

THINKING AHEAD ABOUT OUR IMMIGRANT FUTURE: New Trends and Mutual Benefits in Our Aging Society

by Dowell Myers*

EXECUTIVE SUMMARY

There are two stories now being told about immigration and the future of America. Each has some basis in fact, although one is based on newer trends and is more optimistic than the other. These stories differ in their answers to three crucial questions: whether immigration to the United States is accelerating out of control or is slowing; how much immigrants are assimilating into American society and progressing economically over time; and how important immigrants are to the U.S. economy. The pessimistic story—in which immigration is portrayed as increasing dramatically and producing a growing population of unassimilated foreigners—draws upon older evidence. But more recent data and analysis suggest a far more positive vision of our immigrant future. Immigration has not only begun to level off, but immigrants are climbing the socio-economic ladder, and will become increasingly important to the U.S. economy as workers, taxpayers, and homebuyers supporting the aging Baby Boom generation.

Among the findings of this report:

- *The Story Behind the Numbers: Immigration is Slowing Down, Not Speeding Up* – Immigration had been accelerating up until about 2000, but since then the annual flow has declined in the United States as a whole and in most states. Nonetheless, some alarmists suggest that immigration is rising and continues at record levels by averaging the years from 1995 to 2006 and disguising the downturn after 2000.
- *Indices of Assimilation: Knowing Where to Look for Meaningful Assessments* – In places where immigration is a new event, most immigrants are newcomers and are therefore less assimilated. However, in locales

where immigrants are longer settled, such as California, they have achieved much greater socioeconomic advancement. For example, in California the share of Latino immigrants who are homeowners rises from 16.4 percent of those who have been in the United States for less than 10 years to 64.6 percent of those who have been here for 30 years or more. Similarly, English proficiency more than doubles from 33.4 percent of those who have been in the country for less than 10 years to 73.5 percent of those who have been here for 30 years or more. The pessimistic outlook on immigrant assimilation is more commonly found in states where immigration has only recently begun to increase, but such new experience does not afford a reliable projection of the future.

- *Aging America: Immigrants' Contributions Make a Difference* – Failure to examine how much immigrants typically advance over time leads to the false conclusion that they are trapped in poverty and impose an economic burden on society. Moreover, U.S. society is itself changing, and the aging of the Baby Boom generation will create growing demand for younger workers. The ratio of seniors (age 65 and older) to working-age adults (25 to 64) will soar by 67 percent between 2010 and 2030. The rapid rise in the senior ratio will precipitate not only fiscal crises in the Social Security and Medicare systems, but workforce losses due to mass retirements that will drive labor-force growth perilously low. Immigrants and their children will help to fill these jobs and support the rising number of seniors economically. At the same time, immigrant homebuyers are also crucial in buying homes from the increasing number of older Americans. Immigrants will clearly be important in leading us out of the current housing downturn.

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INTRODUCTION

Major immigration reform is undertaken only once every 20 years or so, occurring last in 1986 and before that in 1965. Any legislative reform therefore should be prepared for future decades, not solely the present, and certainly not the past. Our immigration policy debates should be aimed at making a better future. For this to be successful we must adopt a forward-looking perspective about immigration, evaluating how immigrants change as they settle longer in America, and how they will fit into a changing America. The most dramatic and knowable changes ahead are driven by the massive retirements of the Baby Boomers.

The recent debates over immigration reflect a controversy about two different visions for the future of America. Many U.S. citizens and outspoken advocates believe immigration has increased out of control, that immigrants do not assimilate sufficiently, and that we simply do not need these new residents. Other advocates and another large group of U.S. citizens believe that immigrants' rights need to be supported, that America is a nation of immigrants, and that sectors of our economy need these newcomers. In the search for consensus, we might grant that there is a past basis in reality for both these views. However, reality is now shifting and we need to look more closely at recent trends to see how they might change our view of the future.

Of course, we do not have a crystal ball to predict the future. Much of the debate rests on beliefs, hopes, and fears about the unknown. But a few things are fairly well-known and can be used to build likely scenarios of the future. To date, these facts have not been well-recognized by most parties in the immigration debates. In *Immigrants and Boomers: Forging a New Social Contract for the Future of America*, I suggest a much brighter future than many have feared, but also challenges that cannot be avoided.¹

There are two stories now being told about immigration and the future of America. Each has some basis in fact, al-

though one is based on newer trends and is more optimistic than the other. Each also leads to different policy conclusions that tend to reinforce the premises underlying the story. The alternative stories pivot on three assumptions:

1. A key difference between the two stories is their assumption about how much immigration is increasing in America and whether or not past trends might change in the future.
2. Another key difference concerns the question of how much immigrants are “assimilating” into American society in terms of learning English and achieving socio-economic progress. Much can be learned by comparing the experience of California, where many immigrants have been settled for 30 years or longer, with the experiences of states in which immigrants are relative newcomers.
3. There are basic differences in assumptions about how much and how many immigrants are needed in the United States, and whether this need will increase or decrease in the future. Immigrants do not arrive in a vacuum and their impact must be judged relative to the rest of society—something that has largely been forgotten in the recent immigration debates.

