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INTEGRATING IMMIGRANTS INTO THE WORKFORCE: NORTH AMERICAN AND EUROPEAN EXPERIENCES

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Table of Contents

- I. **Executive Summary- EU/US (DG Employment and Social Affairs and Department of Labor) Labor Market Integration Seminar,**
Demetrios G. Papademetriou

- II. **The Economic Integration of Immigrants in the United States: A Review of the Literature,**
Elżbieta M. Goździak and Susan F. Martin

- III. **Immigrant Labor Market Assimilation In The United States: A Critique of Censuses Data and Longitudinal Outcomes,**
B. Lindsay Lowell

- IV. **Migration, Labor Markets and Integration of Migrants: An Overview for Europe with a Comparison to the U.S.,**
Rainer Münz

- V. **Labour Market Integration of Immigrants in Canada: Existing Services and New Initiatives,**
Elizabeth Ruddick

- VI. **About the Authors**

E.U. Employment and Social Affairs Directorate-General and U.S. Department of Labor Labor Market Integration Seminar

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Executive Summary of Seminar Discussions

On June 28th and 29th of 2004, the Employment and Social Affairs Directorate-General (DG EMPL) of the European Commission and the United States Department of Labor (DOL) convened a joint seminar to discuss labor-market-related migration issues. Papers provided an overview of the labor market activity of immigrants in the EU and the US, as well as in Canada. The discussion expanded on these themes and also turned to policy measures affecting the economic contributions of immigrants. The seminar also considered immigrant integration practices and strategies with the goal of identifying major challenges and good and interesting practices across the relevant countries. Participants included: officials from DG EMPL, officials from DOL and various other US agencies, representatives from the Organization for Economic Cooperation and Development and the Canadian Government, the European Employment Committee Chairman, and EU representatives from the Irish and Dutch EU Presidencies.

The papers presented at the conference sparked a lively discussion of the strengths and weaknesses of data and knowledge regarding migration and the labor market. From discussion of the papers there naturally emerged a rich discussion of the commonalities and differences in what is known—and not known—about immigrants in the labor markets of North America and Europe. Finally, the conversation turned to issues of policy, where European and North American countries face strikingly similar challenges.

Knowledge About Migration: The Potential for Data to be Misleading

Aggregate figures give the impression of greater differences between the immigrant populations of the United States and European Union than may actually be the case, due to differences in how data are traditionally compiled and reported. The United States reports that slightly less than 12 percent of US residents are foreign born. This figure includes many long-term temporary residents as well as a large proportion (it is estimated at three-quarters or more) of the unauthorized immigrant population. If these numbers are subtracted from the US total number of foreign-born persons, the United States is a middle-level immigrant destination among advanced industrial societies, with a per capita foreign-born population much lower than those of Canada or Australia, lower than several EU Member States, and comparable to most other ones. Of particular note in this regard were the extremely valuable estimates by Rainer Münz, who put the EU's *foreign-born* population at about 9 percent. This figure, in contrast to the analytical conclusion that many "official" sources of data about immigrants in Europe generate (because of measurement peculiarities), does not include second-generation migrants born in the EU who do not hold citizenship in an EU member state.

Once each EU country's data collection idiosyncrasies are evened out, and estimates of illegal immigrants and temporary workers are aligned, key similarities and differences between the nations are revealed. Both the EU and the US have admitted about one million immigrants a year in recent years. (These are gross admissions.) At the same time, several hundred thousand illegal immigrants also enter and/or remain in each space every year. "Both political systems" have gates of entry that are sensitive to protection and humanitarian issues, as well as to family reunification. In both systems, in fact, family reunification migration is the largest migration "stream." While the EU admits labor market and economic stream migrants more tentatively than either the US or Canada, the opening for migrants is nevertheless getting larger in the immigration systems of both North America and Europe. Interest in high-skill (but also low-skill!) labor migration in the United Kingdom and elsewhere in the EU, and for low-skill labor in Italy, Greece, Spain, and for that matter, Norway and other European countries, are examples of such openings in Europe. In both geographic areas, immigrants are overrepresented relative to natives at both the high- and low-end of the skills and education spectrum.

Employment of Immigrants: Common Knowledge Gaps, Differences in Experience

Immigration contributes about twice as large a proportion of the US's workforce growth as it does in the EU, but immigration still accounts for between a fifth and a third of the employment growth of the EU. Official labor force data probably understate the true level of US unemployment, since they do not count "discouraged workers" among the unemployed. In addition, persons employed in the underground economy are omitted from official counts of the employed, with foreign-born workers disproportionately represented in this invisible workforce. On balance, the United

States official labor force data probably understate the size of the *foreign-born* labor force and overstate the rate of foreign-born unemployment.

In the EU, it is natives rather than foreign workers who are disproportionately represented in the uncounted underground economy. As a result, the official EU labor force data probably understate the size of the *native* labor force and overstate the rate of native unemployment.

Even so, far less information than needed is available on topics such as wage effects, displacement, and effects of unemployment that can be attributed to immigration in both the US and the EU. There is also a need to do further research to identify who the immigrants are and how to improve national immigration systems – issues which are barely in the embryonic stage in the EU. Finally, there is also disagreement both on what knowledge is available and on what topics are most important to address. This paucity in knowledge makes it crucial that states consider both the context and accuracy of aggregate data, especially when seeking to formulate policy responses to changing demographic realities.

A parallel set of issues is also demanding attention. On either side of the Atlantic, there is a clear need to broaden the methodological approaches used to produce knowledge about immigrants in the labor market. In terms of the methodologies used to collect and analyze large immigration data sets, the most frequently used techniques – such as cross sectional, longitudinal, and synthetic cohort analyses – are useful, but limited. Too often they produce rather “sterile” outcomes that provide little insight into the processes that matter most to policy. By stretching our analytical imagination to use additional techniques, such as iterative case studies, theoretical case studies, ethnographic research, and, of particular relevance to labor market research, sectoral/industry research and surveys, we can create truly useful and dynamic composites of immigrant populations and their behavior.

