

The role of foreign-born workers in the U. S. economy

Foreign-born workers have come to play an increasingly important role in the U.S. economy; between 1996 and 2000, they constituted nearly half of the net increase in the U.S. labor force

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As the 21st century begins, the ethnic and racial composition of the U.S. workforce continues to diversify at a rapid pace. Much of that change reflects an expansion in the share of foreign-born workers, from about 1 in 17 in 1960 to 1 in 8 workers today.¹ Additionally, the geographic areas of origin of those workers have shifted. In 1960, about 3 in 4 of the foreign born had come from Europe; today, that proportion is less than 1 in 6, largely reflecting the influx of immigrants from Latin America and Asia. The large increase in the number of foreign-born workers, which has occurred in recent years, has contributed to the U.S. labor force expansion during that period. Between 1996 and 2000, the foreign born constituted nearly half of the net labor force increase.²

This article first reviews the history of immigration, focusing on the changing national origins of the foreign born; then, it presents a comparison of labor force characteristics of the foreign-born population with those of the native-born population; and finally, discusses the role of the foreign born in regards to the labor force growth that occurred between 1996 and 2000.³ In this article, contrary to the customary BLS practice of counting

Hispanics (an ethnic group) as part of the race category to which they belong, Hispanics are not included in the estimates for whites, blacks, and Asians, but, instead, are shown separately.⁴ This was done because currently Hispanics constitute a large proportion of the foreign born, and they have distinctive characteristics, which will be outlined further throughout this article. Hence, if they were included in the estimates for the major race group, clear-cut comparisons of employment characteristics among the groups would be difficult to make. The data used in this study are primarily from the Current Population Survey (CPS), the monthly survey of about 60,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics.⁵

Whence come the foreign born?

Over the past 2 centuries, the geographic sources of immigration to the United States have changed.⁶ During the 18th and much of the 19th centuries, immigrants generally came from two areas of the world, Northern Europe and Africa. Most often, the European immigrants came from the British Isles, with a major influx moving from Ireland

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around the middle of the 19th century, as large numbers of the Irish fled starvation and disease, brought about by the potato blight that struck much of Europe at that time. The African slave trade, which had begun during the Colonial era to provide workers in the New World, continued through most of the first half of the 19th century, despite laws that attempted to ban it.⁷

Moreover, Asia was a source of immigrants after 1848, as

Chinese contract laborers were brought largely to the West Coast to work both in the gold mines and on the transcontinental railway. The large influx of Chinese laborers, however, was ended with the Chinese exclusionary legislation that forbade Chinese immigration.⁸

By the early 1900s, European immigration patterns had shifted, with the majority of the newcomers arriving from southern and eastern Europe. These people were often poorly educated and came from areas with cultural and linguistic traditions that were considerably different from those of northwestern Europe. Further, among the Europeans immigrating to the new country were sizable numbers of Roman Catholics.⁹

In 1917, Congress passed a Literacy Act to restrict European immigration, and in 1921, the Emergency Quota Act was also passed, which applied immigration quotas based on nationality or country of origin. The provisions of this act were extended and made more restrictive by the National Origins Act of 1924. The quota system was reaffirmed in the Immigration and Nationality Act of 1952. Aside from a few exceptions, these quotas remained relatively intact until the Immigration and Nationality Act of 1965 was passed, which eliminated the system of national origin, race, or ancestry quotas for immigration to the United States.

Not only did the new act lead to a substantial increase in immigration, but also to a change in the geographic origin of immigrants. Between 1960 and 2000, the proportion of the foreign-born population that had come from Europe dropped from 74.5 percent to 15.3 percent, while the proportion coming from Latin America increased from 9.3 percent to 51 percent. (See table 1.)

Regional data, however, do not accurately capture the wide-ranging diversity of immigrants; it is better understood when examined by country of origin. As shown in the box, the top ten leading countries of birth of the foreign-born population in 2000 were Mexico, the Philippines, India, China, Cuba, El Salvador, Vietnam, South Korea, Canada, and the Dominican Republic.

Labor force status of the foreign born

Overall, the foreign born are less likely than the native born to participate in the U.S. labor force, primarily because foreign-born women are considerably less likely than their native-born counterparts, overall, to be working or looking for work. Some of the reasons for this are discussed below. (See table 2.) Foreign-born men—even though they (like foreign-born women) tend to be less educated than native-born men—are more likely to be labor force participants than their native-born counterparts, except for college graduates, a category in which the two groups' participa-

Foreign-born population by country of birth, annual averages, 2000			
[Numbers in thousands]			
Country ¹	Population	Country ¹	Population
Mexico	7,870.6	Greece	112.7
Philippines	1,227.1	Argentina	112.3
India	1,027.3	Nigeria	106.1
China	948.4	Lebanon	101.2
Cuba	922.3	Israel	94.4
El Salvador	795.7	Scotland	92.9
Vietnam	777.7	Indonesia	87.7
Korea/South	715.2	Turkey	86.2
Canada	688.0	Romania	85.9
Dominican Republic	600.6	Ghana	83.7
Germany	598.2	Laos	81.0
Jamaica	488.4	Armenia	80.9
Colombia	483.5	Holland/Netherlands	80.3
England	479.3	Hungary	79.7
Haiti	463.5	Bangladesh	79.0
Italy	437.6	South Africa	77.1
Russia	431.8	Iraq	76.2
Poland	430.4	Chile	74.9
Taiwan	316.1	Spain	71.1
Japan	306.3	Dominica	67.2
Peru	293.6	Ethiopia	67.0
Guatemala	277.5	Panama	64.8
Ukraine	275.5	Austria	64.5
Iran	270.4	Costa Rica	52.0
Honduras	256.8	Uruguay	51.9
Nicaragua	253.8	Lithuania	48.9
Ecuador	241.8	Sweden	47.9
Pakistan	211.5	Barbados	47.2
Guyana	210.5	Switzerland	45.1
Hong Kong	192.0	Malaysia	43.3
Trinidad and Tobago	178.8	Syria	42.4
Ireland/Eire	170.9	Afghanistan	40.5
Brazil	169.2	Bolivia	39.2
Portugal	154.8	Jordan	38.5
Thailand	131.1	Australia	37.1
Yugoslavia	128.3	Belize	37.0
Egypt	120.2	Morocco	35.2
Venezuela	115.7	Burma	34.0
France	114.9	Azores	31.8
Cambodia	114.9		