TWO SCENARIOS OF OUR IMMIGRANT FUTURE

Business strategists and planning theorists have come to emphasize the power of stories as ways of explaining the significance of past trends, preparing for the future, and directing attention.² Two broadly different stories about immigration and the future are told from the perspective of the majority-white, native-born population—the U.S. citizens who make up the bulk of voters. Different stories obviously could be told from the vantage point of other groups, including immigrants themselves. The most prevalent story relies heavily on evidence from the recent past and presents a pessimistic view. The alternative story

¹ Dowell Myers, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*, New York, NY: Russell Sage Foundation, 2007.

² The basic theory behind this mode of foresight for effective individual, corporate, and government planning is summarized in Dowell Myers, *Immigrants and Boomers*, 2007, chapter 2.

points to evidence from new trends, and leads to a more optimistic view.³

One widely-accepted story is that immigration is dramatically increasing and producing a rapidly growing population of unassimilated foreigners. As a result, many unfavorable trends are worsening, the story goes, with dire consequences for the future: English is losing its status as the nation's common language, and in places like Miami and Los Angeles, Spanish has already become dominant in many neighborhoods. Now that immigrants are settling across America, more places will supposedly lose their traditional English orientation and poverty will grow, placing even greater pressure on already over-burdened taxpayers. The solution, according to this story, is for the federal government to clamp down on these new arrivals.

A different and newer story is also told from the perspective of the native-born majority. After its initial acceleration, immigration has begun to level off and is becoming a more permanent part of our society. The story holds that these waves of workers have arrived in large part to fill less-skilled jobs that most Americans do not want or will not take. But some arrivals are also scientists and engineers who help us maintain global leadership in high-technology sectors. We need these new immigrants and their children all the more because so many Baby Boomers will retire soon, leaving our country with a shortage of both skilled and less-skilled workers and taxpayers. According to this story, after a period of time today's immigrants will become as "assimilated" as immigrants from Europe who arrived in the late 19th and early 20th centuries.

Choosing between the two scenarios is important because they contain the keys for creating the future. We might begin to act the parts we are given, myth could be turned into action, and through concerted effort we might make the story come true. The story of despair is anchored

to the sharp changes that occurred over the *last* 20 years. It magnifies those trends and rolls them forward into the future, begging a response that would choke off immigrant settlement. The alternative story of hope interprets the current trends differently—foreseeing less growth in immigration and more assimilation—and emphasizes the positive benefits to follow in the *next* 20 years.

CURRENT TRENDS IN IMMIGRATION

The number of immigrant arrivals has grown markedly since 1970, when the foreign-born share of the U.S. population reached its lowest point in history. The political reaction against immigration has been spurred more by the rapidity of the recent increase than the absolute level attained. Undocumented immigrants have been a particular flashpoint for controversy and are widely believed to amount to 12 million of the nation's total foreign-born population of 37 million.⁴

At the beginning of the 20th century, the foreign-born share of the nation's population was 13.6 percent, but following the disruption of immigration during World War I and the immigration restrictions of the 1920s, the foreign-born share declined to 4.7 percent in 1970. Thereafter, it began to rise steeply. This resurgence was most dramatic in California, where the foreign-born share of the population leaped from 8.8 percent to 21.7 percent between 1970 and 1990, before growing more slowly. In contrast, in the nation as a whole, the foreign-born share was much lower and grew more slowly, rising from 4.7 to 7.9 percent between 1970 and 1990. After 1990, the foreign-born share grew more markedly, rising to 12.5 percent by 2006.⁵

Because people often respond to the rate of change in the foreign-born share of the population, the accelerated pace of immigration has had a major psychological effect. California voters were first to react against the

³ These stylized renditions of the two stories are taken from Dowell Myers, *Immigrants and Boomers*, 2007, pp. 31-33.

⁴ Jeffrey S. Passel, *The Size and Characteristics of the Unauthorized Migrant Population in the U.S.: Estimates Based on the March 2005 Current Population Survey*, Washington, DC: Pew Hispanic Center, March 7, 2006, pp. 2-3.

