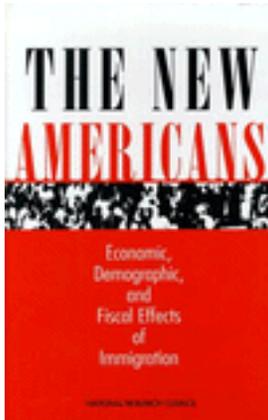


Free Executive Summary



The New Americans: Economic, Demographic, and Fiscal Effects of Immigration

James P. Smith and Barry Edmonston, Editors; Panel on the Demographic and Economic Impacts of Immigration, National Research Council

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"Despite the balanced appearance of the report, its findings immediately became a political hot potato...The NRC report does consider matters of population congestion, the redistribution of wealth, and the fiscal effects of immigration, all of which we must expect to produce growing national unease, perhaps in the near future." Chronicles

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Summary

Throughout its history, the United States has been a nation of immigrants. The door may not always have been wide open, but it has never been completely shut. The current debate over the wisdom of high rates of immigration is not new; it stretches back even to colonial times. There are concerns about the effect of immigration on the economic prospects of native-born residents, on population growth, and on the ability of immigrants to interweave themselves into the social fabric of the nation.

Responding to these concerns, Congress in 1990 appointed a bipartisan Commission on Immigration Reform to review the nation's policies and laws and to recommend changes. In turn, the commission in 1995 asked the National Research Council to convene a panel of experts to assess the demographic, economic, and fiscal consequences of immigration. The panel was not asked to answer all the current questions about immigration, let alone to set out alternative policies or to make recommendations among them. Rather, it was asked to lay a scientific foundation for policymaking on some specific issues, to provide as rich a background as possible against which the commission could do its work.

The panel's charge was to address three key questions:

- What is the effect of immigration on the future size and composition of the U.S. population?
- What is the influence of immigration on the overall economy?
- What is the fiscal impact of immigration on federal, state, and local governments?

This report summarizes the panel's work.

As long as there is a virtually unlimited supply of potential immigrants, the nation must make choices on how many to admit and who they should be. Throughout U.S. history, legislation and regulation have dealt with five generic issues: how many immigrants to admit; within that number, who should be let in and who should be excluded; how to deal with refugees; how to handle illegal immigrants; and whether immigrants and citizens should be treated the same.

The modern era of immigration policy dates from the 1965 Immigration and Naturalization Act. This act removed the quotas for immigrants based on national origins and replaced them with a preference system based primarily on family unification and, to a lesser extent, on occupational skills. One consequence of the 1965 legislation has been a decline in the labor market skills of new immigrants relative to those of native-born workers. This decline has accompanied a decrease in immigration from more prosperous Western Europe and a rise in immigration from Asian and Latin and South American countries. Recent legislation, notably the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, restricted access to public assistance programs for noncitizen legal immigrants, and set a lifetime limit on public assistance for all residents.

In 1994, there were nearly 800,000 legal immigrants. This number is considerably smaller than the number in the peak year of the early twentieth century wave of immigration—1.3 million immigrants in 1913. Moreover, since the resident population has more than tripled during the course of the twentieth century, the number of immigrants in the earlier decades represented a much higher proportion: 13 immigrants per 1,000 resident population in 1913, compared with 3 immigrants per 1,000 residents in 1994. However, immigration now plays a greater role in population growth than it did eight decades ago: it accounts for 37 percent of total growth, partly because of the decline in the fertility rates of residents.

Besides legal immigrants admitted for permanent residence, there were in 1994 some 22 million visits by aliens admitted for short stays—students, tourists, short-term employees of international companies. Most stay no more than a few weeks, but others live in the United States for several years; some overstay their allotted time and swell the number of illegal immigrants.

Between 200,000 and 300,000 illegal immigrants enter the United States each year, 40 percent of whom first enter legally as nonimmigrants. Mounting concerns about illegal immigration led to the passage of the Immigration Reform and Control Act of 1986. First, by requiring employers to check prospective employee's legal U.S. immigrant status and by setting financial and legal penalties for employers who knowingly hire an illegal immigrant, it sought to reduce the attraction of jobs in this country for illegal immigrants. Second, it provided for legalizing the status of those illegal immigrants who could prove their long-term residence—estimated to be nearly 3 million.