¹ Country not shown where the number is under 30,000.
SOURCE: Current Population Survey.

Table 1. Geographic area of birth of the foreign-born population in the United States, 1850–2000

Geographic area	Year						
	1850 ¹	1900 ¹	1960 ¹	1970 ¹	1980 ¹	1990 ¹	2000 ²
Total foreign born (in thousands)	2,245	10,341	9,738	9,619	14,080	19,767	28,379
Percent distribution							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Europe	90.5	85.9	74.5	59.7	36.6	22.0	15.3
Northern and Western	90.1	69.7	34.2	27.3	16.9	10.4	6.7
Ireland	42.8	15.6	3.5	2.6	1.4	.9	.7
Southern and Eastern	4.0	16.2	40.1	32.1	19.5	11.6	8.4
Asia	1.0	1.2	5.0	8.6	18.0	25.2	25.5
China	⁽³⁾ .8	.8	1.0	1.8	2.0	2.7	4.9
Latin America .....	.9	1.3	9.3	18.8	31.1	42.5	51.0
Mexico .....	.6	1.0	5.9	7.9	15.6	21.7	27.6
Other ⁴	8.5	11.6	11.1	13.0	14.3	10.3	8.1

¹ Data are from the U.S. Census Bureau, Public-Use Microdata Samples (PUMS).

³ Less than 0.05 percent.

² Data from the March Current Population Survey.

⁴ Other includes Africa, Oceania, North America, and not reported.

Table 2. Employment status of the civilian population 16 years and older, by sex, annual averages, 2000

[Numbers in thousands]

Labor force status and country of birth	Total	Foreign born		Native born
		Total	Percent of total	
Total	209,699	26,527	12.7	183,173
In labor force	140,863	17,705	12.6	123,158
Labor force participation rate	67.2	66.7	–	67.2
Employed	135,208	16,954	12.5	118,254
Employment-population ratio	64.5	63.9	–	64.6
Unemployed	5,655	751	13.3	4,904
Unemployment rate	4.0	4.2	–	4.0
Not in the labor force	68,836	8,821	12.8	60,015
Men	100,731	13,106	13.0	87,625
In labor force	75,247	10,462	13.9	64,785
Labor force participation rate	74.7	79.8	–	73.9
Employed	72,293	10,067	13.9	62,226
Employment-population ratio	71.8	76.8	–	71.0
Unemployed	2,954	396	13.4	2,559
Unemployment rate	3.9	3.8	–	3.9
Not in the labor force	25,484	2,644	10.4	22,840
Women	108,968	13,420	12.3	95,548
In labor force	65,616	7,243	11.0	58,373
Labor force participation rate	60.2	54.0	–	61.1
Employed	62,915	6,887	10.9	56,028
Employment-population ratio	57.7	51.3	–	58.6
Unemployed	2,701	356	13.2	2,345
Unemployment rate	4.1	4.9	–	4.0
Not in the labor force	43,352	6,177	14.2	37,175

tion rates were about the same.

Participation rates among women. For women, the difference was greatest for those aged 16 to 24 and 25 to 34, where the participation rates for the foreign born were about 17 percentage points lower than those of their native-born counter-

parts. (See table 3.) A number of factors appear to play a role in the differences between these two groups of young women, including marital status, the presence of children, and, probably most importantly, education.

Among the 16- to 24-year-olds, a higher percentage of the foreign-born women had not completed high school, com-

Table 3. Labor force participation rates of the foreign born and native born by selected demographic characteristics, annual averages, 2000

Characteristic	Total		Men		Women	
	Foreign born	Native born	Foreign born	Native born	Foreign born	Native born
Age						
Total, 16 years and older	66.7	67.2	79.8	73.9	54.0	61.1
16 to 24 years	60.2	66.6	70.6	68.4	47.8	64.9
25 to 34 years	77.0	86.2	92.1	93.6	61.4	79.2
35 to 44 years	82.1	85.3	94.0	92.4	69.7	78.4
45 to 54 years	80.0	82.9	88.4	88.3	69.6	77.8
55 to 64 years	59.1	59.2	73.6	66.5	47.3	52.4
65 years and older	12.1	12.9	18.6	17.4	7.4	9.6
Education¹						
Less than a high school diploma	59.0	37.4	78.0	46.7	41.4	29.2
High school graduates, no college	66.5	64.4	81.4	74.3	54.1	55.9
Some college, no degree	72.5	72.2	81.7	79.2	63.9	65.9
College graduates	76.9	79.9	85.3	84.3	67.4	75.2
Race/ethnicity						
White, non-Hispanic	59.1	67.6	71.0	74.9	48.0	60.8
Black, non-Hispanic	75.0	64.9	80.6	67.6	69.4	62.8
Asian, non-Hispanic	67.3	66.1	77.8	70.0	58.2	62.3
Hispanic origin	69.5	67.7	85.4	74.8	52.5	61.4

¹ Educational attainment data are for persons 25 years and older.

pared with the native-born. Not surprisingly, among both groups, the participation rates for those without a high school diploma were lower than the rates for those with more education. However, the participation rate for the foreign born without a high school diploma was considerably lower than that for the native born. At least in part, this is because the foreign born who had not graduated from high school were almost 5 times as likely to be married and more than twice as likely to have children than their native-born counterparts; being married or having children tends to reduce women’s likelihood of being in the labor force.