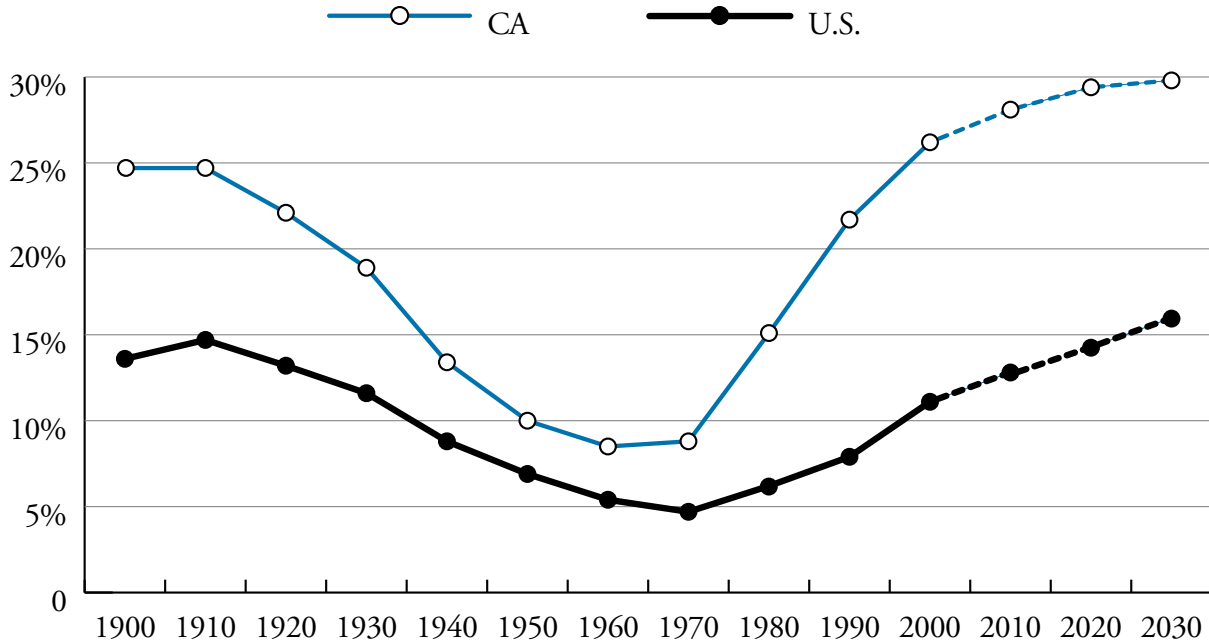
⁵ Campbell J. Gibson & Emily Lennon, *Historical Census Statistics on the Foreign-born Population of the United States: 1850-1990* (Population Division Working Paper No. 29), Washington, DC: U.S. Census Bureau, February 1999; 2000 Census PUMS 5 percent data; 2006 American Community Survey; California Demographic Futures, version 5.0, by John Pitkin, Senior Research Associate in the School of Policy, Planning, and Development at the University of Southern California; projections for the United States provided to the author by Jeffrey S. Passel, Pew Hispanic Center (Washington, DC), October 1, 2007.

perceived burdens posed by rising immigration. A 1994 initiative termed Proposition 187, which proposed restrictions on the use of public services by undocumented immigrants, passed by a sizable margin. But the severe recession of 1991-95 in California slowed the arrival of new immigrants, and the foreign-born share of the state's population is projected to level off at about 30 percent by 2020. For the United States as a whole, the foreign-born share of the population surged after 1990, rising from 7.9 percent to 11.1 percent in 2000, but is now slowing and can be expected to level off at below 20 percent {Figure 1}.⁶

The annual flow of new immigrants to the United States appears to have peaked around 2000,⁷ and projections by the Census Bureau and Social Security Administration foresee continued decline through 2015 or longer.⁸ In contrast, proponents of the negative story of the immigrant future have ignored this recent leveling and decline. Instead, they have averaged data from the last 12 to 14 years and concluded that immigration is continuing at record levels.⁹ The fact that immigration is leveling off is important, however, because this "steady state" is part of a hopeful future that is more broadly attractive to the public. But immigration alarmists would rather portray immigration as accelerating out of control.

FIGURE 1:

FOREIGN-BORN SHARE OF POPULATION IN THE U.S. & CALIFORNIA, 1900-2000 (ACTUAL) & 2010-2030 (PROJECTED)

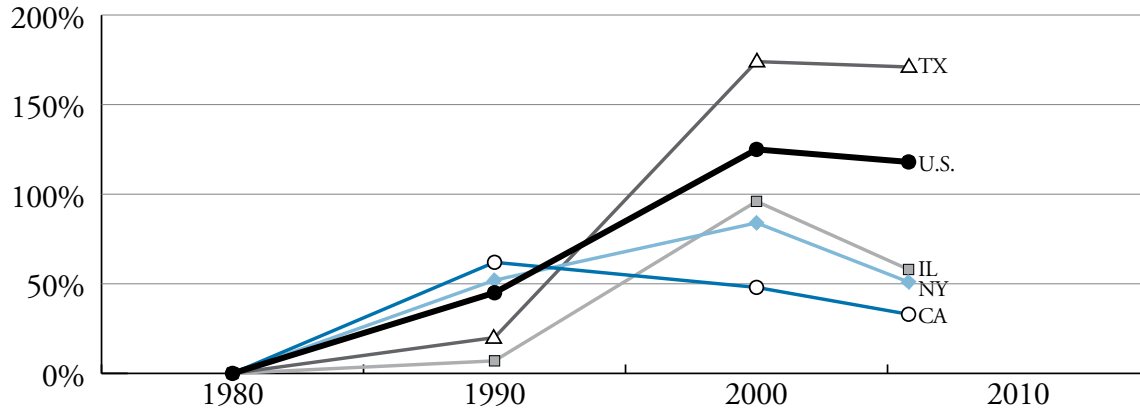


Source: See footnote 5.