In census and survey data, it is not always clear whether foreign-born per-

sons are legal or illegal immigrants or whether they are nonimmigrants who are temporarily in the United States. In this report, we refer to either foreign-born persons or immigrants, unless we wish to distinguish a particular type of immigrant.

IMPACT OF IMMIGRATION ON THE U.S. POPULATION

What influence will immigration have on the size and composition of the U.S. population over the next half century?

To answer that question, the panel developed a demographic model that projected the population to the year 2050. This model projects an initial population under various assumptions about fertility, mortality, and international migration. It places special emphasis on understanding the effects of immigration on the total population, its age structure, the size of the foreign-born population, and the ethnicity of its descendants. The model adds a generational perspective to demographic projection by distinguishing immigrants and their descendants, along with the current native-born population, using data on fertility, mortality, exogamy (rates of intermarriage), and ethnic affiliation that vary by generation and ethnicity.

In our projections, we used five alternative assumptions about the numbers of immigrants in the coming decades: a continuation of the current number of net immigration, high and low immigration (a 50 percent increase and decrease from current levels), and two extremes—zero net immigration and twice the current rate.

If net immigration continues indefinitely at its current levels, there will be 387 million people in the United States in 2050, 124 million more than at present. Immigration will play the dominant role in that growth, accounting for 80 million, or two-thirds, of the increase. Even if net immigration were halved, to 410,000 a year, the population would still rise to 349 million. And if it were increased by half, to 1,230,000 a year, the population would be 426 million by the middle of the 21st century.

Immigration will also affect the age distribution of the resident population, with crucial implications for public policy. Under current immigration policy, enrollment in kindergarten through grade eight will increase to 53.7 million by 2050, 17 million more than the 36.8 million in 1995. If immigration were cut in half, that number would be 47.3 million; and if it were 50 percent higher, it would be 57.6 million. High school enrollments will rise from 14.0 million in 1995 to 20.3 million under the medium assumption about immigration—and to 2.5 million more or less than that under the high or low assumptions.

The U.S. population is aging: the number of persons aged 65 years and older is expected approximately to double between 1995 and 2050, no matter what immigration policies are adopted. With a low immigration assumption, the absolute size of the population aged 65 and over will be 73.0 million in 2050; with the

high immigration assumption, it will be 80.6 million. The proportion of older people in the total population will be smaller with higher immigration, however: there will be 27 older people for every 100 people aged 20 to 64 years in 2050 assuming high rates of immigration, compared with 30 assuming low rates of immigration.

Our demographic model also projects the racial and ethnic composition of the future population, divided into four mutually exclusive groups: non-Hispanic whites, blacks, Hispanics, and Asians (American Indians, Eskimos, and Aleuts are excluded from presentation in the report, but are included in the analysis for the total population). In addition to the rates of immigration and levels of child-bearing, these projections depend critically on two parameters—rates of intermarriage and racial/ethnic affiliation, which is the extent to which individuals of multiple ancestry choose to identify with a given racial/ethnic group.

Under any immigration scenario, both the absolute and the relative sizes of the Asian-ancestry and Hispanic-ancestry populations will grow rapidly. Assuming continued net immigration at current levels, the size of the Asian population will increase from 9 to 34 million in 2050 (growing from 3 to 8 percent of the population). This growth stems mainly from the large fraction of Asians in the immigrant population. Similarly, fueled by higher fertility, high rates of immigration, and high affiliation rates, the Hispanic population will grow substantially over this period. Assuming continued net immigration at current levels, and current rates of intermarriage and ethnic affiliation, the Hispanic population will rise from 27 million in 1995 (about 1 in 11 of the population) to 95 million in 2050 (about 1 in 4 of the population).

These projections incorporate the assumption that current levels of intermarriage will continue, and thus that the proportion of people with multiple ancestry will increase. Multiple ancestry adds complexity and ambiguity to ethnic definitions, and it is possible that, by the middle of the next century, ethnic and racial lines will be even more blurred.

ECONOMIC IMPACTS OF IMMIGRATION

The second charge to the panel concerned the impact of immigration on the U.S. economy. Economic theory points to possible effects on the employment and wages of domestic workers, U.S. trade with other countries, the growth rate of the economy, and the prices people pay for goods and services. To address these issues, the panel relied both on theoretical insights on what the likely effects would be, and on empirical estimates of the magnitude of the actual effects.