In addition, the foreign born aged 16 to 24, who had attended or graduated from college, were also markedly less likely than their native-born counterparts to be in the labor force. In this instance, however, there is relatively little difference in the proportions who are married or have children. Participation rate differences among high school graduates who did not go to college were much smaller.

Among those women who were 25 to 34, the lower overall participation rate for the foreign born has varying causes. In part, the fact that a larger proportion of the foreign born do not have a high school diploma is reflected in their partici-

ation rates, which are usually lower than the rates of better-educated people. Even so, this is not the entire explanation, because the better-educated foreign born also are less likely to be labor force participants when compared with their native-born counterparts. Among those with a high school diploma or those with some college but no degree, the lower participation rates of the foreign born may reflect to some extent their greater likelihood of being married or having children. Among those with college degrees, the lower participation rate of the foreign born may also be due in part to the higher proportion who are married. Both foreign-born and native-born college graduates are about equally likely to have children.

Race and Hispanic origin. Among the foreign-born population, labor force participation rates for whites were lower than for any other race/ethnic group. (See table 3.) This occurred at least partly because foreign-born whites are older on balance than are other groups, and labor force participation falls dramatically after age 55, as indicated in the following tabulation. (As noted earlier, prior to the Immigration and Naturalization Act of 1965, immigrants to the United States came

primarily from Europe. In subsequent decades, immigrants have increasingly come from Asia and Central and South America.)

Country of birth, race, and ethnic origin	55 years and older	
	Percent	Labor force participation rate
White, non-Hispanic		
Native born	29.6	32.5
Foreign born	37.1	29.1
Black, non-Hispanic		
Native born	21.1	29.0
Foreign born	14.4	48.4
Asian, non-Hispanic		
Native born	15.4	31.3
Foreign born	19.8	38.3
Hispanic		
Native born	16.1	31.4
Foreign born	16.1	35.0

Among blacks, Asians, and Hispanics, the participation rates for the foreign born were either about the same as those of their native-born counterparts, or, as in the case of blacks, much higher. In contrast, foreign-born whites were less likely than their native-born counterparts to be labor force participants. For both Asians and Hispanics, the similarity in overall participation rates between the foreign born and native born was due to the fact that the participation rates for the foreign-born women in these groups were lower than those of the native-born women, offsetting the much higher rates of the foreign-born men. Among blacks, the participation rates for both foreign-born men and women were much higher than those of their native-born counterparts. (See table 3.)

Education. For the foreign born and the native born 25 years of age and older, labor force participation is quite similar at each education level, except for those without high school diplomas. Approximately 59 percent of the foreign born, who were not high school graduates were in the labor force, compared with 37.4 percent of the native born. This probably reflects the economic motivation many had for coming to this country, as well as the fact that they are younger, on average,

Table 4. Unemployment rates of the foreign born and native born by selected demographic characteristics, annual averages, 2000

Characteristic	Total		Men		Women	
	Foreign born	Native born	Foreign born	Native born	Foreign born	Native born
Age						
Total, 16 years and older	4.2	4.0	3.8	3.9	4.9	4.0
16 to 24 years	7.9	9.5	7.4	10.0	8.7	8.9
25 to 34 years	3.9	3.7	3.1	3.5	5.1	3.9
35 to 44 years	3.8	2.9	3.2	2.7	4.7	3.1
45 to 54 years	3.2	2.4	2.9	2.4	3.5	2.3
55 to 64 years	3.9	2.3	3.8	2.3	4.1	2.3
65 years and older	4.1	3.0	4.7	3.2	3.1	2.7
Education¹						
Less than a high school diploma	5.8	6.7	4.6	6.0	7.8	7.8
High school graduates, no college	3.3	3.5	2.9	3.5	3.9	3.5
Some college, no degree	3.3	2.8	3.0	2.6	3.7	3.0
College graduates	2.3	1.6	2.1	1.4	2.6	1.7
Race/ethnicity						
White, non-Hispanic	3.2	3.2	2.9	3.2	3.6	3.2
Black, non-Hispanic	5.4	7.9	5.5	8.5	5.2	7.4
Asian, non-Hispanic	3.2	4.7	3.2	4.9	3.2	4.5
Hispanic origin	5.1	6.4	4.2	6.0	6.7	6.8

¹ Educational attainment data are for persons 25 years and older.

The foreign born and education

Understanding the educational characteristics of the foreign-born population is key to interpreting several features of their labor-force patterns, in particular, their occupational distribution. The foreign-born population tends to be divided mainly into two educational categories: those with relatively high levels of education and those with relatively low levels, with few in-between the two categories. (See chart below.) When the educational attainment of the foreign-born and native-born populations, 25 years and older are compared, the foreign born are much more likely to have left school before completing a high school diploma than are the native born, but about as likely to have college degrees as the native-born population.¹

This phenomenon is due to the large share of immigrants now coming from Latin America and Mexico in particular. In 2000, about half of the foreign-born population was from Latin America, including Mexico. Educational levels among foreign-born Hispanics differ

sharply from the other ethnic groups. About 55 percent of the foreign-born Hispanic population 25 years and older had less than a high school education, while 9.5 percent had college degrees in 2000. By comparison, only 15.4 percent of foreign-born Asians had not completed high school, while 46.5 percent had graduated from college. The proportions of foreign-born whites and blacks who had not completed high school were 16.4 percent and 19.9 percent, respectively, while the proportions of those with college degrees were 34.6 percent and 25.6 percent, respectively.

