

*National Policy Association  
Washington, DC  
April 10, 1997*

**Income Disparity and Unionism: The Workplace Influences of Post-1965  
Immigration Policy**

Vernon M. Briggs, Jr.  
Cornell University

At the time of its passage, the Immigration Act of 1965 was called “the most far-reaching revision of immigration policy” in the United States since the imposition of the first numerical quotas in 1921.<sup>1</sup> Unknowingly, this legislation would lead directly to the revival of the phenomenon of “mass immigration” from out of the nation’s distant past.<sup>2</sup> Immigration had been of declining significance to the size and composition of the nation’s population and labor force for over 50 years. Indeed, the percentage of the population that was foreign born in 1965 was only 4.4 percent--the lowest percentage since before the Civil War. In the years that have followed, these trends have been sharply reversed.

By the 1980s, a comprehensive study of the U.S. society by an international panel of social science scholars observed that “America’s biggest import is people” and concluded that “at the 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.”<sup>3</sup> By virtue of policies already in place, the 1990s should sustain the largest infusion of immigrants in any ten year period in the nation’s history. Moreover, as the noted demographer Leon Bouvier has observed, the post-1965 wave of mass immigration--unlike earlier waves--shows “no sign of imminent decline.”<sup>4</sup>

Paralleling the years in which the scale and cumulative effects of mass immigration again became significant (i.e., since the late 1970s), the issue of widening income disparity also emerged as a national issue. As former Secretary of Labor Robert Reich said in his farewell speech in January 1997 before returning to private life, “over 15 years ago, inequality of income, wealth, and opportunity began to widen and the gap today is wider than at anytime in living memory.”<sup>5</sup>

As mass immigration has significant labor market implications and the labor market is the principle source of national income, immigration policy has contributed to the evolving income distribution trends. Declining union membership has also been linked to the growth in income inequality. It is also the case that, union membership trends have historically moved in the opposite direction of immigration trends. Rising immigration has meant falling union membership. Hence, workplace remedies intended to address the issues of income disparity and the decline of unionism must include significant immigration reform if they are to be taken seriously.

### **A Story of Unintended Consequences**

Unlike most public policy interventions designed to influence labor market outcomes, immigration policy is a special case. The admission of immigrants to the United States is purely a discretionary act of the federal government. The nation is under no obligation to allow foreign nationals into the country on either a temporary or permanent basis to live or to work. There is no right to immigrate. Indeed, the word “immigration” or any reference to the concept is not to be found anywhere in the U.S. Constitution. Hence, how many immigrants are annually admitted and under what terms depends entirely on the immigration policy that Congress puts in place at any particular time and the funding

levels it provides for its enforcement. As circumstances change, so must the nation's immigration policy if it is to serve the national interest and not confound it.

In the case of the Immigration Act of 1965, the primary motivation for its passage was to end the era of overt discrimination associated with the national origins admission system embodied in the immigration laws since 1924.<sup>6</sup> The reform movement of that era was not seeking to raise the level of immigration. The paramount goal was to achieve a non-discriminatory immigration policy. Indeed, 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."<sup>7</sup>

A new admissions system, based largely on the reunification of family members beyond the immediate family members (whose numbers are unlimited) of each immigrant was enacted. Seventy-four percent of the available entry visas each year were reserved for this grouping (the percentage was increased to 80 percent in 1980). Family ties, not labor force needs, became "the cornerstone" of U.S. immigration policy. This new admissions system remains in place to this day. It is designed to serve private interests, not the national interests. Most future citizens are admitted not because they have needed skills, talents or abilities or are willing to locate where workers are needed. Instead, they are admitted because they have relatives who are already citizens or permanent resident aliens.

Perhaps the nation could afford the luxury of having a nepotistic immigration system if immigration levels had remained low. But, instead they soared in the years since

1965. Thus, despite contemporary platitudes about its merits, the post-1965 revival of mass immigration was a completely unexpected event.