Using a basic economic model, with plausible assumptions, we show that immigration produces net economic gains for domestic residents, for several reasons. At the most basic level, immigrants increase the supply of labor and help produce new goods and services. But since they are paid less than the total value of these new goods and services, domestic workers as a group must gain.

The gains to the domestic economy come from a number of sources. On the production side, immigration allows domestic workers to be used more productively, specializing in producing goods at which they are relatively more efficient. Specialization in consumption also yields a gain.

Immigration thus breaks the rigid link between domestic consumption and domestic production. From this perspective, the effects of immigration are comparable to those of international trade. That the two processes are so similar suggests that, when trade is relatively free, any change in the number of immigrants will affect the incomes of domestic workers less than it would have without trade.

In our baseline analysis, we assume that the U.S. economy is characterized by constant returns to scale—that is, growth in the size and scale of the economy neither reduces nor increases the productivity of labor and capital. Existing research has not convincingly demonstrated that, in the aggregate, either decreasing returns due to fixed factors or congestion effects, or increasing returns, are more compelling alternatives. We caution, however, that we would not extrapolate far beyond current levels and say that immigration flows much larger than those considered in our demographic projections would always produce economic gains. With far larger flows, and over long periods of time, the uncertainty about increasing or decreasing returns to scale would have to be resolved with sound empirical evidence.

Even when the economy as a whole gains, however, there may be losers as well as gainers among different groups of U.S. residents. Along with immigrants themselves, the gainers are the owners of productive factors that are complementary with the labor of immigrants—that is, domestic, higher-skilled workers, and perhaps owners of capital—whose incomes will rise. Those who buy goods and services produced by immigrant labor also benefit. The losers may be the less-skilled domestic workers who compete with immigrants and whose wages will fall. To the extent that immigrants specialize in activities that otherwise would not have existed domestically, immigration can be beneficial for all domestic residents. In this case, there is little substitution of new immigrant workers for domestic workers, and domestic consumers gain from the lower prices of these services.

In the long run, assuming constant returns to scale, immigrants can affect rates of economic growth only to the extent that they differ from the native-born—if, for example, they arrive with a different mix of skills from those of native-born workers. To have an effect on growth rates, this difference between immigrants and natives must persist over each new generation. If the children of immigrants—or, if not the children, the grandchildren and great-grandchildren—come to be just like the native-born, then all that immigration does is augment the population and the scale of the economy; it does not change the rate of growth of income per capita.

Overall, in the massive and complex U.S. economy, immigration is unlikely

to have a very large effect on relative earnings or on gross domestic product per capita. Among the legions of factors that affect the economy, many are far more critical than immigration, including savings and investment and the human capital of U.S. workers. Immigration over the 1980s increased the labor supply of all workers by about 4 percent. On the basis of evidence from the literature on labor demand, this increase could have reduced the wages of all competing native-born workers by about 1 or 2 percent. Meanwhile, noncompeting native-born workers would have seen their wages increase, and both competing and noncompeting workers may have benefited as consumers.

Overall, barring sizable immigration-induced economies or diseconomies of scale, the most plausible magnitudes of the impacts of immigration on the economy are modest for those who benefit from immigration, for those who lose from immigration, and for total gross domestic product. The domestic gain may run on the order of \$1 billion to \$10 billion a year. Although this gain may be modest relative to the size of the U.S. economy, it remains a significant positive gain in absolute terms.

Potentially, immigration may have much larger effects on certain parts of the labor market—workers in geographic areas that receive large numbers of immigrants or those with low levels of education. However, comparisons of geographic areas with different levels of immigration show only a weak relationship between native wages and the number of immigrants in a city or state. Furthermore, in these studies the numerically weak relationship between native wages and immigration is observed across all types of native workers, skilled and unskilled, male and female, minority and nonminority. The one group that appears to suffer substantially from new waves of immigrants are immigrants from earlier waves, for whom the recent immigrants are close substitutes in the labor market.

While some have suspected that blacks suffer disproportionately from the inflow of low-skilled immigrants, none of the available evidence suggests that they have been particularly hard-hit on a national level. Some have lost their jobs, especially in places where immigrants are concentrated. But the majority of blacks live elsewhere, and their economic fortunes are tied largely to other factors.

There are a number of problems with studies based on local labor market analyses. If native workers and firms adapt to the entry of immigrants by moving to areas offering them better opportunities, then there is no reason to expect local-level correlation between the wages of natives and the presence of immigrants. The wages of all competing native workers would fall, not just the wages of natives working in the cities where immigrants cluster.

