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ABSTRACT

This paper presents a review of existing case study literature on the local and regional impacts of illegal immigrants and refugees in the United States. This report is a part of the second phase of the National Commission for Employment Policy's long-term work plan "Changes in the Workplace." While there is an enormous amount of literature on the undocumented population, research on this group and the analysis of it have been stymied by the clandestine nature of migration and by problems in using national data. By comparison, there has been little research on refugees, particularly before the passage of the Refugee Act of 1980. The case study literature on refugees concentrates primarily on Southeast Asians. The review of the literature in this paper also concerns the economic and social adaptation of refugees and undocumented workers. In reference to refugees, the report details 6 recommendations on the following topics: (1) English language skills; (2) use of public assistance; (3) types of services available; (4) support systems; (5) U.S. placement policy; and (6) quality of immigration statistics. The report is intended as a broad survey of the literature, rather than as an independent evaluation and critique of A nine-page bibliography is provided. (TES)

ILLEGAL IMMIGRANTS AND REFUGEES -- THEIR ECONOMIC ADAPTATION AND IMPACT ON LOCAL U.S. LABOR MARKETS: A REVIEW OF THE LITERATURE

by

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PREFACE

This report presents a review of the literature on the economic and social adaptation of illegal immigrants and refugees and the impacts these groups have on local U.S. communities. As a staff member for the Commission's "Changes in the Workplace" work group, the author prepared this paper for the purpose of providing input into its investigation of how U.S. employment and training policies can help to improve U.S. competitiveness. Immigration is one of three dimensions being considered in the Commission's analysis of the effects on employment of the internationalization of the U.S. economy.

Commission staff members Carol Romero, Stephen Baldwin, Sara Toye, and Nancy ReMine Trego have provided constructive comments. In addition, the author also thanks several other reviewers for their comments on a draft of this paper: Gregory B. Smith, Executive Assistant to the Deputy Commissioner, Immigration and Naturalization Service (INS); Janelle Jones, Office of Plans and Analysis, INS; Linda Gordon, Office of Refugee Resettlement, U.S. Department of Health and Human Services; Marion Houstoun, International Labor Affairs Bureau, U.S. Department of Labor; David North, New TransCentury Foundation, Washington, D.C.; and Tom Muller and Demetrios G. Papademetriou, Population Associates International, Fairfax, Virginia.

The findings and conclusions of this study as well as the interpretation of the literature contained herein are those of the author alone and should not be construed as representing the views of the reviewers, the Commission or its staff.

ILLEGAL IMMIGRANTS AND REFUGEES — THEIR ECONOMIC ADAPTATION AND IMPACT ON LOCAL U.S. LABOR MARKETS: A REVIEW OF THE LITERATURE

Executive Summary

This paper presents a review of existing case study literature on the local and regional impacts of illegal immigrants and refugees in the United States.

As part of the Commission's long-term workplan on "Changes in the Workplace," this report along with two studies sponsored by the Commission will provide input into the second phase of the project, which is investigating how employment and training policies may help to improve U.S. competitiveness. The Commission has completed its first project in this workplan with the Spring 1986 publication of Computers in the Workplace: Selected Issues.

While there is an enormous amount of literature on the undocumented population, research on this group and the analysis of it are stymied by the clandestine nature of the migration and problems in using national data. By comparison, there has been little research on refugees, particularly before the passage of the Refugee Act of 1980. The case study literature on refugees concentrates primarily on Southeast Asians.

The review of the literature in this paper concerns the economic and social adaptation of refugees and undocumented workers and their impacts on local communities. It is intended as a broad survey of the literature, rather than as an independent evaluation and critique of it.

Economic and Social Adaptation

How Well Illegal Immigrants and Refugees Have Adapted

Since the Statue of Liberty was dedicated a hundred years ago, the composition of those legally entering the United States has changed. In 1886, Europeans accounted for 90 percent of the immigrants coming to this nation, whereas in 1985, Asians made up nearly half, Latin Americans 40 percent, and Europeans only 5 percent.

In addition to legal immigrants, there are an estimated 4 million to 6 million undocumented aliens in this country, slightly more than half of whom are from Mexico. About half of the illegal population live in California. The general lack of literature on the economic adaptation of undocumented aliens is probably due to the fact that they are in this country illegally and are difficult to track in the workplace.

The U.S. has admitted nearly two million refugees since the end of World War II, mostly from the Communist-dominated countries. Southeast Asians, with the Vietnamese being the largest group, have dominated the more recent arrivals. At the end of Fiscal Year 1985, there were approximately 760,000 Southeast Asian refugees in this country. While the Southeast Asians

predominate among refugee arrivals since 1975, Cubans remain the largest group admitted since the Second World War, totaling about 800,000.

Where refugees live in the U.S. is determined by initial placement and secondary migration. U.S. refugee placement policy through 1975 was aimed at dispersing refugees throughout the country so as to minimize their impacts on the receiving communities and to hasten their self-sufficiency. After 1975, placement policy for the majority of refugees was based on family reunification which does not lead to widespread dispersal.

After initial placement in this country, many refugees migrate to other areas within the United States. One cause of this secondary migration appears to be the availability of higher public assistance benefit levels in some States. Other factors relate to the availability of work, the desire of refugee groups to live among people from their homeland and the preference for a warm climate. As is the case with undocumented aliens, California is the State in which the largest number of Southeast Asian refugees reside, accounting for about 40 percent in FY 1985.

Economic self-sufficiency — measured by labor force participation and employment rates, earnings and use of public assistance programs — affects not only the lives of the refugees but also the cost of the resettlement program, the U.S. labor market, and, ultimately the receptivity of the United States to refugees.

The prospects for refugee self-sufficiency appear promising in the long-run; but during the early period in this country, they experience low labor force participation, high unemployment, large numbers below the poverty level, and substantial reliance on public assistance programs.

The pattern of occupational mobility revealed by recent research on refugees is similar to that found in research on immigrants. Many studies document that immigrants coming from a high socio-economic status in their countries of origin initially take jobs that are lower in status; but with time, their status increases until it reaches or surpasses former levels.

Factors Which Affect Economic and Social Adaptation

There are a number of factors which influence the economic and social adaptation of refugees, namely their special eligibility for public assistance programs, training and employment services; their linguistic and socio-demographic characteristics; the amount of time they have spent in this country; and the availability of ethnic community organizations. Because undocumented workers are here illegally, there are very few government programs available to them to aid in their economic and social adjustment. The illegal population is ineligible for most public assistance programs, but children of illegals are eligible for public education.

The key findings are as follows:

o Refugees' education and English language proficiency are among the more important predictors of labor force participation. Refugees' participation in full-time language training programs during the day slows their early entry into the labor force but is likely to lead to improvements in language proficiency and later success in the labor market.

o Residence in a State with a generous public assistance system dampens the labor force participation rate of refugees.

o While the employment of refugees is affected by economic conditions, during their first few years in the United States their employment is primarily influenced by factors related to their personal characteristics, including their ability to speak English, and their special eligibility for public assistance.

o Ethnic community organizations play a major role in the economic adaptation of refugees. Also, many refugees find employment through informal refugee networks, having been referred to employers by other refugees.

o Length of residence in the U.S. is also an important factor in the economic progress of refugees, as well as for the total immigrant population. For refugees, labor force participation, rates of employment, and the proportion of households with one or more employed persons improves with the length of time they spend in this country. Also, their dependency on social service programs declines with time spent in the U.S.

o Because they tend to be better educated, non-Mexican illegal immigrants are more successful in the labor market than their Mexican counterparts.

o For illegal (as well as legal) immigrants, occupational-kinship networks play a very important role in adaptation to the U.S. labor market. These networks benefit not only these workers, but also the employer, by insuring a readily available pool of undocumented workers.

Impacts of Refugees and Illegal Immigrants on U.S. Local Communities

Impacts on Labor Markets

The evidence regarding the labor market impact of undocumented entrants is mixed and somewhat inconclusive. Undocumented workers do displace some native-born U.S. workers and do lower wages and working conditions in some occupations and geographical areas. The opportunities for U.S. workers sometimes are reduced where undocumented workers dominate segments of the labor market. On the other hand, undocumented workers in some instances create and perpetuate jobs for themselves as well as for some U.S. workers. Furthermore, they help to preserve some U.S. firms that, without such a supply of foreign labor, might move their operations overseas. The evidence is not conclusive regarding the overall or aggregate effects on the labor market. Rather, the evidence suggests that the labor market effects of undocumented workers may best be viewed as a series of local and regional effects which vary widely.

With regard to refugees, there are only a few studies that focus directly on their labor market impacts. This is because the Southeast Asians, the most intensely studied group, have been in the U.S. for a shorter period than the illegal workers, are less concentrated geographically, and are more likely than illegal immigrants to be on public assistance or in training programs.

Impact on Public Service Programs

The general consensus is that undocumented workers make little use of income transfer programs primarily because they are ineligible to participate in them. They are further deterred in California by the alien status verification system instituted in parts of the State beginning in the mid-70s. Illegal immigrants make much greater use of public education and health services; however, they appear to pay for a significant part of their medical expenses.

On the other hand, refugees' levels of public assistance usage are considerably higher than for most other populations, primarily because of their special eligibility for these programs. Refugees' use of income transfer programs and public education is well above average, and their use of health services is average compared to other population groups.

Compared with the total U.S. population, refugees make above average use of all social service programs; legal immigrants' social service usage is about average; and illegal immigrants' is below average.

Methods Used in Alleviating Negative Impacts

Most methods directed toward preventing or relieving negative impacts of the alien population have been undertaken by the federal government and most of these are taken in response to the impacts of refugees.

To help lessen the negative impacts of undocumented aliens, the Immigration and Naturalization Service (INS) has developed Project SAVE (Systematic Alien Verification for Entitlements), now operating in seven States and three U.S. territories, which allows State and local government agencies access to INS's Systematic Alien Verification Index to verify eligibility of applicants for benefits. Similarly, the Counties of Los Angeles and San Diego have instituted systems aimed at excluding undocumented aliens from participating in benefit programs through verification with INS.

Methods to alleviate the future impacts of refugees fall into two categories. First, there are those related to initial placement, such as policy planning with regard to admission decisions, placement policy, and reimbursement of State and local costs. Secondly, are the wide range of federal assistance programs that deal with the post-settlement experiences of refugees and refugee-impacted areas. These include cash and medical assistance; English language and employment-related training; care for unaccompanied refugee children; health care and funding assistance to local facilities; funding assistance to school districts; and national discretionary projects to improve resettlement operations at regional, State, and local levels.

Refugees, themselves, establish various self-help organizations which offer a variety of services to their members. The federal government has a role here, too, in providing grants to States to encourage them to fund such organizations as service providers.

Conclusions and Recommendations

Refugees

The major concern over refugees is their ability to attain economic self-sufficiency earlier in their resettlement period and thereby reduce their relatively heavy reliance on public assistance programs. Several factors are seen as impeding the ability of this group to attain self-sufficiency and recommendations are made in those areas.

- Refugees should be provided more intensive and longer periods of training in English language skills both prior to their arrival in the U.S. and after resettlement. Whenever possible, training should be provided during the evenings to reduce the dampening effect day-time training can have on participation in the U.S. labor market.

- The Office of Refugee Resettlement, U.S. Department of Health and Human Services, should meet on a regular basis with State resettlement officials to explore various alternatives to reduce the work disincentives of public assistance programs available to refugees.

- The Office of Refugee Resettlement should evaluate the current effectiveness of all service programs available to refugees and explore additional services which would most effectively help refugees with different background characteristics.

- The Office of Refugee Resettlement, in conjunction with the National Association of Counties, the U.S. Conference of Mayors, and the National League of Cities should examine ways the informal support systems can be made more effective in providing support to refugees both in the short- and long-run.

- The Office of Refugee Resettlement should undertake research to determine if there is a greater likelihood that refugees would attain self-sufficiency more rapidly if they were free to settle wherever they like rather than be dispersed according to current placement policy.

Illegal Immigrants

The major concern with the undocumented population is the impacts they have on the U.S. labor market. However, there is a lack of complete and reliable information to measure these impacts.

The evidence in the literature indicates that illegal immigrants are highly concentrated geographically and appear to displace some U.S. workers and to lower wages and working conditions in some occupations and industries. In some cases they may preempt U.S. workers entirely because of the strength of occupational-kinship networks.

On the other hand, they also appear to create and perpetuate jobs for themselves as well as for some U.S. workers. There is some evidence that undocumented workers help to keep some U.S. firms competitive that might otherwise move their operations abroad or go out of business. Also, the prices of goods and services produced by some businesses may be marginally lower due to the presence of illegal immigrants, thus benefiting U.S. consumers.

While the evidence is far from conclusive, it indicates that U.S. workers competing for jobs in the low wage secondary labor market bear the brunt of the negative impact of illegal aliens. However, some U.S. workers who work alongside illegal aliens may benefit to the extent that firms are able to remain in business because of the existence of undocumented workers.

In general, the overall effects of this group on localities in which they cluster and on the U.S. economy as a whole are not fully known. The evidence is more solid that undocumented workers make little use of income transfer programs due primarily to their ineligiblity for these programs.

This paper suggests that the quality of immigration statistics be made a high priority so the effects of illegal immigrants on the labor market can be assessed with a greater degree of certainty. It recommends that an interagency committee be established by the Attorney General to consider how to implement the recommendations made by the Panel on Immigration Statistics of the National Research Council.

ILLEGAL IMMIGRANTS AND REFUGEES -- THEIR ECONOMIC ADAPTATION AND IMPACT ON LOCAL U.S. LABOR MARKETS: A REVIEW OF THE LITERATURE

Introduction

The purpose of this paper is to present, from a review of case study literature, the local and regional impacts of illegal aliens and refugees in the United States.

As part of the Commission's major work activities, this paper is one of a trilogy of research papers currently being developed on this subject. The Commission has contracted with the New TransCentury Foundation of Washington, D.C., and with Population Associates International, Fairfax, Virginia, for two studies which address the effects of immigrants (including refugees) on regions and local communities in the United States.

As does this paper, both studies will examine factors that affect the participation of undocumented workers and refugees in the U.S. economy, including regional and local impacts, and programs that deal with the actual and potential negative impacts. The study by New TransCentury Foundation is focusing on the Atlanta SMSA, an area which has recently experienced rapidly growing inflows of immigrants. The Population Associates International study is concentrating primarily on New York City, which has a large and diverse group of immigrants, and on program responses in other selected metropolitan areas, such as Chicago, Los Angeles, and Miami.

While the studies undertaken by New TransCentury and Population Associates International are focusing on a limited number of metropolitan areas, this paper is broader in scope in that the literature reviewed covers a wide range of areas and regions in the United States.

These three studies are part of the Commission's long-term workplan on "Changes in the Workplace." They provide input into the second phase of the workplan which addresses how the internationalization of the economy affects employment currently and how employment may be affected in the future. There are three dimensions to internationalization. First, trade in goods and services -- exports and imports -- alters the pattern of production and employment and has particular effects on specific industries and regions. Second, investment in the U.S. from abroad and investment by U.S. firms and citizens in other countries alters employment opportunities, productivity and competitiveness from what they would be otherwise. Third, immigration, both legal and illegal, augments the U.S. workforce and provides sometimes unwelcome competition for U.S. workers. All three of these dimensions are being considered in order to analyze the effects on employment of the internationalization of the economy. The Commission completed its first project in the long-term workplan with the Spring 1986 publication of Computers in the Workplace: Selected Issues.

The alien population (noncitizens) in the United States can be subdivided into four broad categories: legal immigrants, illegal immigrants, refugees, and nonimmigrants.

Legal immigrants, or permanent resident aliens, may stay in the nation for the balance of their lives. They carry the green card (INS form I-151) to signify their status and may become naturalized citizens after five years of U.S. residence. (The term "immigrant" includes those who were foreign-born but became U.S. citizens.) This population is estimated at approximately 6 million for 1985. Because the major political concerns at the moment are with the illegal and refugee groups and because legal immigrants are seen as having a relatively bland effect on the U.S. economy (North and LeBel, 1978), we will disregard this group in this study.

Illegal immigrants are aliens present in violation of U.S. immigration law. Some enter without inspection (EWIs), crossing the border secretly. Visa abusers, on the other hand, are legally admitted nonimmigrants who later abuse the terms of their visas, usually by overstaying their allotted time or by working when not permitted to do so. The Bureau of the Census estimated the size of the illegal alien population to be in the 4-6 million range in 1985.

Refugees are a subgroup of legal immigrants for whom the United States feels a special obligation. Most are admitted because they are fleeing the forces of international communism. All have met the test established in U.S. immigration laws of a well-founded fear of persecution based on race, religion, nationality, political opinion or membership in a social group. Refugees have a different collection of rights from permanent resident aliens (a status they can seek after one year of U.S. residence). The United States has admitted more that 1.5 million refugees since 1959.

Nonimmigrants are aliens who have been admitted to the United States legally, but temporarily, to pursue a particular activity. Diplomats, tourists, persons here on business, and foreign students are among the numerous categories of nonimmigrants. In recent years, over 10 million nonimmigrants have been processed through the nation's ports of entry each year. Most leave in a matter of weeks or months, some adjust to permanent resident alien status, and others become illegal immigrants. This is a transitory population and is divided into dozens of subclasses, each with its own set of rights and obligations. Given the complexities and the short-term stay in the U.S. of this population, we will disregard their limited impact on the U.S. labor market and social service programs in this paper.

There are two generally separate bodies of case study literature that were reviewed for this paper: those studies which focused on illegal immigrants and those which concentrated primarily on Southeast Asian refugees.