There was no shortage of labor in 1965 that required an increase in immigration. Indeed, the post-war “baby boom” was just entering the labor market. One million more people turned 18 years old (the primary labor force entry age for full-time job seeking) the year before and that high level of new entrants persisted for the next 16 years. Already worried about the adverse effects of foreign workers on the welfare of 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 proposed immigration legislation were to be enacted by the Johnson Administration after the election.<sup>8</sup> Congress, therefore, was sensitive at the time to the charge of adverse employment impacts. For that reason, it significantly tightened the labor certification requirements that applied to all non-family and non-refugee admissions that were provided by 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). In fact, a strong case can be made that the passage of the Immigration Act of 1965 was itself another civil rights achievement of that era.<sup>9</sup> Having passed legislation to end overt discrimination within the country, the logical next step was to end similar discriminatory policies that affected the nation’s relations with the international community. No one foresaw the possibility that the Immigration Act of

1965 would subsequently serve to undermine the original objectives of the Civil Rights Act of 1964--namely, the enhancement of economic opportunities for African Americans.

Indeed, none of the subsequent ramifications of the Immigration Act of 1965 that the nation has experienced were foreseen by its proponents. In testimony in favor of 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.”<sup>10</sup>

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.”<sup>11</sup> 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.”<sup>12</sup> None of these assurances has proven to be valid.

Subsequent actions by Congress have perpetuated and enhanced the scale of this social and economic phenomenon. In 1980, the Refugee Act of 1980 enlarged the definition of eligible refugees; increased substantially the number of refugees who could be annually admitted over the legislative level first set in 1965; and enacted the first political asylum in the nation’s history which has been extensively used (and abused) for entry since then. The Immigration Reform and Control Act of 1986 provided for the legalization of status for over 2.5 million formerly illegal immigrants. The Immigration Act of 1990 raised legal immigration by 35 percent over the levels in existence at that time. In addition to these expansionary actions, the mass violation of the nation’s immigration laws by illegal immigrants continues and grows unabated by the half-hearted deterrence policies that Congress has enacted to date. As of October 1996, the “official” estimate of the number of

illegal immigrants residing in the United States is 5 million persons with an additional annual inflow of 275,000 illegal entrants.<sup>13</sup>

### **The Economic Consequences of Post-1965 Immigration**

The most obvious of the unexpected effects of the changes in immigration policy adopted in 1965 has been a significant increase in the size of the foreign-born population. The foreign-born population has grown from 4.4 percent of the total population in 1965 to 8.7 percent of the population in 1994 (or about one of every eleven people in the population). In absolute terms, the foreign-born population has increased from 8.6 million persons in 1965 to 22.8 million persons in 1994 (an increase of 165 percent). If an allowance is made for the undercount of illegal immigrants in official data, the actual inflow has certainly exceeded a million persons a year throughout 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 in 1994 have come from only one country--Mexico.

But the immigrant population is younger than the native-born population and 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 October 1994 the foreign-born accounted for 10.9 percent of the labor force (or one of every nine members of the U.S. labor force).<sup>14</sup> These figures must also be viewed as minimal rates due to the acknowledged sizable undercount of the number of illegal immigrants present in the country.<sup>15</sup>

If the revival of mass immigration since 1965 had been evenly distributed across the country, the incongruity of the subsequent immigrant inflow would have been less dramatic

than it has been. A key feature of the post-1965 mass immigration, however, has been its geographic concentration. In 1994, five states (California, New York, Florida, Texas, and Illinois) accounted for 65 percent of the entire foreign-born population and 66 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 October 1994 were Los Angeles, New York, San Francisco, Miami, and Chicago. Collectively, they accounted for 51 percent of all foreign-born workers in October 1994. The concentration in the central cities of the nation is even more extreme. The 1990 Census, for instance, revealed that the percentage of the population that is foreign-born of Miami was 60 percent; for 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, is higher in each of these cities than these population percentages show.

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 by far is in the lowest end of the nation's human capital distribution. It is this feature of the immigration inflow that has the most significant impact on contemporary wage inequality and income disparity trends. The 1990 Census revealed that the percentage of foreign-born adults (25 years and over) who had *less than* a ninth grade education was 25 percent (compared to only 10 percent for native-born adults) and that 42 percent of foreign-born adults did not have a high school diploma (compared to 23 percent of native-born adults). Thus, it is the low skilled, low wage sectors of urban labor markets

that is the most impacted by immigrant job seekers. Not only do they compete with one another, but they also compete with the low skilled native-born workers for whatever opportunities there are at the bottom of the nation's job hierarchy.

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 higher percentage than did the native-born, 3.8 percent versus 2.4 percent. It is unclear, however, exactly how immigrants with graduate degrees from foreign educational institutions transfer their educational training into equivalent employment experiences. There is significant variation in the quality of many foreign universities--especially with respect to their graduate programs. Moreover, those with training in law, medicine, and education cannot automatically qualify for comparable employment when they enter the United States labor force. There is also the issue of their ability to communicate fluently in English which affects skill transferability. Hence, it is likely that there is some degree of downward occupational mobility in the employment of foreign-born workers that is not readily apparent from their educational attainment statistics.