The Elements of Successful Immigrant Integration

A number of factors contribute to the success of immigrant incorporation. These include the following:

- a. **Education.** The returns to education, skills, and experience vary by type and place in which they were obtained. More information about skills and education transferability could help governments develop policies that help immigrants use their human capital to the fullest.
- b. **Language Skills.** While the need for skills in the native language of the host country varies by one’s placement in the labor market, a location’s immigrant density, the presence of an enclave economy, and the host country’s interest in the economic integration and advancement of immigrants, there is no doubt that language skills are key predictors of long-term labor market and socio-economic incorporation.
- c. **Host Country Reference Point.** The identification of *what* labor market and social integration are expected to achieve is important for program design and evaluation.

- d. **National Circumstances.** The political, economic, and social milieu in each country can affect the direction and depth of integration.
- e. **Age at Arrival.** The age of the immigrant and length of time in the new culture typically affect both the speed and depth of integration.
- f. **Household Composition.** The number of household wage earners affects the integration process in very significant ways.
- g. **The Entry Class and Legal Status of the Immigrant.** The way an immigrant is admitted—selected, really, either by design or *de facto* policy—is an element that affects immigrant integration in important, if complicated, ways. Legal status—legal or unauthorized, temporary or permanent—has a more obvious and direct, if poorly examined, effect on integration.
- h. **Immigration and Citizenship Policies.** The ability for the immigrant to obtain citizenship can affect the integration process deeply. The paper by Rainer Münz shows that in the EU, as has been long recognized in the US, naturalized citizens have greater levels of economic success and score higher on other commonly used integration measures than do other immigrants. However, Münz also points out that this result does not hold true for all national origin groups (immigrants from rich countries are one major exception). Therefore, the observation must be accompanied by the caveat that citizenship status also serves as a proxy for factors such as language, education, economic status, and length of time in the country.
- i. **Country of Origin and Networks.** While cultural and political circumstances associated with the country of origin can affect both the immigrant’s departure and the networks they build in the host country, researchers must be careful to avoid the fallacy of attributing the characteristics of the aggregate to the individual – and vice versa.

The Challenge of Designing and Implementing Effective Immigration and Integration Policy

Several participants called for more attention to the structure of policy-making on migration-related issues, calling especially for greater “horizontal” coordination on policy matters. Immigration and integration are influenced by a host of policy-making bodies, cutting across all levels of government and several policy portfolios. Policymakers must also consider the levels of government (local, regional, national, and international) where policy can be most effective, in addition to making policy decisions that bring migration discussions into the policy making and governance mainstream. (The importance of local government is deeply under-recognized on both sides of the Atlantic.) Finally, the feedback loop between research and policy formation must be understood better and made ever more efficient if institutional divisions are to be bridged and policies are to be informed more systematically by sound data and research.

Beyond these “structural” issues of policy formation, there are also several additional specific elements that are critical to making better immigration and immigration-integration policy.

- Governments must use selection mechanisms that consciously balance the three main streams of immigrant admissions – those intended to accomplish economic goals, allow family reunification, and meet humanitarian obligations and needs— while building robust coalitions in support of immigration and immigrant integration.
- Policymakers must make strategic investments of both financial and political capital in all aspects of migration policy, whether with regard to admissions, integration, program delivery image, or data collection and analysis. Such investment can make the difference between migrants being (or being perceived as being) net users of public goods or they're being (and being recognized as) net contributors to the commonwealth. In particular, investments in the recognition of skills and qualifications, and in fighting discrimination, can help maximize the benefits from the human capital immigrants possess.
- The importance of local government and private sector partners in forming and executing good immigrant integration (and even immigration) policy cannot be emphasized enough. The local level is where integration happens, and the degree to which major public and private institutions, the NGO sector, and stakeholders of all types “buy into” immigrant integration is a critical factor in societies succeeding *with* immigration. Thus, the government has an important role to play in building coalitions, spreading better knowledge and information, and in otherwise facilitating efforts that extend beyond its exclusive reach.
- One of the less tangible factors that affect the integration and economic success of immigrants is that of political climate. The importance of the government's “body language” toward immigration and immigrants has not been sufficiently explored in this seminar or more generally in the research literature. Overall social and political attitudes toward immigrants help determine to what extent immigrants seek out services and opportunities. Furthermore, setting social as well as legal standards for the appropriate treatment of immigrants by employers help shape whether native workers view immigrants as competitors or allies, and create the backdrop for good and mature social interactions. In part, policy shapes this societal “body language”: many of the factors cited as having an as yet often unquantifiable effect on integration, such as access to citizenship or thoughtful admission policies and regulation, are implicated in this, as are the existence and enforcement of anti-discrimination legislation and access to social support systems. Beyond concrete policies, the effect of how politicians and opinion-shapers speak of immigrants and integration must also be better recognized as a crucial piece of the overall immigration/integration puzzle in all of our societies.

The Economic Integration of Immigrants In the United States: A Review of the Literature

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Executive Summary

Immigration is at once the history and the destiny of the United States. Every new immigration wave revives the perennial questions: How well do immigrants fare once in the United States? Do they attain economic self-sufficiency? How do the “new” immigrants fare in comparison with the “old”? How are immigrants doing over time? There are few simple answers to these questions, even when there is agreement on what constitutes success, because available data are often incomplete; and because measures of success continue to expand beyond yesterday’s concern with simple wage parity to the achievement of higher education and homeownership, as well as to movement out of poverty and welfare. So too the magnitude and composition of immigration has been continually changing over time, as has the community context in which integration plays itself out.