Illegal Immigrants

Research on undocumented workers is generally acknowledged as being unusually difficult because of a number of factors, including the clandestine nature of the migration, the uneven geographic distribution of illegal immigrants, the extreme difficulties in locating and interviewing them, and the problems in using national data. The problem in using national data has been documented in the report, "Immigration Statistics: A Story of Neglect," published in 1985. That study presented the findings and recommendations of the Panel on Immigration Statistics, established by the National Research Council with the support of the Immigration and Nationalization Service (INS).

Among the Panel's findings is that without major changes from the top policy-making levels and focused interest within key agencies, the "immigration statistics system" will never produce reliable, accurate, and timely statistics to permit rational decision-making concerning immigration policy. The Panel also concluded that most of the issues related to whether immigration is beneficial to the nation "have been addressed only by rhetoric, not by data," because there is a lack of reliable empirical evidence. (Panel on Immigration Statistics, 1985: p. 29.) The debate in Congress in recent years is full of concerns over the lack of factual information.

The reader is also forewarned that the case study research has generally relied on non-random samples of illegal immigrants and various survey methods which present difficulties in making valid comparisions of the findings in various localities or among different illegal immigrant and refugee groups.

Refugees

While there has been extensive research on the local and regional impacts of undocumented aliens, there has been, by comparison, little on refugees, particularly before 1980. According to a study by Susan Forbes of the Refugee Policy Group, there was, prior to 1980, "little systematic attempt by the government or anyone else to document the experiences of refugees within the context of federal, State or private assistance programs" (Forbes, 1985: p. 3). Forbes describes federal policy as evolving through a "trial and error" process with relatively little information about the needs of specific refugee groups, the effectiveness of programs, or the short- and long-term impact of refugees on receiving communities.

In response to this information gap, made even more evident with the passage of The Refugee Act of 1980, the Federal government embarked on a major research effort in which it funded over $3.5 million in research and evaluation studies of refugee resettlement during the first half of the current decade. Most of these studies were sponsored by the Office of Refugee Resettlement, U.S. Department of Health and Human Services. Other projects were initiated by the Bureau for Refugee Programs in the State Department and the Center for Population Research in the National Institute of Child Health and Human Development.

Because The Refugee Act of 1980 was passed and has been implemented during a period dominated by the resettlement of Southeast Asian refugees, most of the recent studies of refugees have focused almost exclusively on assessments of the Southeast Asian experience. Therefore, there are few studies of other current arrivals. Nor are there many studies of previous refugee groups that can be used for comparative purposes.

Overview of Report

This paper is concerned with undocumented workers and refugees. The review of the literature is divided into two major sections: Part I concerns economic and social adaptation, and Part II reviews the impacts of refugees and illegal entrants on local communities. It is intended as a broad survey of the literature, rather than as an independent evaluation and critique of it. Part III presents conclusions and recommendations.

The composition of this paper is such that most sections begin with an overview of the issue followed by a selected, but representative, sample of the findings from case studies conducted in various regions and local communities. While nearly all of the available case study literature was reviewed, no purpose would be served by a recapitulation of every single study available on some of the issues addressed. The volume of information on the undocumented population for some issues was enormous.

It also should be noted that some sections include more information on some alien population groups than others because of a dearth of case study literature for some groups. In such cases, the findings from studies broader in scope are reported.

I. Economic and Social Adaptation

Part A of this section examines how well illegal entrants and refugees have adapted to the U.S. economy. It describes the size and location of these groups and their labor market experiences. Part B discusses the primary factors associated with their ability to adapt, including length of stay in this country, availability and use of social service programs, and the importance of community organizations and occupational-kinship networks.

A. How Well Undocumented Aliens and Refugees Have Adapted

Size and Location of Groups

A hundred years ago when the Statue of Liberty was dedicated, 90 percent of legal immigrants came from Europe. Europeans represented more than half of all immigrants as recently as 1965, when Congress eliminated quotas based on national origin, although numerical limits on overall immigration were retained.

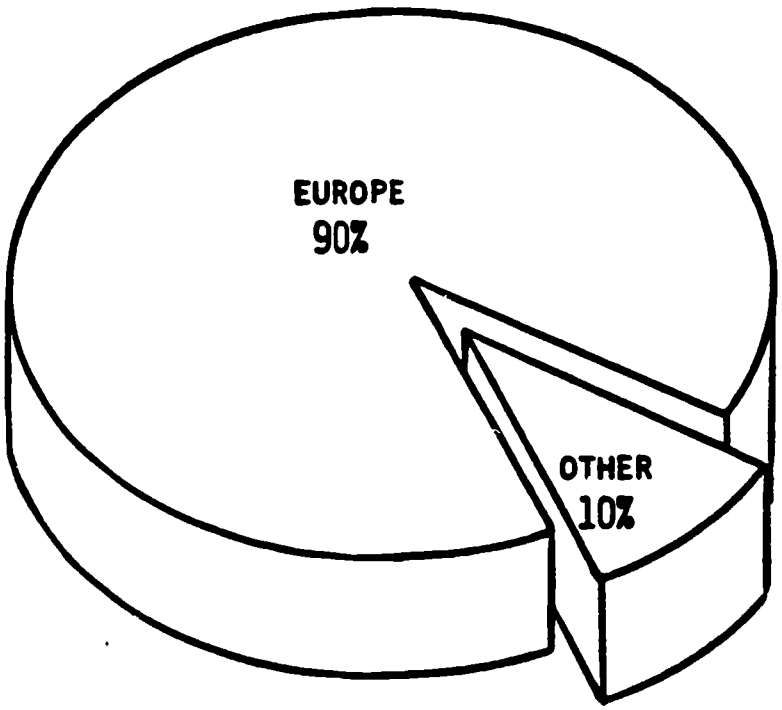
The change has been enormous. In 1985, only 5 percent of the legal immigrants came from Europe. Asians -- primarily Filipinos, Koreans, and Vietnamese -- accounted for nearly half of the 570,000 legally admitted newcomers, according to the INS. Migration from Latin America, mainly Mexico, made up roughly 40 percent. In addition to legal immigrants, the Bureau of the Census estimates that there were approximately 4 million to 6 million undocumented aliens in the United States in 1985. Slightly more than half came from Mexico, with 25 percent arriving from Central and South America and the Caribbean. Asia accounted for approximately 10 percent, with Europe, Canada, Africa, and Oceania accounting for less than 15 percent. (Slater, 1985: p. 26).

While public debate has focused on illegal immigration, the majority of immigrants today arrive legally. More legal immigrants are expected in the 1980's than in any other decade in America's history except for the period 1901-1910 when over 8 million arrived. In comparison, just over 4 million people immigrated to the U.S. in the 1970's.

In October 1986, the first major immigration reform bill in more than 30 years was enacted to slow the flow of illegal immigrants. The bill grants amnesty to illegal aliens who have lived in the United States since before January 1, 1982, and provides for criminal and civilian sanctions against employers who knowingly hire illegal aliens. Although the public rhetoric talks of a "tidal wave" of migrants, and while their impacts are felt in certain areas of the U.S., immigration remains modest when taken as a percentage of the total U.S. population.

According to Charles Keely of the Population Council, even including illegal entries, annual immigration today amounts to about 0.3 percent of the total U.S. population, as compared to 1.5 percent at the historic peak and a 0.6 percent average over two centuries. According to the 1980 census, the U.S. population is 7 percent foreign-born. In comparison, France's population is 11 percent foreign-born, Canada's 16 percent, and Australia's 20 percent.

PERCENTAGE OF LEGAL IMMIGRATION BY COUNTRY



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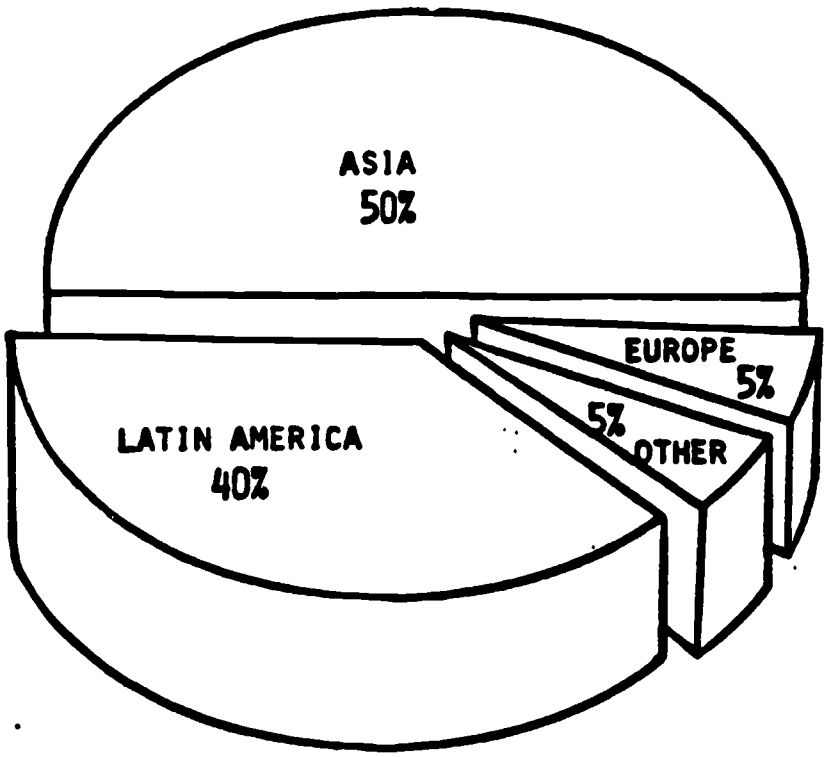

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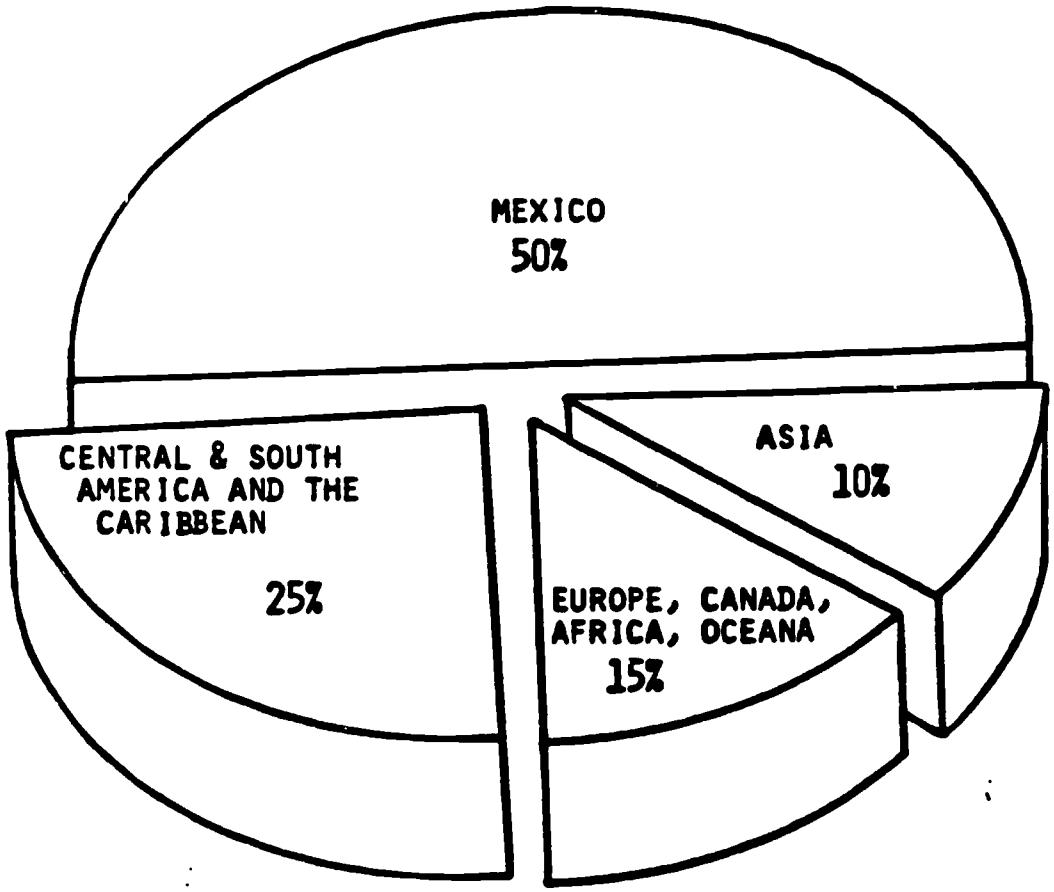
PERCENTAGE OF ILLEGAL IMMIGRATION BY COUNTRY



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Illegal Immigrants

With regard to the number and geographical distribution of the undocumented population, the Bureau of the Census estimates that, based on the 1980 Census, the total number of illegal aliens in the United States in 1985 was 4 million to 6 million. (Economic Report of the President, 1986: p. 219.)

Estimates of illegal aliens believed to have been counted in the 1980 census (2.1 million) show that almost half are in California (49.8 percent), followed by New York (11.4 percent), Texas (9 percent), Illinois (6.6 percent), and Florida (3.9 percent). More recent estimates derived from the 1980 census by Census Bureau analysts Jeffrey Passel and Karen Woodrow indicate that Mexico is now estimated to account for approximately 55 percent of the undocumented aliens residing in the United States, with approximately 50 percent of all undocumented aliens living in California. (Passel and Woodrow, 1984: p. 650). Among the largest metropolitan labor markets in which they are concentrated are Los Angeles, San Francisco, Washington, D.C., Miami, Houston, New York City, Chicago, and San Antonio. (Briggs, 1984: p. 164 and Slater, 1985: p. 28.)

The distribution of the 2.1 million undocumented aliens counted in the 1980 census is shown in the following table:

TABLE 1.

WHERE ILLEGAL IMMIGRANTS LIVE[1]

(Numbers in thousands)

State	Illegal aliens	Percent of total	Illegal aliens from Mexico	Illegal aliens from all other countries
Total	2,057	100.0		
California	1,024	49.8	763	261
New York	234	11.4	6	228
Texas	186	9.0	147	39
Illinois	135	6.6	101	34
Florida	80	3.9	7	73
New Jersey	37	1.8	2	35
Virginia	34	1.7	1	34
Maryland	32	1.6		32
Arizona	25	1.2	20	5
Washington	22	1.1	11	11
Colcrado	19	.9	11	8
Massachusetts	17	.8		17
Oregon	15	.7	7	8
District of Columbia	14	.7		14
New Mexico	13	.6	10	3

1. More than 90 percent of illegal aliens lived in 15 States in 1980.

Source: Slater, 1985, p. 28; based on Passel and Woodrow, 1984.

Regarding the gap between the first five States and those that follow, Passel and Woodrow observed, "the figures show that the undocumented alien population is concentrated in the most populated States and in those States with large numbers of legal immigrants" (Passel and Woodrow, 1984: p. 651). Mexicans were the predominant illegal group in California, Texas, and Illinois. Although New York ranked second in total illegal alien population, less than three percent were Mexicans. California, New York, and Florida had the largest number of undocumented immigrants from Central American and Caribbean countries and most of the undocumented aliens from South America. (Passel and Woodrow, 1984: pp. 651-654.)

Refugees

Since the end of World War II, the U.S. has admitted almost two million refugees for permanent settlement. Principally from the Communist-dominated countries, they have arrived from every continent and, due to differences in national origin, their experiences in this country have not been homogeneous. (Forbes, 1985.)

Some nationality groups have been admitted as part of a large movement of people from the same region. For example, Asians continue to be the largest category among recent refugee arrivals, although the number arriving in the United States declined slightly in FY 1985 compared with FY 1984. By the end of FY 1985, approximately 760,900 Southeast Asians were in the U.S. About 40 percent of them arrived in the U.S. during the FY 1980-1981 period.

Although the ethnic composition of the entering population has become more diverse over time, the Vietnamese remain the largest group of refugees from Southeast Asia. In 1975 and most of the subsequent five years, about 90 percent of the arriving Southeast Asian refugees were Vietnamese. Their share of the total has declined gradually, especially since persons from Cambodia and Laos began to arrive in larger numbers in 1980.

The Office of Refugee Resettlement notes that "no complete enumeration of any refugee population has been carried out since January 1981, the last annual Alien Registration undertaken by the INS." At that time, 72 percent of the Southeast Asians who registered were from Vietnam. 21 percent were from Laos, and 6 percent were from Cambodia. "By the end of FY 1985, the Vietnamese made up 64 percent of the total, while 19 percent were from Laos, and about 17 percent were from Cambodia. The increasing proportion of arrivals from Cambodia in FY 1985 continued to raise their proportion of the refugee population. About 38 percent of the refugees from Laos are from the highlands of that nation and are culturally distinct from the lowland Lao" (ORR, 1986: pp. 88-89).

According to the Office of Refugee Resettlement, while the Southeast Asians predominate among refugee arrivals since 1975, Cubans remain the largest of the refugee groups admitted since World War II. Most of the 800,000 arrivals entered in the 1960's and are well established in the United States. Many have become citizens. Since 1975, however, fewer than 40,000 Cuban refugees have arrived, which is less than 5 percent of all the Cuban refugees in the country. (ORR, 1986.) These figures do not include the 125,000 Cubans designated as "Entrants" who arrived during the 1980 boatlift.1

Approximately 104,000 Soviet refugees arrived in the United States between 1975 and 1985; the peak years were 1979 and 1980. Only Jews and Armenians have been permitted to emigrate by the Soviet authorities, ostensibly for reunification with their relatives in Western nations. Many other refugee groups of much smaller size have arrived in the United States since the enactment of the Refugee Act of 1980, including Polish refugees (22,000), Romanians (20,000), Czechoslovakians (5,000), and lesser numbers from the other Eastern European nations. By the end of FY 1985, the refugee populations from Afghanistan and Ethiopia were both in excess of 15,000. Nearly 8,000 Iranians and more than 6,000 Iraqis have entered the United States. (ORR, 1986: pp. 88-90.)

