

Immigration: Demographic Wild Card

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The expected downtrend in housing starts in the 1990s may be mitigated or even eliminated if net foreign immigration is higher than the number projected by the Census Bureau. There's a good chance that it will be.

The latest Census Bureau "middle series" population projections include an assumption that net immigration will equal 600,000 in 1988 and decline to 500,000 per year in 1998 and thereafter. The projected decline is based on the assumption that legal immigration, immigration of U.S. citizens from abroad, immigration of Puerto Ricans, and emigration (movement out of the U.S.) will remain steady, while the number of illegal immigrants will decline from 200,000 per year to 100,000 per year as a result of increasing effectiveness of the Immigration Reform and Control Act of 1986 (IRCA). The Census Bureau immigration assumptions are shown in Table 1. Although the Census Bureau provides alternative population forecasts using higher or lower assumptions of net immigration, most forecasts of households and housing are based on the middle series.

Census Bureau estimates of net immigration (legal immigration plus illegal immigration minus emigration)

for the 1980s generally fell in the range of 600,000 to 700,000 per year, following a jump to about 750,000 in the first couple of years of the decade. Net immigration for 1988 and 1989, incorporated in the latest population estimates after the projections of future population were developed, is now estimated as 703,000 and 662,000, respectively.

Components of Net Immigration

Legal immigration to the U.S. consists of three major components: numerically-limited immigrants, numerically-exempt immigrants, and refugees. Collectively these three groups have totaled about 600,000 per year in recent years. Table 2 gives a detailed breakdown of immigrants in 1988.

Numerically-limited immigrants are restricted to 270,000 per year, and that overall total is further allocated to certain "preference" groups. Each year, up to 54,000 places are allocated to applicants in skilled occupational groups, along with their families, but the remaining slots go to relatives of U.S. citizens and to relatives of (legal, permanent, non-citizen) residents.

There are also some special "non-preference" groups with additional numerically-limited allocations for the next couple of years.

Numerically-exempt immigrants are primarily members of the immediate families of U.S. citizens (spouses, parents, and minor children). Small numbers of immigrants in other categories, such as clergy and retired international civil servants, also are numerically-exempt.

Refugees (and some other related categories such as "asylees") are not subject to the system of quotas for numerically-limited immigrants, but they are subject to certain quantitative and qualitative restrictions. The number who may enter each year is set by the President in consultation with the Congress. It depends partly on the extent and nature of political turmoil in the world.

In the Census Bureau's estimates of both future population and population during the 1980s, it is assumed that emigration from the U.S. is 160,000 per year. That estimate is based on analyses of data from the 1970 and 1980 decennial censuses.¹

Similarly, estimates of 200,000 illegal immigrants per year are incorporated in Census estimates of population in the 1980s, even though no accurate measure is available.

Table 1 Census Bureau Net Immigration Assumptions (thousands)

	Ultimate		Low Immigration Series	High Immigration Series
	Interim (1988) Immigration Middle Series	(1988 & after) Immigration Middle Series		
Legal immigrants				
& Refugees	507	507	370	630
Undocumented	200	100	50	300
Civilian Citizens	20	20	20	20
Puerto Ricans	33	33	20	50
Outmigrants	-160	-160	-160	-200
	600	500	300	800

Source: Gregory Spencer, *Projections of the Population of the United State by Age, Sex and Race, 1988 to 2080*. (Bureau of the Census, Series P25, No1018, p 26)

Possible Increases in Immigration

In assuming that illegal immigration will fall to 100,000 per year by the end of this decade, the Census Bureau has been relatively confident of the effectiveness of IRCA, adopting the view of the Immigration and Naturalization Service, which projects illegal immigration of "100,000 to 200,000." The controls under IRCA appear to be successful in discouraging illegal immigration, but demographic and

economic pressures in Latin America could offset the impact of employer sanctions and other control mechanisms.

If net immigration is to significantly exceed the Census Bureau's projections, however, it will probably be not because of a new flood of illegal immigrants, but as a result of increased legal immigration.

