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Immigration's Impact on the Commonwealth

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As the Commonwealth's economic expansion continued nearly unabated during the late 1990s, the importance of immigration drew increasing attention. A loss of working-age residents through domestic out-migration was coincident with insignificant "natural" growth, leaving immigrants to provide virtually all of our labor-force increase. Examining the critical role of the state's immigration trends and labor force characteristics sheds some light on the effect of these newcomers into our ranks.

Great Migrations and the "Push" Phenomenon

Between 1881 and 1924, the First Great Migration brought 25.8 million people from around the world to the United States, increasing the nation's population by nearly 50 percent.¹ The majority came from Western Europe.

The Second Great Migration, ongoing since the 1960s, has accounted for more than 26 million new residents nationwide.² It has increasingly brought immigrants into the state from non-European countries. In contrast to the earlier era, more Asians, Africans, and Central/South Americans have located here.³ Massachusetts has shared in both waves of immigration.

Anecdotes and data reveal important information about immigration flows. The most basic conclusion they suggest is that both the magnitude and the origins of immigrants are largely exogenous to what is happening in the economy of the destination country. That is, to understand immigration patterns, one has to understand what is happening elsewhere. As a "push" phenomenon, immigration arises from

Legal Immigration Flow to the United States 1881–2000

Decade	Immigrant Flow (in 000s)	Immigrant Flow as a Percentage of Change in Population	Foreign-Born Percentage of Population at End of Decade
1881–1890	5,246.6	41.0	14.7
1891–1900	3,687.6	28.3	13.6
1901–1910	8,795.4	53.9	14.6
1911–1920	5,735.8	40.8	13.2
1921–1930	4,107.2	24.6	11.6
1931–1940	528.4	5.9	8.8
1941–1950	1,035.0	5.3	6.9
1951–1960	2,515.5	8.7	5.4
1961–1970	3,321.7	13.7	4.7
1971–1980	4,493.3	20.7	6.2
1981–1990	7,338.1	33.1	7.9
1991–2000	11,206.0	43.8	10.4

Sources: U.S. Immigration and Naturalization Service; U.S. Bureau of the Census

economic distress, political turmoil or instability, or natural disasters, among other things, in the origin country. Any “pull” tends to be less economic and more from family, community, or ethnic ties between the destination country and the country of origin. While an economic pull does exist for many immigrants, the initial impulse to move is often triggered by a dramatic event in the origin country.

The stability of this finding is remarkable. Nineteenth-century Irish immigration to the state was largely prompted by political and economic developments in Ireland, most notably the midcentury potato famine. More recently, Vietnamese, Cambodian, Salvadorian, Russian, Haitian, Colombian, and Honduran immigrant flows have been triggered by events at the source. The result has been the development of new immigrant communities in the state, with the reinforcing effect of attracting more immigrants from the same origins.

Another less frequent but historically stable force in immigration is the “recruited immigrant.” Potential immigrants with prized skills have been recruited since early in the Industrial Revolution. With today’s strong state economy, many high-tech and personnel search firms specialize in identifying potential immigrants with in-demand technical skills. These companies facilitate all aspects of getting individuals and their families into the United States—including securing the H1B visas for skilled immigrant workers—and ultimately into Massachusetts. This type of immigration is “endogenous,” driven by the strength of the Commonwealth’s economy and its labor needs.