Differences in refugee groups result from a variety of personal characteristics which influence their reception and ultimate integration into U.S. society. These factors include: levels of education and training, transferability of skills and knowledge, and their ability to speak English.

In addition to their characteristics, there are other factors that may affect refugees' experiences in this country. Among them are the state of the U.S. economy, attitudes toward foreigners, availability of services and support structures, and public policy regarding refugee admissions and resettlement.

Where refugees live in the U.S. is determined by two factors, "initial placement" and "secondary migration." Initially, refugees are placed in certain U.S. communities upon their entry into this country. After initial placement, some relocate, moving to different communities within the State of original settlement or to different parts of the country. This is referred to as secondary migration.

Official and informal U.S. refugee placement policy through 1975 was aimed at dispersing refugees throughout the country in order to minimize negative impacts on receiving communities and to hasten self-sufficiency. Since 1975, placement policy for the majority of refugees has been based on family reunification which does not lead to widespread dispersal. "While the initial placement of refugees is controlled by federal policy, secondary migration is more difficult to control through either policy or programmatic interventions" (Forbes, 1985: p. 23).

When the first Southeast Asians were resettled in 1975, special efforts were made to settle them more broadly throughout the U.S. As a result, their pattern of settlement was much closer to that of the general U.S. population than to previous refugee groups or other immigrants. About 57 percent of the 1975 arrivals were placed in eleven States, each receiving more than 3,500 persons. California, the principal State of resettlement, received over 20 percent of the 1975 arrivals. (Forbes, 1985: p. 24.)

In 1975, placement decisions were made on the basis of a number of factors, including the preferences of the refugees (generally for urban areas, places with an existing Asian population and a warm climate) and the availability of sponsorships (generally in metropolitan areas with favorable employment prospects). About half of the refugees were placed where they had requested. (Forbes, 1985: p. 24.)

By 1980, about 45 percent of the 1975 arrivals had relocated generally in the direction of the West and South, in conformance with patterns of U.S. residents for the same period. This secondary migration led to greater concentrations of refugees, as persons in small refugee communities moved to those with larger refugee populations. "While initially only 8.5 percent of the refugees lived in areas with more than 3,000 refugees, by 1980, 20 percent lived in these areas" (Forbes, 1985: p. 24).

As one would expect, refugees who were settled where they requested were less likely to move than other refugees. However, negative resettlement experiences, including lengthy stays in reception camps and difficulties in locating a sponsor, were causes for secondary migration even among this group.

Another cause of secondary migration appears to be the availability of assistance programs. States with restrictive cash assistance policies tended to lose refugees, and States with good employment prospects, a large Asian population and high welfare benefit levels gained refugees. (Forbes, 1985; North and Taft, 1986; and others.) Some States pay four times as much as others in cash assistance. Although background characteristics had an effect on economic adjustment and language acquisition, they had relatively little effect on secondary migration.

Based on information available in the annual report of the Office of Refugee Resettlement, Southeast Asian refugees have settled in every State and several territories of the United States. Large residential concentrations can be found in a number of West Coast cities and in Texas, as well as in several East Coast and Midwestern cities. Migration to California continued to affect refugee population distribution during FY 1985, but at the same time several States in other areas of the U.S. experienced significant growth due to both secondary migration and initial placements of refugees.

Because the INS Alien Registration of January 1981 was the most recent relatively complete enumeration of the resident refugee population, it was the starting point for the Office of Refugee Resettlement's current estimate of geographic distribution of refugees. (The baseline figures as of January 1981 were increased by the known resettlements of new refugees between January 1981 and September 1985, and the resulting totals were adjusted for secondary migration.)

At the close of FY 1985, the 14 States with the largest estimated populations of Southeast Asian refugees are shown in the table below:

TABLE 2.

WHERE SOUTHEAST ASIAN REFUGEES LIVE

State	Number	Percent
California	303,100	39.8%
Texas	57,200	7.5
Washington	34,300	4.5
New York	28,600	3.8
Pennsylvania	25,400	3.3
Illinois	25,300	3.3
Minnesota	24,100	3.2
Massachusetts	22,500	3.0
Virginia	20,700	2.7
Oregon	17,400	2.3
Louisiana	14,100	1.8
Florida	12,700	1.7
Colorado	10,500	1.4
Michigan	10,400	1.4
TOTAL	606,300	79.7%
Other	154,600	20.3%
TOTAL	760,900	100.0%

SOURCE: Annual Report, Office of Refugee Resettlement, 1986.

To summarize, the following factors have influenced the current geographical distribution of refugees upon their initial arrival in the U.S.:

o U.S. placement policies that recognized the legitimacy of family reunification and which led to placement of most Indochinese refugees in areas that already had high concentrations of refugees;

o Formal placement policies that reduced the placement of refugees without family ties into high impact areas and encouraged the development of new resettlement sites; and

o A growing diversity among the refugee populations now being settled. This contributes on the one hand to high concentration (since most non-Indochinese refugees are more highly concentrated than the Indochinese) and on the other to the introduction of new refugee settlement sites, i.e., places which received few Indochinese refugees but are receiving large numbers of other groups. (Forbes, 1985: p. 24.)

As noted earlier, there is less information available on secondary migration patterns of the more recent arrivals than on the 1975 Indochinese refugees because after 1981 aliens were no longer required to register with the Immigration and Naturalization Service. "Therefore, a valuable data source on secondary migration has been lost" (Forbes, 1985: p. 24).

The following picture of secondary migration between July 1981 and June 1984 is based on reports from public assistance agencies:

o Of the refugees receiving public assistance, 94,600 or 73 percent, were living in the State in which they were resettled initially.

o Of the 34,400 refugees (27 percent of those receiving public assistance) who had moved to another State, nearly 22,000 (63 percent) had moved to California. New York was the second favored destination, attracting 2,400 people, or 7 percent.

o Almost all States experienced both gains and losses due to secondary migration.

o Outmigrants counted in this survey represented 15 percent of all of the refugees who arrived from July 1981 to June 1984. In about 15 States, a much higher than average proportion of arrivals left the State and sought assistance in another State. Most of these States from which outmigration occurred have more restrictive welfare eligibility criteria, lower benefits, and/or are States that have resettled large numbers of non-Indochinese refugees.

o There was a substantial amount of refugee population exchange between contiguous or geographically close States, a pattern consistent with general U.S. migration patterns. (Forbes, 1985: p. 25.)

Several factors have contributed to the extensive refugee movement into California, in addition to those already described earlier in discussing the secondary migration patterns of the 1975 Indochinese arrivals. These include cash and medical assistance policy changes which led to the termination from assistance of large numbers of refugees in Washington and Oregon, a significant portion of whom moved to California; and the decision on the part of the Hmong community to establish a new community in the Central Valley of California. (Forbes, 1985: p. 25.)

Labor Market Experiences

Refugees

The prospects for refugee economic self-sufficiency appear promising in the long-run; but in the short-run the data show low labor force participation, high unemployment, large numbers living below the poverty line, and substantial reliance on public assistance programs.

According to the Office of Refugee Resettlement, the most recent national survey on refugee participation in the labor force (Fall 1985) shows that only 44 percent of all Southeast Asian refugees over the age of 16 were employed or actively seeking work, compared with 65 percent of the U.S. population as a whole. Included in this statistic are refugees who entered the United States from May 1980 through April 1985. About 17 percent of refugees in the labor force were unemployed, as compared with 7 percent in the overall U.S. population. (ORR, 1986: p. 100.)

These comparisons with the United States population are affected by the inclusion of numerous Southeast Asian refugees who have been in the country for only a short time and the exclusion from the sample of refugees who arrived before May 1980. Nevertheless, when employment status is considered separately by year of entry, the results indicate the relative success of earlier arrivals and the relative difficulties faced by more recent arrivals. Refugees arriving in 1985 had a labor force participation rate of 28 percent and an unemployment rate of 50 percent; those who had arrived in 1984 had a labor force participation rate of 42 percent and an unemployment rate of 36 percent. However, refugees who had arrived in 1980 have participated in the labor force at a stable rate of about 56 percent over the past three years and have an unemployment rate in 1985 of about 18 percent. (ORR, 1986: pp. 100-101.)

A study by the Institute for Social Research, "Southeast Asian Refugee Self-Sufficiency Study" (ISR: 1985), examined local employment patterns among more recently arrived refugees who lived in five sites: Houston; Orange County, California; Boston; Seattle; and Chicago. Their survey was conducted in 1983 among refugees who had arrived in the United States since 1978. Unemployment rates were found to be relatively high in all sites, ranging from 25 percent in Houston to 57 percent in Seattle. The study noted that these rates are higher than overall U.S. unemployment at that time (10.1 percent), and higher than the rates for blacks (19.8), Hispanics (14.8) and teenagers (23.6).

According to ORR's annual report, "The kinds of jobs that refugees find in the United States are often different in type and socio-economic status from those they held in their country of origin" (ORR, 1986: p. 103). For example, whereas 39 percent of the employed adults sampled had held white collar jobs in their country of origin, only 16 percent hold similar jobs in the United States. Conversely, far more Southeast Asian refugees hold blue collar or service jobs in the U.S. than they did in their countries of origin.

Other researchers document that immigrants coming from higher socio-economic status in their country of origin initially take jobs that are lower in status; but with time, their status improves. These researchers note that the pattern of occupational mobility revealed by recent research on refugees, therefore, is similar to that found in research on immigrants.

According to Forbes, "It is too soon to tell if Southeast Asian refugees will begin the upward climb or if they will be able to regain their former socio-economic levels." The situation for refugees, at least during their initial time in the United States, is not the same as for other immigrants because of their special eligibility for a range of public assistance programs. Also, they have not had the opportunity to plan their move to this country. (Forbes, 1985: p. 7.) In "The Economic Progress of Immigrants: Some Apparently Universal Patterns," Barry Chiswick found that immigrants who migrate for political reasons — in this case, refugees from Cuba — take longer to close the gap in earnings than do those who migrate for economic reasons. (Chiswick in Fellner, 1980.)

Four other studies provided information on the type of employment that refugees have found. As noted by Forber, this information is useful in assessing whether initial employment is likely to lead to long-term self-sufficiency. (Forbes, 1985.)

For example, in "Labor Force Participation and Employment of Southeast Asian Refugees in the United States," Robert Bach found that over 40 percent of the refugees worked in manufacturing, with almost 25 percent working in retail trade. Professionals accounted for 15 percent of the employed. More specifically, four broad occupational categories employed the vast majority of refugees: technical, sales, and administrative support (24.4 percent), service (21.9), precision production, craft and repair (21.4), and operators and fabricators (19.3). (Bach, 1984.)

Within these occupations, refugees tend to hold low-skilled positions. More than one-fourth of those in the service sector are janitors and cleaners, with another 40 percent working in food preparation and distribution (cooks, kitchen workers, waiters and waitresses and their assistants). Another large percentage of refugees work in the electronics industry, generally in unskilled support positions.[2]

According to one study, there is some evidence which suggests that refugees may be moving into the underground cash economy. In "The 1975 Refugees: Their First Five Years in America," Reginald Baker and David North traced the employment rates and Social Security earnings of refugees who arrived in 1975. (Baker and North: 1984.) They found that self-declared employment rates among men increased over time, while reported Social Security income decreased. Unable to find any other explanation for this phenomenon, they hypothesized that some refugees who had previously been employed in jobs that paid into the Social Security system were in jobs that paid "under the counter."

North found that refugees have problems finding jobs that pay enough to take them out of poverty. In "Refugee Earnings and Utilization of Financial Assistance Programs," he concluded that their earnings place many of them in the lower tiers of the U.S. labor market (North: 1984). Also, the study by ISR found that 50 percent of the households they sampled fell below the federal poverty level, but noted that over time refugees are likely to rise above this level. For example, households in the U.S. for four months or less had income that was only 46 percent of the poverty level; after three years they had income that was one and one half times the poverty level.

Illegal Immigrants

With regard to the employment and earnings of undocumented workers, the general consensus of most studies is that they are concentrated in the low-wage, low-status secondary labor market. Researchers are generally consistent in their findings that illegals earn substantially less than their U.S. counterparts. Also, average hourly wages differ significantly according to both their region of origin and region of U.S. employment. Mexican illegals were found to have the lowest earnings. Next lowest are other Western Hemisphere aliens. Eastern Hemisphere illegals had the highest earnings. The lowest earnings were in the Southwest, with the highest average hourly earnings on the East Coast. In terms of specific industries, the lowest earnings are in agriculture.

Following is a sample of the case study literature on the employment and earnings of various groups.

In his report on illegal Caribbean migrants in the New York-New Jersey area, Demetrios Papademetriou indicated that they were employed primarily in secondary sector manufacturing and low level service occupations. (Papademetriou, 1985: pp. 10-11.) Their earnings were similar to those reported by Poitras for his Costa Rican sample and those reported by David North and Marion Houstoun for their Eastern Hemisphere sample -- in other words, considerably higher than those previously reported for Mexican illegal aliens.

San Antonio was the site of an early study by Gilbert Cardenas entitled, "Manpower Impact and Problems of Mexican Illegal Aliens in an Urban Labor Market." The study was based on field interviews with 100 employed unapprehended Mexican illegal aliens, a comparable population of Mexican-Americans, blacks, and Anglos, as well as interviews with employers, government officials, and others in the San Antonio area. INS data on Mexican illegal aliens apprehended in San Antonio in early 1975 were also examined. On the subject of employment and earnings, Cardenas concluded that illegals in San Antonio worked "in occupations in minimal jobs that many local residents do not want because of the nature of work and the hazardous conditions." Quoting further:

> Mexican illegal aliens relative to other minorities experience lower average hourly earnings, are concentrated in low paying and low status jobs, usually in construction, wholesale and retail trade, and service industries (Cardenas, 1976: p. 2).

More specifically, he found that the average hourly earnings for Mexican illegals were $2.15, compared to $2.55 for Mexican-Americans, $2.68 for blacks, and $3.72 for Anglos. Almost half (49 percent) of the Mexican illegal aliens earned less than the then-minimum wage of $2.10 an hour. (Cardenas, 1976: p. 113.) The Mexican illegals were concentrated in small enterprises that were highly labor-intensive, principally in construction, retail and wholesale trade, manufacturing, and services. (Cardenas, 1976: p. 93.)

A study conducted in 1978 by Avante Systems, Inc., entitled, "A Survey of the Undocumented Population in Two Texas Border Areas," was based on a sample of 600 apprehended and unapprehended aliens in El Paso and in the Edinburg-McAllen area in the lower Rio Grande valley. The members of the sample were predominantly Mexican, male, young, and poorly educated. Most had lived in the U.S. fewer than five years, with the El Paso population the more permanent of the two groups. (Avante Systems, 1978.)

The sample was described as holding jobs at the bottom of the economic ladder. Their average hourly earnings were $2.75, but the most frequent wage cited (the mode) was $2.00 an hour. While most respondents worked for small businesses employing one to five people, the occupational patterns differed in the two areas. Construction was the largest source of employment in El Paso, accounting for 19 percent, followed by agriculture (17 percent) and services (12 percent). Agriculture led the Edinburg-McAllen area at 18 percent, followed by domestic services (17 percent); construction employed 10 percent. (Avante Systems, 1978: p. 33.)

Research by Sherri Grasmuck on immigrants from the Dominican Republic in New York City focused on the comparative role of documented and undocumented aliens in "a labor market noted for a surplus of native labor" (Grasmuck, 1984: p. 692). Dominicans, she notes, were "the largest Hispanic group of the new wave of immigrants entering the New York area since the 1970s" (Grasmuck, 1984: p. 693). The study group consisted of 300 Dominicans living and working in New York City in 1981. There were more men than women in the sample and, for a large majority, the last residence in the Dominican Republic was urban. Legal aliens accounted for 58 percent of the sample, 42 percent were undocumented aliens.

Grasmuck found that while the undocumented were more likely to have been unemployed in the Dominican Republic than were the documented, those who were employed were more likely to have worked in professional occupations. Also, the superior qualifications of the undocumented aliens who were employed in the Dominican Republic were not generally reflected in their occupations and experience in the U.S. labor market. In her opinion, "this reflects the importance to employers of immigrant status, per se, rather than the individual characteristics of immigrants" (Grasmuck, 1984: p. 710). The study also found that the legal and illegal Dominicans hold similar types of jobs. They predominate in production manufacturing jobs, most notably as operatives in the textile trades, with the undocumented aliens much more likely to be employed in ethnic firms.

However, the conditions of employment of the two groups were markedly different. The undocumented Dominicans are more likely to be employed in the smallest firms, many of which appear to be "clandestine or off-the-books" operations; twice as likely to be non-unionized and more manageable; and receiving lower wages than the legal immigrant population, itself among the lowest-wage sectors in the city. "Approximately 40 percent of all Dominicans were working at, or below, the legally established minimum wage" (Grasmuck, 1984: pp. 710-711).

In common with many other studies reviewed in this paper, Grasmuck's study also found that "legal status was not as sure a predictor of low-wage employment as gender, with the wages of most undocumented males surpassing those of even the documented females" (Grasmuck, 1984: p. 711). The author concluded that "one of the most important functions served by the illegal alien population in a labor surplus region like New York City resides primarily in its greater controlability by employers in the secondary labor market" (Grasmuck, 1984: p. 710).

Research by Donald Huddle on undocumented workers in Houston's non-residential and highway construction industries in the early 1980's found that at least one in every three construction workers in the Houston area was an illegal alien. His 1985 report provides information from a survey of 200 illegals in the construction industry in 1983. Approximately 53 percent of the sample earned more than $5.00 an hour, and 12 percent earned more than $6.00 an hour. They were employed in 15 trades, including common laborers (38 percent), cement layers (15 percent), carpenters (14 percent), ironmen (8 percent), and foremen (4 percent). (Huddle, 1985: p. 4.)