⁶ *ibid.*
⁷ Jeffrey S. Passel & Roberto Suro, *Rise, Peak, and Decline: Trends in U.S. Immigration 1992-2004*, Washington, DC: Pew Hispanic Center, September 27, 2005, p. 1.
⁸ See the Congressional Budget Office, *Projections of Net Migration to the United States*, Washington, DC: June 2006.
⁹ See, for example, Steven A. Camarota, *Immigrants in the United States, 2007: A Profile of America's Foreign-Born Population*, Washington, DC: Center for Immigration Studies, 2007.

FIGURE 2:

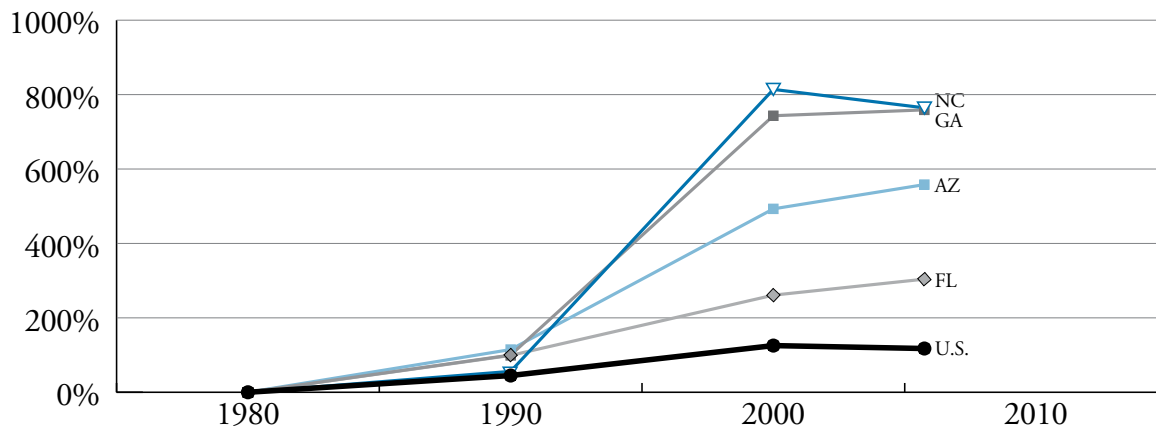
PERCENT CHANGE IN NEW IMMIGRANT ARRIVALS
IN TRADITIONAL GATEWAYS (& THE U.S.) SINCE 1980



Source: 1980, 1990 & 2000 decennial censuses; 2006 American Community Survey.

FIGURE 3:

PERCENT CHANGE IN NEW IMMIGRANT ARRIVALS
IN NON-TRADITIONAL GATEWAYS (& THE U.S.) SINCE 1980



Source: 1980, 1990 & 2000 decennial censuses; 2006 American Community Survey.

Recent trends have varied in each state, but the flow of new arrivals since 2000 has slowed markedly in traditional “gateway” states; so much so that the total number of new arrivals in the nation has begun to decline {Figure 2}.¹⁰ Nevertheless, the flow of new arrivals accelerated sharply after 1990 in other parts of the nation, although that trend has also slowed substantially since 2000 {Figure 3}.¹¹ Even though the foreign-born share is relatively low

in most states, the percentage increase in new arrivals was dramatic in nontraditional destinations, often surprising local residents. The groundswell of citizen resentment that erupted nationwide was fueled largely by these fresh encounters with immigrants. The perceptions of immigrants are heavily skewed by this fact of “newness,” but states with longer-settled immigrants reveal a different picture.

¹⁰ 1980, 1990 & 2000 decennial censuses; 2006 American Community Survey.

¹¹ *ibid.*

THE “NEWCOMER EFFECT” AND THE “PETER PAN” FALLACY

When immigration is a new event, all the immigrants are, by definition, newcomers. In contrast, after immigration has proceeded for two or three decades, many more of the foreign-born have become settled for a longer period of time. For example, in 1990, 53 percent of immigrants in Los Angeles had lived in the United States for less than 10 years, but by 2000 that fraction had declined to 35 percent. Meanwhile, in cities that were new destinations for immigrants, many more of the foreign-born were recent arrivals to the United States. Examples are Atlanta, Georgia, where 61 percent of the foreign-born residents were recently arrived as of 2000; Des Moines, Iowa, at 61 percent; and Charlotte, North Carolina, at 64 percent.¹²

The importance of this newness in immigration to nontraditional destinations is that the first wave of arrivals in a locality appears most “foreign.” Not only are these newcomers the least assimilated, but they also create a protective cocoon formed of the culture, language, and practices of their homeland. The lack of any previous immigrants in the area reinforces this isolation and leaves the first arrivals at a disadvantage. In contrast, once the foreign-born population of an area has grown over time, the old-timers are much more assimilated and can help newer arrivals fit in more easily.

The perspective of local residents in the face of a sudden appearance of newcomers is often under-appreciated. Their perceptions of the future implications of immigration are often colored by this concentration of newcomers. The upsurge in numbers of new immigrant neighbors often equates to a dramatic increase in the number of non-English speaking residents. It is human nature to extrapolate from current trends in order to “know” the future.¹³ This tendency can create the appearance that English usage is being threatened or that immigrants are doomed to remain in their current status as unassimilated newcomers for the

rest of their lives. The fallacy is to assume that immigrant newcomers are frozen in time and that, like Peter Pan, they never change in any way, never grow older, never assimilate, and always remain new immigrants their entire lives.