The effects of the human capital variation between the foreign-born and native-born are reflected in a comparison of their October 1994 occupational distributions.<sup>16</sup> Twenty-five percent of the foreign-born labor force were employed in the low-skilled and semi-skilled occupations of operatives, laborers, or farm workers (compared to 18 percent of native-born workers). Moreover, 20 percent for the foreign labor force are employed in service occupations (as opposed to 13 percent of the native-born workers). Unfortunately, there is no data to breakdown the particular service jobs that are held by foreign-born

versus native-born but there is significant anecdotal information to suggest that immigrant workers are concentrated in the lower paying service occupation--such as maids, dishwashers, waiters, gardeners, cooks, cleaners, laundry workers, and health care workers.

The disproportionate concentration of the foreign-born who lack even a high school diploma is also reflected in their unemployment experiences.<sup>17</sup> The overall unemployment rate of foreign-born workers in October 1994 was 7.4 percent, while the comparable national unemployment rate at the time was 5.5 percent. The unemployment rate for foreign-born workers with less than a ninth grade education in 1994 was 9.4 percent; for those with some high school education but with no diploma, it was 14.4 percent. The comparable rates for native-born workers were 10.3 percent and 13.3 percent. Consequently, the greatest labor market impact of immigration is in the sector of the labor market that is already having the greatest difficulty finding employment. It is, 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 high number of adult illiterates (estimated to be more than 30 million persons).

As for its racial and ethnic composition, immigrants from Asia and Latin America overwhelmingly dominate the post-1965 inflow. They have accounted for about 80 percent of the post-1965 immigrants and over 85 percent of the post-1980 immigrants. Indeed, Asia emerged in the 1990s as the primary immigrant source region. As of 1994, 62 percent of 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 with more than one-half of the Hispanic labor force being foreign-born (51.2 percent). 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 were foreign-born in 1994. Thus, the most distinguishing feature of the Asian and Hispanic labor forces is the inordinately high proportion of each who are foreign-born.

The 1990 Census also disclosed that 79.1 percent of the foreign-born population (five 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 (five years and over) reported 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.<sup>18</sup>

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 50 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 in the early 1990s made significantly greater use of both cash and non-cash welfare programs than did native-born families.<sup>19</sup>

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 2 million immigrant youth enrolled in U.S. public schools in the 1980s. Many more have come in the 1990s. 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.”<sup>20</sup> Moreover, “many immigrants, including those of high school age, have had little or no schooling and are illiterate even in their native languages.”<sup>21</sup> New demands for the creation of bilingual programs and special education classes have significantly added to the costs of urban education and have frequently led to the diversion of funds from other important programs for needy native-born children.<sup>22</sup> Overcrowding of urban school systems, already confronting enormous educational burdens, has frequently occurred with devastating impacts on the educational process.<sup>23</sup> Other educational costs are more subtle but are as equally significant as are the financial concerns. Namely, the societal goal of desegregated urban schools has been greatly retarded by the arrival of immigrant children because they have increased the racial isolation of inner-city black children.<sup>24</sup>

The adverse effects of immigration on the quality of the labor force and future income distribution patterns can also be seen by examining differential school enrollment data.<sup>25</sup> As of October 1994, only 43 percent of foreign-born youth between the ages of 16-24 years old were enrolled in school versus 54 percent for native-born youth. Within the Hispanic population, the differential is acute with only 28 percent of foreign-born Hispanic youth enrolled in school versus 51 percent of native-born Hispanic youth. With respect to secondary school enrollment rates (i.e., those youth 16-19 years old), native-born persons attended school at a 56 percent rate versus a 48 percent rate for the foreign-born. Post-secondary enrollment rates reflect a similar pattern. The major explanation for the differential rates in both secondary and post-secondary enrollment between the native-born and the foreign-born is the much lower enrollment rates by foreign-born Hispanics.

There is also the issue of job competition. 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 job displacement is a difficult feat. Not only is it impossible to prove that, if one person is hired someone else has been displaced, but, even if such a straightforward approach were feasible, it would not settle the issue. For which native-born workers might have moved to the high-immigrant impact cities if the immigrants were not pouring into those same labor markets? Moreover, there are people who leave these same high-immigrant labor markets in despair who might otherwise have retained their jobs or had higher wages and incomes if not for the presence of a continual inflow of immigrants.