Over the decades, different theories, concepts, and terms have been used to explain the American immigrant experience, including: (1) *assimilation theory*, (2) *ethnic-disadvantage* perspective and the (3) *segmented assimilation* model. Regardless of the theoretical starting point; however, limitations to the full understanding of immigrant integration in the United States stem from the type of data used to examine immigrant integration outcomes. With few exceptions, most quantitative research on immigrant integration in the United States has been based on the U.S. Census data. The Census data, however, are by no means longitudinal in nature. Researchers have been discussing the need for longitudinal data to study immigrant integration for a long time. For example, Appleyard brought up the topic of longitudinal research on immigrant integration as early as 1964, and later in 1972. Research conducted using a longitudinal *and* multivariate approach will provide very useful insights into the integration process

in order to inform both immigration and integration policies. A panel of experts concludes that “To learn whether immigrants indeed integrate economically, ‘we must follow individual immigrants or groups of immigrants over their careers and compare their outcomes with those of comparable native-born workers as their careers progress.’”

While foreign-born men earned as much as natives in the 1970 Census, a wage gap opened up during the 1970s and has persisted. “Currently, immigrant men’s hourly wages are about 20 percent lower than natives’, while immigrant women’s wages are about 10 percent lower.” This finding is not surprising given the differences in levels of education between the foreign- and the native-born and considering the importance of education in the U.S. wage structure. There is a considerable body of literature on the question whether the earning gap between immigrants and natives narrows with time. Limited evidence from true longitudinal data indicate that immigrant earnings increase with time in the U.S., though the gains (about 10-15 percent during the first 20 years in the country) are not enough to offset the 35-40 percent immigrant-native earning gap at arrival. Cross-sectional data also suggest that wage convergence over time varies greatly among different groups of immigrants. For example, Mexican immigrants, “who have very high initial wage gaps with native-born workers, experience no wage convergence with natives during their time in the United States. In contrast, immigrant groups from Europe and Asia experienced significant wage convergence with native workers.”

Patterns of labor force participation and employment can be explained by a variety of factors, including the demographics of the immigrant population (including gender and age); background characteristics; household size and composition; public assistance policies and practices; the general economy; and especially their length of time in the United States. There is evidence that immigrants who migrated as children and/or were educated in the United States have labor force experiences that resemble those of natives. The same is not necessarily true about immigrants who migrated as adults. Comparing the migration experiences, including economic integration, of women and men, researchers have found that as difficult as the immigration experience was, it was often far more positive for women than for men. Immigration to the U.S. allowed women to break with traditional roles and patterns of dependence and assert a newfound freedom. Research indicates that the education and language differences between immigrants and natives, rather than discrimination, tend to explain the differential in wages between the foreign- and native-born. In other words, once adjustments are made for the characteristics immigrants bring with them, there is little difference in economic performance.

English language proficiency plays a key role in labor market success; however, immigrants from Spanish-speaking countries report lower levels of English proficiency on arrival than immigrants from other non-English language countries. Despite the importance of housing, some U.S. populations find it more difficult than others to obtain good housing, have lower homeownership rates, and live in poorer and more crowded housing. The growing research on homeownership among Hispanics suggests that housing conditions of Mexican, Puerto Rican, and Cuban-origin groups in the U.S. are inferior to those for comparable Anglos. A study conducted by Meyers and Lee is longitudinal and takes into consideration the effects of income, education, English

proficiency, and marital status on the likelihood of an immigrant purchasing a home. Their findings indicate that marital status is the strongest determinant of homeownership; married men had odds of homeownership that were 2.8 to 3.9 times greater than the odds of never-married men. Household income had a predictably large effect on homeownership attainment, as did educational attainment. These results are similar to research using cross sectional data.

Today's new immigrants continue to experience economic integration into the U.S. labor market. Unlike the other major immigration countries (Canada and Australia), the United States has no explicit immigrant integration policies or programs supported by government, with the exception of a limited number of programs for refugees. Almost all immigrants to the United States are sponsored by family members or employers who take a principal role in ensuring their adaptation to the new country. Their work is facilitated by a flexible labour market that makes it relatively easy for immigrants to find employment. However, immigrants with low levels of education continue to fall into the category of the 'working poor,' with earnings that fail to bring them to parity with most natives. Access to educational opportunities is hence key to long-term economic integration.

The Economic Integration of Immigrants In the United States: A Review of the Literature

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Immigration is at once the history and the destiny of the United States. As a consequence, immigration scholarship and immigration policy are part and parcel of the academic and public debate. Every new immigration wave revives the perennial questions: How well do immigrants fare once in the United States? Do they attain economic self-sufficiency? How do the “new” immigrants fare in comparison with the “old”? How are immigrants doing over time? There are few simple answers to these questions, even when there is agreement on what constitutes success, because available data are often incomplete; and because measures of success continue to expand beyond yesterday’s concern with simple wage parity to the achievement of higher education and homeownership, as well as to movement out of poverty and welfare. So too the magnitude and composition of immigration has been continually changing over time, as has the community context in which integration plays itself out.

The latter 1960s marked the start of a “fourth” wave of immigration to the United States that has grown ever since and that reached historic proportions in the 1990s. Approximately one million people per year were part of that decade’s migration flow: nearly two-and-a-half times the number two decades earlier. In 2002, 12.5 percent of the U.S. population or 32.5 million persons were foreign-born (Schmidley 2003). Today the majority of the foreign born (52.5 percent) is from Latin America. The majority of the Latin American foreign-born comes from Central America and Mexico. In fact, Central Americans and Mexicans account for more than two-thirds of the foreign-born from Latin America. The remaining foreign-born populations are from Asia (25.5 percent), Europe (14.0 percent), and various other regions (8.3 percent). Mexico is the largest migrant source country (30 percent of all immigrants), followed by the Philippines (4 percent), India (3 percent), Vietnam (3 percent), Korea (3 percent), El Salvador (3 percent), and Germany (2 percent).