¹ A study in 1998 by Betts and Lofstrom concludes that the upper half of the immigrant population has been and continues to be at least as highly educated as the upper half of the native-born population. The observed decline in the mean level of immigrants' education relative to that of natives reflects a decline in the relative educational status of the bottom half of the immigrant population. See Julian R. Betts and Magnus Lofstrom, "The educational attainment of Immigrants: Trends and Implications," NBER Working Paper Series, October 1998.

Civilian noninstitutional population, 25 years and older by educational attainment, annual averages, 2000

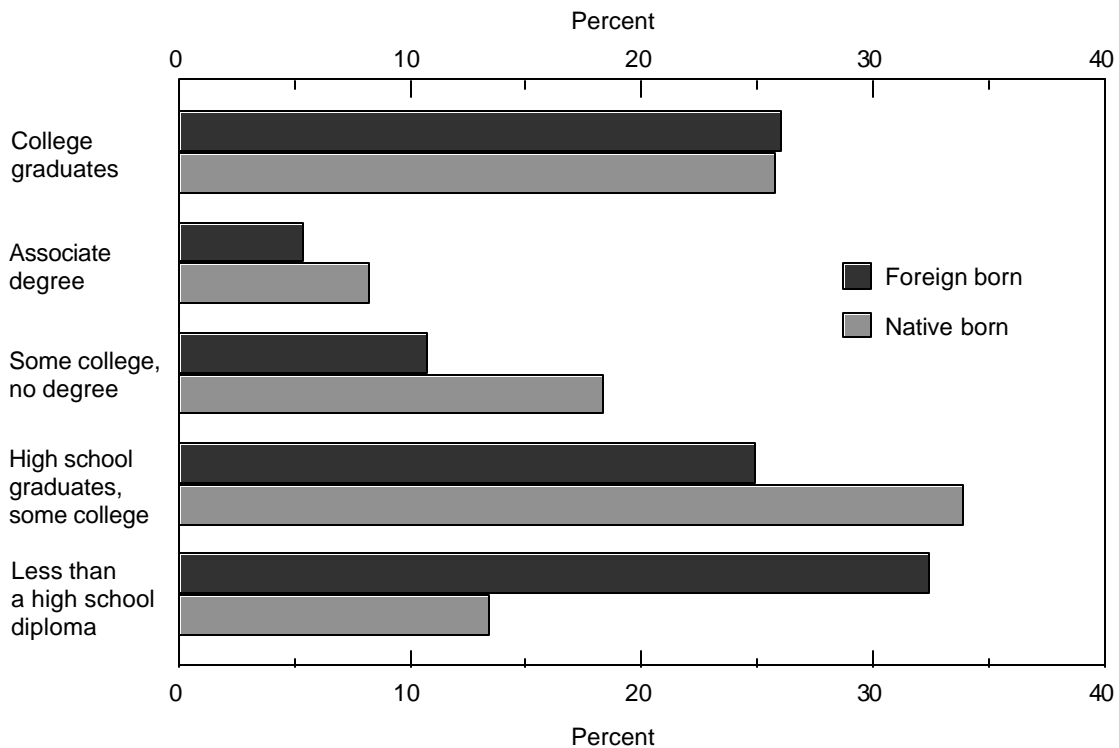


Table 5. Distribution of the foreign born and the native born by major occupations, annual averages, 2000

[In percent]

Occupation	Total		Men		Women	
	Foreign born	Native born	Foreign born	Native born	Foreign born	Native born
Total	100.0	100.0	100.0	100.0	100.0	100.0
Executive, administrative, and managerial	9.9	15.3	9.8	15.8	10.0	14.8
Professional specialty	13.5	15.9	12.9	13.6	14.5	18.5
Technicians and related support	2.9	3.3	2.7	3.0	3.2	3.6
Sales occupations	9.8	12.4	8.7	11.8	11.3	13.1
Administrative support, including clerical	8.9	14.5	4.6	5.6	15.3	24.5
Service occupations	18.9	12.7	13.4	9.5	26.9	16.4
Protective service .....	.8	1.9	1.1	2.9	.4	.8
Private household	1.8	.4	.1	0	4.4	.8
Service, except private household and protective	16.3	10.4	12.2	6.5	22.2	14.8
Precision production, craft, and repair	12.8	10.8	19.0	18.7	3.6	2.0
Operators, fabricators, and laborers	18.9	12.8	22.7	18.8	13.5	6.1
Farming, forestry, and fishing	4.4	2.2	6.3	3.3	1.6	1.1

than their native-born counterparts. Among college graduates, however, the native born were more likely to be labor force participants.

Unemployment. The unemployment rate was 4.2 percent for the foreign born, compared with 4.0 percent for the native born in 2000. Except for 16- to 24-year-olds, the unemployment rate of the foreign born is higher than for the native born for all age groups. (See table 4.) The gap tends to increase with age. For example, the unemployment rate among the foreign born 25- to 34-year-olds is not much different—0.2 percentage point—than that for the native born in the same age group; among 55- to 64-year-olds, however, the gap increases to 1.6 percentage points. Most of the differences in rates are a reflection of the higher unemployment rates for foreign-born women compared with the rates of their native-born counterparts. Among the major race and ethnic groups, the unemployment rates for foreign-born and native-born whites are the same, while among Asians, blacks, and Hispanics, the rates for the foreign born are lower than for their native-born counterparts.