The vast majority of legal immigrants, including 80% of the 270,000 numerically-limited immigrants and nearly all of the numerically-exempt immigrants, are admitted based on their relationship to citizens and residents. There will be continuing pressures to ease the numerical limitations on relatives of residents and non-immediate relatives (brothers, sisters, adult children) of citizens.

The waiting list for numerically-limited immigrant visas at U.S. consulates grew from one million in 1987 to 2.3 million in January 1989.² The legalization of previously-illegal immigrants as permanent residents under the IRCA amnesty programs will increase the number of applicants dramatically, but increased demand from non-immediate relatives of citizens will reduce the number of visas available to relatives of residents.³ Thus, the waiting list for relatives of residents will become even longer. The waiting list for Mexicans applying for admission based on family relationship to residents is already nine years long.⁴

The difficulties of relatives of citizens and residents seeking to immigrate to the U.S. is a potent political issue in Hispanic and Asian-American communities, and the political strength of those groups is growing rapidly. A relaxation of restrictions on immigration of relatives is thus both numerically important and politically likely.

There is even more political sentiment in favor of increasing the quotas for "independent" immigrants

Table 2 Legal Immigration in 1988

NUMERICALLY LIMITED:	
Family Preferences	
1st - Unmarried adult sons and daughters of citizens and their children	12,107
2nd - Spouses & children of resident aliens	102,777
4th - Married adult sons and daughters of citizens and their families	21,940
5th - Brothers and sisters of citizens, and their families	63,948
	<u>200,772</u>
Occupational References:	
3rd - Members of the professions of exceptional ability, and their families	26,680
6th - Workers in labor-short occupations and their families	26,927
	<u>53,607</u>
	9,769
	<u>264,148</u>
NUMERICALLY-EXEMPT:	
Immediate relatives of U.S. Citizens	219,340
Miscellaneous numerically-exempt	5,120
	<u>224,460</u>
REFUGEES AND OTHERS:	
Refugees and asylees	110,721
Miscellaneous others	3,595
	<u>114,316</u>
	<u>602,924</u>

Source: U.S. Department of Justice, 1988 *Statistical Yearbook of the Immigration and Naturalization Service*.

Note: Excludes adjustment of long-time illegal residents to legal status under IRCA.

(those who are not relatives of citizens or residents and who are not refugees). Currently, the only type of independent immigrants being admitted under the set of preferences in the standard numerically-limited program are people with special skills or workers in labor-short occupations and their families. These immigrants under the "3rd" and "6th" preferences are limited to 54,000 per year.

The pressure to raise the limits on independent immigrants comes from two sources. First, many people believe that it is to the nation's economic advantage to admit more immigrants who possess special skills, ambition, education, and/or money. Slower growth in the labor force in the 1990s, due to low birth rates in the 1970s, will increase pressure to admit

more workers to relieve labor shortages.

Support for more independent immigrants also is attributable to the fact that emphasis on family reunification favors immigration from places like South America and Asia at the expense of Europe. Prior to changes in the law in 1965, immigration from Europe was favored. European immigration is very limited now, because few people there have close relatives in the U.S. People who want the U.S. population to remain predominantly white and of Northern European stock therefore favor a larger allocation of immigrant visas to independent immigrants. Even people who are not necessarily motivated by racial bias think independent immigrants are likely to make more

positive contributions because, for example, they may be more likely to be "leaders" rather than "followers".⁵

Whether or not there are changes in the law to relax numerical limitations, an increase in numerically-exempt immigration of immediate relatives of U.S. citizens can be expected. The number of such immigrants has generally been on an uptrend for the past couple of decades and averaged about 200,000 in the 1980s. As recent immigrants—including the large number of previously-illegal residents granted amnesty under IRCA—qualify for citizenship, the number should increase further. An analysis by the General Accounting Office projects that the number of immediate-relative immigrants will average 328,000 per year over the decade, under a continuation of current immigration law.⁶

If numerical limitations are relaxed, over time that will cause an additional increase in numerically-exempt immigration, because as new immigrants under relaxed limitations become citizens, they will be able to bring their immediate families in as well.