Some studies have investigated the impact of immigration on aggregate labor markets, rather than on local labor markets. Such studies estimate the effects of changing the relative proportions of skilled to unskilled workers to simulate the effects of the supply increases brought about by immigration. This approach also has its limitations, as it relies on an assumed underlying model of the

economy. But plausible estimates based on this second approach show that, since 1980, immigration has been partly responsible for increasing the supply of high school dropouts by 15 percent, relative to the supply of workers with at least a high school education. Based on previous estimates of responses of wages to changes in supply, the supply increase due to immigration lowered the wages of high school dropouts by about 5 percent, that is, about 44 percent of the total decline in wages of high school dropouts observed between 1980 and 1994. This wage reduction is concentrated in a declining proportion of American workers. By 1995, high school dropouts represented less than 10 percent of the American workforce.

The evidence points to the conclusion that immigration has had a relatively small adverse impact on the wage and employment opportunities of competing native groups. This effect does not appear to be concentrated in the local areas where immigrants live, but instead is dispersed across the United States. This dispersal comes about in part because competing native workers migrate out of the areas to which immigrants move. Over the last two decades, immigration thus played some role in explaining the declining wages of high school dropouts, but little part in the expanding wage inequality for any other group of native workers.

Immigration most directly affects the welfare of the immigrants themselves. Immigrants expect to gain from immigration, or they would not come. Wages are higher in the United States than in less economically developed countries, such as Mexico and the Philippines. In addition, the spread of wages is broader in the United States than in most of the developed sending countries, such as Western Europe and Canada. Because of these differences, emigration to the United States should be attractive to most workers from less developed countries and to more highly skilled workers from many developed countries.

Once in the United States, the foreign-born on average earn less than native workers. This gap between foreign-born and native workers has widened recently. Among both men and women, those who have arrived most recently and those who come from Latin America earn the lowest wages. Even though recent new arrivals are better educated than their earlier counterparts, the education of the native-born has improved even more, so that the gap in skills, and thus in wages, has widened. This relative decline in immigrant skills and wages can be attributed essentially to a single factor—the fact that those who have come most recently have come from poorer countries, where the average education and wage and skill levels are far below those in the United States.

Part of this growing wage gap may stem from the influx of illegal immigrants, who are generally more poorly educated, but it is not due exclusively to them. There is also evidence of widening in the gap among legal immigrants, brought about not only through shifts in their countries of origin, but also through changes in the composition of refugees and more severe limits on the entry of certain highly skilled immigrants (specifically, physicians). Over time, the wage

gap closes for some—significantly for immigrants from Europe and Asia, and at least modestly for some others—but not at all for those from Mexico.

Employment rates of recent immigrants have also fallen relative to those of natives. However, immigrants catch up to natives relatively quickly, so that after some years in the United States their employment rates are quite similar to those of natives.

What jobs do immigrants do? A higher proportion of immigrants than of the native-born work in many jobs that call for high levels of education: they are college teachers of foreign languages, medical scientists, economists. But they are even more disproportionately represented in many of the lowest-paying jobs: as waiters and waitresses, agricultural graders and sorters, private household workers. Immigrants also account for a disproportionate number of workers in many occupations that require little education but much skill, such as tailors, dressmakers, and jewelers.

FISCAL IMPACTS OF IMMIGRATION

How do immigrants affect the revenues and expenditures of the various levels of government in the United States? Does additional immigration raise the amount that current residents must pay in taxes to receive a constant level of government services? Fiscal impacts are a much more important policy issue today than for earlier immigrant waves, because the relative size of all levels of government is so much larger.

Fiscal impacts are typically measured through estimates of the annual difference between taxes from immigrant households and the cost of government services and benefits to those households. The panel outlined how the fiscal impacts of immigrants on the native-born should be measured within a single year, and then directed a study based on that methodology for California. In addition, the panel made use of an existing study of annual fiscal impacts on New Jersey that also follows the same general methodology.

These annual calculations provide one picture of the United States today as a consequence of past immigration policies, but they cannot be used to predict the long-run cost to taxpayers of admitting additional immigrants. For this reason, the panel also directed a study of the long-term fiscal consequences of new immigrants. The long-term analysis takes the annual calculations as a starting point, and then projects revenues and expenditures into the future, under various assumptions about the course of immigration policy, fiscal policy, and the economic assimilation of immigrants and their descendants.