HOW MUCH ARE IMMIGRANTS ASSIMILATING?

It is difficult to see assimilation in locations that are full of newcomers. For that we need to look to states where immigrants have settled for a longer period of time. California is the best case for this because its foreign-born population is both large and long-settled. In fact, the 27 percent share of California’s population that is foreign-born is not only higher than in any state, but also higher than any of the large nations in the world, including Canada at 19 percent and Australia at 24 percent. In this sense, California’s experience with assimilation is an important precursor for the world’s growing experience with international migration.

Some critics of immigration have held up California as a “worst case”—largely because of its large foreign-born population, especially foreign-born Latinos—but have they looked at California’s record of immigrant assimilation? In fact, Latino immigrants in California exhibit pronounced progress in three important indicators of integration and upward mobility {Figure 4}:

English proficiency is measured by the percentage of people who say they speak English well or very well, or who speak only English. This level of proficiency is held by essentially 100 percent of the native-born. Among foreign-born Latinos in California who had resided in the United States for less than 10 years as of 2000, barely one-third (33.4 percent) claimed proficiency speaking the English language, but that rose to 73.5 percent among residents of 30 or more years.¹⁴ English proficiency is a job skill shown to increase earnings,¹⁵ and it surely helps in other civic activities outside the home. In a second interpretation of

¹² 1990 and 2000 census, SF3 file.

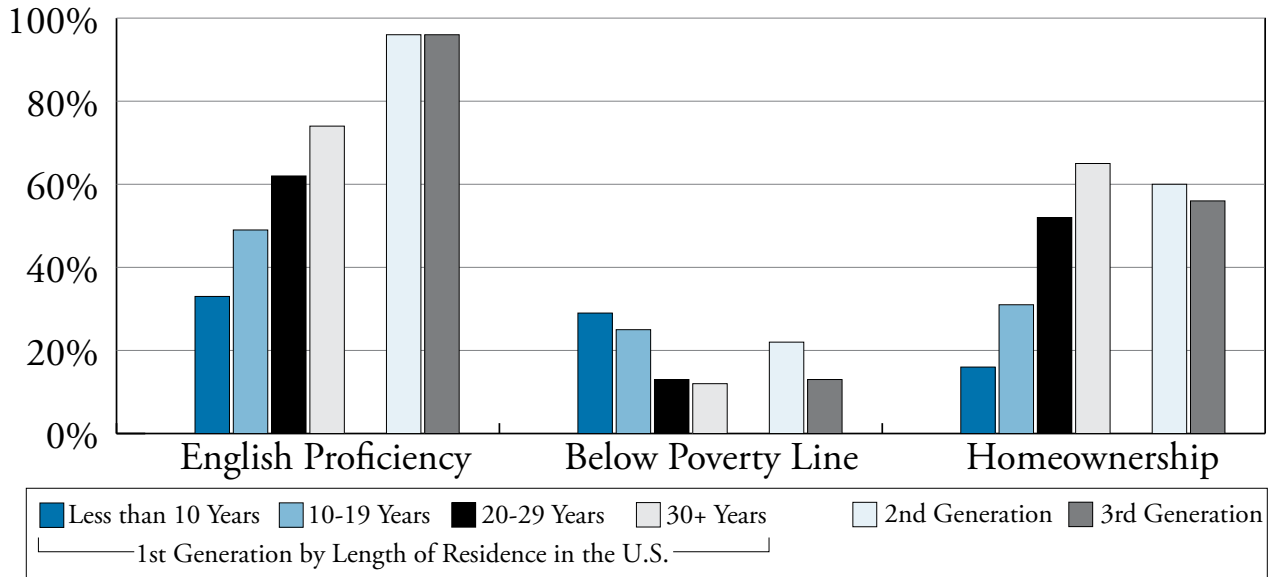
¹³ This sociology of knowing the future is explored in Dowell Myers, *Immigrants and Boomers*, 2007, chapter 2.

¹⁴ 2000 Census PUMS 5 percent data.

¹⁵ Barry R. Chiswick, “Speaking, Reading, and Earnings among Low-Skilled Immigrants,” *Journal of Labor Economics* 9(2), April 1991: 149-170.

FIGURE 4:

RATES OF ENGLISH PROFICIENCY IN 2000 & POVERTY & HOMEOWNERSHIP IN 2005 AMONG LATINOS IN CALIFORNIA, BY GENERATION



Source: March 2005 Current Population Survey Demographic Supplement; 2000 Census PUMS 5 percent data.