Refugees and other categories admitted for political or humanitarian purposes also represent a possible source of higher immigration. Although recent world events may suggest that persecution or the fear of persecution by Communist governments is disappearing, the ethnic minority victims of non-governmental oppression appear to now be both more numerous and freer to travel. Moreover, China alone could supply enough legitimate refugees to overwhelm all other immigration flows.

Recent and prospective changes in immigration will be partly offset by emigration. Immigrants are far more likely to leave the U.S. than native-born Americans, so the increase in net immigration will be smaller than the increase in gross immigration.

Legislative Proposals

The Senate has already passed a bill (S.358), originally sponsored by Senators Simpson and Kennedy, that would provide for greater numbers of independent immigrants, with special allocations for those with special skills or investment commitments.

Some of the additional independent immigrants would be selected based on a point system, with applicants assigned points based on age, education, occupation, work experience, and whether they have prearranged employment. Canada has had such a point system for many years. Immigrants admitted under the point system would not automatically be able to bring along spouses and children, unlike immigrants currently admitted under the occupational preference system.

The Senate-passed bill would also change the limits for family preferences. At a minimum, the current limit of 216,000 (80% of 270,000) visas would be available, and that number would increase if fewer than 264,000 numerically-exempt immediate relatives of U.S. citizens were admitted in the previous year.

A bill (HR672) introduced in the House of Representatives by Congressman Berman (D,CA) would have much greater impact. Berman's bill includes the liberalization of immigration based on skills or investments, as in the Senate bill, but it would also allow numerically-exempt immigration of immediate relatives of residents, similar to the current treatment accorded immediate relatives of citizens, and it would relax the numerical restrictions on non-immediate relatives. Since residents are far more likely than citizens to have immediate relatives residing outside the U.S., the number of numerically-exempt immigrants would increase dramatically. The Center for Immigration Studies projects that passage of the Berman bill would increase net immigration to 1.5 million in 1991.

That may be an overestimate, but the impact would clearly be substantial.

The Bush Administration is also considering proposals to increase immigration of skilled workers. The annual *Economic Report of the President* for 1990 hinted at the Administration's attitude by stating that "the nation can achieve even greater benefits from immigration by augmenting...family unification with policies designed to increase the number of skilled immigrants."⁷

Where Do They Go?

The flow of immigrants has a disproportionate impact on certain parts of the country. Five states with one-third of total U.S. population account for two-thirds of legal immigration. Those five states, in order by number of immigrants, are California, New York, Florida, Texas, and New Jersey.

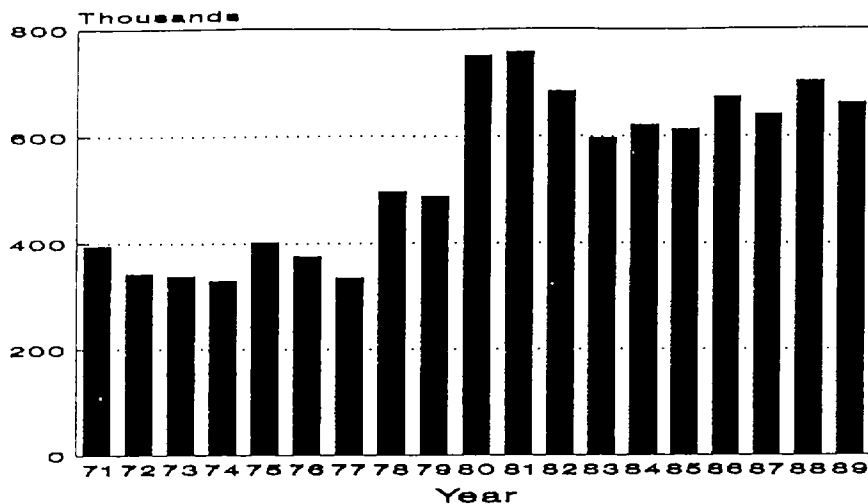
California is not only largest in terms of total immigrants, but also in terms of the rate of immigration. Annual immigration is equal to more than 0.6% of state population, higher than for any other state.