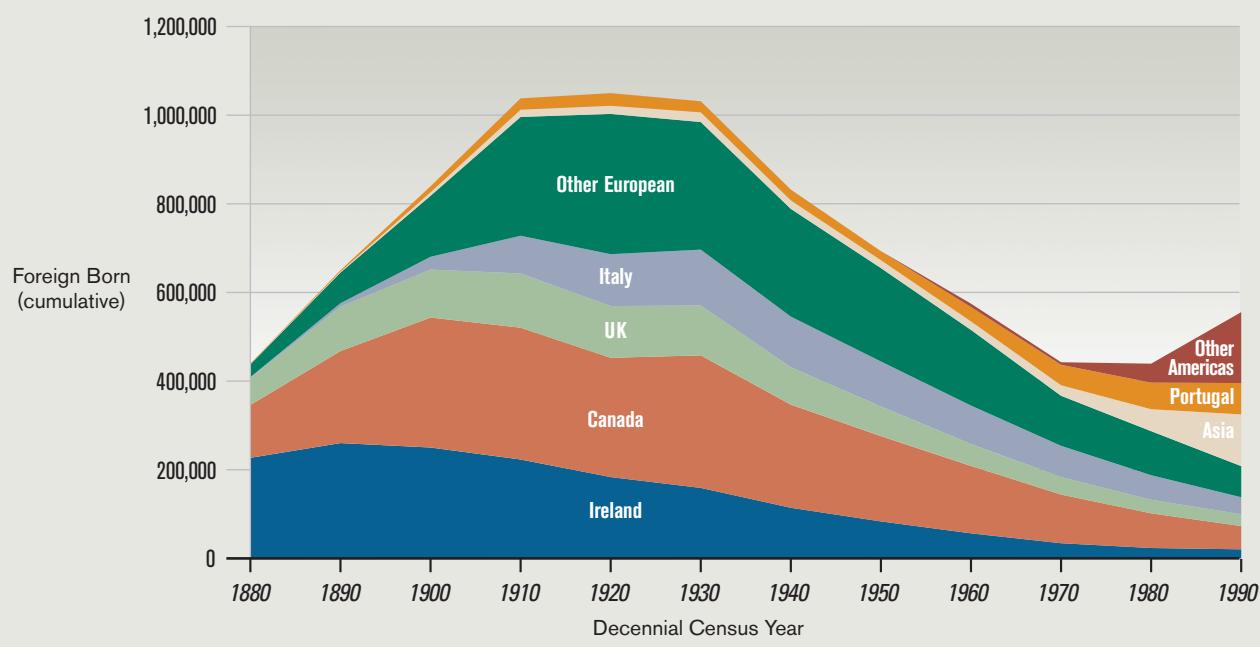
Immigration Data Reveal Historical Trends

Detailed annual micro-data on immigrant flows are sparsely available for periods prior to 1980. To obtain a historical impression of the source, magnitude, and importance of immigration to the Commonwealth, inferences must be made from other data. What is available are census-year data reporting the percent and origin of the foreign-born population in the state. By examining its “stock,” immigration patterns can be inferred, though imperfectly.

While an immigrant moving into the state may ultimately stay, leave, or die, data used here include only immigrants residing in Massachusetts at census time, whether this was their original destination or they came to another state and subsequently relocated here. The data show two phenomena rather dramatically. The first is the *importance* of immigration, defined by the foreign-born percent of the state’s population. In 1910, the proportion of foreign born hit a high-water mark of just over 31 percent of the state’s population, then declined continually until 1970. Since then, the figure has been rising; in 1990 it climbed to just above 10 percent. The actual number of foreign-born residents peaked in 1920 at slightly over one million people and fell thereafter until 1970, when it reached just under half a million. This number, too, has grown again in the past 30 years.

The second phenomenon revealed by these data is that the sources of the state’s immigrants change over time. In 1920, more than 70 percent of the state’s foreign born were of European descent. From that point, this number declined

Massachusetts Foreign Born Residents by Origin



Source: U.S. Bureau of the Census

steadily; in 1990 this population represented fewer than 40 percent of the state's foreign born. Within this decline, there were dramatic shifts in origin. The percentage of Irish-born residents dropped dramatically, while Portuguese-born residents, representing less than 2 percent of the foreign born in 1900, are now the largest group of European immigrants.

Migration from Canada to Massachusetts has followed a similar pattern. Canadian-born residents as a percentage of the state's immigrant population peaked at the turn of the twentieth century. This remained stable until 1970, then experienced a precipitous drop.