In fact, research on these labor mobility issues has found that the internal immigration patterns of native-born workers to the urban areas where immigrants are concentrated has been reduced.<sup>26</sup> The higher the concentration of immigrants in a local labor market, the less attractive in economic terms the locality is to native-born workers. Other research has found that immigrants are less likely to move out of states where they are concentrated than are the native-born.<sup>27</sup> Both features cause an accentuation of the employment and wage impacts on those labor markets where immigrants are concentrated. Furthermore, research shows those urban cities in California that have experienced quantum increases in immigration have seen the “flight” of low-income, poorly educated native-born workers out of their former communities to the outer fringes of their metropolitan areas or to other states.<sup>28</sup> This means that such workers have lost the competitive struggle for jobs with low-skilled, poorly educated immigrants and that these

other labor markets are now confronted with the need to accommodate the 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 should have risen which should have attracted citizens to move in or to stay in these cities. Instead, the wages for low skilled workers--especially those without high school educations--were significantly reduced in these localities.<sup>29</sup> The exodus of low income native-born workers from high immigrant-impact communities may also be a response to the fact that there is evidence of extensive employment discrimination against native-born workers--especially African Americans--by the growing number of immigrant-owned businesses in these urban areas.<sup>30</sup>

### **Recognition That Immigration Policy Had Gone Awry**

The re-emergence of mass immigration began as a gradual process in the late 1960s. But by the late 1970s, its cumulative effects had already become sufficiently worrisome to warrant the creation by Congress of a special commission to study what had happened and to recommend policy changes. Officially known as the Select Commission on Immigration and Refugee Policy (SCIRP), it was composed of 16 members and chaired by a non-politician, the Rev. Theodore Hesburgh (who was President of Notre Dame University at the time). When SCIRP tendered its final report in March 1981, it concluded that immigration was "out of control" and comprehensive reforms were essential.<sup>31</sup> It called for a "cautious approach" in reforming the immigration system and concluded that "this is not the time for a large-scale expansion in legal immigration."<sup>32</sup>

The ensuing response by Congress to the Hesburgh Commission's recommendations for reform is a long and frustrating tale that cannot be told here.<sup>33</sup> In a

nutshell, Congress passed legislation in 1986 designed to reduce illegal immigration but it was chocked-full of enforcement loop holes and its deterrence measures were poorly funded. With regard to legal immigration, Congress in 1990 dramatically increased admissions by 35 percent over existing levels, in direct contradiction of SCIRP's earlier recommendations.

To monitor the impact of the 1990 legislation, another Congressionally-created commission was created in 1991. Known as the U.S. Commission on Immigration Reform (CIR), it is a nine member commission that was chaired by a former congresswoman, Barbara Jordan, from 1993 until her death in January 1996 (at the time she was a professor of public policy at the University of Texas). CIR's final report is due to be released on September 30, 1997 but it has issued a series of interim reports. In 1994, CIR identified illegal immigration as the "most immediate need" for policy action.<sup>34</sup> In 1995, CIR recommended the first legislative reductions in the level of immigration in the nation's history.<sup>35</sup> The reductions would be accomplished by eliminating most of the extended family preferences that are so prominent in the existing admission system. The recommended new system would make the nuclear family the mainstay of family admissions. It also recommended that no unskilled immigrants be admitted under any of the employment-based admission preferences and that the new "diversity immigrant" admission category created by the 1990 legislation be eliminated. It also called for including refugee admissions in the overall legal immigration ceiling that would be in effect each year. CIR's report concluded with the statement that our current immigration system "must undergo major reform" and it requires "a significant redefinition of priorities."<sup>36</sup>

In 1995 Congress initiated efforts to respond to CIR's recommendations as well as to a public outcry for changes.<sup>37</sup> Unfortunately, by the time the legislative smoke cleared comprehensive immigration reform was dead.<sup>38</sup> Special interest groups succeeded in separating (and thereby killing) all reforms pertaining to legal immigration while illegal immigration reforms were bundled into an omnibus appropriation bill that was passed in the final hours of the 104<sup>th</sup> Congress just before it adjourned. Although the bipartisan legislation did substantially increase funding for deterrence, the final bill passed in 1996 had been stripped of its most important policy reforms dealing with the establishment of a viable verification system of worker eligibility to be employed in the United States. Thus, meaningful immigration reform was postponed once again.

