemployment would prevail once the increased military expenditures associated with the military build-up had passed.⁶ Moreover, the post-World War II "baby-boom" had just reached the stage in 1965 when it was beginning to pour an

TABLE 1: ANNUAL LEGAL IMMIGRATION TO THE UNITED STATES BY MAJOR IMMIGRANT CATEGORIES DURING FISCAL YEARS 1965-91*

Year	Total	Immediate relatives^b	Relative preference^c	Occupational preference^d	All other
1991	1,827,167	237,103	216,088	54,949	1,319,027
1990	1,536,483	231,680	214,550	53,729	1,268,204
1989	1,090,924	217,514	217,092	52,775	603,543
1988	643,025	219,340	200,772	53,607	169,306
1987	601,516	218,575	211,809	53,873	117,259
1986	601,708	223,468	212,939	53,625	111,676
1985	570,009	204,368	213,257	50,895	101,489
1984	543,903	183,247	212,324	49,521	98,811
1983	559,763	177,792	213,488	55,468	113,015
1982	594,131	168,398	206,065	51,182	168,486
1981	596,600	152,359	226,576	44,311	173,354
1980	530,639	151,131	216,856	44,369	118,283
1979	460,348	138,178	213,729	37,709	70,732
1978	601,442	125,819	123,501	26,295	325,827
1977	462,315	105,957	117,649	21,616	217,093
1976	398,613	102,019	102,007	26,361	168,226
1976-TQ	103,676	27,895	28,382	5,621	41,778
1975	386,194	91,504	95,945	29,334	169,411
1974	394,861	104,844	94,915	28,482	166,620
1973	400,063	100,953	92,054	26,767	180,289
1972	384,685	86,332	83,165	33,714	181,474
1971	370,478	80,845	82,191	34,563	172,879
1970	373,326	79,213	92,432	34,016	167,665
1969	358,579	60,016	92,458	31,763	174,342
1968	454,448	43,677	68,384	26,865	315,522
1967	361,972	46,903	79,671	25,365	210,033
1966	323,040	39,231	54,935	10,525	218,349
1965	296,697	32,714	13,082	4,986	245,915

*The categories listed are generally used to describe large groups of immigrants. During 1965-91, minor changes were made in the qualifications for some immigrant classes making up these categories.

^bSpouses of citizens, children (unmarried and younger than 21) of citizens, and parents of citizens 21 or older.

^cThe 1st, 2nd, 4th, and 5th categories of the immigrant preference system. The 1st preference allows the entry of unmarried sons and daughters (older than 21) of U.S. citizens. The 2nd preference covers spouses and unmarried sons and daughters of aliens lawfully admitted for permanent residence. The 4th preference allows for the entry of married sons and daughters of U.S. citizens. The 5th preference deals with the brothers and sisters of U.S. citizens, provided such citizens are at least 21 years old.

^dThe 3rd and 6th categories of the immigrant preference system. The 3rd preference allows for the admission of members of the professions and scientists or artists of exceptional ability. The 6th preference covers skilled or unskilled occupations for which labor is in short supply in the United States.

Source: U.S. Immigration and Naturalization Service

unprecedented number of new job seekers into the labor market -- a process that would continue unabated for the next 15 years before gradually tapering off in the 1980s.

How is it, then, that mass immigration could have been revived by a reform movement that did not seek such an objective? The explanation rests with what David North and Marion Houstoun have aptly described as "negative intent." As they explain, "those interested in reforming the immigration law 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 gave very little attention to the substance or long range implications of the policy that would replace them."⁷ As a consequence, the Immigration Act of 1965 abolished the national origins system and replaced it with the aforementioned admission system that was primarily designed to reunify adult family members living abroad with adult relatives who already lived in the United States. This admission system had strong political support in Congress because it satisfied the private and personal interests of those citizens who themselves had been recent immigrants. For under the national origins system, it was these constituencies who were more likely to have close relatives who were still citizens of other nations. Family reunification was also viewed by other political interest groups as a way to perpetuate the old national origins systems but under a guise that was more politically acceptable. It was believed by these groups that those racial and ethnic groups that had been discriminated against for the past 40 years would be less likely to have living relatives in their homelands who might wish to immigrate in the near future. As the Chairman of the Judiciary Committee of the House of Representatives and the co-

sponsor of the Immigration Act of 1965, Emanuel Celler (D-N.Y), stated during the final day of floor debate on the legislation explained, "there will not be, comparatively, many Asians or Africans entering the country since the people of Africa and Asia have very few relatives here, comparatively, few could immigrate from those countries because they have no family ties to the United States."⁸ Thus, the satisfaction of political concerns replaced the pursuit of social ends as the key rationale of the nation's new immigration admission system.