Occupation. The occupational distribution of foreign-born workers, when compared with that of the native born offers some insights into the economic role of the foreign born in this country. The proportion of the foreign born employed in professional specialty occupations (13.5 percent), which usually require a college degree, was close to that of the native born (15.9 percent). (See table 5.) The similarity in the proportion of the foreign born and the native born with college degrees helps explain the two groups' similar representation

in professional specialty occupational categories. In contrast, only 9.9 percent of the foreign born were employed as executives, administrators, and managers—occupations that also tend to require a college education—compared with 15.3 percent for the native born. Seniority, and language problems for non-English speakers, are two reasons why the foreign born most likely are underrepresented in executive and administrative occupations.

The foreign born tend to be overrepresented in low-paying occupations, which often do not require the completion of high school. In 2000, about 19 percent of the foreign born were employed in service occupations, and another 19 percent worked as operators, fabricators, and laborers. A little less than 13 percent of the native born were employed in each of these occupational categories. Poorer educational background, language difficulties, and unfamiliarity with the U.S. job market are likely explanations for the high proportion of foreign born in lower-paying jobs.

Earnings. Overall, foreign-born workers earned about 75.6 cents for every dollar earned by the native born in 2000—\$447 compared with \$591, respectively.¹⁰ Among men, the median weekly earnings of the foreign born was 70.6 percent that of natives. The earnings gap was much narrower among women—81.4 percent. (See table 6.)

At each level of education, the foreign born earned less than the native born.¹¹ However, the relative gap in median weekly wage and salary earnings was narrowest among college graduates. At each level of education, the earnings gap was narrower among women than among the men.

Among the major race and ethnic groups, median weekly

Table 6. Median usual weekly earnings of foreign born and native born full-time wage and salary workers, by selected demographic characteristics, annual averages, 1996–2000

Characteristic	Median weekly earnings in constant dollars ¹					
	Foreign born		Native born		Percent change, 1996–2000	
	1996	2000	1996	2000	Foreign born	Native born
Total, 16 years and older	\$423	\$447	\$552	\$591	5.7	7.1
Men	443	477	638	676	7.7	6.0
Women	390	407	467	500	4.4	7.1
Age						
16 to 24 years	\$295	\$314	\$332	\$369	6.4	11.1
25 to 34 years	404	433	525	574	7.2	9.3
35 to 44 years	465	499	634	652	7.3	2.8
45 to 54 years	505	516	666	690	2.2	3.6
55 to 64 years	481	483	607	635	.4	4.6
65 years and older	400	381	427	457	-4.8	7.0
Education²						
Less than a high school diploma	\$314	\$322	\$376	\$389	2.5	3.5
High school graduates, no college	410	420	497	514	2.4	3.4
Some college, no degree	510	524	574	604	2.7	5.2
College graduates	789	852	841	902	8.0	7.3
Race/ethnicity³						
White, non-Hispanic	\$653	\$670	\$632	\$662	2.6	4.7
Black, non-Hispanic	442	481	453	496	8.8	9.5
Asian, non-Hispanic	564	641	665	704	13.7	5.9
Hispanic origin	347	367	484	513	5.8	6.0

¹ Consumer Price Index research series using current methods (CPI-U-RS) was used to convert 1996 current dollars to 2000 constant dollars.
² Educational attainment data are for persons 25 years and older.
³ Race/ethnicity data are for 25 years and older.

earnings of foreign-born blacks and whites at each education level were not much different from that for their native-born counterparts. Among Asians and Hispanics, however, the foreign born typically earned less at every educational level.

Trends, 1996–2000

The foreign born played an important role in the 1996–2000 labor-force expansion. During this period, foreign-born workers 16 years and older constituted 48.6 percent of the total labor force increase of 6.7 million.¹² (See table 7.) Nearly two-thirds of the increase in the number of men in the labor force, and more than a third of the increase among the women were foreign-born workers.

Among some age groups where labor force participation was already high, most of the labor force increase occurred among the foreign born. For instance, over 80 percent of the

net labor force increase among 35- to 44-year-old workers was attributable to the foreign born. In other age groups the number of native born in the labor force declined, while the number of foreign-born participants rose. For example, among labor force participants aged 25 to 34, the number of native born declined by about 2.8 million, while the number of foreign born grew by over 630,000.

The foreign born accounted for very large shares of the overall labor force increase among Asians and Hispanics. About 83 percent of the increase among Asians and 64.7 percent of the increase among Hispanics were foreign born. The corresponding proportions for blacks and whites were 28.4 percent and 27.9 percent, respectively.

Census regions. In 2000, a third of the foreign-born workforce resided in the Pacific region, two-and-a-half times the share of all native-born workers who live in the region. The follow-

Table 7. Foreign born as percent of labor force change by selected demographic characteristics, annual averages, 1996–2000

[Numbers in thousands]

Age and sex	Total labor force change	Foreign born labor force change	Change in foreign born as percent of total
Total, 16 years and older	6,733	3,272	49
Men	3,062	1,925	63
Women	3,671	1,348	37
Age			
16 to 24 years	1,461	426	29
25 to 34 years	-2,166	632	-
35 to 44 years	1,242	1,018	82
45 to 54 years	4,047	823	20
55 to 64 years	1,820	278	15
65 years and older	329	68	21
Education¹			
Less than a high school diploma	-393	654	-
High school graduates, no college	(²)	733	-
Some college, no degree	629	210	33
College graduates	3,883	1,073	28
Race/ethnicity			
White, non-Hispanic	1,940	542	28
Black, non-Hispanic	1,290	366	28
Asian, non-Hispanic	819	683	83
Hispanic	2,566	1,661	65

¹ Educational attainment data are for persons 25 years and older.
² Missing values.
NOTE: Dash indicates negative value.

mately 60 percent of the foreign-born workforce in 2000 were living in just 4 States—California (30 percent), New York (12.5 percent), Florida (9.3 percent), and Texas (8.9 percent).