Legal permanent immigration was the most significant component for the migration flow and averaged 966,536 immigrants annually (Papademetriou and Ray 2004). Never a large part of the overall flow of migrants to the United States, refugees and asylum seekers nevertheless constitute another component of the permanent migration flow to this country. The number of refugees and persons granted asylum has been declining in the past decade from a high of 109,593 in 1994 declining to 68,925 in 2001 and continuing to decline in the aftermath of 9/11. The 1990s also saw an increase of illegal migrants in the U.S. Estimates for 2000 range from 6.9 million (INS 2003) to

8.5 million (Fix and Passel 2001) undocumented migrants living in the United States, and it is estimated that up to 5 million of these people came during the 1990s.¹

In a break from prior decades, many immigrants journeyed to new destinations. Immigrants still remain highly concentrated: 70 percent of immigrants in 2000 lived in just six states: California, Florida, Illinois, New Jersey, New York, and Texas. Over one-fourth of all immigrants lived in California alone. Yet the growth rate of immigrants in these six states has slowed considerably, from 60 percent in 1970s to only 28 percent in the 1990s. While many immigrants still settled in traditional gateway cities—such as New York, Los Angeles, and Chicago-- significant numbers of immigrants moved to localities that have seen few foreign-born since the late 19th century. These “new settlement” destinations form a belt stretching from the southeast in Georgia and North Carolina, then across the Great Plains to Nevada in the west, and Minnesota in the north. As noted by William Frey, a leading demographer of the geography of immigration, “some minorities are migrating to parts of the country where most residents have never heard Spanish or Chinese being spoken” (Frey 1998). And in another break from tradition, immigrants are moving to suburbs, smaller metropolitan areas, and rural towns.

Integration is an extraordinarily complex process that is conditioned by such changes—compare today’s concerns about growing populations of immigrants in small, rural communities with yesterday’s focus on immigrants concentrated in inner-city enclaves—and it is shaped by factors including immigrants’ human and social capital; and the characteristics of sending and receiving communities. Answers to the questions about immigrants’ success are further complicated because they often depend on the theoretical framework used to study immigrant integration and “the various kinds of factors [those theories] postulate as influencing economic and socio-cultural mobility” (Bean and Stevens 2003: 96).

The New Immigrants and Integration Theories

Over the decades, different theories, concepts, and terms have been used to explain the American immigrant experience, including:

(1) *assimilation theory*, represented in the early work of Robert Park (1926), William Thomas and Florian Znaniecki (1927), Oscar Handlin (1951), Irving Child (1943), Milton Gordon (1964), and more contemporary writings of Herbert Gans (1979, 1988) and Richard Alba and Victor Nee (1997, 2003);

(2) *ethnic-disadvantage* perspective, found in the texts of Andrew Greeley (1971), Gerald Suttles (1968), Nathan Glazier and Daniel Moynihan (1963), Alejandro Portes and Robert Bach (1985), Alejandro Portes and Min Zhou (1993), and Alejandro Portes and Rubén Rumbaut (2001); and the

(3) *segmented assimilation* model promoted by Portes, Rumbaut, and Zhou (Portes and Zhou 1993; Portes and Rumbaut 2001; Zhou 1999), to name a few.

¹ We do not explicitly include temporary or “non-immigrant” admissions in our discussion, but they are part of the flow as a significant percentage of new permanent immigrants have prior experience as legal temporary workers or students (and even as unauthorized persons; see Massey and Malone, 2002).

A comprehensive analysis of the different integration theories is beyond the scope of this paper. It is, however, important to stress that recent literature on the immigrant experience in America calls for revision of our ideas about immigrant integration if they are to fit the experiences of many of the new immigrant groups (Bean and Stevens 2003).

The early narratives of immigrant assimilation were based on three assumptions: that a “clean break” from the country of origin was needed before the process of Americanization could begin; that immigrants would eventually join the mainstream dominated by a homogeneous middle-class society of European ancestry; and that this transition was inherently good for the immigrants. The basic theme in the assimilation and acculturation theories often appeared to be that immigration sets in motion a process of change that is “directional, indeed unilinear, nonreversible, and continuous” (Suarez-Orozco 2000: 1). In addition, the earlier theories tended to assume that socio-cultural assimilation preceded or occurred simultaneously with economic assimilation, and in some circumstances acted as a prerequisite for economic integration (Gordon 1964).

Recent research implies that socio-cultural assimilation is becoming less likely to represent a prerequisite for economic assimilation. Indeed, research suggests that increased English language acquisition and familiarity with the culture and customs of the host society do not necessarily lead to increased structural assimilation. Discrimination and structural and institutional barriers to equal access to employment opportunities constitute obstacles to complete assimilation (Bean and Stevens 2003).

Furthermore, economic assimilation may sometimes affect socio-cultural assimilation, indicating the dynamic interplay between the two (Alba and Nee 2003; Gans 1999a, 1999b).

In the case of the new immigrants, the question of racial and ethnic identity—one of the key measures of socio-cultural integration—often seems to be shaped by immigrants’ experiences with economic integration rather than the other way around (Bean and Stevens 2003). Some immigrants seem to “rediscover” their ethnicity after they achieve economic success, while others maintain a strong ethnic identity as a strategy for maximizing economic incorporation (Zhou and Bankston 1998; Waters 1999).