### **The Parallel Emergence of the Income Disparity Issue**

Beginning roughly at the same time that the Hesburgh Commission was finding that extant immigration policy was not serving the national interest, the first signs appeared that the nation was experiencing widening disparity in its wage and income distributions. Since the 1970s, these patterns have become on-going trends. As former Secretary of Labor Reich has said in 1997, the repeated findings of accumulating inequality year-after-year proves "this is not a statistical fluke."<sup>39</sup>

As is shown in Figure 1, the cumulative change in real wages for adult full-time weekly workers between 1980 and 1996 (after being adjusted for inflation) reveal a 10.7 percent *increase* in real wages for those workers in the top 10 percent of the wage distribution (i.e., the 90<sup>th</sup> percentile) and a 9.6 percent *decline* in real wages for those in the bottom 10 percent of the wage distribution (i.e., the 10<sup>th</sup> percentile). The median for all adult workers shows that adjusted wages fell by 3.6 percent over this timespan.

The changes are even more dramatic with respect to family income disparity. Figure 2 shows that for the years 1950 to 1978, real family income for the bottom 20 percent of the population increased substantially more than that of the top 20 percent (a 138 percent increase for the former versus a 99 percent for the latter). Figure 3, however, shows the same data for the period 1979 to 1995 and it reveals precisely the opposite trend. Namely, the inflation-adjusted income of the top 20 percent of the distribution grew by 26 percent while that of the poorest 20 percent fell by 9 percent. Even more telling is the fact that in 1995, the richest 5 percent of U.S. families received 20 percent of the nation's total income while the bottom 40 percent received only 14.6 percent of the nation's total income.<sup>40</sup>

The U.S. Census Bureau has studied the distribution of income since the late 1940s. It has reported that from 1947 to 1968 there was a perceptible *decline* in family income inequality in the United States (a decline of 7.4 percent). But since 1968, income inequality among families has increased. By 1982, inequality was back to the same level as it was in 1947, and by 1994, family income inequality had *increased* by 22.4 percent over the distribution that existed in 1968.<sup>41</sup> It is worthy of note that the year 1968 was the first year that the changes contained in the Immigration Act of 1965 went into full effect.

### **The Immigration Linkage**

It is no easy task to specify the causes of mounting income inequality in the United States since the late 1960s. Even the U.S. Census Bureau acknowledged in 1996 that “the root causes are still not entirely understood.”<sup>42</sup> Nonetheless, immigration has been identified as being among the constellation of adverse influences. The Council of Economic Advisers to the President noted a relationship in their 1994 annual report. They

stated that: "Immigration has increased the relative supply of less educated labor and appears to have contributed to the increasing inequality of income."<sup>43</sup> Although their report claims that the aggregate effect is "small" on the overall distribution of income, immigration is a major factor in the deterioration of wages and incomes for low wage and low income families. Indeed, a 1995 study by the Bureau of Labor Statistics found that "immigration accounted for approximately 20 to 25 percent of the increase in the wage gap between low and high skilled workers during the 1980s in the 50 largest metropolitan areas of the United States."<sup>44</sup> Furthermore, the same study revealed that half of the decline in real wages for native-born high school dropouts over the decade can be attributed to the impact of unskilled foreign workers.<sup>45</sup> Thus, the critical issue that is so often overlooked is not only that a disproportionate number of the immigrants themselves are unskilled and poor but that, by their presence, *they also impoverish similarly situated native-born workers and their families.*

Mass immigration affects wages, employment, labor mobility, and unemployment--all of which adversely and disproportionately affect the income patterns of workers at the bottom of the economic ladder. Given the geographic concentration of the foreign-born population, it is the urban labor force and its disproportionately large minority populations that are the worst impacted.<sup>46</sup> Hence, just because the effects of immigration are dissipated when the perspective is at the national level does not mean that they are insignificant. Indeed, in many of the nation's major urban labor markets, immigration and its effects are dominating factors when it comes to interpreting wage, employment and income trends.