At least two factors may help explain the differing concentrations of the foreign-born workforce; labor migration occurs towards regions where economic opportunity is perceived to be better. Another consideration is that immigrants generally prefer to settle in States where large numbers of people of their ethnic origin have settled earlier. There are several reasons for the new arrivals to look for ethnic enclaves. Not only can the newcomers continue to live in a familiar culture, communicate in their mother tongue, and share their ethnic cuisine by joining their kin, they also can use their ethnic group as a social network for gaining employment. Sometimes, such ethnic cultures can survive for generations, albeit with modifications, as each new generation begins to integrate new traditions with the old, even after immigration from the old country declines or totally ceases.¹⁴ The following tabulation shows regions that included States with relatively large numbers of foreign-born

ing tabulation shows that the other regions with large shares of the foreign-born workers were the Middle Atlantic (18.4 percent), and the South Atlantic (16.3 percent):¹³

workers also had very high labor force growth over the 1996–2000 period:

Regions	Foreign born	Native born	Regions	Labor force change, 1996–2000		Change in foreign born as percent of total
				Total	Foreign born	
				[Numbers in thousands]		
U.S. total	100.0	100.0	New England	142	128	90.1
New England	4.4	5.2	Middle Atlantic	456	412	90.4
Middle Atlantic	18.4	12.9	South Atlantic	1,511	801	51.6
South Atlantic	16.3	18.4	East South Central	294	80	27.2
East South Central	1.2	6.6	West South Central	695	337	48.5
West South Central	9.8	10.9	East North Central	779	322	41.3
East North Central	8.6	17.8	West South Central	133	123	92.5
West North Central	2.3	8.0	Mountain	849	242	28.5
Mountain	5.5	6.5	Pacific	1,834	827	45.1
Pacific	33.4	13.8				

Within the broad geographic regions, the foreign-born workforce was concentrated in just a few States. Approxi-

The foreign-born labor force growth in the Pacific Region accounted for almost half the total labor force growth in the five-State region. In California, the foreign born accounted

Table 8. Percent distribution of employed foreign born and native born by occupation, annual averages, 1996–2000

Occupation	Foreign born		Native born	
	1996	2000	1996	2000
Total	100.0	100.0	100.0	100.0
Executive, administrative, and managerial	10.6	9.9	14.4	15.3
Professional specialty	12.7	13.5	14.4	15.9
Technicians and related support	2.6	2.9	3.2	3.3
Sales occupations	9.7	9.8	12.4	12.4
Administrative support, including clerical	9.8	8.9	15.0	14.5
Service occupations	19.5	18.9	12.9	12.7
Protective service .....	.8	.8	1.8	1.9
Private household	1.9	1.8	.5	.4
Service, except private household and protective	16.8	16.3	10.5	10.4
Precision production, craft, and repair	11.5	12.8	10.6	10.8
Operators, fabricators, and laborers	19.0	18.9	13.8	12.8
Farming, forestry, and fishing	4.7	4.4	2.6	2.2

for 46 percent of the State’s labor force growth over the period. In the South Atlantic region, the foreign-born labor-force growth accounted for 52 percent of the region’s total labor force growth; foreign born constituted about 78 percent of Florida’s total growth.

Occupational trends. The occupational distribution of the foreign born changed over the 1996–2000 period. (See table 8.) The proportion of foreign-born workers who worked in executive, administrative, and managerial occupations declined, while it rose in professional specialty, and precision, production, craft, and repair occupations. Among the native born, the proportion both in executive, administrative, and managerial occupations and professional specialty occupations rose, while it declined in most of the lower-paying occupations.

The foreign born constituted a large share of the 1996–2000 employment increases in several major occupation groups. (See table 9.) They accounted for half or more of the increase in administrative support; services; precision, production, craft and repair; and operators, fabricators, and laborers. In some occupations, employment declined among natives, while gaining among the foreign born. For example, the number of native-born workers employed in farming, forestry and fishing occupations fell by 295,000 between 1996 and 2000 just as the number of foreign-born workers in these occupations rose by 117,000. Within service occupations, all of the net employment increase among private household workers was attributable to the foreign born.

Earnings trends. Over the 1996 to 2000 period, the usual median weekly earnings of both foreign-born and native-born wage and salary workers who worked full time increased overall. In constant dollars, the median for the foreign born grew by 5.7 percent, while that for the native born increased by about 7 percent. The earnings of foreign-born men grew somewhat faster than that of their native-born counterparts, while among women, the reverse was true. (See table 6.)

Earnings of both groups increased for all age categories, with the exception of foreign-born men, 55- to 64-years-old. The earnings increases among the foreign born were larger among 25- to 34-year-olds and 35- to 44-year-olds, than for those in other age groups; while among the native born, the increase in the earnings was

most pronounced among 16- to 24-year-olds, followed by 25- to 34-year-olds. The median weekly earnings increased both among the foreign born and the native born at nearly all education levels between 1996 and 2000. College graduates experienced the largest inflation-adjusted earnings increase, gaining 7.3 percent and 8.0 percent, respectively, for the native born and the foreign born.