The congressional designers of the legislation in 1965, however, overlooked the fact that many of the immigrants since 1924 had come from Western Hemisphere nations. They had significant numbers of living relatives who could avail themselves of the families preferences of the new law and they began to do so. Immigration from Mexico in particular and Latin America in general quickly soared. It was also unforeseen by legislators that significant numbers of Asians would initially make use of the occupational preferences to establish a base for immigrants who could subsequently use the family preference provisions to secure entry for extended family members. Nor was it anticipated that there would be an enormous inflow of refugees from Southeast Asia in the wake of the Vietnam War debacle who would be admitted and, subsequently, use the family admission system to leverage the admission of their extended families. So Asian immigration accelerated. It was also the case that the economies of the nations of Western Europe in the 1960s and early 1970s were thriving so there was little impulse for persons from these nations to want to leave while immigration from Eastern Europe was foreclosed by the presence of the Iron Curtain that prevented any emigration from

that region. Hence, by the late 1980s, over 85 percent of all immigrants to the United States each year were coming from the countries of Latin America and Asia.

A consequence of the unexpected change in the nations of origin that ensued after 1965 was the steady rise in the number of immediate relatives who accompanied each visa holder (see Table 1). The shift in countries of origin of immigrants away from Europe to Latin America and Asia led to an increase in the size of families with minor children accompanying visa holders. Moreover, in these new source countries, the notion of extended families is a more prevalent cultural characteristic. Thus, the number of parents of U.S. citizens among the immigrant flow has also increased dramatically since 1965.

Table 1 shows that the number of immigrants who entered from "other sources" also contributed to the post-1965 surge in immigration in a major way. One cause of the growth in this category has come from the growth in refugee and asylee admissions. The Immigration Act of 1965 provided for the first time since immigration had become a subject of regulation, a formal route for certain refugees (17,400 persons a year) to be admitted on the basis of humanitarian concerns. Unfortunately, the qualifications for being a refugee in this legislation were restricted to those persons faced with persecution from nations to which U.S. foreign policy was opposed (that is, those from Communist-dominated nations) or who were fleeing from persecution countries in the Middle East rather than individuals confronted with persecution per se. Hence, even this aspect of the law was designed primarily to serve political priorities. International events (especially in Cuba and Vietnam), however, soon led to a rapid escalation in the number

of refugees admitted to the United States that far exceeded the annual number permitted to enter by the Immigration Act of 1965. An administrative procedure (called the "parole authority" of the U.S. Attorney General) and specially enacted adjustment legislation by Congress were then used to admit most of the refugees during this era.⁹ As will be discussed later, the acceleration in the number of refugees admitted to the United States from 1965 to 1980 led to the removal of refugees from the legal immigration system in 1980 and the establishment of a separate entry mechanism for their admission.

The Immigration Act of 1965 was also important for what it did not do. Specifically, it failed to enact any effective measures to enhance the enforcement of its new provisions. Its supporters did not foresee the imminent explosion of illegal immigration (see Table 2) that quickly ensued in the years after its passage.¹⁰ The lack of effective deterrence in the Act invited mass abuse -- an outcome that policymakers for many years chose to ignore.

Within a decade of the passage of the Immigration Act of 1965, it was clear that immigration policy had gone seriously awry. Immigration reform was again placed on the national agenda. In 1978, Congress established the Select Commission on Immigration and Refugee Policy (SCIRP) to study the effects of what had transpired and to make recommendations for changes. Appointed by President Jimmy Carter, this sixteen member commission was chaired by the Rev. Theodore Hesburgh (who was President of Notre Dame University at the time). When it issued its comprehensive report in March 1981, the Select Committee concluded that immigration was "out of