The Asian-born population, conversely, represented only 1 percent of foreign-born residents in 1900 but grew to more than 20 percent by 1990.

Immigration Plays a Key Role in Population and Labor Force Growth

From 1990 through 1999, the Massachusetts population was estimated by the U.S. Bureau of the Census to have increased by 156,000, or approximately 2.6 percent. During the same period, the state lost 232,000 residents to other parts of the country, while adding 261,000 individuals to the population through natural increases (births minus deaths).

The remaining component of the state's population growth—and by far the most important—has been net foreign immigration, which accounted for 144,000 people.⁴ Without immigration, the state's population would have grown by a mere 0.5 percent. The preliminary release of 2000 population data by the U.S. Bureau of the Census has revealed stronger growth (5.4 percent) than earlier estimated. The sources of this growth have yet to be analyzed, but immigration undoubtedly played a key role.

Immigration has mitigated, to some extent, what has become the most significant bottleneck in continuing the state's economic expansion: labor market tightness due to very slow labor force growth. As the Commonwealth con-

Sources of Population Change in Massachusetts July 1990–July 1999

Massachusetts ranks fourth highest nationally for net international migration's contribution to population growth.

Number of Persons	
Population, July 1990	6,019,000
Population, July 1999	6,175,000
Change, 1990–1999 =	+156,000

Sources of Population Change

Natural Increase

• Births	755,000
• Deaths	494,000
Births Less Deaths	+261,000

Net Domestic Migration	-232,000
Net International Migration	+144,000
Statistical Discrepancy due to Census Methods	-17,000
Change in Resident Population, 1990–1999	+156,000

Net International Migration as Percent Change in Resident Population, 1990–1999

$$144,000 / 156,000 = 92.3\%$$

Sources: U.S. Bureau of the Census: Current Population Survey; Tabulation by the authors

Recent Immigrant Workers' Contribution to the Growth of MA and U.S. Labor Force, 1990 to 1998–1999

Immigration accounted for all of the growth in the Massachusetts labor force over this period.

	1990 Civilian Labor Force	Average of 1998–1999 Civilian Labor Force	Growth in Civilian Labor Force 1990 to 1998–1999	Recent Immigrants in Civilian Labor Force, 1998–1999	Labor Force Growth Due to Recent Immigrants
Massachusetts	3,228,000	3,276,000	+48,000	+139,000	289%
United States	125,840,000	138,530,000	+12,690,000	+5,173,000	41%

Sources: U.S. Bureau of the Census: Current Population Survey; Tabulation by the authors

tinued to lose domestic migrants to other parts of the country and natural growth in the labor force has been virtually flat, immigration has served as a key source of growth, providing both skilled and unskilled workers.

As of 1999, 748,000 people, or 12.3 percent of the state's population, were classified as foreign born, placing the state eighth highest in the nation. More dramatic, nearly 24 percent of all children in the state under 10 years old are either immigrants or the children of immigrant parents.

Recent Trends: Migration to the State Originates in the Western Hemisphere

The Current Population Survey (CPS) is a monthly household survey conducted by the U.S. Bureau of the Census with some 1,200 to 1,300 Massachusetts households.⁵ Authors' estimates based on CPS data suggest that immigration has been even more important to the state than previously realized. According to CPS estimates, immigration added 197,000 individuals to the state's population during the 1990s, over 50,000 more than estimated by another division of the Census Bureau. CPS survey techniques are quite sound, and there is good reason to believe that the survey picks up immigrants who may otherwise go unrecorded, such as those moving into Massachusetts from other states.

Based on CPS data, the sources of the state's immigrants continue to change. Since 1990 the Americas, including Puerto Rico, have become the largest source of immigrants to the Commonwealth. These regions account for over 90,000 people, or 46 percent of all recent immigrants. The vast majority of these immigrants have come from countries south of the United States, as Canada accounted for but 2,800 people, or 1.4 percent of total immigration, during the 1990s. Immigrants born in Puerto Rico added more than any other source: 25,000 during the 1990s.