English use that is more cultural in nature, we might ask who *prefers* to use English at home or is more comfortable using a language other than English. The recent claims by Harvard political scientist Samuel P. Huntington regarding the cultural “bifurcation” of America are of this type and have received widespread criticism from language experts.¹⁶ All of the social-science evidence points to a major language transition of immigrants over time, so that most learn English in the first generation, all their children grow proficient in English, and the great majority of children prefer English to other languages.¹⁷ Huntington’s conclusions can be supported only if one subscribes to the Peter Pan fallacy, assuming that Latinos are frozen in time and never cease to be just like newcomers, regardless of how long they or their children live in the United States.¹⁸

Income below the poverty level indicates the percentage of people who live in families with incomes below the federally designated poverty line. A decline in this indicator thus measures escape from poverty when the percentage falls for longer-settled groups. Among Latino immigrants in California, the degree of progress out of poverty is often dramatic in the first two decades.¹⁹ In 2005, 28.7 percent of the state’s foreign-born Latinos who had been in the United States less than 10 years lived below the poverty line, compared to 11.8 percent of those who had resided here 30 or more years.²⁰ Although the great majority of immigrants are living above the poverty level, that does not imply they are well off. For that we need to turn to another indicator: homeownership.

¹⁶ Samuel P. Huntington, *Who are We?: The Challenges to America’s National Identity*, New York, NY: Simon & Schuster, 2004.

¹⁷ See for example Rubén G. Rumbaut, Douglas S. Massey & Frank D. Bean, “Linguistic Life Expectancies: Immigrant Language Retention in Southern California,” *Population and Development Review* 32(3), September 2006: 447–460; Pew Hispanic Center, Fact Sheet: “Assimilation and Language,” Washington DC: March 2004.

¹⁸ Dowell Myers, *Immigrants and Boomers*, 2007, pp. 105-109.

¹⁹ Dowell Myers, *Immigrants and Boomers*, 2007, chapter 6; Testimony of Dowell Myers before the U.S. House of Representatives, Committee on the Judiciary, Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law, regarding “Past, Present, and Future: A Historic and Personal Reflection on American Immigration,” Ellis Island, New York & New Jersey, March 30, 2007.

²⁰ March 2005 Current Population Survey Demographic Supplement.

Homeownership is often regarded as a key indicator of entry into the middle class.²¹ Latino immigrants in California exhibit exceptionally large gains in homeownership within the first generation, rising from 16.4 percent of householders who, as of 2005, had arrived in the United States less than 10 years before to 64.6 percent of householders who had lived here for 30 or more years. This exceeded the average California homeownership rate of 57 percent and was closer to the national average of 68 percent. There was no further statistically significant increase in homeownership in the second or third generations, indicating that advancement into homeownership is an achievement largely attained within the first generation.²² It is apparent that as the average length of settlement increases for the Latino foreign-born, average levels of homeownership can be expected to rise. This finding of strong upward mobility into homeownership has been found among immigrants in all the major gateway states.²³

AGING AMERICA: THE MANY CRISES UPON US

Everyone knows that the Baby Boom generation is getting older. Most have also heard about the potential under-funding of the Social Security trust fund, and many are aware of problems with the growing federal budget deficit. The Comptroller General of the United States, David Walker, has been leading a “fiscal wake-up tour” to publicize the long-term budget situation documented by the budget simulations of the Government Accountability Office (GAO) to 2030 and beyond. But very few of us—even professional demographers—grasp how grave the crisis truly is.

One number that puts this crisis into perspective is 67 percent—the degree to which the ratio of seniors (age 65 and older) to working-age adults (25 to 64) will be thrown out of balance over the next 20 years.²⁴ According to Census Bureau data, the number of seniors per 1,000 working-age adults grew steadily in the United States between 1950 and 1980, rising from 173 to 238. Thereafter it held fairly steady, but after 2010 the ratio is expected to jump by 30 percent to 318 in 2020, and then jump another 29 percent to 411 by 2030. These two decades of roughly 30 percent increase compound to 67 percent growth for the 20-year period. The suddenness of the jump is caused by the aging of the giant Baby Boom generation that was born between 1946 and 1964. The first Boomers will reach age 65 in 2011 and the last will join them in 2029. Thereafter the senior ratio will grow more slowly, but there will be a significant jolt in the next two decades {Figure 5}.²⁵

The 67 percent increase foretells massive changes in everything seniors do that is systematically different from working-age residents, and to the extent that seniors depend on working-age adults who are relatively less numerous to support those activities, there is bound to be a tremendous strain. The 67 percent increase in the senior ratio is the mother of many crises. Beyond the well-known crises in Social Security and Medicare, the implications for mass retirements and the struggle for replacements in the workforce are profound as well.²⁶ So severe are these losses that the growth of the workforce will be driven perilously low—perhaps below zero in many states—which will depress economic growth as a whole. In addition, retirees will transition from being net taxpayers to net recipients of health and pension benefits, and they will be supported

²¹ William A.V. Clark, *Immigrants and the American Dream: Remaking the Middle Class*, New York, NY: Guilford Press, 2003.

²² March 2005 Current Population Survey Demographic Supplement.

²³ Dowell Myers & Cathy Yang Liu, “The Emerging Dominance of Immigrants in the U.S. Housing Market 1970-2000,” *Urban Policy and Research* 23(3), September 2005: 347-66.