In New York, the inflow of immigrants from abroad was necessary to avoid a decline in population in the 1980s. Between 1980 and 1989, New York state had a net population increase of 0.4 million. If it hadn't been for an inflow of about 900,000 immigrants from abroad over that period, the state's population would have declined.

Not all immigration to an area represents a net contribution to population, however. Many immigrants will move on to other areas after initially moving to the traditional ports of entry. And increased out-migration of native-born residents may occur in response to international immigration, due to pressures in housing and labor markets as well as to prejudice.

If the Senate-passed bill or other legislation allowing increased "inde-

Figure 1 Net Civilian Immigration



NOTE: Year Ending June 30.
SOURCE: Bureau of the Census.

pendent" immigration is passed, a larger share of immigration is likely to go to the east coast.

Where Are They From?

While proposed legislation would shift the composition of the immigration flow to include more Europeans, the primary sources of immigration will continue to be Asia and Latin America. For the years 1985 to 1987, Asians accounted for 44% of immigrants. Less than 2% of the U.S. population was of Asian extraction in 1980.

The flow of immigrants from non-European backgrounds will have an increasing influence on the design of new homes. Some West Coast builders are incorporating the principals of *Feng Shui*, the Chinese concepts of auspicious and harmonious design, into their homes. *Feng Shui* proscribes center-hall staircases facing the front door, for example. Other Asian groups have their own distinct requirements. Those builders who ignore such considerations risk ending up with unsold homes.

Hispanic customers have other (generally less inscrutable) requirements, such as preferences for formal dining rooms and for kitchens that are enclosed rather than open to family or dining rooms.⁸ Many of the features that these new ethnic groups demand are likely to become incorporated in homes designed for more general markets.

Future Immigration and Housing Demand

Net immigration in the 1990s is likely to be closer to the Census Bureau's "high" assumption of 800,000 per year than to their middle series assumption of 550,000 per year. Even if there were no changes in the law, net immigration would probably average more than 550,000 per year, but the probability of a relaxation of current restrictions on legal immigration is very high.

The effect of increased immigration on housing demand will depend on the types of immigrants. People admitted as "professionals of exceptional ability" probably represent

more housing demand, on average, than native-born Americans. We can expect demand for an additional housing unit for every 2 to 2.5 people (including family members) admitted under that immigration category (currently restricted to 27,000 per year). At the other extreme, spouses and minor children of citizens (about 160,000 per year) and of residents (110,000) probably have almost no immediate impact on housing demand.

An increase in independent immigrants, chosen based on their potential for making positive contributions to the U.S. economy, will have a much more positive impact on the economy and on the home building industry than a numerically-equivalent increase in immigration of relatives or refugees. U.S. economic advantage shouldn't be the only factor in immigration policy, but it has been given only limited consideration in recent years and deserves higher priority.

1. U.S. Bureau of the Census, Current Population Reports, Series P-25, No. 1023, *United States Population Estimates and Components of Change: 1970 to 1987* (USGPO, 1988).
2. U.S. General Accounting Office *Immigration Reform: Major Changes Likely Under S.358* (GAO/PEMD-90-5, November 1989), p.23.
3. *The President's Comprehensive Triennial Report on Immigration, 1989*.
4. Center for Immigration Studies, *Background* (Washington, November 1989).
5. Joyce Viallet, "Immigration: Numerical Limits and the Preference System" (Library of Congress, Congressional Research Service, December 11, 1989), p.6.
6. U.S. General Accounting Office *Immigration Reform: Major Changes Likely Under S.358* (GAO/PEMD-90-5, November 1989), p.23.
7. *Economic Report of the President* (Washington, Government Printing Office, 1990) p. 165.
8. *Professional Builder*, (September, 1989) p.61.