Summary

Since the Statue of Liberty was dedicated a hundred years ago, the national origin of those legally entering the United States has changed: In 1886, Europeans accounted for 90 percent and Canadians 8 percent whereas in 1985, Asians accounted for nearly half of the 570,000 legally admitted newcomers, Latin Americans 40 percent, and Europeans only 5 percent.

In addition to legal immigrants, there are an estimated 4 million to 6 million undocumented aliens in this country, slightly more than half of whom are from Mexico, with about half of the illegal population living in California.

The U.S. has admitted nearly two million refugees since the end of World War II mostly from the Communist-dominated countries. Southeast Asians, with the Vietnamese being the largest group, account for a large majority of the more recent arrivals. At the end of FY 1985, there were approximately 760,000 Southeast Asians in this country. While the Southeast Asians predominate among refugee arrivals since 1975, Cubans remain the largest group admitted since the Second World War, totaling about 800,000.

Where refugees live in the U.S. is determined by initial placement and secondary migration. After initial placement in this country, some refugees migrate to other areas within the United States. A cause of this secondary migration is the availability of higher benefit levels in some States. Other factors relate to the availability of work, the desire of refugee groups to live among people from their homeland and in warm climates. As was the case with undocumented aliens, California is the State with the largest number of refugees, accounting for about 40 percent of the Southeast Asian refugee population in FY 1985.

Economic self-sufficiency — measured by labor force participation and employment rates, income level and use of public assistance programs — affects not only the lives of the refugees but also the cost of the resettlement program, the impact of refugees on the U.S. labor market, and, ultimately the receptivity of the United States to the admission of refugees.

The review of the literature indicates that the prospects for refugee self-sufficiency are promising in the long-run, but during the early period in this country they experience low labor force participation, high unemployment, large numbers below the poverty level, and substantial reliance on public assistance programs.

The most recent national survey of refugees' participation in the labor force shows that only 44 percent of the Southeast Asian refugees over age 16 were employed or actively seeking work as compared to 65 percent for the total U.S. population. Generally, most refugees and undocumented workers who are employed tend to hold low-wage, low-skilled positions in the secondary labor market. The pattern of occupational mobility revealed by recent research on refugees is similar to that found in research on immigrants. Many researchers document that immigrants coming from higher socio-economic status in their countries of origin initially take jobs that are lower in status; but with time, their status increases until it reaches or surpasses former levels.

The general lack of literature on the economic adaptation of undocumented aliens is probably due to the fact that they are in this country illegally. The literature that does exist indicates that they are primarily in low-wage jobs. The research on this alien group focuses primarily on the issues of displacement, job creation effects, impact on wages and working conditions, and use of public assistance programs which are discussed in Section II.

B. Factors Which Affect Economic and Social Adaptation

Most researchers suggest that among the factors which influence the economic and social adaptation of refugees are public assistance programs, training and employment services, their socio-economic characteristics (including English language proficiency), time spent in the U.S., and ethnic community organizations.

In addition, ORR sees the ability of Southeast Asian refugees to seek and find employment in the United States as being influenced also by the demands of family life and health problems. For those under the age of 25, the pursuit of education was the overriding concern, according to the 1985 survey. "For those between the ages of 25 and 44, family needs also became a major concern, and for those over the age of 44, health problems predominated as a reason for not seeking work" (ORR, 1986: P. 104).

For illegal entrants (as well as legal), a major factor appears to be occupational-kinship networks. Some factors which affect the economic and social adaptation of refugees, such as their special eligibility for public assistance programs, do not to any large extent affect legal and illegal immigrants.

Public Assistance Programs

The situation for refugees, at least during their early period in the U.S., is not the same as for illegal immigrants because of refugees' special eligibility for a range of public assistance programs.

Benefit levels and eligibility criteria exert a significant influence on refugee employment. Information contained in the works of Baker and North, and Forbes and others, indicate that residence in a State with a generous public assistance system depresses employment rates for refugees. For example, refugees living in California and other high benefit States — particularly those that permit two parent families to receive AFDC — were found to have lower labor force participation rates than those residing elsewhere in the United States. Refugees living in Texas and other States with low benefit levels and restrictive eligibility guidelines tended to have higher labor force participation than those living in States with the opposite characteristics. The depressed employment rates found in States with generous welfare benefits, particularly California, have been documented in studies of the experiences of Southeast Asians who arrived since 1975. (Forbes, 1985; Baker and North, 1984.)

Training and Employment Services

The participation of refugees in language and other training programs is likely to influence entry into the labor market, with those in training during the day less likely to be in the labor force. According to Forbes, "The causal relationship between service use and labor force participation is a difficult one to measure. However, it is unclear if refugees are in training programs because they do not feel that they are ready to seek work, or if they do not seek work because they are in training programs. Whatever the direction, the value placed on education and training is clear from the research findings" (Forbes, 1985: p. 13). In the 1985 survey of Southeast Asian refugees, almost 34 percent of the 25 to 34 year old refugees and 83 percent of the 16 to 24 year olds cited the pursuit of education as the major reason for not seeking work. Only 6 and 12 percent, respectively, of these two groups, cited lack of knowledge of English as the reason for not seeking jobs. (ORR, 1986: p. 104.)

Forbes notes that another indication that training is likely to retard early entry into the labor force comes from an examination of improvements in English language proficiency. When looking at refugees who arrived in the same year and controlling for other characteristics, it appears that improvements in English come at the expense of early labor force participation. "Studies have shown that enrollment in language training, as compared with employment, is most likely to lead to improvements in language proficiency and later success in the labor market" (Forbes, 1985: p. 13).

Most studies indicate that the informal networks of ethnic and American associates more frequently result in job placements than do the more formal job services. In a finding that parallels other research, ISR found that half of the sample of recent Southeast Asian refugees had located employment through personal contacts (friends, relatives or their own activities), and another 14 percent through American sponsors and local churches; "only 29 percent attributed job placements to formal employment services and resettlement agencies" (Forbes, 1985: p. 13).

In examining the use of employment services by refugees in greater detail, ISR found that employment services covered everything from orientation to the American job market and workplace to assistance in identifying jobs and actual job placement. "Thirty percent of the refugees received employment services, with 31 percent of these receiving them from resettlement agencies, 18 percent from schools and 20 percent from other providers" (Forbes, 1985: pp. 13-14).

Economic Conditions

Information on the effects of economic conditions in the U.S. on the employment of illegal immigrants is generally included in the literature on the role of occupational-kinship networks on this group. It is through these networks that illegal (as well as legal) entrants learn of the economic conditions and the availability of work in local communities. This discussion is presented later in the paper. The effects of U.S. economic conditions on the employment of refugees has been addressed in the report by the Refugee Policy Group (Forbes, 1985) and in "Refugee Earnings and Utilization of Financial Assistance Programs," by David North.

The Refugee Policy Group's examination of the employment history of refugees who arrived in 1975 found that those refugees were adversely affected by the economic recession of the early 1980's. In 1981, the unemployment rate for 1975 arrivals was 6.4 percent, lower than the overall U.S. rate of 7.5 percent. By 1982, however, after the effects of the recession had been felt, this group's unemployment rate increased to 12.7 percent, higher than the U.S. rate of 9.9 percent. In 1983, the 1975 arrivals' unemployment remained high (12.1 percent). In 1984, when the economy showed significant improvement, the rate fell to 6.3 percent, again below the overall U.S. rate. (Forbes, 1985.)

The study concluded that "it appears" that during refugees' first few years in the U.S., their employment is primarily controlled by factors related to their refugee status and experiences and to policies regarding their eligibility for public assistance, rather than to the state of the U.S. economy. With each passing year in the country, they are more likely to be employed until they reach "what could be called equilibrium" with the general level of unemployment rates for the total U.S. "It is after this point that the likelihood of continued employment is more affected by conditions in the U.S. economy than by other factors related to their refugee status" (Forbes, 1985: p. 15).

According to North, one reason the Southeast Asians who arrived in 1975 had lower rates of cash assistance usage after three years than the 1980 arrivals was the status of the U.S. economy.

Quoting:

> Perhaps one of the reasons for the lower assistance rates for the 1975 cohort was that after they had been here three years they had been facing a national unemployment rate of 6.1 percent; but the 1980 cohort, after three years, was facing a 9.6 percent rate. This was borne out in the Bach-Gordon-Haines-Howell article, which stated that the unemployment rate for Indochinese refugees had risen from 15.5 percent in the fall of 1981 to 24.1 percent (more than twice the national U.S. average) in the fall of 1982. Further, . . . refugee earnings were badly affected by the 1981-83 recession. Both high unemployment rates and low wages increase the use of cash assistance (North, 1984: p. 50).

Socio-Economic Characteristics

Refugees

Existing studies reveal that a refugee's experiences prior to entering the United States have a profound effect on later adjustment. Education in the refugees' countries of origin is among the important predictors of labor force participation, after controlling for other factors such as language proficiency, age, gender, and length of time in the United States. For example, in "Labor Force Participation and Employment of Southeast Asian Refugees," Bach found that each additional year of education before arrival gives the more educated a 3 percentage point advantage in labor force participation over the lesser trained. (Bach, 1984.)

Most studies, looking at the relationship between English language proficiency and labor force participation, have emphasized the importance of language skills. For example, the 1985 survey of Southeast Asian refugees found that labor force participation among those who spoke English fluently "was similar to that for the overall U.S. population. Refugees who spoke no English, however, had a labor force participation rate of 15 percent and an employment rate of 41 percent" (ORR, 1986: p. 105).

Some researchers have questioned whether it is language itself or other factors that mostly affect refugees' ability to find employment. They point out that the likelihood that a refugee knows English prior to arrival is affected by other factors that are, themselves, influential in predicting success in the labor market. These factors include previous education, previous exposure to English speakers, and year of entry (those who arrived in 1975 were more likely to speak English on arrival than were later migrants). Similarly, the likelihood that a refugee will increase his or her understanding of English is related to other considerations, such as errollment in a language training program.

Illegal Immigrants

Studies which address the socio-economic characteristics of illegal entrants indicate that non-Mexican undocumented workers tend to be better educated and more successful in the U.S. labor market than their Mexican counterparts, at least as measured by wages earned.

These studies include a summary of the available research on the characteristics of both Mexican and non-Mexican illegal aliens, by North and Houstoun. (North and Houston, 1976.)

Findings from these and other studies suggest that Mexican illegal aliens are:

- young adults, predominantly, but not exclusively male;
- poorly educated;
- primarily, but by no means entirely, farmworkers from rural areas in Mexico;
- economically motivated;
- employed at or near the bottom of the U.S. labor market, i.e., generally low-pay, low-status, and low skilled workers; and
- likely to send a significant proportion of their U.S. earned income to dependents in their homeland.

The average age recorded for the different study groups was 27-28. Men were heavily predominant in nearly all of the studies. The great majority of the illegal Mexican aliens in all study groups had less than six years of schooling. (The predominance of males, however, relates at least in part to the ways samples were constructed. North-Houston, for example, was one of several studies of apprehended illegal immigrants, and INS tactics are such that most of those they catch are males.)

Another significant finding of the North-Houstoun summary was that the Mexicans in the sample were "consistently very different from the respondents from elsewhere in the world. This difference was found to be particularly pronounced in the case of those Mexicans living in the Southwest, particularly in the counties bordering Mexico" (North and Houston, 1976: p. 95).

While similar in age to the Mexican group, the Western hemisphere and Eastern Hemisphere aliens were found to differ sharply from the Mexicans in terms of their educational attainment and ability to speak English. In contrast to the average of 4.9 years of school for Mexicans, Western Hemisphere aliens had an average of 8.7 years, and Eastern Hemisphere aliens had an average of 11.9 years, close to the U.S. average. Of the Mexican group, 76.4 percent did not speak English, compared to 53.2 percent of the Western Hemisphere group and 16.2 percent of the Eastern Hemisphere group. The non-Mexican sample had more dependents in this country and fewer back home than the Mexicans. They had also been in the U.S. slightly longer than the Mexicans. (North and Houston, 1976: p. 95.)

Community Organizations and Networking

Since the founding of this nation, ethnic communities in the U.S. have played an important political and economic role in support of their members. Ethnic support structures serve as intermediaries between the new arrival and U.S. society, helping immigrants and refugees learn of mainstream expectations and communicating ethnic interests to decision-makers and institutions outside the community. (Forbes, 1985.)

Refugees

With regard to refugees, the most comprehensive study on this subject is by SRI International which examined the role of the Southeast Asian ethnic community at the local level. (SRI, 1983.)

The study found that Southeast Asian refugee communities share some common elements, regardless of ethnicity. Informal social networks, particularly familial ones, play an important role. In addition, refugees also set up more formal organizations, including religious institutions, business and self-help organizations. These latter institutions, generally referred to in the literature as "mutual assistance associations" (MAAs), serve several purposes. Some are primarily social or cultural in nature, while others offer educational, employment and other services to their members and to the broader ethnic community. MAA's are either supported by the community itself or receive funds from non-refugee sources, including government agencies.

SRI noted that, of the MAAs they studied, most were not particularly active. Few MAAs brought members together regularly or had a consistent set of activities. While few refugees report active involvement in MAA activities, some do take advantage of the services offered.

Over time, the development of MAAs into service organizations has increased. Through the Office of Refugee Resettlement (ORR) the federal government has provided incentive grants to States to encourage them to fund refugee organizations as service providers.

SRI found that ethnic communities play a role in assisting refugees toward both social and economic adjustment. SRI's study of self-sufficiency also emphasizes the ethnic community, and more specifically, the ethnic household as a major determinant of economic adaptation. According to SRI, the ethnic community serves many purposes. It is a source of social, emotional, and spiritual support during a period in which many refugees are confused about their futures. It is also a source of more tangible support. Refugees within a given ethnic community pool money for both living expenses and to begin business ventures. The community thus serves as a surrogate banking institution. Moreover, shared housing is used to minimize expenses and increase the likelihood that employment will lead to self-sufficiency.

In examining the interactions between refugee and non-refugee communities, SRI found, not surprisingly, that language and cultural barriers hampered these interactions. While refugees are often perceived to be isolationist, wanting to socialize primarily with members of their own nationality, there is evidence that social assimilation is taking place over time, especially among the younger generation.

The refugee community, through both its formal and informal networks, provides direct services to members of the community. MAAs are becoming more important as sources of edu ational services, employment services, translation and interpretation, mental health services and others. Moreover, the ethnic community structures help refugees access other services. "Perhaps, most important, it is through informal refugee networks that many refugees find jobs, having been referred to employers by other refugees" (Forbes, 1985: p. 21).

SRI found that the effectiveness of ethnic organizations is influenced by a variety of factors, for example, "their financial resources; the capacity of their leaders and staff to perform functions expected of them; divisions within the community that can fragment service delivery; the ethnic community's knowledge of services and programs outside of their own network; and the need of refugees for the services provided by MAAs" (Forbes, 1985: p. 21).

SRI concluded that the forms of support offered by the ethnic community are crucial in the adjustment of refugees. As SRI stated, "On the whole, the intangible support provided by the community positively affects the social and economic adjustment of refugees, even though some refugees might become socially isolated by relying exclusively on the community for support." In this respect, the Southeast Asian community is following a pattern previously adopted by many other immigrant groups. (Forbes, 1985: pp. 21-22.)

Another source of assistance for refugees are volunteer resettlement agencies (Volags). Since the end of World War II, virtually all refugees who came to the United States have been sponsored by these agencies, most of which find relatives, American families, congregations, or professional staff as "sponsors" for individual refugees.

In a study by North, et. al., of the voluntary resettlement agencies, the authors found that volunteer agencies provide capacities and continuity lacking in public agencies. Volags are more flexible in size and function than units of government, can bring private resources to bear, have dedicated

staffs and avoid potential bias toward welfare, and they are knowledgeable about, and sensitive to, ethnic differences and the special problems of refugees. (North, Lewin and Wagner, 1982.)

In other studies on the relationship between specific terms of sponsorship and employment outcomes, SRI found no independent influence on self-sufficiency by sponsorship model, whereas Bach found a significant effect. The Bach study indicated that, after controlling for other variables, refugees resettled by American families have higher labor force participation rates than do those assisted by relatives, congregations or professional staff. According to the Refugee Policy Group, "The differences in findings may be explained by the measures used in the two studies. SRI examined public assistance utilization and income, whereas Bach looked at labor force participation. It is possible that refugees sponsored by American families are more likely to look for work, but they may be no more likely to find employment that takes them out of poverty" (Forbes, 1985: pp. 12-13).

Illegal Immigrants

One of the major themes that emerged from the literature is the very important role occupational-kinship networks play in the adaptation of illegal (and legal) immigrants to the U.S. labor market. Most of the research on this subject, and it is vast, indicates that these networks not only benefit immigrant workers, but also some U.S. employers, by assuring employment stability. Further, these networks tend to shut out some U.S. workers from access to parts of the labor market, thereby effectively displacing them.

Following is a sample of the considerable literature which addresses the role of occupational-kinship networks as viewed by researchers of various localities and industries.

Several studies have shown that migrant networks mitigate against the exploitation of aliens and provide for skill advancement for them (e.g., Bailey and Freedman, 1981; Waldinger, 1982, 1982a). However, advancement ends where the network ends, effectively capping the potential for upward mobility. (Baca & Bryan, 1980.) These networks also provide stability in employment situations by providing a recruitment track which compensates for the transitory nature of some undocumented employment (e.g., Bailey and Freedman, 1981). Finally, networks act as a private safety net for new immigrants, legal and illegal, helping them find employment as an alternative to public services at the taxpayer's expense (e.g., Cornelius, 1981).