²⁴ Age 65 is generally accepted as the threshold for senior status, although early retirement may begin at a younger age and some seniors work into their 70s. Demographers and labor economists often define “working age” as beginning at 15 or 16, but that may be a convention inherited from an age of farm labor and isn’t appropriate in a time of mass post-secondary education for 21st century jobs. Prime working age is widely considered to begin at 25.

²⁵ U.S. Census Bureau decennial censuses and projections; California Department of Finance Demographic Research Unit projections, 2004.

²⁶ See Dowell Myers, *Immigrants and Boomers*, 2007, chapters 3 & 10.

by a smaller workforce that is struggling to meet its own needs. And to cap off this grim forecast, seniors are also net home sellers, and accordingly, there will be 67 percent more people in the selling ages relative to the younger adults who are likely to be buyers.²⁷ Thus the mass sell-off launched by aging poses a great hazard for all home sellers and their home values in the two decades ahead. Indeed, we face a crisis of aging. The 78 million Baby Boomers must command the attention of domestic policymakers.

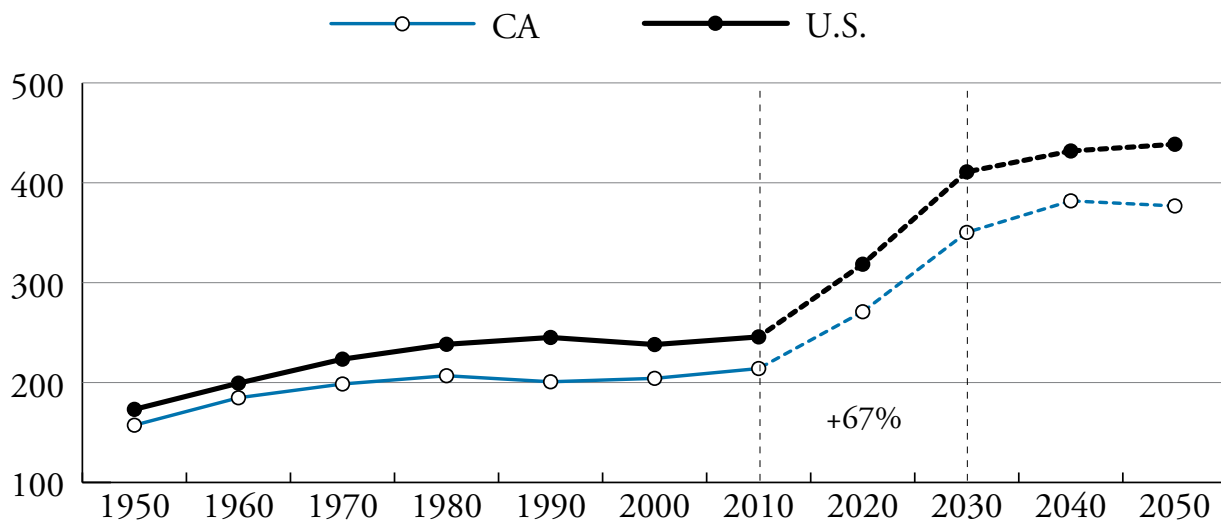
MANY PIECES OF THE SOLUTION

We are going to need many economic and social reforms to cover the impacts of the growing senior ratio. One strategy is to delay the age at which seniors retire. Already the Bush Administration and the Department of

Labor are revising their figures upward for how many seniors are expected to remain in the workforce after age 65.²⁸ Among men ages 65 to 74, the labor-force participation rate anticipated by the Bureau of Labor Statistics (BLS) in 2020 has been increased to 32.8 percent from the 2000 rate of 24.6 percent, and that of women to 25.0 percent from 14.9 percent.²⁹ Multiplied by the larger size of the Baby Boom generation, these higher participation rates yield a substantial gain in workforce that would help to reduce the impacts of the growing senior ratio. Nonetheless, despite the higher work expectations for seniors, the BLS still expects the ratio of non-working seniors to workers of all ages to rise by 21.6 percent between 2010 and 2020 and by 55.4 percent through 2030. This shrinks the 67 percent figure a bit, but longer-working seniors obviously cannot solve the crisis by themselves.

FIGURE 5:

RATIO OF SENIORS (AGE 65+) PER 1,000 WORKING-AGE ADULTS (AGE 25-64) IN THE U.S. & CALIFORNIA, 1950-2000 (ACTUAL) & 2010-2050 (PROJECTED)



Source: U.S. Census Bureau decennial censuses & projections; California Department of Finance Demographic Research Unit projections, 2004.

²⁷ Dowell Myers, *Immigrants and Boomers*, 2007, chapter 11.

²⁸ See *Economic Report of the President*, February 2007, chapter 1.

²⁹ Mitra Toossi, "A new look at long-term labor force projections to 2050," *Monthly Labor Review* 129(11), November 2006: 19-39, Tables 3 & 6.

Additional solutions to the crisis could entail delayed eligibility for Social Security beyond the two-year delay already scheduled, delayed eligibility for Medicare or other senior benefits, and possibly lower benefit levels. Taxes will likely be raised as well, with some analysts estimating an increase of as much as 78 percent.³⁰ Another possible solution is to reduce the real cost of future government liabilities by stimulating an increase in the rate of inflation, a strategy option often hinted at by economists, and one that is fully addressed in former Federal Reserve Chairman Alan Greenspan's new book.³¹ However, this would reduce the federal government's liabilities at the same time it would shrink the assets of average Americans. None of these solutions is popular politically and, hence, there is widespread reluctance to move forward.