The inadequacy of the assimilation or ethnic-disadvantage perspective is exemplified by the growing importance of the Mexican-origin population in the United States and points out the different types of data used to analyze economic integration of immigrant groups. Despite the diversity of the Mexican-origin groups, their experiences are often viewed as if they resembled those of either European immigrants (the assimilation perspective) or African Americans (the ethnic-disadvantage perspective). Consequently, scholars representing these two frameworks organize their data differently to explain the economic integration of Mexicans in the United States.

As Bean and Stevens (2003) point out, researchers looking at the economic integration of Mexican-origin populations through the ethnic-disadvantage lens use data on income and jobs for the entire national-origin group, irrespective of nativity status. On the other hand, analysts who “treat Mexican-origin persons as members of an immigrant group tend to distinguish the foreign-born from the native-born on the grounds that the

experience of Mexican-origin persons varies so much by nativity that data on this group must be disaggregated” (Bean and Stevens 2003: 102). Instead of arguing that discrimination shapes immigrants’ experiences in the labor market, they posit that immigrant wages and employment are affected by English-language proficiency, human capital variables, and work experience in the U.S.

The proponents of the segmented assimilation perspective argue that some national-origin groups are more vulnerable than others to the kind of outcomes experienced by disadvantaged blacks. In order to assess economic progress among immigrant groups, there is a need to desegregate racial and ethnic groups by nativity. In addition, comprehensive understanding of immigrant integration needs to account for the fact that while certain immigrant groups may be making progress toward economic integration, they may at the same time be moving in the opposite direction in regard to certain socio-cultural factors.

Data Limitations and Integration Research

Limitations to the full understanding of immigrant integration in the United States stem from the type of data used to examine immigrant integration outcomes. We have already alluded to the difficulty in presenting an adequate portrait of immigrant integration when studies combine data on foreign-born and native-born populations. Bean and Stevens assert that this strategy is “likely to yield misleading assessments of the economic achievements of many members of immigrant groups, especially Mexican-origin persons” (Bean and Stevens 2003: 103; see also Bean, Berg, and Van Hook 1996; Trejo 1996, 1997).

Researchers have been discussing the need for longitudinal data to study immigrant integration for a long time. For example, Appleyard (1964 and 1972) brought up the topic of longitudinal research on immigrant integration as early as 1964, and later in 1972. Goldlust and Richmond (1974) concurred, but went further to argue for a multivariate approach that “recognizes that human behavior is the complex outcome of many different determinants” (Goldlust and Richmond 1974:194) and provides “a more realistic and sophisticated basis of explanation for any aspect of human behavior, and for immigrant adaptation particularly, than one which considers the effect of only one variable at a time, or which endeavors to reduce all aspects of the immigrant experience to a single dimension of ‘assimilation’” (Goldlust and Richmond 1974:195).

In other words, research conducted using a longitudinal *and* multivariate approach will provide very useful insights into the integration process in order to inform both immigration and integration policies. To learn whether immigrants indeed integrate economically, “we must follow individual immigrants or groups of immigrants over their careers and compare their outcomes with those of comparable native-born workers as their careers progress” (NRC 1997: 197).

With few exceptions, most quantitative research on immigrant integration in the United States has been based on the U.S. Census data. The Census data, however, are by no means longitudinal in nature. The U.S. Census Bureau does not collect longitudinal data on immigrants (i.e., does not follow the same group of immigrants over a period of

time and collect data on integration outcomes), rather it takes a snap shot of different immigrant groups at certain intervals and paints a statistical picture of immigrants arriving at different times and draws conclusions about how immigrants fare in the United States. Because the “limitations of existing data prevent any truly longitudinal analysis” (Alba and Nee 2003: 237), the debate on the rate of economic integration has been largely inconclusive.

Immigrant Economic Integration

Economic integration is not the only benchmark of success, but it is a core measure of equity and opportunity that characterizes immigrant success. Without jobs, immigrants place a burden on governments and on their own communities. Without equitable pay, immigrants foster undesirable sub-economies. Economic self-sufficiency—measured by labor force participation and employment rates, earnings and income levels, and use of public assistance—affects not only the newcomers, but also the impact of immigrants on the U.S. labor market and on mainstream programs, and ultimately the perception of the host society as to the costs and benefits of newcomers.

Most immigrants in the United States find jobs. In 2002, the foreign-born had only a slightly higher unemployment rate than the native population, 6.9 and 6.1 percent, respectively (Schmidley 2003). However, many immigrants have low earnings, making poverty an issue. According to U.S. Census, slightly more than 30 percent of foreign-born full-time, year-round workers earned less than \$20,000 in 2001. In contrast, only 17.4 percent of native workers earned less than \$20,000. The earnings of the foreign-born differed by nativity; 47.4 percent of those earning less than \$20,000 were from Central America, 14.9 percent from Europe, and 17.9 percent from Asia. In 2001, 16.1 percent of the foreign-born were living below poverty level, compared with 11.1 percent of natives. Foreign-born non-citizens were twice as likely to be poor (19.7 percent) as foreign-born naturalized citizens (9.9 percent) whose poverty rate was similar to that of the native population (11.1 percent).

Types of Employment

There is a broad array of available jobs in the United States, but which jobs immigrants secure depends heavily on their education and transferable skills. Immigrants, relative to natives, are overrepresented at both ends of the educational spectrum and as a result this concentration is reflected in the jobs they hold (NRC 1997; Card 2004).

Immigrants are disproportionately included in some very low-education, low skilled, and low-paying jobs and some very high-education, high-skilled, and high-paying occupations.