## **The Unionism Linkage**

In its 1995 analysis of the causes of mounting wage inequality since the 1970s, the Council of Economic Advisers (CEA) cites the decline of unionism as being a significant explanatory factor. The CEA states “empirical evidence suggests that unions tend to raise wages for workers who would otherwise be in the bottom half of the wage distribution.”<sup>47</sup> It notes that 26 percent of the employed labor force were union members in 1973 but, by 1995, the percentage had fallen to 16 percent. Moreover, the decline in unionism membership has been the most for workers in the private sector where foreign-born workers are disproportionately employed (in 1995, only 11 percent of private sector workers belonged to unions). The CEA indicates that perhaps as much as 20 percent of the increase in wage inequality--“especially of men”--can be attributed to this decline in union membership over this timespan.<sup>48</sup>

Although the CEA does not itself draw the linkage between the decline of union membership and the increase in immigration, it has been historically true that two phenomenon have been inversely related. In the first decade of the 20<sup>th</sup> Century, only about 5 percent of the employed labor force were union members. It was also a time when mass immigration was at its highest levels in U.S. history up until that time. It was only with the outbreak of World War I in 1914 that immigration levels began to fall. It was from the mid-1930s to the early 1960s that union membership had its most sustained period of growth. In 1945, it hit its zenith when union membership accounted for about 36% of the employed non-agricultural labor force. Even as late as 1962, over 30 percent of the employed labor force were union members. During this lengthy period of union growth, immigration levels declined continually and significantly. By the mid-1960s the percentage

of the population that was foreign-born had fallen to a low level that has not been experienced in over 100 years. The revival of mass immigration in the late-1960s exactly parallels the decline in union membership that has occurred since then. Obviously there are many factors that adversely affect both union membership and wage inequality trends but, the point is, *immigration is one of them*.

From the very beginnings of the American labor movement, immigration has been one of the most troublesome issues it has had to confront. For while the immigration flow has been historically dominated by working people (i.e., wage earners), the union movement traditionally regarded immigrants as a short term threat even though, in the long run, they might contribute to the growth of the labor force that should enhance the ranks of working people. But the American labor movement has traditionally been short run oriented, preferring “bread and butter in the here-and-now-rather than pie-in-the-sky in the sweet bye and bye.” Hence, until recently, organized labor has generally been opposed to large and continual increases in immigration.

In 1864, when the nation passed its first major immigration legislation--the Act to Encourage Immigration, the National Labor Union (NLU) vigorously opposed its implementation and was successful in gaining its repeal only four years later in 1868.<sup>49</sup> Likewise, the NLU--at the behest of many working people--fought for the repeal of the Burlingame Treaty of 1868 that extended to immigrants from China the same entry rights as immigrants from other countries. In 1872, one of organized labor's most effective tools to enhance unionization--the use of the union label as a boycott measure--was first introduced by union workers to distinguish the products they produced from those made by non-union immigrant workers.<sup>50</sup> At its founding convention in 1881, the Federation of

Organized Trades and Labor Unions (which in 1886 became the American Federation of Labor) passed a convention resolution that called “for the use of our best efforts to get rid of this monstrous immigration.”<sup>51</sup> The resolution was specifically addressed at Chinese immigration and similar resolutions were also adopted by the rival labor organization at the time, the Knights of Labor, as well as by various socialist labor groups.<sup>52</sup> These efforts culminated in the enactment of the Chinese Exclusion Act of 1882 that represented the first legislative action by Congress to exclude all immigrants from any specific country. The Knights of Labor were also instrumental in the passage of the Alien Contract Labor Act of 1885. It was the first legislation ever enacted to restrict immigration of would-be workers from Europe.<sup>53</sup> The American Federation of Labor (AFL) at its early conventions constantly criticized the nation’s immigration policies but it was not until its 1896 convention that resolutions endorsing restrictions on immigration in general were finally adopted.<sup>54</sup> At that same convention, Samuel Gompers, who was the President of the AFL at the time and probably the most influential labor leader in U.S. history, stated that “immigration is working a great injury to the people of our country.”<sup>55</sup> The following year the AFL passed a resolution favoring the use of a literacy test to screen and to reduce the inflow of unskilled workers into the U.S. labor force. Legislation accomplishing this purpose was ultimately enacted by the Immigration Act of 1917 that had strong AFL support.<sup>56</sup>