Except for Asians, earnings of the native born grew slightly more between 1996 and 2000 than did the earnings of the foreign born. Among Asians, however, the usual median weekly earnings of those who were foreign-born grew by nearly 14 percent, more than twice the gain for their native-born counterparts. The fact that the percent of foreign-born Asians with college degrees jumped by 4.4 percentage points compared with an increase of only 1.3 percentage points for their native-born counterparts partly explains the higher earnings increase among foreign-born Asians between 1996 and 2000.

Current labor force status of the foreign born

The economic downturn that began in March 2001 had unexpectedly different effects on the foreign born than on the native born. For instance, the labor force participation rate of the foreign born increased by 0.4 percentage point to 67.1 percent between 2000 and 2001, while that for the native born declined by 0.3 percentage point to 66.9 percent. The increase in labor force participation among the foreign born stems from the fact that foreign-born women’s participation rate increased by 0.5 percentage point, while the rate for their male counter-

parts was about unchanged. In contrast, among the native born the participation rates of both men and women declined—by 0.4 and 0.2 percentage point, respectively. About three-fourths of the overall labor force increase between 2000 and 2001 occurred among the foreign born.

Looking at employment, the number of employed foreign born increased by 491,000 over the year, while the number of employed native born declined by 897,000. Almost all of the increase among the foreign born occurred in services; executive, administrative, and managerial; and in professional specialty occupations, while employment losses among the native born were primarily concentrated in lower-paying occupations including operators, fabricators, and laborers; sales; administrative support; and farming, forestry, and fishing occupations. The employment population ratios of both groups declined over the year. The decrease was greater among the native born (–0.8 percent) than among the foreign born (–0.4 percent).

The behavior of the unemployment rate for both the foreign born and the native born, however, was consistent with the contracting economy. The jobless rate for both groups increased over the year. Between 2000 and 2001, the unemployment rate of the foreign born increased by 1.1 percentage points to 5.3 percent, while the rate for the native born increased by 0.7 percentage point to 4.7 percent.

THE ETHNIC AND RACIAL COMPOSITION of the U.S. population is more diverse now than at any time since the Nation's founding. In 2000, the foreign born constituted about 13 percent of the population, whereas 40 years earlier, the proportion was about half that. The foreign-born population in the United States today has come from a multitude of countries and cultures around the world. The largest group is of Hispanic origin, constituting nearly half of the immigrant population.

The diverse background of the foreign born makes it difficult to generalize about its role in the U.S. workforce. Today's

foreign born not only bring racial and ethnic diversity, but also a wide-ranging array of age, skills, and education. Levels of education are very low among some groups. In 2000, about 55 percent of the foreign-born Hispanic population 25 years and older had not completed high school, while 9.5 percent had college degrees. In contrast, only 15.4 percent of foreign-born Asians had not completed high school, while 46.5 percent were college graduates.

The labor force participation rates for foreign-born men were higher than for their native-born counterparts, while for

Table 9. Foreign born as a percent of employment change by occupation, and sex, annual averages, 1996–2000

[Numbers in thousands]

Occupation	Employment change		Change in foreign born as percent of change in total
	Total	Foreign born	
Total	8,390	3,531	42.1
Executive, administrative, and managerial	2,014	251	12.5
Professional specialty	2,351	589	25.1
Technicians and related support	460	146	31.7
Sales occupations	923	350	37.9
Administrative support, including clerical	355	203	57.2
Service occupations	1,091	592	54.3
Protective service	213	29	13.6
Private household	–16	60	–
Service, except private household and protective	894	503	56.3
Precision production, craft, and repair	1,267	618	48.8
Operators, fabricators, and laborers	105	664	632.4
Farming, forestry, and fishing	–178	117	–
Men	4,032	2,079	51.6
Executive, administrative, and managerial	822	118	14.4
Professional specialty	959	328	34.2
Technicians and related support	254	90	35.4
Sales occupations	454	175	38.5
Administrative support, including clerical	88	65	73.9
Service occupations	281	142	50.5
Protective service	135	23	17.0
Private household	–4	1	–
Service, except private household and protective	149	118	79.2
Precision production, craft, and repair	1,142	565	49.5
Operators, fabricators, and laborers	227	502	221.1
Farming, forestry, and fishing	–196	95	–
Women	4,361	1,452	33.3
Executive, administrative, and managerial	1191	133	11.2
Professional specialty	1,392	261	18.8
Technicians and related support	206	56	27.2
Sales occupations	471	175	37.2
Administrative support, including clerical	267	138	51.7
Service occupations	812	450	55.4
Protective service	78	6	7.7
Private household	–12	58	–
Service, except private household and protective	746	385	51.6
Precision production, craft, and repair	126	54	42.9
Operators, fabricators, and laborers	–122	163	–
Farming, forestry, and fishing	18	22	122.2

NOTE: Dash indicates negative value.

the women, the opposite was true. Unemployment rates for the foreign born are not much different from those for the native born. Also, while the employed foreign born tend to be more concentrated in lower-skilled, lower-paying occupations than the native born, about the same proportions of each group can be found working in professional specialty and precision production, craft and repair occupations, both of which are typically higher-paying job categories.

With regard to weekly earnings, the foreign born generally earn less than their native-born counterparts, except among

college graduates. The earnings of foreign-born college graduates are very similar to that of their native-born counterparts.

Between 1996 and 2000, when employment in the United States was expanding rapidly and unemployment was falling, the foreign born constituted a disproportionate share of the increase in the labor force—nearly half. Indeed, among some age groups, occupations, and geographic regions, the share of the expansion contributed by the foreign born was extremely large. As a result, the foreign born have come to play an increasingly important role in the U.S. economy. □

Notes

¹ The foreign-born population, although primarily comprised of legally admitted immigrants, includes refugees, temporary residents such as students and temporary workers, and undocumented immigrants. “Natives” are persons born in the United States, Puerto Rico, or an outlying area of the United States such as Guam or the U.S. Virgin Islands, and persons who were born in a foreign country but who had at least one parent who was a U.S. citizen. All others are “foreign born.”