Compared with natives, immigrant men are found in some occupations requiring high levels of education (foreign-language college teachers and medical scientists) as well as in some occupations requiring little formal schooling (tailors, waiters’ and waitresses’ assistants, housekeepers, and butlers). The picture is very similar for immigrant women, who are disproportionately employed in some high-education occupations (foreign-language teachers and physicians), but they also make a large share of employment that requires very little formal schooling (tailors, gardeners, sorters of agricultural products, and domestic service).

Immigrants are also overwhelmingly concentrated in some industrial sectors. Latinos, for example, have historically been concentrated in agriculture, organized labor, the garment industry, domestic service, and ethnic enterprise. Gouvereis and Stull's (1995) analysis of the changes in the meatpacking industry has shown that the industry has consistently relied on immigrant workers: from Eastern Europeans, to Mexicans, and more recently on Central Americans, and that this shift accompanied a complete reorganization of the industry, including greater mechanization of the labor process, a decline in unionization, and lower wages for employees.

Research conducted by the Center for Labor Market Studies at Northeastern University revealed that an above average share of jobs held by immigrants who arrived in the U.S. in the 1990s were private sector, wage and salary positions, with new immigrants under-represented in government jobs and among self-employed (Suim et.al 2003). Similar findings apply to more recent immigrants. Ninety two percent of employed immigrants in 2003 held wage and salary jobs in the non-farm sector, with nearly seven out of eight new immigrants working in the private sector in wage and salary positions. Of course, not all of these jobs will appear on payrolls reported to the Bureau of Labor Statistics since a relatively high proportion of immigrant workers are employed as contract workers or work in the informal labor market, often paid in cash on a daily basis (Suim et al. 2003).

The occupational distribution of the foreign-born population differs by State. The foreign born in new settlement States are substantially more likely to work in primary industries and non-durable manufacturing than are immigrants in traditional destination States. Construction is also a greater employer for the foreign-born in new settlement States, many of which are high growth areas. In contrast, the foreign-born in new settlement States are much less likely to work in professional industries, especially as compared to immigrants in more traditional receiving areas (Bump et al. forthcoming).

Wages and Income

While foreign-born men earned as much as natives in the 1970 Census, a wage gap opened up during the 1970s and has persisted. 'Currently, immigrant men's hourly wages are about 20 percent lower than natives', while immigrant women's wages are about 10 percent lower' (Card 2004:17). This finding is not surprising given the differences in levels of education between the foreign- and the native-born and considering the importance of education in the U.S. wage structure.

There is a considerable body of literature (Chiswick 1978; Borjas 1985, 1995) on the question whether the earning gap between immigrants and natives narrows with time. Limited evidence from true longitudinal data (Lubotsky 2000) indicates that immigrant earnings increase with time in the U.S., though the gains (about 10-15 percent during the first 20 years in the country) are not enough to offset the 35-40 percent immigrant-native earning gap at arrival. Cross-sectional data also suggest that wage convergence over time varies greatly among different groups of immigrants. For example, Mexican immigrants, "who have very high initial wage gaps with native-born workers; experience no wage convergence with natives during their time in the United States. In contrast, immigrant groups from Europe and Asia experienced significant wage convergence with native workers" (NRC 1997: 202).

As David Card predicts, “while the precise magnitude of immigrant earning assimilation will probably be debated for many years (see Duleep and Regets 2002 for a recent analysis) it seems safe to conclude that the large fraction of immigrants who arrive in the U.S. as adults with very low levels of schooling will never earn as much as average natives” Card (2004: 18). However, after controlling for education, which explains about 11 percent of the gap in immigrants’ earnings for men and women, the gaps are under 10 percent, which is comparable with wages of blacks and native Hispanics (Card 2004: 20).

The income of foreign-born households also tends to be lower than that of native-born households (Schmidley 2001). There are variations by nationality, however. Households headed by a foreign born Asian have higher incomes than natives, whereas those headed by foreign born Central Americans and Mexicans have far lower incomes. The lower household income tends to translate into higher rates of poverty.

While some immigrants are clearly economically disadvantaged, for reasons to be discussed below, a more important question is how well the U.S.-born children of immigrants are doing. Card’s research shows that “the children of immigrants are doing well, on average, with most of their wage advantage relative to natives attributable to higher education. Despite the lower education of their parents, children born to immigrant parents seem to catch up and even surpass the levels of children born to U.S. natives” (Card 2004: 20).

Factors Influencing Economic Integration

Patterns of labor force participation and employment can be explained by a variety of factors, including the demographics of the immigrant population (including gender and age); background characteristics; household size and composition; public assistance policies and practices; the general economy; and especially their length of time in the United States.

Demographic Characteristics

Labor force participation varies by age. New immigrants in the United States have always been disproportionately young adults, a pattern that continues to hold (NRC 1997). In 2002, 44.7 percent of the foreign-born were between 25 and 44 years of age, whereas only 27.4 percent of the native population was within this age category. The concentration of immigrants among young working adults has fundamental implications for economic integration. Immigrants are more likely to be workers, and they make fewer demands on social programs geared towards the elderly. Current immigrants are more likely than natives to be paying into the Social Security system and less likely to be receiving public benefits (NCR 1997).

There is evidence that immigrants who migrated as children and/or were educated in the United States have labor force experiences that resemble those of natives. The same is not necessarily true about immigrants who migrated as adults. Studies that controlled for age-at-arrival found that earning trajectories of earlier and more recent immigrants are somewhat similar. For example, Friedberg (1992) found that once age-at-arrival is taken into consideration there is no evidence of a decline in the earning

trajectories of immigrants from Mexico or East Asia, but there is some evidence of decreasing earnings among other Hispanic and European cohorts.