Measures of Annual Impact

The panel's calculations of annual fiscal impact required data on government spending, taxes, household income, and program participation by household mem-

bers. They also required assumptions and estimates about the incidence of business and real estate taxes, the degree to which the costs and benefits of various public services are affected by additional beneficiaries, and other characteristics of the economy. The panel's calculations for the annual fiscal impacts were made for households as the unit of analysis, rather than individuals, because households are the primary units through which public services are consumed and taxes paid. Ideally, the revenues from and expenditures on U.S.-born children of immigrants should be included in estimating the fiscal impact of immigrants, and this procedure was followed in the panel's estimates of long-run fiscal impacts. However, for the annual estimates, only those U.S.-born children who remain in the parent's household were included. As a result, the analysis tends to overstate the net fiscal burden of past immigration, because it generally includes U.S.-born children of immigrants in immigrant households when they are of school age (and hence costly), while excluding them once they have reached working ages and moved out on their own to become contributors (or at least a lighter burden).

At the state and local government levels in New Jersey, the net fiscal burden from immigrant-headed households in the 1989-90 fiscal year is estimated to be \$232 per native-headed New Jersey household, measured in 1996 dollars. A similarly constructed estimate for California from the 1994-95 fiscal year gives a net fiscal burden of \$1,178 per native-headed California household, again measured in 1996 dollars. On average, immigrant-headed households from these two states make small positive net contributions to the federal government, equivalent to a reduction of \$2 to \$4 per year in federal taxes for resident households nationwide. (There are indications, however, that immigrants outside California have a more substantial positive impact at the federal level.)

New Jersey and California both have large numbers of immigrants and, as a consequence, the net fiscal burden on native residents in those states imposed by immigrant-headed households is relatively high. If the net fiscal impact of all U.S. immigrant-headed households were averaged across all native households in the United States, the burden would be considerably lower—on the order of \$166 to \$226 per native household.

There are three main reasons why immigrants receive more in services than they pay in taxes in these annual calculations: (1) immigrant-headed households include more school-age children than native households on average, and therefore currently consume more educational services; (2) immigrant-headed households are poorer than native households on average, and therefore receive more state and locally funded income transfers; and (3) immigrant-headed households have lower incomes and own less property than native households on average, and thus pay lower state and local taxes.

Across the immigrant population, the size of the net fiscal burden imposed on native residents varies significantly. It is by far the heaviest for households of immigrants originating in Latin America. Immigrants from Europe and Canada

actually make an average net fiscal contribution. These differences arise because households of Latin American immigrants tend to have lower incomes and to include more school-age children than do other immigrant households.

Looking forward, any fiscal burden from new immigration will be shared by the households of current immigrant residents as well as native households. For example, if the United States added 916,000 new immigrants per year—an increase of about 10 percent in current immigration—and with those households located the way current immigrants are, they would increase the annual net fiscal burden on New Jersey households by about \$20 per household, and they would increase the burden for California households by about \$90 per household. For all U.S. native households, the net fiscal burden would be about \$15 to \$20 per household.

These estimates of the current-year fiscal impact of immigrant households do not provide an estimate of the long-term effect of immigration on public finances, for three reasons. First, new immigrants who are a net cost to the public sector in the current year's accounting (for example, those with children in school) may ultimately offer a net contribution, as their children finish school and become workers and taxpayers. And new immigrants who are helping to solve the nation's funding problem in the near term for Social Security and Medicare through increased payroll taxes are likely to become recipients of Social Security and Medicare benefits later in life, and so could turn out to represent a fiscal burden over their lifetimes.

Second, the fiscal benefit or burden from additions to the U.S. population depend crucially on the future paths of government spending and tax rates. Burdens today can be shifted onto future residents, both native and immigrant, through government borrowing. Only a long-term fiscal accounting can reveal these redistributions across generations, and hence offer an accurate picture of the long-run consequences of new immigration.

Third, the economic characteristics of the different generations of current foreign-born residents differ substantially. The annual measures for the current year combine the taxes and government expenditures associated with older immigrants who have been in the United States for many years with the taxes and spending associated with younger, recent arrivals.