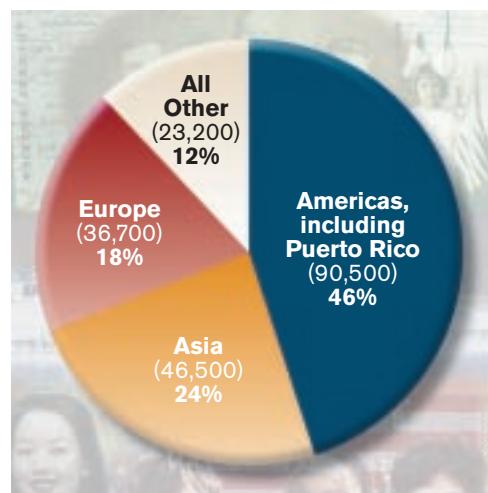
Europe continued to be an important source of immigration during the decade, accounting for nearly 37,000 immigrants, or over 18 percent of recent immigration. While many of the state's European immigrants were from "traditional" countries, such as England, Portugal, Germany, and Ireland, Russia was the origin of the largest European contingent during the 1990s. Asia accounted for nearly 47,000, representing nearly one in four newcomers. Vietnam, India, and China together sent at least 25,000 to the state during the decade. Nationally, one of three immigrants in the 1990s came from Mexico or the Philippines, but these populations are not significant among the Commonwealth's immigrants.

Economic Impacts Are Uncertain

There is a heated debate, in both the political arena and the academic one, regarding the economic impact of immigration. The contention centers on the degree of immigrants' economic success, their impacts on the wages and employ-

Origins of Recent Immigrants (since 1990) to Massachusetts

Total Immigrants: 196,900



Sources: U.S. Bureau of the Census: Current Population Survey, Tabulation by the authors

ment prospects of the native born, and whether as a group immigrants contribute more to the economy than they claim in the form of transfer payments and other expenditures from the government.

In the Commonwealth, a growing number of employers are anxious to loosen visa restrictions for immigrants in order to find qualified employees. Labor unions, until recently, have feared that increasing the flow of immigrants will diminish economic opportunity for their members and other native-born workers.⁶ Still, central to the concern over the impact of immigrants is their success at finding jobs in our economy and the types of jobs they fill. By looking at micro-data generated by the CPS, aggregated over a 24-month period, we have been able to accumulate enough information on recent immigrants and their labor force outcomes that we can now describe some general patterns. These data cover the period from January 1998 through December 1999 and focus on individuals between the ages of 16 and 64.

Without recent immigrants (arrivals since 1990) in the state's labor force, the economic expansion would have been seriously constrained—if not cut short. During the 1990s, the state's labor force was estimated by the Bureau of Labor Statistics to have grown by approximately 48,000, or 1.5 percent. Recent immigrants in the labor force numbered approximately 139,000. Without immigration (other factors being equal), the labor force would have declined during the decade by close to 90,000, or 2.8 percent. The impact on the economic expansion is difficult to calculate, but there is no question that immigration was a necessary component in the state's economic growth.

For the nation as a whole, at least 41 percent of labor force growth was due to new immigration during the same

period. Among the states, the Commonwealth's share of immigrants contributing to labor force growth was second only to that of New York.

Labor Force Participation Varies by Characteristic

The CPS data also allow us to look more deeply into the labor force participation behavior and unemployment patterns among immigrants and natives in Massachusetts. Labor force participation is defined by the U. S. Bureau of Labor Statistics as either holding a job or actively looking for work. Overall, immigrant participation in the labor force is somewhat lower than native participation. While 81.1 percent of Massachusetts natives 16 to 64 years old were active in the labor force, 73.1 percent of immigrants were active. Among arrivals to Massachusetts since 1990, the participation rate is only 67.4 percent, reflecting younger ages and greater difficulties in becoming fully assimilated.