Because most studies focused on labor migration, for the longest time the implicit model of an immigrant was that of a male pauper. “Yet, in every year since 1930, women consistently outnumbered men among migrants to the United States, with the exception of the few years following the passage of IRCA (Immigration Reform and Control Act) in 1986 that granted amnesty to illegal immigrants, among whom, given the risks, men predominate” (Pedraza 2000: 714). Studies that focused on women, quickly pointed out differences in labor force experience of immigrant women and men.

Immigrant women, for instance, enter a much narrower range of occupations, salient among which are the garment industry and domestic service. The literature observes a long historical trend of immigrant women working in the garment industry. However, as Silvia Pedraza (2000) observes, the apparent similarities of the labor force experiences of Jewish and Italian women working in the garment industry in New York at the turn of the 19th and the experiences of women newly arrived from Latin America and Asia mask profound differences.

Maria Patricia Fernandez-Kelly and Anna Garcia (1991) compared Mexican and Cuban immigrant women working in the garment industry in Los Angeles and Miami, respectively, and discovered that two very different social processes were at stake. It is well known that Mexican immigration to the United States has been a migration of unskilled or semiskilled labor, while Cuban migration was the migration of skilled political refugees. Thus, the Mexican women worked in the garment industry as a result of their husbands’ inadequate earnings or because they lost their husbands due to death or abandonment. On the other hand, the Cuban women’s labor experience in the garment industry was transitory; they worked to help their husbands to open businesses and recover the family’s middle-class level of living.

Studies such as Grassmuck and Pessar’s (1991) analysis of Dominican migration to New York City demonstrated that gender is central to the decision making process: whether a family will migrate, who in the family will migrate, what resources will be allocated to the migration, what remittances or household members will be expected to return, and whether the migration will be temporary or permanent. Women were very reluctant to return. They struggled to retain the gains that migration and wage employment brought them. Men, on the other hand, were eager to return. Men lived very frugally and tried to accumulate savings, while women were buying large items such as refrigerators and sofas that would ground their families in New York. They realized that returning would mean retirement from paid labor and loss of freedoms. As a result, tensions developed over finances and the question of return revolved around traditional gender roles.

Comparing the migration experiences, including economic integration, of women and men, researchers have found that as difficult as the immigration experience was, it was often far more positive for women than for men. Immigration to the U.S allowed women to break with traditional roles and patterns of dependence and assert a newfound freedom.

Length of Time in the United States

The proportion of immigrants in the labor force and employed differs markedly by length of time in the United States. As discussed above, much of the data on economic integration is cross-sectional, not longitudinal, making it difficult to determine if the variation reflects differences in immigration cohorts or time in country itself. However, Census data indicate that: “The median earnings of foreign born male workers in 1999 were \$21,600 for those living in the United States less than 10 years and \$35,778 for those living in the United States 20 years or more. The corresponding figures for foreign-born female workers were \$17,330 and \$27,221 (Schmidley 2001).” Similarly, “Among foreign-born households, median income in 1999 ranged from \$40,178 when the householder’s length of residence in the United States was 20 years or more to \$30,604 when the householder’s length of residence was less than 10 years (Schmidley 2001).”

Background Characteristics

An immigrant’s experiences prior to entering the United States have a profound effect on later economic and social integration. Education in the immigrants’ countries of origin is among the most important predictors of labor force participation, after controlling for all other factors (e.g. usage proficiency, age, gender, and length of time in the United States (Forbes 1985).

Education. According to the 2000 Census, two out of three of the foreign-born have graduated from high school. However, those aged 25 and over were less likely to have graduated from high school than natives of the same ages, 67.2 percent and 86.9 percent, respectively. Naturalized citizens were more likely to have a high school diploma than non-citizens, 77.4 and 59.6 percent, respectively. More than one-fifth of the foreign-born had less than a ninth-grade education, compared to about one-twentieth of the native-born population. Educational attainment of the foreign born varies according to the region of birth. Immigrants from Asia (86.8 percent), Europe (84 percent), and other regions including Canada, Australia and Africa (82 percent) had a much higher percentage of high school education than their counterparts from Latin America (49.1 percent).

Evidence on the intergenerational progress of immigrant children is slowly becoming available and points to above average educational attainment. Conditional on their parents’ human capital, the U.S.-born children of the post-1965 immigrants have done exceptionally well. According to Card (2004), of the 39 largest country-of-origin groups, sons from 33 groups and daughters from 32 groups have higher average educational attainment than the children of natives. For example, sons of Mexican immigrants whose fathers had 5.5 years of schooling less than native-born fathers in 1980—7.3 years versus 12.8 years for native fathers—ended up with 12.2 years of education, closing 80 percent of the education gap faced by their fathers (Card 2004: 21)

English Language. English language ability affects long-term economic integration. Individuals with poor English language skills tend to be confined to the lowest levels of the U.S. job market. Research supports the thesis that English language proficiency

plays a key role in labor market success; however, research findings indicate that English-speaking ability affects some foreign-born groups more than others. For example, English language proficiency increases the wages of Hispanics and Asians proportionately more than is true for the European-origin populations (DOL). Reading comprehension has also been found to improve the earnings of young immigrant adults.

Recent censuses have gathered information on English language proficiency for persons who reported speaking a foreign language at home. In 2000, approximately 80 percent of the 31 million foreign-born persons over the age of five reported speaking a foreign language at home. Furthermore, of persons who did not speak English at home, not quite half reported that they failed to speak English “very well”. Time in the United States sees an improvement, as the percent of immigrants who do not speak English “very well” is much higher for immigrants who have just arrived in the United States. Immigrants from Spanish-speaking countries report lower levels of English proficiency on arrival than immigrants from other non-English language countries. Studies also indicate that immigrants from Spanish-speaking countries are less likely to be highly proficient in English than immigrants from other non-English countries. Bean and Stevens (2003) suggest that there are different explanations for this phenomenon. They speculate that perhaps Spanish-speaking immigrants have fewer opportunities to learn English; and perhaps lower levels of English fluency among Spanish-speaking immigrants reflect a higher proportion of unauthorized immigrants from Spanish-speaking countries than from other non-English-speaking states. Illegal migrants may lack both the motivation to learn English, because they anticipate a short sojourn in the U.S., and resources (including appropriate documentation) to participate in English-language training programs. Growing numbers of Spanish-speaking immigrants, large numbers of native-born populations fluent in Spanish, as well as large geographic concentration of Spanish-speakers in California, the Southwest, Florida, and the Washington metropolitan area, to name a few, means that Spanish-speaking immigrants may not have as many incentives and as much pressure to learn English as other newcomers.