It has also been argued that immigrant recruitment networks result in the displacement of U.S. workers setting up what are in effect closed shops, reinforced by a language barrier. Philip Martin stated that, "Network recruitment has shut the California harvest market to Anglos and blacks for over a decade, and similar ethnic enclaves are emerging in a variety of manufacturing and service enterprises" (Martin, 1985: p. 5). According to Huddle, networking or "closed circuit" recruitment contributes to the displacement of U.S. workers. "Once illegal aliens make up a large part of a firms's labor force, they tend to become the dominant work force" (Huddle, 1985: p. 19). Furthermore, by encouraging skill advancement, networks perpetuate illegal migration by creating vacancies in lower level jobs and providing the mechanism to bring in new illegal workers to fill them. (Houstoun, 1983.)

In their study based on interviews in 1979 with over 1,400 unapprehended Mexican undocumented workers in the Los Angeles area, Reynaldo Baca and Dexter Bryan found that networks retard the upward mobility of the aliens by limiting their opportunities to the reach of the networks. They concluded that semi-skilled operative work constituted an occupational ceiling for Mexican undocumented workers, and argued that this reflected "the realities of occupational opportunities and a dependency upon the occupational-kinship network" (Baca and Bryan, 1980: p. 43). The importance of these networks in the occupational experience of undocumented workers is underscored by the authors:

> The similarity in the occupational experiences of undocumented workers and, indeed, the presence of undocumented workers in specific restaurants and factories reflect the meshing of occupational opportunities with active recruitment in the occupational-kinship network" (Baca and Bryan, 1980: p. 42).

A key passage repeated in the Cornelius studies of both Southern California and the San Francisco Bay areas described the role of Mexican kinship networks as follows:

> Binational Mexican kinship networks now operate effectively to channel new migrants directly into those job types, firms, and sectors of the Southern California economy where Mexican labor already predominates. Young, first-time migrants are placed in temporary, low-level jobs, while older, more experienced ones are directed to more stable, better paying work. Vacancies occurring in these firms are typically filled by Mexican immigrants who are relatives or friends of current employees, who recommend them to their employers. This referral process itself may be one of the reasons why direct competition between Mexican migrants and U.S. born workers for the same jobs is infrequent" (Cornelius, 1982: pp. 36-37; 1982a: p. 28).

Waldinger's study of the New York garment industry concluded that the competitive advantage of immigrant firms derived in large part from the occupational-kinship networks which characterize the immigrant community:

> The competitive advantage of the immigrant firm derives from their interpretation of economic and social roles. In the immigrant firm, production technology is organized around the social relationships of kinship, friendship, and common nationality and these relationships yield privileged access to the immigrant labor force (Waldinger, 1982: p. 172).

Bailey and Freedman in their 1981 study of the New York restaurant industry noted that "the network hiring common in the immigrant community creates an environmental stability even when there is frequent individual turnover and in effect provides the best of both worlds by eliminating the wage increases associated with long tenure" (Bailey and Freedman, 1981: p. 89).

Joseph Nalven and Craig Frederickson also noted the importance to both the undocumented workers and the employers of the immigrant networks referred to by one employer as the "Mexican connection" (Nalven and Frederickson, 1982: p. 41). The authors noted:

> The systems that supply the labor (whether they be the longstanding, family-and-friend networks or the crass labor brokers) cannot be taken lightly. They are well entrenched and will go to great lengths to protect their vested interests. Add to this the employers' strong preference for undocumented Mexican workers and the situation almost totally excludes the available U.S. domestic worker (Nalven and Frederickson, 1982: p. 44).

Like the studies of the garment and restaurant industries discussed above, research on the agricultual industry also emphasizes the importance of occupational-kinship networks in the ongoing recruitment of undocumented foreign workers, particularly Mexicans. Richard Mines and Philip Martin described the operation of this process in California agriculture as follows:

> Most farmworkers are hired by foremen who ask current workers to recruit their friends and relatives, a recruitment practice that helps to explain why workers from a particular Mexican village are concentrated in a certain area and set of commodities in California. The illegal status of most entry level farmworkers reinforces this concentration effect because employed friends and relatives often send money and border crossing advice to Mexico and then provide or arrange housing and a U.S. job. Twenty years of such post-bracero recruitment have forged such strong networks between California jobs and Mexican villages that a Mexican worker's place in the farm labor market is determined primarily by his network (Mines and Martin, 1984: p. 170).

Huddle also commented on the effectiveness of immigrant occupational networks, which he suggested resulted in the displacement of U.S. youth in the Houston area. He describes the operation of these networks as follows:

> Illegals often have more effective job search networks than do local American workers. Illegals comprise a ready pool of surplus labor which reaches into areas of Mexico itself. Increased demand for

> labor in Houston sets up a series of signals which are quickly transmitted from any job site where illegals work to the local illegal pool. The signal is simultaneously transmitted to coyotes and smugglers who are not only passive receptors of those wishing to leave Mexico for U.S. jobs, but who also accurately recruit workers from job sites in Mexico itself. We have found that the great majority of illegals working in Houston in our sample came via the smuggler route rather than by wading the Rio Grande (Huddle, 1982: p. 36).

Length of Stay

Illegal Immigrants

While there are several studies which attempt to measure the length of stay of the illegal population, most do not specifically address the issue of how length of stay relates to the ability to find employment or otherwise adapt to the U.S. economy. One exception is a 1986 study by Demetrious Papademetriou and Nicholas DiMarzio on undocumented aliens in the New York metropolitan area. This study found that some undocumented workers who expected to be in the U.S. for an extended period identified "success in adapting to the United States" and "economic opportunities in the U.S." as the reason. (Papademetriou and DiMarzio, 1986: p. 69.) Research on this issue as it relates to total immigrants and refugees (for example, "The Effect of Americanization on the Earnings of Foreign-born Men," by Barry Chiswick) found that length of time in the United States was the most important factor in explaining economic progress among the total immigrant population. In addition, immigrants progressed very rapidly, often overtaking the economic status of the native-born population in ten to fifteen years. (Chiswick, 1978.)

Refugees

In terms of refugee employment, a review of existing studies shows that length of residence in the United States is an important factor in their economic progress. With few deviations, each additional year of residence appears to improve labor force participation, the employment-population ratio, and the unemployment rate. Nearly every study confirms this relationship.

For example, in its study, "Southeast Asian Refugee Self-Sufficiency Study" (1985), ISR found that the percent of refugees in the labor force and the percent employed differs significantly by length of time in the United States. For example, 67 percent of those who had arrived in 1975 were in the labor force in 1984, a higher rate than the U.S. average. On the other hand, the more recent arrivals showed lower participation rates; only 30 percent of the 1984 arrivals and 42 percent of the 1983 arrivals were in the labor force as of October 1984. As with labor force participation, employment increases with the amount of time refugees are in the U.S. According to the 1984 survey, "the unemployment rate for refugees who arrived in 1975 was 6.3 percent, whereas it was 35.6 percent for those who arrived in 1983 and 41 percent for the 1984 arrivals" (Forbes, 1985: pp. 8-9).

Another variable that changes over time is the proportion of refugees' households with one or more employed persons. According to the 1984 survey, "over 80 percent of the households with members in the U.S. for less than four months have no employed member; about 10 percent have one employed member and less than 5 percent have two employed members" (Forbes, 1985: p. 9). By the time refugees have resided in this country for more than three years, the proportions have changed dramatically: only about 20 percent of the households have no employed member; 30 percent have one employed member; and about 50 percent of the households have two or more employed.

Finally, the capacity to become independent of public assistance programs, as with employment, improves over time. According to the ISR study, almost 80 percent of the Southeast Asian refugees in the U.S. for less than eight months were found to be fully dependent on public assistance, compared to only 30 percent who were dependent after three years. (ISR, 1985.)

Summary

As we have seen, there are a number of factors which influence the economic and social adaptation of refugees, namely their special eligibility for public assistance programs, their personal characteristics, the amount of time they have spent in this country, training and employment services, and the availability of ethnic community organizations. Because the undocumented worker is here illegally, there are very few programs available to them to aid in their economic and social adjustment. The illegal population is ineligible for most public assistance programs.

In summary, the following were the general findings of this section:

o Residence in a State with a generous public assistance system appears to depress the labor force participation rate of refugees.

o Refugees' participation in day-time language training programs slows their early entry into the labor force but is likely to lead to improvements in language proficiency and later success in the labor market.

o While refugees are affected by economic conditions during their first few years in the United States, their employment is primarily influenced by factors related to their characteristics, including the ability to speak English, and their special eligibility for public assistance.

o Refugees' education and English language proficiencies are among the more important predictors of labor force participation.

o Ethnic community organizations play a major role in the economic adaptation of refugees. Also, it is primarily through the informal refugee networks that many refugees find employment, having been referred to employers by other refugees.

o Because they are better educated, non-Mexican illegal immigrants are more successful in the U.S. labor market than their Mexican counterparts.

o Occupational-kinship networks play a very important role in the decisions of illegal immigrants to come to this country, as well as providing assistance with their adaptation to the U.S. labor market. These networks not only benefit the illegal worker, but also the employer by insuring a readily available pool of undocumented workers.

o Length of residence in the U.S. is an important factor in the economic progress of refugees, as well as for the total immigrant population. Studies have shown that, for refugees, labor force participation, rates of employment, and the proportion of households with one or more employed persons improves with the amount of time they spend in this country. Also, their dependency on social service programs declines with time spent in the U.S.

II. Impacts of Undocumented Aliens and Refugees on Local Communities

This section examines the impact of refugees and undocumented workers on regional and local labor markets in the United States and on public service benefit programs. The literature focuses on three labor market issues: (1) the extent to which illegal immigrants and refugees displace U.S. workers from jobs, (2) their job creation effects, and (3) the degree to which undocumented aliens and refugees cause a depression of wages and working conditions. The discussion of the impacts on social services focuses on income transfer programs, education and health services.

A. Impacts on Labor Markets[3]

While there has been a significant body of literature on the labor market impacts of undocumented aliens, few studies have focused directly on impacts of refugees. This is because, generally, the full impacts of recent refugees on labor markets — whether positive or negative — have not yet been felt. The majority of the Southeast Asians, the most intensely studied group, have been in the country for a shorter period than the illegal immigrants and they are fewer in number and less concentrated geographically. Also, the working age population of refugees is smaller than that of illegal aliens (there are lots of refugee children); they are less likely to be working during their transitional years and more likely than other groups to be on public assistance or in training programs. As more refugees enter the labor force, the issue of job displacement may rise in more locations. Conversely, as more refugee businesses open, the labor market benefits of this population may be more evident where economic development occurs.

There are differences of opinion among some researchers regarding the effect on the U.S. labor market of undocumented workers, but there is general agreement, if not a consensus, that the impact of illegal entrants tends to be local and regional rather than national, although there is disagreement about the nature of this impact. Researchers also generally agree that the major groups affected are those in direct competition for the same jobs. While this may be an oversimplification, at one end of the spectrum are those who earlier argued that immigrants take jobs in what they view as a fixed-job universe in terms of the number of available jobs. Their basic assumption is that illegal immigrants take jobs that might otherwise go to U.S. residents and/or cause depression of wages and working conditions, making otherwise acceptable jobs unacceptable to U.S. workers.

At the other end are those who suggest that undocumented workers cause substantial economic growth and have a beneficial effect on the wages and employment possibilities of other U.S. residents. Supporters of this position argue that the undocumented as well as the legal entrant causes an expansion in the market for goods and services and thereby induces benefits to the economy, such as lower prices. Further, they see undocumented aliens as contributing to technological innovation and entrepreneurial activity, and, as a result, providing opportunities that might otherwise not have existed.

In the middle are those who believe that illegal immigration has mixed effects that may cancel each other out. Here, the impact is seen as complex, with the undocumented population affecting job opportunities and earnings of different groups of citizens. One proponent of this view, Barry Chiswick, noted that the impact of immigrants (legal and illeg l) are not uniform on the native population; some groups gain and others lose. It is his view that if immigration is primarily composed of low-skilled workers, it is the native low-skilled worker who will suffer as the result of competition for jobs; skilled and professional workers will benefit because of the additional availability of inexpensive labor and the increased demand for goods and services.

During the 1970's, illegal immigration was seen as primarily affecting the labor market, extending well beyond Southwestern agriculture and including large numbers of aliens from countries other than Mexico. Most of the early research suggested that undocumented aliens were employed in the low-wage, low-status secondary labor market, and adversely affected U.S. resident workers either by displacing them from jobs or by depressing their wages and working conditions. This viewpoint was argued by, among others, David North, Marion Houstoun, and Walter Fogel.

The mid-1970's saw the emergence of another theory which suggested that undocumented aliens had a more or less positive effect on the labor market. Chief supporters of this view appear to be Michael Piore and Wayne Cornelius whose research indicated that illegal immigrants tended to take low-status and low-wage jobs which U.S. citizens did not want anyway but which were essential to the economy.

Recently, attention has been focused on the issue of displacement by Donald Huddle based on his study of the Houston highway construction industry. Huddle and his associates have estimated that for every 100 undocumented workers employed, 65 U.S. workers are displaced, a phenomenon they see as not limited only to low-wage, low-status jobs. Furthermore, they estimated the cost to U.S. taxpayers at $30 billion a year for benefits to displaced U.S. workers.

Huddle's findings and conclusions have been rejected by virtually all researchers. Most researchers believe that, although undocumented workers cause some displacement, there is insufficient knowledge about the extent of the displacement to measure its size or costs accurately. Most research on job displacement has concluded that the amount of displacement is less than the amount estimated by Huddle.

In summary, three major themes have emerged from the literature on the impact of undocumented aliens on the labor market:

o The costs and benefits of illegal immigration are not evenly distributed among consumers, employers and employees; nor are they evenly distributed among industries or geographical areas.

o The impact of illegal immigrants on the labor market depends on a variety of factors including their socio-economic characteristics and the skills they possess, and the region, industry, and occupations in which they work.

o A third major theme is the importance of occupational-kinship networks in legal/illegal ethnic communities. As discussed earlier, most research on this subject indicates that these networks are significant and benefit undocumented workers and U.S. employers who hire them by assuring employment stability. These networks also tend to shut out U.S. workers from access to some parts of the labor market, thereby, in effect, displacing them.

Displacement of Resident U.S. Workers

Illegal Immigrants

There is general agreement among studies that the principal economic impact of illegal aliens within the United States is on the labor market. The evidence suggests that the greatest displacement of resident U.S. workers occurs in the lower wage, secondary market and, although the numbers involved are unknown, they may be significant. It is generally in the secondary labor market where the disadvantaged, such as unskilled youth, blacks, Hispanics and other minority groups with high unemployment rates are forced into competing with illegals. Jobs in the secondary labor market are characterized by their entry-level nature, low wages, unattractive working conditions, low status, and little opportunity for advancement.

Following is a summary of a sample of findings from the research undertaken in specific U.S. regions and local communities. The findings are representative of those which address the displacement issue. California was the site of a majority of these studies. Other areas examined include New York City, Houston, Galveston, and several border communities in Texas. Industries studied in these areas included construction, restaurants, agriculture, garment, automobile, and residential construction.

Most of the research in California focused on a single city or region, most frequently Los Angeles County and San Diego County. One of the most recent and comprehensive in scope is Thomas Muller's The Fourth Wave: California's Newest Immigrants, published in 1985 by the Urban Institute.

In this study, Muller briefly outlined past waves of immigration to the United States and defined "the fourth and current wave" as dating to the 1970's, focusing on California, and being dominated by the same two groups that were California's first immigrant groups: Asians and Mexicans. Muller points out that while California is the home of one in ten Americans; it is now absorbing "more than one-quarter of the legal immigrants to the United States" (Muller, 1984: p. 4). While the study addresses the impact of undocumented aliens on Southern California, it generally does not differentiate between legal and illegal immigrants.

Muller argues that during the 1970's U.S. workers, including minority workers in Southern California, were not displaced by legal and illegal Hispanic workers. (Muller, 1984 p. 13.) Huddle has disagreed with this conclusion, noting that Muller had indicated that while almost 900,000 immigrants moved into Los Angeles County, about 1 million other people moved out during the 1970's, and quoting Muller's statement that "workers who could not move upward or were willing to accept lower wages tended to leave the region" (Huddle, 1985: p.7).

Sheldon Maram investigated the impacts of undocumented Hispanic immigrants on the garment and restaurant industries in Los Angeles County. (Maram, 1983.) The data for the study were gathered primarily by a series of surveys conducted from 1979 to 1981. Maram concluded that there was a negligible amount of displacement of black and Hispanic citizens in Los Angeles County by undocumented sewing machine operators. He explained that, given the competitive nature of the industry, its historical search for methods to secure cheap labor, and the employment and production options available, it seemed unlikely that garment employers would be forced to raise wages significantly if the supply of undocumented workers was curtailed. "Thus, very few of the minority unemployed would be willing to work as sewing operators" (Maram, 1983: p. 180).

In studying the restaurant industry, Maram observed that the ready availability of undocumented workers for busboy/dishwasher jobs is a primary reason employers face little pressure to raise wages in this job category. (Maram, 1983.) He noted that, while "it appears that at least some displacement is occurring" in the restaurant industry, it does not seem to be the one-to-one ratio suggested by extreme advocates of the displacement theory (Maram, 1983: p. 188).

Several studies in the San Diego area have been conducted, generally under the sponsorship of local government agencies.

Community Research Associates' (CRA) 1980 study entitled, "Undocumented Immigrants: Their Impact on the County of San Diego," concluded that the majority of jobs held by illegal aliens in construction and manufacturing would be acceptable to local unemployed residents; but jobs in retail trade, services, and agriculture would not, generally because of low salaries and status. (CRA, 1980.)

More specifically, CRA concluded that undocumented workers in that labor market increased the unemployment rate by half a percentage point, and that they occupied 10,200 to 15,200 jobs local unemployed residents would be willing to take. CRA also found that undocumented aliens filled a minimum of 3,200 to 9,700 menial jobs which would be unacceptable to local residents. (CRA, 1980.) The study suggests that, "The removal of these undocumented immigrants would involve measurable, short-term disruptions in the regional economy." These disruptions would be most severe in the agriculture sector where "these workers comprise 34% to 59% of total hired employment . . ., and a high percentage of these job vacancies would go unfilled by U.S. citizens" (CRA, 1980: p. IX).