The culmination of organized labor’s efforts to end the era of virtually unrestricted immigration came with the passage of the Immigration Acts of 1921 and 1924. They not only placed a low ceiling on total immigration from the entire Eastern Hemisphere but they also imposed separate quotas on each nation. Moreover, the country quotas greatly

avored Western and Northern European nations and greatly disfavored immigrants from Eastern and Southern European nations. It was, as the noted labor historian Philip Taft has written, “the adverse influence of the immigrant upon the labor market rather than opposition based on race or religion which accounts for the attitude of organized labor” in supporting the restrictionist movement.<sup>57</sup> For after all, many of the labor leaders of that era--including Gompers himself--were immigrants as were many of their union members. Even socialist unions like those in Milwaukee, Wisconsin made it clear that their support for the world wide solidarity of labor did not mean that workers in other countries had a right to come to Milwaukee to seek jobs.<sup>58</sup>

In fact, subsequent studies of the impact of the mass immigration of that era before quotas were imposed have validated the economic concerns of union leaders at that time.

As one examination of that period concluded:

Yet to a very great extent the traditional viewpoint of native-born labor, especially the organized segment of it, appears to have been substantiated by experience. In many cases, labor markets were flooded, the labor supply was made more redundant, and wages in consequence were undermined.<sup>59</sup>

Likewise, the same study concluded that the dramatic increase in real earning for workers that occurred in the 1920s, and which lasted until the onset of the Great Depression was a significant result of the imposition of the immigration quotas in 1921 and 1924.<sup>60</sup> Moreover, the decrease in immigration during that decade was also found to have contributed to “a new interest” by employers “in developing employee goodwill and in training workers.”<sup>61</sup>

In the 1960s, the AFL-CIO joined in the efforts to end the use of national origins as the admission basis for the nation’s immigration policy. At its 1963 convention, it

specifically endorsed the two proposed bills that would later become the Immigration Act of 1965. Its resolution of support stated that “an intelligent and balanced immigration policy ought to rest on practical considerations of desired skills.”<sup>62</sup> There is no indication in the resolution that the labor movement anticipated that the legislation would launch another era of sustained mass immigration--especially of unskilled workers-- that continues to this day.

In the 1980s, the AFL-CIO was supportive of the legislative efforts to reduce illegal immigration that culminated in the passage of the Immigration Reform and Control Act of 1986.<sup>63</sup> But when the subject of legal immigration reform arose in 1989, the AFL-CIO indicated that it supported family reunification as the principle admission condition; it opposed any reduction in legal immigration levels; and it preferred not to use immigration as a means of acquiring skilled workers because it would cause a “brain drain” in other countries and it would be better to train and educate U.S. workers for such jobs.<sup>64</sup> Strangely, there was no parallel concern manifested for protection of jobs for unskilled and semi-skilled citizen workers who were the most adversely impacted by the policy that was in place.

In the legislative debates preceding passage of the Immigration Act of 1990, the AFL-CIO did not oppose the dramatic increase in immigration that it provided. The Federation’s only concern for restrictions pertained to its successful effort to impose a cap on the number of foreign workers who could temporarily be employed in the United States as professional athletes and entertainers.

During the subsequent 1995 and 1996 debates over what had happened since the Immigration Act of 1990 took effect, the AFL-CIO joined the coalition of special interest

groups that succeeded in deleting all of the proposed changes in legal immigration from the pending bills.<sup>65</sup> This tactical move effectively killed these initiatives. The proposed changes, as discussed earlier, called for a reduction in legal immigration back to levels that approximated those in existence prior to the passage of the Immigration Act of 1990. These reductions would have been accomplished by reducing various entry categories for adult family members who are relatives of U.S. citizens or permanent resident aliens. It would have also have closed the door to the entry of all unskilled workers who are not family members. These were changes that had been recommend the year before by the Jordan Commission by an overwhelming 8-1 vote of its members.

As for illegal immigration, the AFL-CIO opposed the creation of a national data base to verify the identity of job seekers and their eligibility for employment. The Jordan Commission had recommended such a system and it was included in the original bill. However, during the floor debate in the House of Representatives, the verification provisions were stripped from the bill which was finally passed--the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 as part of an omnibus appropriation act.

Thus, over the past decade, the AFL-CIO has altered its historic position. Judging by its conduct, it seems to no longer to consider mass immigration as a threat to unionism in particular and to low skilled workers in general. There is, unfortunately, extensive evidence to the contrary.<sup>66</sup>

### **Concluding Observations**

Hopefully it is clear that it is post-1965 immigration policy, not immigrants per se, that is the issue of concern about the adverse effects of immigration on income inequality and the declining state of unionism. The immigrants are only availing themselves of the