It is in this broader context of a changing American society, and the many crises generated by the rising senior ratio, that we should assess the role of immigrants. In a high-immigration state like California, the senior ratio is somewhat better than in the nation as a whole. But even in California, the aging of the Baby Boomers will result in a large jump. Immigration can surely help to supply some of the workers needed to support the rising number of seniors and to replace them in the labor force as they retire. Moreover, immigrants will help to compensate for the smaller number of younger adults who are likely to buy homes from the increasing number of older Americans. The foreign-born share of growth in homebuyers has doubled each decade, rising from 10.5 percent in the 1980s, to 20.7 percent in the 1990s, to 40.0 percent in the 2000-2006 period.³² Immigrants will therefore clearly be important in leading us out of the current housing downturn.

New arrivals by themselves can offset about one-quarter of the increase in the senior ratio.³³ Another component of the solution is to build a larger middle class from the youth of America by promoting higher education for all. The growing size of the senior population relative to working age—67 percent increase by 2030—is a call to action. The smaller size of the younger generation can be offset if we help more of them to become skilled workers, higher taxpayers, and home buyers. Immigrant children and minority youth will prove to be a precious resource for absorbing the impacts of the aging Baby Boomers.

CONCLUSION: A NEW OUTLOOK FOR THE FUTURE

Debates over immigration policy are necessarily debates about the future, because reforms are instituted infrequently and the resulting policies govern the coming decades. There are two basic stories that advocates tell about immigration and the future, each highlighting differences with regard to three key assumptions. The first assumption concerns how much the immigrant population is growing, the second how much immigrants are assimilating, and the third how much we need immigrants.

Both stories have a credible basis in fact, but one story is based on older data and describes a future based on images of immigrants that prevailed in earlier decades when immigration was freshly accelerating. This older story assumes the continued acceleration of immigration that some feel is out of control, and it equates all immigrants with newcomers, regardless of their tenure in the United States. This older story also minimizes the nation's need for immigrants.

³⁰ Laurence J. Kotlikoff & Scott Burns, *The Coming Generational Storm: What You Need to Know about America's Economic Future*, Cambridge, MA: MIT Press, 2005.

³¹ Alan Greenspan, *The Age of Turbulence: Adventures in a New World*, New York, NY: Penguin Press, 2007.

³² Dowell Myers & Cathy Y. Liu, "The emerging dominance of immigrants in the U.S. housing market 1970-2000," *Urban Policy and Research* 23(3), September 2005: 347-66. Growth in the post-2000 period was estimated through analysis of data from the 2006 American Community Survey in comparison to the 2000 Census.

³³ Testimony of Dowell Myers before the U.S. House of Representatives, Committee on the Judiciary, Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law, regarding "Past, Present, and Future: A Historic and Personal Reflection on American Immigration," Ellis Island, New York & New Jersey, March 30, 2007. The analysis addressed published Census Bureau projections that compared age distributions under zero immigration with those under a moderate/high level resembling current volumes of immigration.

In contrast, the new story of immigration is tied to more recent trends. Immigration is no longer accelerating and may even be declining slightly. That allows longer-settled immigrants to take on greater weight among the foreign-born, and their upward mobility becomes a positive force that lifts up our housing markets and energizes our society. Lessons from California, which has a longer-settled immigrant population than the rest of the country, show how much immigrants advance after 20 years in America. How many native-born U.S. citizens in “new immigration” states would assume that over half of Latino immigrants will likely become homeowners over the next 20 years?

In addition to offering a more hopeful outlook, the new story of immigration and the future applies a much more realistic assessment of the needs of our society. The aging of the giant Baby Boom generation is an irrefutable social and economic fact. The impending 67 percent increase in the number of seniors relative to working-age Americans is spawning many crises that call for our attention. The growing immigrant population can surely help us meet this challenge. When thinking about immigration reform for the decades ahead, it is crucial to keep our hopes and needs squarely in focus.



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THINKING AHEAD ABOUT OUR IMMIGRANT FUTURE:

New Trends and Mutual Benefits in Our Aging Society

by Dowell Myers

There are two stories now being told about immigration and the future of America. Each has some basis in fact, although one is based on newer trends and is more optimistic than the other. These stories differ in their answers to three crucial questions: whether immigration to the United States is accelerating out of control or is slowing; how much immigrants are assimilating into American society and progressing economically over time; and how important immigrants are to the U.S. economy. The pessimistic story—in which immigration is portrayed as increasing dramatically and producing a growing population of unassimilated foreigners—draws upon older evidence. But more recent data and analysis suggest a far more positive vision of our immigrant future. Immigration has not only begun to level off, but immigrants are climbing the socio-economic ladder, and will become increasingly important to the U.S. economy as workers, taxpayers, and homebuyers supporting the aging Baby Boom generation.



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