In a survey of the restaurant industry in San Diego, Joseph Nalven and Craig Frederickson examined whether domestic workers were being displaced because of employers' preference for Mexican undocumented workers and employers' unwillingness to pay the wages necessary to attract domestic workers. They observed that, "The preference given to the Mexican undocumented workers by employers is difficult to overlook" (Nalven and Frederickson, 1982: p. 40). Nearly all the employers surveyed wanted a guest-worker program, 44 percent because they believed the foreigners were better workers than U.S. citizens and 33 percent because the undocumented represented a lower labor cost. Only 22 percent of the employers surveyed believed that not enough U.S. workers were available for jobs at the prevailing wages.

Like many other researchers, Nalven and Frederickson noted the importance of migrant occupational-kinship networks to both the undocumented workers and employers. (Nalven and Fredericksen, 1982.) The large volume of literature on these networks (reviewed in Part I(B) of this paper) describes the extremely important role they have in perpetuating the employment of migrants in certain industries and localities. Occupational-kinship networks are viewed as a major, if not "the" major, cause of displacement.

In "Across the Border," Harry Cross and James Santos examined findings from a number of studies on the displacement issue. They conclude that the question of job displacement is probably the most controversial migration-related issue and is also the most difficult to analyze. They point out that researchers who are accustomed to using aggregate data in measuring income distribution, wage levels, and a variety of labor market activities are frustrated by a labor force that does not lend itself to a national information reporting system. (Cross and Santos, 1981.)

In their opinion, "The most difficult question is not whether displacement occurs, but to what extent it occurs ... At this writing it is not possible to determine conclusively the real extent of displacement" (Cross and Santos, 1981: p. 91). However, based on their own review of available surveys, they estimated that "no more than one or two of every 10 illegals directly takes a job that could be filled by an unemployed citizen" (Cross and Santos, 1981; p. 95).

In his examination of the role of legal and illegal immigrants in New York City's garment industry, Roger Waldinger argued that domestic workers are not displaced by "cheaper, more docile immigrant workers." He contends that changes in the industry itself have given rise to the immigrant sector of the industry. "The transformation of New York into a spot market that supplies the last minute portions of demand has precipitated the emergence of the immigrant sector" (Waldinger, 1982: pp. 171-172).

Waldinger describes the New York garment industry as characterized by instability, volatility of demand, and intense price competition which "have worsened employment conditions by enhancing the importance of unstructured and flexible labor market arrangements" (Waldinger, 1982: p. 171). According to the author, "immigrant firms" are uniquely able to respond effectively to these conditions and to mobilize labor to attain quick responses, sustain short production cycles, and provide the skill level required for unstandardized goods whose production is not easily mechanized. (Waldinger, 1982.)

Refugees

One of the few studies that examines the displacement of U.S. workers by refugees is "Southeast Asian Refugee Resettlement at the Local Level," by SRI International. Although the study found that, for the most part, job displacement did not occur as a result of refugee resettlement, it concluded that competition did increase for some jobs and that tensions over jobs tended to occur in localities with poor economies. In New Orleans, for example, tensions erupted between blacks and Vietnamese in 1978 when blacks accused refugees of displacing them from jobs, housing and services. (SRI, 1983.)

According to Forbes, "Perhaps the most prominent example of job displacement has been in the fishing industry on the Gulf of Mexico" (Forbes, 1985: p. 30). Among the boat people leaving Vietnam were a sizable number of fishermen who wished to continue their previous occupation. Since 1975, the number of fishing boats owned by refugees has increased in several States along the Gulf Coast and their presence has led to community tensions and even violence. She noted that "factors precipitating tensions were a combination of economic competition and social and cultural differences and misunderstandings" (Forbes, 1985: p. 30).

Job Creation

There are few case studies that examine the job creation effects of undocumented workers on local or regional economies and almost nothing on the job creation effects of refugees. What limited evidence exists suggests that immigrant workers, particularly illegal immigrant workers, may have some positive job creation effects. Three recent studies have addressed this issue.

Illegal Immigrants

Sheldon Maram cautions that displacement effects can be overstated if studies do not take into account the job creation effects of undocumented workers. He suggests that in the Los Angeles garment industry, if the undocumented workers were not available, portions of the industry would leave the area. The net effect could mean an increase in the unemployment rate in Los Angeles as U.S. citizens now in the industry lost their jobs. (Maram, 1983.)

Thomas Muller reported in "The Fourth Wave" that, while undocumented aliens lowered wages in manufacturing and other industries in Los Angeles, their presence also resulted in benefits, including the creation of new jobs, higher profits for business, and lower prices for consumers in Los Angeles.

His analysis suggests that "perhaps 52,000 low-wage jobs in highly competitive manufacturing industries" would not exist if Mexicans were not present. He found that these Mexican workers produce about $1.5 billion in "value added" (output less purchased materials and energy) and most of the goods these workers produce are exported from Los Angeles and result in an inflow of dollars to the local economy. He notes further that locally manufactured products are also consumed in Los Angeles County, thereby reducing foreign and domestic imports into the area. (Muller, 1984.)

In looking at the issue from the consumer's perspective, he noted that "prices of locally produced goods in highly competitive manufacturing industries may be only marginally lower than prices for imported goods." However, he says that the firms producing those goods "could not have remained in business had the presence of Mexican workers not kept wages low. The real beneficiaries of locally based firms are white collar employees in these firms, as well as workers who produce raw materials and supplies for them" (Muller, 1984: p. 22).

With regard to the local impacts, Muller concludes that when all factors are considered, Mexican immigrants are a plus to the local economy. Yet, not everyone benefits from the immigrants' presence. Some residents pay higher State and local taxes but enjoy few if any benefits and other residents who hold semi-skilled jobs may earn less than people with similar skills in localities where few immigrants are present. (Muller, 1984: pp. 22-23.)

In their study of the restaurant industry in New York City, Thomas Bailey and Marcia Freedman described their research as "designed to determine the effects of a restriction of immigration on employment in the industry" (Bailey and Freedman, 1981: p. 129). The study does not distinguish between legal and illegal aliens. For the purposes of their analysis, they divided the industry into four sectors — full service, intermediate, fast food, and immigrant or ethnic.

Bailey and Freedman argue that, rather than improving working conditions and increasing pay for restaurant jobs, a reduction in immigration would be more likely to result in a restructuring of the industry. Such a restructuring would increase the cost of some restaurant meals, result in a decline of the immigrant and full service sectors which are both heavily dependent on immigrant labor, and shift business to the fast food sector, which depends more on teenage workers. This shift would create more jobs for teenagers, but given the residential segregation of blacks, it is only in big city minority neighborhoods, or in places accessible to cheap mass transit, that the increase in fast food jobs would have more than a marginal impact on black teenage employment. It is their contention that the "reduction of immigration cannot be expected to improve the chances of black men in the industry because black men have been effectively barred from the dining rooms of full service restaurants that constitute the best jobs as well as the best opportunity for mobility" (Bailey and Freedman, 1981: p. 139).

Refugees

In their study, "Immigrant Enclaves: An Analysis of the Labor Market Experiences of Cubans in Miami," Kenneth Wilson and Alejandro Portes found that Cuban-owned enterprises in the Miami area increased from 919 in 1967 to about 8,000 in 1976. While most Cuban-owned enterprises are small, some employ hundreds of workers. Enclave manufacturing firms tend to concentrate on textiles, leather, furniture, and cigar-making. Enclave firms in the service sector include restaurants (a favorite investment for small entrepreneurs), supermarkets, private clinics, legal firms, funeral parlors, and private schools. (Wilson and Portes, 1980.)

The Refugee Policy Group study sees the most likelihood of job creation as coming from refugees' contributions to economic growth as entrepreneurs. (Forbes, 1985.) The SRI study noted that Southeast Asian refugees are just beginning to open businesses but that these businesses are generally too small to employ many people. SRI cites Orange County as an exception because the Vietnamese business community is more developed there. At the time of the survey, about 2,000 jobs had been created in the 500 to 600 refugee businesses in the county. (Forbes, 1985: p. 30.)

Impact on Wages and Working Conditions

Another concern is the impact of the alien population on wages and working conditions. On this issue there is extensive literature on the impact of illegal aliens but there appears to be nothing on refugees.

Illegal Immigrants

Researchers have been consistent in their findings that illegal aliens generally earn less than their U.S. counterparts. For example, the pioneering study by North and Houstoun of 793 apprehended aliens, all of whom had been employed in the U.S. for at least two weeks prior to their apprehension, revealed that in 1975 illegal immigrants' average hourly earnings in occupations for which comparable data existed were $2.66, compared to $4.47 for U.S. workers. (In 1975, the minimum wage was $2.10 for most workers and $1.80 for farmworkers.) Also, average hourly wages differed significantly according to both the alien's region of origin and region of U.S. employment. (North and Houstoun, 1976.)

North and Houstoun took particular note of the local conditions on the Southwest border which they found were characterized more than any other area of the country by low wages, minimum wage violations, and other evidence of exploitation. "Thus, if we define an underground labor market as one in which illegal workers and illegal wages coincide, the findings of this study suggest that it is more likely to exist in the counties that border Mexico, in the Southwest itself, and in nonagricultural as well as agricultural employment" (North and Houstoun, 1976: p. 137).

It has also been argued that there are some economic benefits to consumers and employers. Based on its own review of the literature, the U.S. Domestic Council Committee on Illegal Aliens in the Ford Administration reported in 1976, "As relative wages for illegal aliens decline in response to an increase in their labor supply, the owners of firms employing illegal aliens, and the consumers of the goods produced by them, tend to gain through higher profits and lower prices . . ." (U.S. Domestic Council Committee on Illegal Aliens, 1976: p. 237).

Similarly, Michael Piore argued in a 1976 study that the impact of illegal aliens on lower skilled U.S. workers, with whom they are in direct competition, is not necessarily all negative. According to Piore, there are instances where U.S. resident workers share jobs with aliens and appear to suffer from the dampening effect upon working conditions. However, in many of

these cases, higher wages would either drive the industry out of existence or force major changes in technology, either of which would leave some U.S. residents jobless. In this sense, Piore views these pressures as serving to preserve native jobs and suggests that "one way to deal with the problem of native workers trapped in low-skill jobs is through training and other programs that would foster their upward mobility" (Ainsworth, 1983: p. 8).

The San Diego-based study by Nalven and Frederickson, entitled "The Employer's View: Is There A Need for A Guest-worker Program," indicated that many employers they interviewed admitted it was their preference for low wages which caused them to hire illegals. The authors concluded, "Thus, the employer's preference for the foreign worker can segment the available labor pool and can act to displace the domestic worker" (Nalven and Frederickson, 1982: p. 79).

One of the most important early analysis of wage impacts is the 1977 study entitled, "Depressed Wages Along the U.S.-Mexican Border," by Barton Smith and Robert Newman. The importance of this research is that it measured a phenomenon that heretofore had been accepted with very little empirical verification.

In the study, the authors examined the hypothesis that the concentration of low skill Mexican illegal and legal labor in the border areas of the Southwestern states had led to an excess supply of labor and subsequently depressed labor market conditions, particularly for blue collar workers and Mexican-American nationals. They concluded that the results of their analysis "tend to verify the hypothesis . . . but indicate that the magnitude of the problem as reflected by low wages along the border is much less severe than generally believed" (Smith and Newman, 1977: p. 51). Comparing the Texas border area with Houston, they found:

> . . . after controlling for variations in the cost of living between regions, annual real incomes are $684 less in the border area than in Houston, an approximate 8 percent differential. This clearly indicates that if migration from Mexico is having a negative impact on wages along the border it is not as severe as many have contended. In fact, this differential is the order of magnitude that it could represent the implicit premium that individuals along the border are willing to pay for nonpecuniary advantages such as remaining close to their cultural heritage (Smith and Newman, 1977 p. 63).

Smith and Newman concluded that the two "most plausible" explanations for this "less than expected real income differential" were that, first, Mexican immigrants may be taking unwanted jobs that resident labor avoids. Second, it may be that both Anglo-American and Mexican-American labor are highly mobile and that large scale internal migration to other work centers in the United States may prevent wage disparities from becoming too large. (Smith and Newman, 1977: p. 63.)

Evidence that there is little wage depression caused by illegal aliens was presented by Gilbert Cardenas in his study of the San Antonio labor market. Cardenas compared primary and secondary wage differentials in San Antonio with Phoenix and with three other cities characterized by few illegal alien workers. He observed that, while the findings were not conclusive, "the fact that secondary wages as a percentage of primary wages were not significantly different in San Antonio than in other areas seems to suggest that Mexican illegal aliens may not be depressing wages directly even in the secondary labor market" (Cardenas, 1976: p. 121).

Muller found that wages in several occupations had risen more slowly in Los Angeles than elsewhere as low-skilled immigrants, primarily Hispanics, entered the labor force. The impact on wages, he said, was most notable in the manufacturing sector, particularly among production workers in industries where wages have been traditionlly low, such as apparel and textile production, and in relatively low-wage industries such as restaurants, personal services, and hotels where many Mexicans are employed. Muller found that these lower wages also had beneficial economic effects. (Muller, 1984.)

"Lower wages enabled manufacturing firms in highly competitive industries to expand during the 1970's, despite the influx of imported goods . . . The presence of Mexican workers outside the manufacturing sector has led to higher profits for business and lower prices to consumers" (Muller, 1984: p. ix).

Muller further suggests that, because wage increases in industries employing many Mexican workers have been below average, "prices for some locally produced goods and services are lower and profits for business firms higher than they would be in the absence of immigrants" (Muller, 1984: p. 22).

As noted by other researchers, Muller suggests that if immigrants, legal or illegal, were not present, some businesses would fold up or leave the country. "In industries such as the apparel industry, which is highly competitive within the United States and in which foreign imports account for an increasingly large share of the market, the use of low-wage immigrant labor is likely to have only a slight downward impact on prices. Instead, the major effect is that firms can remain in the United States, rather than having to relocate to the Far East or to Mexico" (Muller, 1985: p. 151).

In "Transitional Labor: Undocumented Workers in the Los Angeles Automobile Industry," Rebecca Morales found that "employers tend to stratify their workers by citizenship and race, and pay them accordingly" (Morales, 1983/84: p. 54). For example, non-minority citizen workers were paid more than legal resident aliens who, in turn, were paid more than undocumented workers.

Morales describes the Los Angeles automobile industry as having responded to the demand for cheaper and more controllable labor resulting from increased foreign competition by employing undocumented labor as transitional workers. As she explains:

> Transitional here refers to the fact that this labor force performs a valuable function until their employers mechanize, move overseas, or take other measures to make themselves more competitive. Being transitional, they are also more vulnerable to employers' immediate demands. Through the selective use of undocumented workers, employers gained an element of control over wage determination and workplace practices. This kept costs of production low while they weathered difficult economic conditions (Morales, 1983/1984: pp. 575-576).

She also notes that during periods of industrial decline and transition, "undocumented workers are ideal since they are easily replaced. Lacking legal protection, they unwittingly benefit employers seeking union and wage erosion" (Morales, 1983/84: p. 594).

Summary

The evidence regarding the labor market impact of undocumented immigrants is mixed. It appears that undocumented workers do displace U.S. workers and lower wages and working conditions in some occupations, industries and geographical areas. In some instances, undocumented workers dominate a segment of the labor market and opportunities of native born U.S. workers are severely constrained. On the other hand, undocumented workers create and perpetuate jobs for themselves as well as for some U.S. workers. Furthermore, they help to preserve some U.S. firms that without such a supply of foreign labor might move their operations abroad. The evidence from the many studies discussed above is not conclusive regarding the overall or aggregate effects on the total U.S. labor market. However, it seems clear that the negative impact of illegal aliens is borne by U.S. workers at the bottom of the ladder whereas the economic benefits of their presence are primarily bestowed upon businesses and consumers.

With regard to refugees, the full impacts of this group on local labor markets have not yet been felt. The majority of the Southeast Asians, the most studied group, have had a relatively low labor force participation rate during the transmittal period since their arrival. Also, in contrast to illegal aliens, refugees are much more likely to be receiving public assistance and/or to be enrolled in training programs, and are less concentrated geographically.

B. Impact on Public Service Programs[3]

This section focuses on another kind of impact that undocumented entrants and refugees have on the United States: their effect on government-funded social service programs. Since this is one of the most intensively studied issues, there is an abundance of information in the case study literature. This section will present the findings related to three clusters of social service programs: income transfer, education, and health. All have substantial federal involvement, and all have been discussed regularly in connection with international migration.

As with the impact of undocumented aliens on the labor market, the definition and perception of their impact on public services have evolved over the past 15 years. Throughout the 1970's, the prevailing view was that too little information was available to support anything more than educated guesses. Nevertheless, the impact was believed to be considerable in large part because there were no legal barriers to participation by undocumented aliens in public assistance programs until 1972. Between 1972 and 1981, however, a series of Federal laws and/or regulations barred undocumented aliens from most Federal assistance programs.

"The first Federal requirement basing eligibility to participate in a major Federal public assistance program on citizenship or alien status was enacted in 1972, as part of the newly created Supplemental Security Income (SSI) Program for financially needy persons" (Congressional Research Service, 1985: p. 67). Under this program, assistance was limited to citizens and aliens lawfully admitted for permanent residence or otherwise residing legally in the U.S. This limitation excluded undocumented aliens from participating in the SSI program.