Long-Term Measures of Fiscal Impact

Only a forward-looking projection of taxes and government spending can offer an accurate picture of the long-run fiscal consequences of admitting new immigrants. The methodology used by the panel for these long-run measures is an extension of the methodology of the annual calculations. Initially, tax payments and benefit receipts are estimated for individuals by immigrant status, age, education, and time in the United States; those estimates are then used to determine how adding an individual with particular characteristics would change

government spending or revenues. Moving to an estimate of the long-term fiscal impacts requires making assumptions about future taxes and expenditures; the characteristics of new immigrants; how the differences between immigrants and natives in factors such as fertility rates and earnings change over time; and the discount rate used to combine costs and benefits in different years into a present value. The panel considered a variety of assumptions, which in turn generated a range of estimates. These illustrate how estimates of the fiscal impacts of immigration depend on future decisions about how many and which immigrants are admitted and about how the United States deals with the serious budget imbalances expected when the baby-boom generations retire.

The difference between immigrants and the native-born in program participation and program expenditures per capita varies greatly across types of government programs. For some programs, such as Social Security and Medicare, immigrants receive proportionately lower benefits than the native-born. For other programs, such as Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), and food stamps, they receive proportionately more. Combining the costs of benefits from all programs, there is little difference between immigrants and the native-born. Immigrants are more costly than natives during childhood because of the costs of bilingual education, and they are less expensive than natives in old age. Over a lifetime, these differences tend to balance out. Program participation is affected by policy changes such as those made by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, which denied means-tested benefits to noncitizen immigrants. If we assume that immigrants are naturalized after the required five-year waiting period, these restrictions turn out not to increase significantly the present dollar value of the long-run fiscal benefits of admitting a new immigrant.

On balance, the panel's estimates of the fiscal impact of immigration are affected more by differences in future earnings between immigrant families and the native-born than by differences in program participation. The lower earnings of immigrants mean that they pay lower taxes, and these tax differences are much more substantial than the differences in benefits.

Taking the difference between taxes paid and benefits received at each age, immigrants (like others) are costly in childhood and in old age, but are net payers of taxes during their working ages. For this reason, the long-term net fiscal impact of an immigrant (measured as a present dollar value) varies greatly with age at arrival. Immigrants arriving at ages 10 to 25 produce fiscal benefits for natives under most scenarios, whereas immigrants arriving in their late sixties generally impose a long-term fiscal burden. In fact, most immigrants tend to arrive at young working ages, which partly explains why the net fiscal impact of immigration is positive under most scenarios.

The long-term fiscal impact of an immigrant also depends on his or her education: immigrants with more education have more positive long-term fiscal impacts. For example, under one set of plausible assumptions, the net present value

of the fiscal impact of an immigrant with less than a high school education is $-\$13,000$; in contrast, the net present value for an immigrant with more than a high school education is $+\$198,000$.

If the only policy goal were to maximize the positive contribution of immigration to public-sector budgets, that could be achieved by policies favoring highly educated immigrants and not admitting immigrants over age 50.

Although the average fiscal impacts of new immigration measured in present values are found to be positive under most scenarios, the impact of an increase in the annual flow of immigrants would initially be negative overall for a couple of decades before turning positive. The timing and extent of such a period depends crucially on federal fiscal policy. Given that near-term fiscal burdens will be offset by later fiscal gains, the present-value estimates of the long-term fiscal impact will be sensitive to the choice of a discount rate for comparing future expenditures and revenues with current ones.

Finally, under most scenarios, the long-run fiscal impact is strongly positive at the federal level, but substantially negative at the state and local levels. The federal impact is shared evenly across the nation, but the negative state and local impacts are concentrated in the few states and localities that receive most of the new immigrants. Consequently, native residents of some states, such as California, may incur net fiscal burdens from immigrants while residents of most states reap net fiscal benefits.

SOCIAL DIMENSIONS OF IMMIGRATION

How well are immigrants and their descendants integrated into American society, and how does immigration affect important American institutions? These are complex research issues, in which speculation and public discourse often run ahead of conclusive research findings. Despite fears in the past about the effects of immigration on the social fabric of the nation, few socioeconomic differences now separate the descendants of immigrants from Europe. Whether the same generational progress will characterize present-day immigrants and their children remains to be seen. Early readings suggest that some recent immigrants and their children—especially Asian Americans—match native-born whites in education and occupation, although not in incomes, fairly quickly.