This difference in participation rates between immigrants and the native born is evident over all age intervals. For those 16 to 24 years old, only 55.4 percent of immigrants are active in the labor force, while the percentage for natives is 69.1 in the same age range. Smaller differences between immigrants and natives are exhibited in older age groups.

When considering educational levels, natives are slightly more likely to be active labor participants than are immigrants. The exception is for those with less than a high school education. Here, immigrants consistently have higher participation rates than do natives. The other educational category for which immigrants nearly match the labor force participation of natives is "high school graduate/GED." The higher participation rates in these lower educational

categories may be telling us something about the types of jobs many immigrants fill.

Comparative unemployment rates tell nearly the same story. In general, natives exhibit lower unemployment rates than immigrants. In the late 1990s, native-born workers faced an unemployment rate of only 3 percent, while immigrants experienced a rate of 4 percent. Immigrant workers encountered modestly higher unemployment rates for all age categories, though the unemployment rates of natives and immigrants are statistically identical among 25- to 34-year-olds.

There were, however, two educational groups for which the immigrant unemployment rate was lower than the native one: those with less than a high school degree, and those with a bachelor's degree and above. The finding for immigrants without high school degrees reflects a general pattern observed in labor force participation rates. The extremely low unemployment rate for college-educated immigrants reflects the nature of the Commonwealth's labor shortages: highly trained individuals and immigrants with high levels of schooling and technical skills find themselves in very high demand.

Another way to look at the role of immigrants in the state's economy is by examining their occupational employment patterns. Immigrants lag behind the native population in managerial, administrative, and high-level sales positions. On the other hand, they occupy jobs in service and operator/fabricator occupations at far higher rates. This is particularly true for skilled-blue-collar jobs in the state's manufacturing industries. Virtually the same patterns can be seen in technical, skilled-blue-collar, and professional specialty occupations.

Massachusetts Labor Force Participation and Unemployment Rates

16- to 64-Year-Olds, by Immigration Status

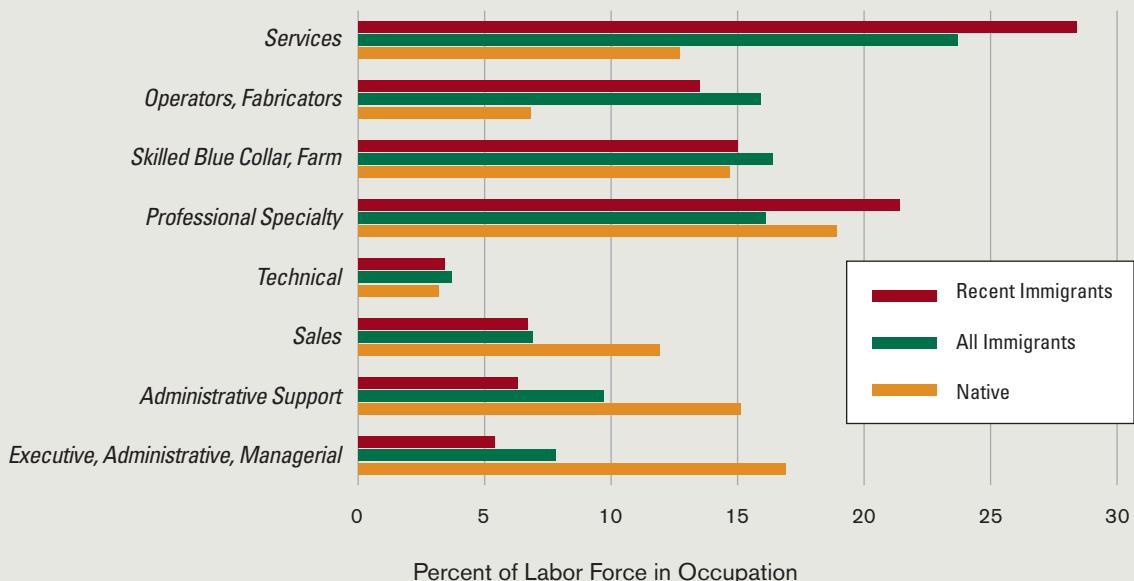
Average of 24 months, 1998–1999 (percent)