Although there have been variations in the specific language adopted in a series of legislative enactments between 1972 and 1981, illegal aliens have been excluded from participation in most Federal assistance programs. These include Aid to Families with Dependent Children (AFDC), Unemployment Compensation, food stamps, student financial loan programs, and housing assistance. The undocumented population is excluded by regulation from participation in Medicaid, and there is a legislated five-year residency requirement for participation in Medicare, Part B.[4]

There are no citizenship or permanent resident requirements, however, to receive Social Security old-age, survivors or disability benefits, which are available to individuals who have engaged in the required period of covered employment and otherwise meet the eligibility requirements. "Similarly, benefits under Medicare, Part A are available to all individuals regardless of their alien status in the United States, if they have been in covered employment for the required period of time and are otherwise eligible" (Congressional Research Service, 1985: p. 67).

The series of Federal laws and administrative actions which led to the restrictions on alien participation in Federal assistance programs followed a 1971 U.S. Supreme Court decision in Graham v. Richardson, 403 U.S. 365. More recently, in Plyer v. Doe, 457 U.S. 202 (1982), the U.S. Supreme Court ruled that States cannot legally deny public education to children of undocumented aliens. California State law has, since September 1978, required the local school districts to provide an education for all students regardless of their immigration status. (CRA, 1980: pp. 138-139.)

These measures plus research during the mid-1970's, notably by North and Houstoun (1976), tended to moderate concerns over the impacts on this group on public service programs.

During the 1980's, however, concern about the use being made by undocumented aliens of social services, particularly welfare, has increased. This is due partly to a growing perception that undocumented immigrants are becoming less transitory and more settlement-oriented and partly to the national concern about budget-cutting, particularly in social programs.

Michael Teitelbaum has summarized the existing knowledge about the use of social programs by illegal immigrants as follows:

> With regard to illegal immigrants, the available evidence (admittedly from record systems not designed to record legal status) suggests that publicly financed health services (especially emergency, obstetric and pediatric services) are widely employed; educational (especially remedial and bilingual) services used substantially; unemployment services used but not disproportionately; welfare less so; and Social Security retirement benefits very little. At the same time, immigrants both legal and illegal do pay taxes to support such services, though in the case of the low-paid workers who apparently predominate among illegal immigrants, such taxes are of course very low. (Teitelbaum, 1980: pp. 39-40).

As noted in the 1981 Staff Report of the U.S. Select Commission on Immigration and Refugee Policy, "Measuring the overall impact of undocumented/ illegal aliens on U.S. social services — cash assistance, medical assistance and educational services in particular — is as difficult as measuring their impact on the labor market and overall economy. Again, few reliable facts are known, although theoretical and emotional responses abound" (U.S. Select Commission, 1981: p. 519). This conclusion was reached after the Select Commission's own review of the literature.

As with labor market impacts, the impact of undocumented workers on public service programs clearly varies regionally and by local communities. In addition, their impacts vary among the different levels of government. This finding is generally uncontested among researchers and has been stated as follows by Charles Keely:

> In illegal migrants' use of social services there is a similar redistribution of advantages and disadvantages. Many studies found that illegal migrants pay more in Federal taxes than they consume in government services . . . In some parts of the U.S., however, the effect of illegal migration on certain government services may be quite disadvantageous. Illegal residents are most likely to pay Federal taxes, because they are deducted from payroll checks: the services they are most likely to utilize, on the

other hand, are those financed by State and local taxes. Public schools and hospitals in the Southwest, for example, may be overburdened by illegal residents whose payment of local taxes is outweighed by their use of services financed by such taxes (Keely, 1982: pp. 45-46).

Finally, although inadequate data exist on displacement effects, another aspect of this issue to consider is that illegal aliens do displace some U.S. workers, who, in turn, become legal recipients of public assistance. "It appears likely, then, that illegals have some additional but more or less indirect effect upon the total public assistance burden through the displacement of U.S. citizens, some of whom are forced to resort to unemployment insurance and other benefit programs" (Ainsworth, 1983: p. 10).

Whereas undocumented aliens are ineligible for most federally assisted programs, the United States feels a special obligation to refugees and has made special provisions for them in federal income transfer, health, and education programs. "Low-income refugees with intact families, with or without children, may receive Refugee Cash Assistance (RCA) that is equal to AFDC payments, even though such families would not qualify for AFDC. Generally, AFDC is limited to families with children in which one of the two spouses is absent, disabled, or, in a few States, simply unemployed" (North in Kritz. 1983: p. 272). In addition to their special eligibility for RCA, which lasts for only 18 months, refugees are eligible on the same basis as citizens and resident aliens for Supplemental Security Income (SSI). That program is for low-income persons who are aged, disabled, or blind. Similarly, low-income refugees are eligible for food stamps, unemployment insurance, Medicaid, and Medicare, Part A.

Income Transfer Programs

Illegal Immigrants

The evidence suggests that undocumented aliens make little use of income transfer programs for a variety of reasons, including their ineligibility and their transitory stay in the U.S. Illegal immigrants' apparently below average use of income transfer programs reflects two factors: the group's demographic characteristics (many males, many who are working, few elderly), and the fact that, no matter how casually administered, most of these programs bar illegal immigrants. However, as noted in the beginning of this section, there is a growing concern that this use is increasing, in part because of the trend of the illegal alien population toward settlement.

The available literature which focuses primarily on California indicates a comparatively low use of income transfer programs by undocumented aliens. However, it does suggest that undocumented aliens have attempted to use income transfer programs to a more significant degree than once believed. These studies include an examination of the use of income transfer programs in Los Angeles County, by David North in 1981, and in San Diego County, by Vic Villalpando and Community Research Associates in the late 1970's, after these counties' verification systems were instituted. Considerably higher

participation in welfare programs was reported by Van Arsdol, et. al., in their Los Angeles sample of unapprehended undocumented aliens, but their survey was completed in 1975, before Los Angeles instituted its alien status verification system.

Refugees

There appear to be no local case studies on the uses by refugees of income transfer programs. However, in its annual report, the Office of Refugee Resettlement (1985) indicates that the use of public assistance by refugees varies by State, nationality, and the time spent in the United States. As of FY 1985, about 55 percent of refugees who had been in the United States for three years or less were receiving some form of cash assistance. In California, over 85 percent of the refugees in the U.S. for three years or less are estimated to be cash assistance recipients, whereas, less than 20 percent of such refugees in Texas are receiving public assistance. (Forbes, 1985: p. 15.)

In looking at patterns by nationality, Southeast Asian refugees, by and large, have higher utilization rates than do refugees from other regions. "According to the Office of Refugee Resettlement, the best estimates are that 60 percent of Vietnamese and Lao and 49 percent of Khmer refugees in this country for less than three years receive cash assistance. The rates for refugees from Eastern Europe (excluding Poland), Afghanistan and Iraq are in the low 30 percent range and those for Soviets and Ethiopians in the high 20 percent range. Refugees from Poland have welfare utilization rates of about 20 percent" (Forbes, 1985: p. 15). The reasons for the variations in these rates are related to refugees' level of education, their age, family size and the existence of young children, and the amount of the welfare checks where they live.

Most information on patterns of use over time pertain to Southeast Asians and indicate that the capacity to become independent of public assistance programs improves over time. For example, according to the ISR study, "whereas almost 80 percent of those in the United States for less than eight months were fully dependent on public assistance, only 30 percent were fully dependent after three years" (Forbes, 1985: p. 15).

Education

Illegal Immigrants

Most researchers indicate that while illegal aliens make greater use of education services than they do of income transfer programs, their use of educational services is below average when compared to the total U.S. population.

For example, in Sidney Weintraub's 1984 study of the use of public services by undocumented aliens in Texas, he found that undocumented aliens are more likely to use education and health services than they are social and other welfare services and that education is the most costly service at both the State and local levels. (Weintraub, 1984.) Education was also the most costly public service used by undocumented aliens in San Diego County, based on the estimates

of Community Research Associates (CRA). (CRA, 1980.) Other studies indicate concern about possible underenrollment of illegal aliens' children in the public school system and a shortage of bilingual teachers in some areas.

In "The Future of Mexican Immigrants in California: A New Perspective for Public Policy," Wayne Cornelius noted the apparent underenrollment of the children of undocumented permanent settlers in the California schools. He noted that 9 percent of the illegal permanent settlers had children in the public schools compared to 49 percent of the legal permanent settlers. According to Cornelius, "Even though the legal settlers were older and more likely than the illegals to have school-age children, the magnitude of the difference suggests that some illegal settlers do have school-age children who are not in the public school system" (Cornelius, 1981: p. 49). Cornelius noted that the underenrollment of these children is far from being a "cause for celebration" because, like health services, it makes it more likely that they will become a burden to taxpayers in the future. (Cornelius, 1981: p. 35, pp. 67-68.)

The Van Arsdol study of undocumented aliens in Los Angeles also reflected possible underenrollment. Twenty-nine percent of this sample reported having children from 5 to 18 years of age, whereas only 21 percent reported having children in school. (Van Arsdol, et al., 1979.)

Muller observed that the shortage of bilingual teachers in California was a particularly serious problem in view of the large legal and illegal Mexican population. He also noted the related but "less serious problem" of "overcrowding in the Los Angeles Unified District, made up mostly of Hispanic neighborhoods with a rapid influx of immigrants" (Muller, 1984: p. 11). He reported that the number of Hispanic students in that school district increased from 24 percent to 49 percent of total enrollment between 1972 and 1982, including children of both legal and illegal aliens. Looking to the future, Muller predicted that "the projected rise throughout Southern California in the number of foreign-born students will lead to more all-Hispanic schools and exacerbate the shortage of trained bilingual teachers" (Muller, 1984: p. x.).

Refugees

According to David North, three factors affect refugees' use of education programs; these are linguistic, demographic, and cultural factors. For example, the Indochinese, like most other refugee groups, need to learn a new language, and people of all ages flock to the education system for this reason. Furthermore, the Indochinese refugee population has a high percentage of young people, "with 38 percent of the 1975 cohort under the age of 15 at arrival, compared to 25 percent of the U.S. population" (Taft et al., 1979: p. 18). Again, this suggests above-average utilization of the educational systems. Finally, as pointed out by North, Vietnamese culture places a high value on education, and "anecdotal evidence abounds about the educational ambitions of the Indochinese" (North in Kritz, 1983: p. 274).

In its review of the costs incurred by States and localities pertaining to social service programs, the SRI study concluded that local costs are hard to document. This is partly because many costs are covered by federal funds

and partly because costs attributable to refugees may be hidden within budgets that cover services for other populations. As far as the SRI could determine, local costs appeared to be low. However, it expressed concern that they will rise substantially if federal support ends. (SRI, 1983.)

Some States and localities, on the other hand, have cited the costs of education as a major expense associated with resettlement. For example, Florida officials calculated that the cost for public education for the Mariel Cubans was $126 million in 1980 and 1981, yet other jurisdictions have shown little concern about the costs of providing schooling to refugees. (Forbes, 1985.)

The differences in jurisdictional concern over the provision of schooling to refugees is often related to school capacity or to the number of refugees arriving. According to Forbes, "In a district in which schools are filled to capacity, additional population means either the classes will be over-crowded or that extra funds will be needed for additional facilities and staff. On the other hand, in districts with underutilized schools, additional population may mean more effective use of existing resources" (Forbes, 1985: p. 27). The SRI study found that some districts with declining enrollments welcome refugee children because the added population increases their State funding and may prevent the closure of some schools.

Health Services

Illegal Immigrants

The impact of undocumented workers on health care systems has been addressed in several case studies and primarily in California.

The health care of undocumented aliens is a very controversial issue, with California being at the center of this controversy for more than 10 years. One study, by Leo Chavez, reviewed the roles of the various levels of government and private hospitals regarding the question of whom is ultimately responsible for the cost of providing health care to undocumented immigrants. He found that it was a game of "pass the buck." For example, the Los Angeles County Board of Supervisors estimated the cost of providing health services to illegal aliens at its hospitals in FY 1974 at more than $8 million. Interestingly, the Board submitted a bill for most of the cost to the INS on the grounds that INS was reponsible for keeping aliens out of the country. INS refused to pay, a position consistently taken by the Federal government since then. (Chavez, 1984.)

In addition to the generally ambiguous role of government and private hospitals, cost estimates of medical expenses vary widely and are generally recognized to be imprecise. In its study of San Diego County, CRA concluded, "It is impossible to ascertain the fiscal impact of illegal aliens on health care facilities" (CRA, 1980: p. 113). As an example, CRA estimated the cost to San Diego County for 1979 as ranging from $2.2 million to $8.2 million, depending on the percentage of undocumented aliens served. According to Cornelius, most hospitals and other health care facilities do not maintain patient records which enable researchers to identify undocumented aliens with reasonable certainty. (Cornelius et al., 1982.)

Costs aside, a significant number of undocumented aliens are reported to pay for their medical care. For instance, the Orange County Task Force study found that 28 percent of its sample used a public or private hospital or clinic, but only 9 percent of the total sample indicated receiving free medical services. (Orange County Task Force, 1978: p. 18.) A similar finding was made in the Staff Report of the U.S. Select Commission on Immigration and Refugee Policy based on its own review of the literature. In part, the report stated: "The cost of medical care is often paid by the undocumented/illegal migrants themselves or by insurance plans in which they participated" (U.S. Select Commission on Immigration and Refugee Policy (Staff Report), 1981: pp. 523-524).

Sidney Weintraub, in his article on the use of public services by undocumented aliens in Texas, found health services to be one of the most frequently used public services by undocumented aliens. He also found that most undocumented clients pay for such services, generally supporting the findings of other researchers. (Weintraub, 1984: p. 89.)

David North observed that while considerable attention has been paid to the use made by illegal aliens of public hospitals, notably in Los Angeles County, where the burden is on local rather than national taxpayers, little attention has been paid to their use of Medicaid or Medicare. He suggested that their participation in Medicaid "may be of some significance," and their use of Medicare "is probably very slight." North concluded that overall the use of health care systems by the illegal population "is probably below-average compared to U.S. norms" (North in Kritz, 1983: p. 281).

Refugees

With regard to the refugee population, a major concern to State and local officials is the unreimbursed costs of medical assistance provided to eligible refugees.

A 1982 study by the U.S. General Accounting Office (GAO) reported that local health departments were absorbing significant additional costs in providing refugees with services not covered by the federal refugee program. GAO cited Fairfax County, Virginia, as one location with mounting costs that could be attributed to meeting refugee public health needs. According to GAO, from August 1979 to April 1981, Fairfax spent about $270,000 to provide refugees initial screening; blood, parasite and tuberculosis tests; and immunizations. Only about $61,000 was reimbursed through the refugee health program. Los Angeles and Orange Counties, California, and the District of Columbia, among other locations with large numbers of refugees, had experienced similar problems. (U.S. GAO, 1980.)

It appears that the local impacts of providing public health services has decreased over time. Three factors have contributed to this. First, the number of new arrivals — that is, the population most needing screening and treatment — has decreased significantly the past two years. Second, the federal government provided special grants for health screenings and assessments. And, third, improvements were made in the overseas screening program to identify and treat problems before refugees arrived in local communities.

Summary

The general concensus of these studies appears to be that undocumented workers make little use of income transfer programs in the localities studied, primarily because they are ineligible to participate in them. They are further deterred in California due to the alien status verification system instituted in parts of the State beginning in the mid-'70s. Illegal aliens make much greater use of public education and health services; however, they appear to pay for a significant part of their medical expenses.

On the other hand, refugees' level of public assistance utilization is considerably higher than for most other populations, primarily because of their special eligibility for these programs. According to North, refugees' use of income transfer programs and public education is "well above average," and their use of health services "average."

In a general summary, comparing the uses by immigrant groups with the total U.S. population, North views the use of all social service programs by refugees as "above average;" legal immigrants "about average;" and illegal immigrants "below average."

C. Methods Used in Alleviating Negative Impacts

This section discusses methods used in alleviating actual or potential negative impacts of undocumented workers and refugees on U.S. communities. Most of the methods found are of a Federal nature, such as Project SAVE (Systematic Alien Verification for Entitlements) to deter illegals from applying for benefit programs, and methods used both in advance of refugees being placed in the U.S. and after resettlement. There is little information on methods being used by the local communities.

Illegal Immigrants

With regard to undocumented aliens, INS has developed a new program known as Project SAVE (Systematic Alien Verification for Entitlements) which it has estimated will potentially save $2.8 billion annually if implemented nationally. The program allows State and local government agencies access to INS's automated Systematic Alien Verification Index in order to verify the eligibility of applicants for benefits. The program is operational in seven States (Illinois, Colorado, Florida, Montana, Idaho, Indiana, and New Jersey) and three U.S. Territories (Guam, Puerto Rico, and the Virgin Islands). INS has reported that in these areas most undocumented aliens are deterred from applying; those who do and are found to be illegal are barred from participation. (Congressional Research Service, 1985.)

In 1979 and 1980, David North examined a system aimed at excluding undocumented aliens from participation in public assistance programs operated by the Los Angeles County Department of Public Services. This agency administers a number of income transfer programs, including food stamps, general assistance AFDC, and Medicaid. Undocumented aliens are not legally entitled to any of these benefits. As described by North, everyone seeking benefits under these programs was asked to document his or her eligibility. Aliens were asked to include information on their alien status and identification for

verification by INS. Only "suspicious" cases — for instance, aliens who said that they had lost their ID — were referred to INS. Those who checked out as legal were approved for benefits; those who did not were invited to INS for an interview and were denied benefits if they did not respond. This system was estimated to save Los Angeles County more than $50 million in the 12 months ending June 30, 1980. (Congressional Research Service, 1985.)