Residential segregation is another visible measure of social distance. Recent immigrants tend to cluster in neighborhoods with others from their country of origin. But with convergence in socioeconomic status across generations, most immigrants disperse from the ethnic neighborhoods where they first tend to settle, and integrate with the overall population.

This residential movement has parallels in intermarriage among immigrant groups. Today, the children, grandchildren, and great-grandchildren of immigrants from various European countries and of various religions—once so dis-

tinct as to be referred to as “races”—have intermarried to such an extent as to virtually erase differences in education, income, occupation, and residence.

The picture is similar on the sensitive issue of the English language. Many immigrants arrive with at least a working knowledge of English. The 1990 decennial census found that three-fifths of the immigrants who came in the 1980s spoke English well or even very well; and of those who had been here 30 years or more, only 3 percent reported that they could not speak English well.

Attempts to draw empirical conclusions about the relation between immigration and crime rates founder on problems of measurement. Crime rates rose from the 1960s until about 1990, and since then have declined; there is no obvious link with trends in immigration in this period. Studies at the local level have found no association of immigrant concentrations with crime rates, with the exception of high rates of nonviolent crime near the borders.

Americans have always been ambivalent toward immigration, welcoming flows of foreigners in one era, blocking them in the next. In the past 50 years, polling data have charted a deepening opposition to immigration, linked in part, it appears, to economic concerns. Interethnic tensions have surfaced, especially in areas of high unemployment and poverty. Attitudes are by no means monolithic, however: Americans of African, Hispanic, and Asian descent are more accepting of immigration than non-Hispanic whites are. At present, about 68 percent of non-Hispanic whites favor decreasing immigration, compared with 57 percent of blacks. Asians and Hispanics are even more favorable toward immigration than blacks. Persons with more education tend to accept immigration more than those with less education. Finally, attitudes toward immigrants are no more negative in states with large immigrant populations than in the rest of the country.

THE NEW AMERICANS



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James P. Smith and Barry Edmonston, Editors

Panel on the Demographic and Economic Impacts of Immigration

Committee on Population

and

Committee on National Statistics

Commission on Behavioral and Social Sciences and Education

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**PANEL ON THE DEMOGRAPHIC AND
ECONOMIC IMPACTS OF IMMIGRATION**

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The panel benefited greatly from a set of papers we commissioned: by Susan Carter and Richard Sutch on long-term population and economic effects of immigration on the United States; by Kevin Murphy and Gary Becker on the role of immigration in economic growth; by John Hagan and Alberto Palloni on immigration and crime; by Edward Funkhouser and Stephen Trejo on the economic effects of immigration on women; by Thomas MaCurdy, Thomas Nechyba, and Jay Bhattacharya on a conceptual framework considering fiscal effects of immigration; and by Daniel Trefler on economic models of immigration and trade. In addition, William Frey and Kao-Lee Liaw prepared a paper that analyzed the effect of immigration on internal migration and state distribution of the U.S. resident population. The National Academy Press expects to publish a volume containing revised versions of some of these papers.

The panel did considerable new research, with the aid of some expert consultants. Peter Brandon prepared fiscal estimates from the Survey on Income and Program Participation. Michael Clune conducted the panel's case study of the

fiscal effect of immigration in California. Deborah Garvey worked with panel member Thomas Espenshade on the panel's use of their ongoing study of the fiscal effect of immigration in New Jersey. Tim Miller collaborated with panel member Ron Lee on lifetime estimates of the fiscal effect of immigration. And Michel Vanderhart assisted panel member Finis Welch in estimating price effects of immigration.

I also acknowledge the contribution of Mendelle T. Woodley's superb editing skills in the preparation of the report. Mendy was there from the beginning and helped us translate our thoughts into clear English sentences. Our report also benefited from a final copy editing by Christine McShane, of the National Research Council staff.

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I close by expressing my appreciation to fellow panel members for their willingness to devote long hours to this project. They worked together well and patiently, a critical element in such a far-reaching project. A number of panel members prepared drafts for the panel's use. Some of their contributions have greatly assisted the preparation of chapters; others appear in the appendices. Although the work was difficult and the requests I made of their time bordered on the unconscionable, all panel members responded in an extremely helpful way. This project has been one of the most intellectually stimulating experiences of my life. The reasons are simple—an important public issue and a group of intelligent, and highly motivated panel members. I am in their debt.

James P. Smith, *Chair*
Panel on the Demographic and
Economic Impacts of Immigration

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THE NEW AMERICANS