	Labor Force Participation Rates			Unemployment Rates		
	Native	All Immigrants	Recent Immigrants	Native	All Immigrants	Recent Immigrants
Total	81.1	73.1	67.4	3.2	4.1	5.0
Male	85.6	80.9	77.1	3.4	4.1	4.8
Female	76.7	65.4	57.0	3.0	4.2	5.3
Students (16–24)	54.5	34.3	28.6	5.0	6.2	5.4
Less than high school	63.4	67.4	64.7	9.1	6.4	8.8
High school grad/GED	79.8	78.2	75.5	3.4	4.6	5.8
Some college/ associate's degree	87.0	83.6	79.2	3.1	3.6	5.1
Bachelor's degree & above	90.5	80.6	74.4	1.9	1.4	1.3

Source: U.S. Bureau of the Census Current Population Survey

Massachusetts Employment by Immigration Status

*Average of 36 months, 1997–1999
("Recent Immigrants" refers to arrivals since 1990.)*



Source: U.S. Bureau of the Census Current Population Survey

Overall, the state's immigrants participate at modestly lower rates in today's labor markets and experience slightly higher rates of unemployment than do natives, with some noteworthy exceptions by age or educational attainment. There are some marked differences between the occupational patterns of immigrants and natives, which suggest a somewhat disproportionate distribution of immigrants into semi-skilled and unskilled and/or lower-paying occupations than is true for natives, but immigrants are also well represented in professional and technical jobs.

These conclusions should not obscure the crucial fact that immigrants play a critical role in the Commonwealth's economy. This is so not only in the aggregate, in terms of their overall contribution to recent labor force growth, but also in filling certain critical niches in highly skilled and technical occupations. The findings of the 2000 Census should enable us to analyze their role in the state's labor market with even more detail.

Immigration's Influence Continues

The United States has long been identified as a nation of immigrants. For Massachusetts, immigrant populations have always been an important source of dynamism, change, and growth. For the time being, labor force growth depends on a continued inflow of immigrants. As the profile of the state's population continues to be altered by newcomers, the Commonwealth will gain from the energy of increased diversity and be challenged to assimilate and take advantage of this continually renewed talent pool. ▀

1. Borjas, George J., "The Economics of Immigration," *The Journal of Economic Literature*, Volume 32, Number 4, December 1994.

2. The First Great Migration was stemmed by the National Origins Act of 1924, when Congress set severe numerical limitations on immigration. The Second Great Migration was given a great spur in 1965, when Congress increased the number of visas available and repealed national origin restrictions.

3. For a more detailed review of the changing dimensions and character of foreign immigration in Massachusetts in the twentieth century, see Sum, Andrew, Neal Fogg, et al., *The Changing Workforce: Immigration and the New Economy in Massachusetts*, Massachusetts Institute for a New Commonwealth, Boston, 1999.

4. Note that these numbers do not add up, due to statistical methods.

5. For a review of the design features and labor force concepts and measures underlying the CPS, see U. S. Bureau of Labor Statistics, *Employment and Earnings*, Appendix A, January 2000.

6. For a review of the issues in the immigration debate, see (i) Beck, Roy, *The Case Against Immigration*, W.W. Norton and Company, New York, 1996; (ii) Borjas, George, *Heaven's Door: Immigration Policy and the New American Economy*, Princeton University Press, Princeton, 1999; (iii) Duignan, Peter and Lewis H. Gann, *The Debate in the United States Over Immigration*, Hoover Institution Press, Stanford, California, 1998; (iv) Ungar, Sanford J., *Fresh Blood: The New American Immigrants*, Simon and Schuster, New York, 1995.

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