TABLE 2: ALIENS APPREHENDED, FISCAL YEARS 1961-1991

1961-70	1,608,356
1961	88,823
1962	92,758
1963	88,712
1964	86,597
1965	110,371
1966	138,520
1967	161,608
1968	212,057
1969	283,557
1970	345,353
1971-80	8,321,498
1971	420,126
1972	505,949
1973	655,968
1974	788,145
1975	766,600
1976	875,915
1976 TQ	221,824
1977	1,042,215
1978	1,057,977
1979	1,076,418
1980	910,361
1981-90	11,883,328
1981	975,780
1982	970,246
1983	1,251,357
1984	1,246,981
1985	1,348,749
1986	1,767,400
1987	1,190,488
1988	1,008,145
1989	954,243
1990	1,169,939
1991-	---
1991	1,197,875 (preliminary)

TQ = Transitional quarter that occurs when the Federal Government shifted its fiscal year from ending on June 30 to ending on September 30.

Source: U.S. Immigration and Naturalization Service

control"; that the nation must accept "the reality of limitations"; and that "a cautious approach" should be taken in the design of any reform measures.¹¹

In the wake of the SCIRP report, Congress enacted three major immigration statutes. They were the Refugee Act of 1980 (which relied extensively on the work of SCIRP that was in progress); the Immigration Reform and Control Act of 1986, and the capstone, the Immigration Act of 1990. In part, each of these laws embraces some of the specific recommendations put forth by SCIRP. But each statute has gone well beyond SCIRP's recommendations. The overall effect of these laws has been to ignore the "cautious approach" and the modest proposals suggested by the Select Commission. The result has been to dramatically raise the already high levels of immigration to even higher plateaus. Indeed, a 1991 study by the Urban Institute concluded that these statutory changes "have reaffirmed the United States' role as the principal immigrant-receiving nation in the world."¹² The same report found it "remarkable" that policymakers enacted the Immigration Act of 1990 "with the nation poised on the brink of a recession and a war in the Persian Gulf" and at a time "when other industrialized countries are making theirs [i.e., their immigration policies] more restrictive."¹³

The reason that Congress could take such "remarkable" expansionary actions is that immigration policy has been allowed to develop without any regard as to its economic consequences. Indeed, a better descriptive adjective would be "irresponsible." For in this area of public policymaking, special interest groups with private agendas have captured the lawmaking process. They simply ignore any concern for the national interest. The Select Commission specifically warned of their growing influence and it

rejected their myopic appeals. As its report unequivocally stated, "the commission has rejected the arguments of many economists, ethnic groups, and religious leaders for a great expansion in the number of immigrants and refugees." ¹⁴ It went on to say that "this is not the time for a large-scale expansion in legal immigration -- for resident aliens or temporary workers." ¹⁵ But the warnings proved to be of no avail. Congress chose to appease the political interest groups. The consequence is that immigration policy remains essentially a political instrument largely unconstrained by the economic environment to which it is applied.

The Policy Manifestations of Mass Immigration

Each of the legislative actions of the past decade require brief description. To its credit, the Refugee Act of 1980 did eliminate the ideological biases associated with the definition of refugees in the earlier 1965 law. The new definition of refugees embraced the United Nation's definition to include individuals confronted with the prospect of persecution regardless of whether it is threatened by totalitarian regimes of the political left or right. The 1980 refugee law separated refugee admissions from the legal immigration system and, in the process, created a new immigrant entry route with no fixed annual ceiling. The number of refugees admitted each year varies depending on the amount of domestic political pressure exerted by special interest groups on the President. He is empowered to set the number of refugees to be admitted each year after a largely pro forma consultation with Congress. Subsequent annual admission figures have ranged from a low of 67,000 refugees in 1986 to a high of 217,000 refugees in 1981. The admission figure for 1991 was 131,000. Obviously, no labor market test is

applied to refugee admissions. Nonetheless, there are labor market consequences. The preponderance of refugees since 1980 have been from Third World nations in Asia, the Caribbean area, and Central America. Most have been deficient in their levels of skill, education, and English language proficiency. Many have clustered together in a handful of urban enclaves.

As for illegal immigration, the Immigration Reform and Control Act of 1986 (IRCA) was intended to curtail such entries. Among its multiple provisions, two public policy instruments emerged that are of paramount importance to the issue of immigration. To prevent future entries of illegal immigrants, civil and criminal sanctions were enacted that made the employment of illegal immigrants by employers an illegal act. As for those illegal immigrants already in the country at the time, four generous amnesty programs were enacted which over 3.2 million persons subsequently availed themselves.