Refugees

Policy makers and program implementers for a long time have been concerned with issues pertaining to the geographic distribution of refugees from the standpoint of their impact on U.S. communities. These concerns have led to policy planning with regard to admission decisions, placement policy, and Federal reimbursement of State and local costs as tools for dealing with potentially undesirable impacts on local areas. These are briefly reviewed below:

o Admission decisions — The Refugee Act of 1980 requires that information be provided by the U.S. Coordinator of Refugee Affairs, based on information from the Office of Refugee Resettlement (ORR) during the consultations on refugee admission numbers, to the Judiciary Committees of the House and Senate on the anticipated social, economic and demographic impact of refugee admission to the United States.

o Placement policy — Another method to alleviate the impact of refugees on local communities is U.S. placement policy. This policy states that the distribution and placement of refugees shall be done in a manner which will reduce further the impact on certain communities and avoid creating new areas of high impact in the future.

o Federal reimbursement of State and local costs — An explicit aim of the refugee resettlement program is to ensure that no State or locality bears an undue burden because of the admission of refugees to the United States.

The above tools act to limit the impact of refugees only on the area of initial placement. As noted earlier, once refugees are placed in U.S. communities upon entry into this country under U.S. placement policy, some relocate, moving to new communities sometimes within the State of original placement or to different parts of the country. While the initial placement of refugees may be controlled by Federal policy, secondary migration is more difficult to control through either policy or programmatic interventions. (Forbes, 1985.)

In addition, under the U.S. Department of Health and Human Services' (HHS) refugee domestic assistance program, refugees and refugee impacted areas receive a wide variety of services and financial assistance. For example, the ORR obligated $475 million in FY 1985 for the costs of assisting refugees and Cuban and Haitian entrants as provided for under the Refugee Act of 1980. Of this, States received $392 million for the costs of providing cash and medical assistance to eligible refugees, aid to unaccompanied refugee children, social services, and State and local administrative costs.

These are briefly discussed below:[5]

o State-administered programs — In order to receive assistance under the refugee program, a State is required by the Refugee Act and by regulation to submit a plan which describes the nature and scope of the State's program and to give assurances that the program will be administered in conformity with the Act.

— Cash and medical assistance — Based on information provided by the States in Quarterly Performance Reports to ORR, approximately 55 percent of eligible refugees who had been in the U.S. three years or less were receiving some form of cash assistance at the end of FY 1985. The rates vary widely by State.

— Social services — In FY 1985, ORR provided funding for a broad range of social services to refugees and entrants such as English-language training and employment-related training.

— Targeted assistance — Targeted assistance funds were directed to areas where, because of unusually large refugee concentrations and high use of public assistance, there existed a need for supplementation of other available service resources.

— Unaccompanied refugee children — ORR supports programs providing care for children unaccompanied by parents or guardians. Sponsored through two of the national voluntary resettlement agencies — United States Catholic Conference (USCC) and Lutheran Immigration and Refugee Service (LIRS) — these children generally are placed in programs operated by local affiliates of those national agencies, although in a few States, most notably California, the children are placed in the public child welfare system. Legal responsibility is established under State law in such a way that these children are eligible for basically the same range of child welfare benefits as non-refugee children in the State. Refugee children are placed in foster care, group care, independent living, or residential treatment depending upon their individual needs. Since 1979, when the unaccompanied minors program began, a total of 6,895 children have entered the program. The number remaining in the program as of September 30, 1985, was 3,828 — an increase of 4 percent from the year before. States reporting the largest numbers of unaccompanied children served were New York (899), California (415), Illinois (325), and Minnesota (310).

o Matching grant program — In FY 1985 Federal funds of up to $1,000 per refugee were provided on a matching basis for national voluntary resettlement agencies to provide food, housing, job development and placement services to eligible refugees.

o Refugee health — The Public Health Service continued to station public health advisors in Southeast Asia to monitor the health screening of U.S. destined refugees; to maintain quarantine officers to inspect refugees at the U.S. ports-of-entry; to notify State and local health agencies of new arrivals, especially those requiring followup health care; and to administer funds to State and local health departments for the conduct of refugee health assessments. Also, funds are provided to decrease the impacts on local health facilities in heavily impacted areas.

o Refugee education — Under the Transition Program for Refugee Children, funds are distributed to school districts to meet the special educational needs of children at the elementary and secondary levels. This program is implemented through an interagency agreement between ORR and the Department of Education. Activities funded under the Transition Program include supplemental education services directed at instruction to improve English language skills, bilingual education, remedial programs, school counseling and guidance services, in-service training for educational personnel, and training for parents.

o National discretionary projects — ORR provides funding support to projects to improve refugee resettlement operations at the national, regional, State, and community levels. These include demonstration projects to increase the number of wage earners in refugee and entrant households, planned secondary resettlement grants, and a refugee mental health effort.

In addition to the federal initiatives, refugees themselves establish ethnic community organizations to aid in their resettlement efforts as discussed in section I of this paper. These include religious, businesses and self-help organizations, generally termed "mutual assistance associations" (MAAs). Some MAAs are primarily social or cultural in nature, while others offer educational, employment and other services to their members. As noted above, the Federal government provides incentive grants to States to encourage them to fund such refugee organizations as service providers.

Summary

Most methods used in alleviating the negative impacts of the alien population have been undertaken by the Federal government and most of these are taken in response to the impacts of refugees.

To help alleviate the negative impacts of undocumented aliens, the INS has developed Project SAVE, a demonstration project operating in several States and U.S. Territories, which allows State and local government agencies access to the INS Systematic Alien Verification Index to verify eligibility of applicants for benefits. Similarly, California counties, such as Los Angeles and San Diego, have instituted systems aimed at excluding undocumented aliens from participating in benefit programs through verification with INS.

Methods to alleviate the impacts of refugees fall into two categories. First, there are those related to initial placement, such as policy planning with regard to admission decisions, placement policy, and reimbursement of State and local costs. Secondly, are the wide range of federal assistance programs that deal with the post-settlement experiences of refugees and refugee-impacted areas. These include cash and medical assistance; English language and employment-related training; care for unaccompanied refugee children; health care and funding assistance to local facilities; funding assistance to school districts; and national discretionary projects to improve resettlement operations at regional, State and local levels.

Refugees, themselves, establish various self-help organizations which offer a variety of services to their members. The federal government has a role here, too, in providing grants to States to encourage them to fund such organizations as service providers.

III. Conclusions and Recommendations

Labor market issues concerning refugees and undocumented aliens are somewhat different for several reasons. First, undocumented aliens come to the U.S. by choice to find employment, whereas refugees are here because of fear of political persecution in their home countries. Second, while undocumented workers are ineligible for most public assistance programs, the U.S. feels a special obligation to refugees and has a wide range of programs in place to assist them in their economic and social adjustment. Third, the political interest in the two groups are different. The primary concern about refugees is their ability to attain economic self-sufficiency. The principal worry about undocumented aliens is the impact they have on the labor market and on some public assistance programs. Consequently, the issues related to illegal immigrants and refugees need to be treated separately.

Refugees

The major issue concerning refugees is: What improvements in U.S. refugee policy and programs can be made to assist refugees in becoming self-sufficient earlier in their resettlement period and thereby reduce their relatively heavy reliance on public assistance programs?

Refugees are accepted into the U.S. as a matter of national policy. Southeast Asian refugees, the largest group admitted since the mid-1970's and the group most studied, are concentrated in certain States. Because of the circumstances of their entry into the U.S., they tend to be destitute and dependent on the wide range of assistance programs for which they are eligible.

The following recommendations address the ability of refugees to adapt to the U.S. economy. The review of the literature suggests five areas of concern: English language skills, use of public assistance programs, the types of services available, support systems, and U.S. placement policy. Addressing some of these concerns will likely require additional Federal and State funding.

English Language Skills

Most studies that have looked at the relationship between English language proficiency and labor force participation have emphasized the importance of English language skills. Because refugees' English language skills are an important predictor of their long-term success in the labor market, it is important that refugees' proficiency in English be improved both prior to their arrival in the U.S. and during the early stages of resettlement in this country.

Recommendation #1: Given the relationship between English language proficiency and economic self-sufficiency, more intensive and longer periods of training in English should be provided to refugee adults and children both prior to their arrival in the U.S., if possible, and after resettlement. In order to reduce the dampening effect that day-time training can have on participation in the job market after arrival in the U.S., it is further recommended that whenever possible such training, especially for adults, be provided in the evenings.

Use of Public Assistance Programs

The literature suggests that heavy reliance on public assistance programs acts as a disincentive to refugees' economic self-sufficiency. No refugee policy issue has been more debated than the impact on refugee adaptation — and, relatedly, costs to the U.S. — of use of public assistance as the major form of transitional income support. Welfare services and benefits appear to serve as substitutes for employment in States where benefits levels are relatively high. Several major research studies have shown that refugees who live in States with relatively high benefit levels are more likely to be receiving public assistance than those that live in States with more restrictive provisions. The benefit levels in some States are four times the level of those in others.

Recommendation #2: **The Office of Refugee Resettlement, U.S. Department of Health and Human Services, should meet on a regular basis with State resettlement officials to explore various alternatives to reducing the work disincentives associated with public assistance available to refugees, particularly the high welfare benefit levels available in some States. Such alternatives might include providing more extensive orientation to refugees on the availability of employment and training services that are specifically tailored to meet their needs; and seeking ways to establish a uniform benefit level for refugees, adjusted for the cost of living.**

Types of Services Available

There are a wide range of programs to assist refugees in attaining economic self-sufficiency. Yet, there has been no evaluation to date that has made a detailed examination of the efficacy of various models for stimulating employment for refugees of different background characteristics. (Some attention is being given to this issue in the two Commission-sponsored studies currently underway by New TransCentury Foundation and Population Associates International.)

In addition to those services already available to refugees, there may be services this group needs that are not generally offered. For example, research indicates that most refugee households need more than one employed person to pull themselves out of dependency. Similarly, research shows that refugees residing in households with large numbers of dependent children are less likely to be self-sufficient or to find employment that pulls them out of poverty. These findings might argue for an expansion of day care facilities and for family planning programs in refugee communities to permit more refugee parents to enter the labor force.

In addition to the number and types of services available to refugees, more consideration should be given to the quality of services — their design and implementation, their flexibility with regard to meeting the needs of refugees with different socio-economic characteristics, the adequacy of funding for training and technical assistance, the development of performance standards and monitoring procedures.

Recommendation #3: The Office of Refugee Resettlement should undertake a comprehensive evaluation of the current effectiveness of all services provided to refugees that are aimed at assisting refugees to attain self-sufficiency. It should also explore the potential need for additional services which would most effectively help refugees with different background characteristics.

Support Systems

The informal support systems that have evolved within the various refugee communities have been important in assisting them to achieve self-sufficiency. Most refugees, as do most U.S. native-born workers, find jobs through their relatives and friends. Also, the ethnic community provides support that facilitates the social, cultural, and emotional adjustment of refugees. The future of refugee adjustment, therefore, is to some extent dependent on the development of these infrastructures.

Recommendation #4: The Office of Refugee Resettlement, in conjunction with the National Association of Counties, the U.S. Conference of Mayors, and the National League of Cities, should examine the ways these support systems can be made more effective in providing support to refugees in the short-run and in the longer term when they are no longer eligible for special refugee programs.

U.S. Placement Policy

The literature suggests that current U.S. efforts to disperse refugees (initial placement policy) in some instances may be at odds with the preferences of the refugees themselves and may even undermine the efforts of refugees to become self-sufficient. Whether adjustment is more rapidly attained in situations where new arrivals can settle where they like (which most likely would be in areas where there are other members of their nationality or ethnic group) or where they are actually placed (without regard to personal preference) has not been fully researched.

Recommendation #5: The Office of Refugee Resettlement should undertake research to determine if there is a greater likelihood that refugees would attain self-sufficiency more rapidly if they were free to settle wherever they prefer rather than be dispersed according to current initial placement policy. Furthermore, if such research indicates a "free choice" policy would accelerate adjustment, the goals and objectives of U.S. refugee policy may need to be reconsidered. However, because a "free choice" policy would be expected to lead to a greater concentration of refugees, reconsideration of placement policy would need to take into account improvements in the employability of refugees which might result from the previous recommendations.

Illegal Immigrants

The major economic issue concerning illegal immigrants is: What are the effects of illegal immigrants on U.S. labor markets and public assistance programs?

The literature indicates that illegal immigrants are highly concentrated and appear to displace some U.S. workers and to lower wages and working conditions in some occupations and industries. In some cases they may preempt U.S. workers entirely because of the strength of occupational-kinship networks in some firms and industries.

On the other hand, illegal immigrants also appear to create and perpetuate jobs not only for themselves but also for some U.S. workers. There is evidence that undocumented workers help to keep some U.S. firms competitive — firms which, without such a supply of foreign labor, might move their operations abroad or go out of business. Also, the prices of goods and services produced by some businesses may be marginally lower due to the presence of illegal immigrants, thus benefiting U.S. consumers.

While the evidence is far from conclusive, it indicates that U.S. workers competing for jobs in the low wage secondary labor market bear the brunt of the negative impact of illegal aliens both in terms of displacement and depression of wages. However, some U.S. workers in the secondary labor market who work alongside illegal aliens may benefit to the extent that those firms are able to remain in business in this country because of the existence of undocumented workers.

In general, the overall effects of this group on localities within which they cluster and on the U.S. economy as a whole are not fully known. The evidence seems a little more solid that undocumented workers make little use of income transfer programs primarily because they are not eligible to participate in them.

Quality of Immigration Statistics

A major area of concern among policymakers and researchers is the quality and quantity of the available immigration statistics to assess the economic impacts of the illegal population.

While there is an enormous amount of literature on the impacts of the undocumented population on the U.S. economy, the analysis of the issues is severely handicapped not only by the quality of data used in the analysis but also by the clandestine nature of the illegal migration and the difficulties inherent in tracking an illegal population.

In looking to areas where some positive improvements can be made in the ability of researchers to find the "truth" about the net impacts of undocumented workers — whether they are positive or negative as a whole — one must start with improving the data.

The problem with immigration statistics has been documented in the National Academy of Sciences' report, "Immigration Statistics: A Story of Neglect." The study presented the findings and recommendations of the National Research Council's Panel on Immigration Statistics which found that the "immigration statistics system" does not produce reliable, accurate and timely data to permit rational decision-making concerning immigration policy.

The Panel noted that in recent years the "expressions of concern over inadequate, incomplete, and often unreliable information available for use in planning, implementing, or evaluating immigration policy have become more numerous and more strident." For example, the panel notes that in 1978, the Select Commission on Population of the House of Representatives, in attempting to explore the role of immigration in future population growth, concluded that "immigration issues are clouded by faulty data and inflamed passions—not a good combination for rational policy making." The Panel also noted that during the 1984 debate over aspects of the Simpson-Mazzoli legislation, a committee in the House reported that, "The Committee is deeply concerned about the unavailability of accurate and current statistical information on immigration matters ... The committee notes ... that INS has not devoted sufficient resources and attention to this problem and, to a great extent, has ignored the statistical needs of Congress, as well as, the research needs of demographers and other outside users."

These examples and the more substantive material in the Panel's report demonstrate that the need for high-quality readily accessible data base of timely information on immigrant populations has been manifest for years. This need was heightened recently by debate in the 99th Congress on Simpson-Rodino-Mazzoli and in the public debate over both restrictions on the size and composition of new immigrant groups and the perceived threat posed by undocumented migrants.

Improving the quality of immigration statistics must be a high priority. The report of the Panel on Immigration Statistics made a total of 38 recommendations. They are organized by the body or agency to which they are directed and a discussion of, and justification for, each recommendation is included in the Panel's report.

Recommendation #6: The Attorney General should establish at an early date an inter-agency committee to consider how to implement the recommendations made by the Panel on Immigration Statistics. The committee should be composed of top policy makers within the key agencies cited in the Panel's report. These agencies include the Immigration and Naturalization Service, the Office of Management and Budget, Department of Labor, the Census Bureau, and the Social Security Administration.

Notes

1. The term "Entrants" was created in the summer of 1980, when the United States Government decided that it did not want to cover the newly arrived Cubans (from the port of Mariel) with the provisions of the 1980 Refugee Act, which went into effect on April 1 of that year. Part of the thinking at the time was that the Cubans and Haitians did not fit into the refugee definition of the 1980 Act (having arrived without screening on the shores of Florida) and that the new definition excluded the Entrants from coverage by Refugee Cash Assistance, but not from SSI and AFDC. Refugee Cash Assistance (RCA) makes AFDC-level payments to all low income refugees regardless of family status; thus a single Cuban or Haitain, or a childless couple, would have been eligible for RCA had they not been classed as Entrants, but not for AFDC. Since there were many low-income Entrants who did not meet the categorical eligibility of AFDC, a substantial saving to the Federal Government resulted.

2. The SRI study reported similar findings regarding jobs held by refugees who have arrived since 1978. SRI found that 65 percent of its sample were employed as operatives or in service jobs. Examining the socio-economic status of the jobs held by refugees, the authors concluded that 70 percent "hold low status jobs while only 10 percent have high status ones." Like immigrants, most refugees tend to be employed in peripheral jobs in the secondary labor market. The SRI study also found that for many refugees, their initial job in the U.S. reflects a decline in socio-economic status. Among refugees who were professionals in Southeast Asia, only 10 percent found professional employment in the United States. Most of those who found employment worked as operatives or in service occupations as did their less educated compatriots.

3. The information in the introductory paragraphs of this section draws in part from "Impact of Illegal Immigration and Background on Legalization," prepared by Joyce C. Vialet, Specialist in Immigration Policy, Education and Public Welfare Division, Congressional Research Service, Library of Congress.

4. Medicare A is the hospital insurance segment of Medicare. It is available to Social Security beneficiaries over the age of 65, and those who secure Disability Insurance benefits two years after the onset of the disability. It is funded through FICA taxes. Medicare B is the part of Medicare which covers physicians' bills. It is available to persons covered by Medicare A but may also be purchased separately.

5. The following description of services and financial assistance to refugees and refugee-impacted areas was drawn primarily from Refugee Resettlement Program, Report to Congress, 1986.

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