² In response to the increased demand for statistical information about the foreign born, questions on nativity, citizenship, year of entry, and parental nativity were added to the Current Population Survey (CPS) beginning in January 1994. Prior to 1994, the decennial census, two CPS Supplements (in April 1983 and November 1989) and, to some extent, the Immigration and Naturalization Service (INS) that collects information about legally admitted immigrants and nonimmigrants, were the primary data sources on the foreign born. See A. Dianne Schmidley and J. Gregory Robinson, “How well does the Current Population Survey measure the foreign-born population in the United States?” Technical working paper No. 22, (U.S. Bureau of the Census, April 1998), p. 1.

³ Because data for 1994 and 1995 are not strictly comparable with data for 1996 and subsequent years, for this study, only data collected since 1996 are used. See Schmidley and Robinson, “How well does ...?”

⁴ People of Hispanic origin may be of any race including white, black, Asian and some other race. For most BLS programs, the practice is not to exclude persons of Hispanic origin from the white and black population groups.

⁵ See Ryan T. Helwig, Randy E. Ilg, and Sandra L. Mason, “Expansion of the Current Population Survey Sample Effective July 2001,” *Employment and Earnings* (Bureau of Labor Statistics, August 2001). Data prior to 1996 are from Public-Use Microdata Samples (PUMS) of the Census Bureau.

⁶ For a more detailed discussion on the brief history of immigration and migration, see Howard Hayghe, Abraham Mosisa, and Terence McMenamin, “Counting Minorities: A Brief History and a Look at the Future,” *Report on the American Workforce* (U.S. Department of Labor, 2001), chapter 1.

⁷ See Timothy J. Hatton, and Jeffrey G. Williamson, “The Age of Mass Migration,” (Oxford University Press, New York, 1998), pp. 7–17.

⁸ In 1879, the first immigration restriction law aimed at a particular nationality was passed by the U.S. Congress. The Fifteen Passenger Bill limited the number of Chinese passengers on any ship entering the United States to fifteen. But, because it would have violated the 1868 Burlingame-Seward treaty between the United States and China, which recognized the rights of their respective citizens to emigrate, it was vetoed. In 1880, however, a new agreement was signed between America and China called the Angell Treaty that allowed the United States to limit Chinese immigration. Two years later, the Chinese Exclusion Act was signed, barring Chinese laborers from immigrating to the United States for ten years. It was renewed in 1892, again in 1902, and, in 1904, was renewed for an indefinite length of time. The passage of this act paved the way for further restrictive legislation affecting not only Asians, but Europeans as well.

⁹ Anti-Catholic sentiments began to emerge, followed by major movements endorsing the limitation of immigration among certain groups. A fact-finding commission was established and it published a report in 1911, lamenting the

gradual shift in the sources of immigration away from northwestern and toward southern and eastern Europe, perceiving it as a decline in immigrant quality, for example, lack of financial resources, good health, or sponsorship by relatives already in the country.

¹⁰ Usual weekly earnings data represent earnings before taxes and other deductions, and include any overtime pay, commissions, or tips usually received (at the main job in the case of multiple jobholders). Earnings reported on a basis other than weekly (for example, annual, monthly, hourly) are converted to weekly. Data refer to wage and salary workers (excluding self-employed persons who respond that their businesses were incorporated) who usually work full time on their sole or primary job. The comparison of earnings of the foreign born and native born is difficult, given that median weekly earnings data here exclude self-employed workers. Several researchers of immigration observe that a larger proportion of the foreign born are self-employed compared with the native born. Thus, caution should be exercised in interpreting the outcomes due to excluding self-employed workers from median weekly earnings.

¹¹ This section compares median weekly earnings for persons with different levels of education. No attempts were made to correct other differences between different educational records such as quality of education, type of degrees earned, and other unobservable differences. Thus, caution should be exercised in interpreting outcomes as being entirely due to differences in education.

¹² The share of the foreign born in the labor force change may be even higher. For example, estimates for the CPS show 28.8 million foreign born in 2000, while data from the Census 2000 supplementary survey universe show 30.5 million. Moreover, based on Demographic Analysis (DA) by the U.S. Bureau of the Census, the Census Level Undercoverage rate for the foreign-born population ranges from 3.3 percent to 6.7 percent in 2000. The undercoverage rate differed by migrant status: 35 percent for temporary migrants, 12.5 percent for unauthorized migrants, and 2 percent for legal migrants. See Gregory J. Robinson, *ESCAP II: Demographic Analysis Results*, P.A.–12, Report No. 1 (U.S. Bureau of the Census, October 13, 2001).

¹³ The following is a listing of states for each region: New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont); Middle Atlantic (New Jersey, New York, Pennsylvania); South Atlantic (Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia); East South Central (Alabama, Kentucky, Mississippi, Tennessee); West South Central (Arkansas, Louisiana, Oklahoma, Texas); East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin); West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota); Mountain (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming); Pacific (Alaska, California, Hawaii, Oregon, Washington).

¹⁴ A long literature exists in the disciplines of economics, sociology, and urban planning that speaks to the issue of “ethnic enclaves.” Some scholars believe such groupings to be detrimental to the newcomers, whom it can effectively prevent from assimilating into the larger society; while others believe the enclave can provide opportunities to newcomers that might not otherwise accrue to them in their new home.