With regard to employer sanctions, the legislation was fraught with enforcement loopholes so that by 1990 it was estimated that there were still 4 million illegal immigrants in the country and these numbers continue to mount by the day. Apprehensions, which declined slightly after the passage of IRCA, have subsequently soared again (see Table 2). There is no data on the thousands of illegal immigrants who enter each year but who are not apprehended. Illegal immigrants, of course, enter without regard to their preparation for available jobs or to the effect they might have on citizen workers with comparable skills or education.

As for the amnesty provisions, no labor qualifications were imposed on the amnesty recipients whose entry into the labor force has now been legitimized. As with refugees, most illegal immigrants and amnesty recipients have been from less economically developed nations of the world, and most have similar deficiencies in their skill training, education, and ability to speak English. They, too, have tended to cluster in enclaves -- mainly the central cities of urban areas but also in some rural communities where labor-intensive agricultural methods prevail.

As for the Immigration Act of 1990 (which became effective on October 1, 1991), it was passed with little public debate and while the nation's attention was diverted by a major budget battle between President George Bush and Congress (i.e., the infamous "read my lips" controversy). It was passed on the last day of the 101st session of Congress and signed into law by President Bush on November 29, 1990. The most significant feature of the new law is that its primary focus is on increasing the quantity of immigrants. Under its terms, the level of annual legal immigration was raised to 700,000 people a year -- a 35 percent increase over the prevailing levels of the law it replaced. As was previously the case with the Immigration Act of 1965, the new law gives short shrift to the specific human capital endowments of most of those to be admitted or to the prevailing labor market conditions of the U.S. economy that may prevail at the time of their entry. Thus, the new legislation perpetuates the notion that immigration policy -- despite its magnitude -- has little accountability for its economic consequences.

While the Immigration Act of 1990 does increase the number of immigrants admitted on the basis of occupational needs from the previous level of 54,000 visas a

year to 140,000 visas a year, the actual percentage of work-related visas to the total number of visas remains the same, 20 percent, (i.e., 140,000 of 700,000 is 20 percent) as under the law it replaced. Hence, there is no real change in policy focus.

Furthermore, the use of the 140,000 figure to indicate the number of work-related immigrants to be admitted each year is a gross overstatement of what the law actually provides. This is because the number of work-related slots include not only the eligible workers themselves but also all of their "accompanying family members." As a result, the number of actual needed workers specifically admitted under the work-related provisions will be far fewer -- perhaps only one-third or less of the total annual figure of 140,000 admissions. It is likely, therefore, that the majority of those admitted under the work-related provisions will actually be admitted only because they too are family members. Moreover, any work-related slots that are not used in any given year are to be added to those slots available solely for family-related admissions. Hence, with massive backlogs of would-be family relatives currently existing, it is certain that the 700,000 immigrants will be coming every year until such time as the legislation is changed.

In addition, the law introduces questionable new entry routes, such as for "investor immigrants" who can now "buy their way in." It also provides a new entry route through a category known as "diversity immigrants." This concept resurrects one of the most reprehensible features of past U.S. immigration history. It is the use of national origin criteria for admission of immigrants from designated nations from which immigration had, since 1965, been low due to the huge backlogs of persons from Asia and Latin America. There is no labor market test associated with the admission of "diversity

immigrants" for whom 40,000 visas a year are available through 1994 (afterwards the number increases to 55,000 visas a year).

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 400,000 a year. There are no annual ceilings on the total number of non-immigrant workers who can be admitted. They are legally employed in a variety of occupations, ranging from farmworkers to nurses to engineers to professors 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, the non-immigrant workers are admitted only for temporary periods, but their visas can be extended in some cases for up to five years. The increasing dependence of U.S. employers on non-immigrant workers is a clear signal that something is seriously wrong with the current immigration system. It indicates that the legal immigration system lacks the direction and the flexibility to respond to legitimate shortages of qualified workers to fill real job vacancies.

If immigration were insignificant in its size and if the human capital characteristics of those entering were generally consistent with contemporary labor market needs, there would be little reason to worry about the employment consequences of such a politically driven policy. But neither conditions are present. The scale of immigration -- in all of its diverse forms -- is without historical precedent. Most of the immigrants -- regardless of mode of entry have been from less economically developed nations. Many lack skills