Immigrants increase their skills in English over time. In fact there is a lot of pressure and there are many incentives to improve one’s English language ability. Numerous researchers have investigated acquisition of English as a second or higher-order language among immigrants. The most important finding is that immigrants who have lived in the U.S. for longer periods of time have higher levels of English proficiency than those who resided in the U. S. for shorter periods of time (Carliner 2000; Espenshade and Fu 19 1997; Espinoza and Masey 1997; Jasso and Rozenzweig 1990; Stevens 1992).

Research indicates that the education and language differences between immigrants and natives, rather than discrimination, tend to explain the differential in wages between the foreign- and native-born. In other words, once adjustments are made for the characteristics immigrants bring with them, there is little difference in economic performance (Martin 1999). The National Research Panel (NRC) concluded: “The evidence... is not consistent with the hypothesis that widespread labor market discrimination results in substantially reduced wages for immigrant Hispanics and Asian groups” (Smith and Edmondson 1997)

Household size composition. The foreign-born live in households larger than those of natives. In 2002, 25.5 percent of the households with a foreign-born householder included five or more people. In contrast, only 12.5 percent of family households with a native householder were that large. Large households may indicate more earning power, particularly if families adopt multiple wage-earner strategies, but they also require larger incomes to adequately support all of their members. Prevalence of mix-status families, where parents may be legal immigrants or unauthorized migrants and children are U.S.-born citizens, is another interesting characteristic of immigrant households

Public Assistance

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PREWORA) sharply curtailed non-citizens' eligibility for welfare and other federal benefits. In fact, "the immigration provisions of the law were intended to discourage immigration of those likely to use benefits, and to save money—half of the budget savings from PREWORA were attributable to the original immigration restrictions in the law" (Congressional Budget Office 1996: 27 in Tumlin and Zimmerman 2003).

Numerous studies evaluated PREWORA's immigrant restrictions (Borjas 2000; Capps et.al. 2002; Singer and Gilbertson 2000; Zimmerman and Tumlin 1999). Some research examined the impact of welfare reform on immigrants' duration of welfare receipt, specifically the program for the Temporary Assistance for Needy Families (TANF; Fremstad 2003). A recent report prepared by Karen Tumlin and Wendy Zimmerman of the Urban Institute "focuses on the experiences of immigrants and those who are Limited English Proficient (LEPs on TANF in three major U.S. cities: Houston, Los Angeles, and New York City). One-quarter of the country's immigrants call these three cities home. Over half of the foreign-born population lives in Texas, California, and New York" (Tumlin and Zimmerman 2003:1). The report makes several key observations: 1) despite declining use of welfare nationally, immigrants and LEPs make up a significant proportion of welfare recipients; immigrants constitute about one-third of the TANF caseload in California and New York and nearly one-fifth in Texas; 2) immigrant TANF recipients are less likely to be working than natives and more likely to be working in occupations that provide limited opportunity to speak English, acquire new skills, and achieve economic self-sufficiency; and 3) proposed TANF reforms increasing the number of required hours of work and limiting the types of activities that count as work will make it even more difficult for immigrants and LEPs to receive language and vocational training.

Several national studies based on census data indicate that, except for refugees who are automatically eligible for Refugee Cash and Medical Assistance, working-age immigrants were less likely than natives of similar socio-economic backgrounds to receive public assistance even before the passage of PREWORA (Bean et. al. 1997; Fix and Passel 1994; Tienda and Jensen 1986; Trejo 1992).

There are, however, significant differences in welfare usage among different age and national-origin groups. Recent studies reveal that Central American and Asian immigrants resort to public assistance at higher rates than other immigrant groups (Lee and Angel 2002). Additionally, older immigrants—regardless of their national origin—

use Supplementary Security Income (SSI) at higher rates than native-born individuals (Bean *et. al.* 1997, Van Hook *et. al.* 1999).

A close examination of citizenship status and national origin of SSI recipients reveals important differences that are lost when different nationalities are combined and when distinction between naturalized citizens and non-citizens is ignored. A comparative study by Lee and Angel (2002) that examined living arrangements and receipt of SSI among older adults in five Asian and three Hispanic-origin groups reveals some striking differences among groups in their propensity to receive SSI as a function of citizenship status.

Among the three Hispanic groups, married naturalized citizens are no different than native-born individuals in their tendency to receive SSI once other factors are controlled. On the other hand, married non-citizens in all three Hispanic groups are more likely to receive SSI than native-born. Among the unmarried, Mexican Americans are less likely than native-born to receive SSI, regardless of their citizenship status. Non-citizen and naturalized Cubans, however, are more likely to receive SSI than native-born.

Among the five Asian groups, there is a greater variety and in some cases an elevated probability of receiving SSI. Among married immigrants, Chinese, Filipino, and Korean elderly are more likely than native-born to be on SSI, regardless of citizenship. Among the unmarried, immigrants in all Asian groups except for the Vietnamese are more likely than the native-born to receive SSI.

Homeownership

Housing is an important source of social and economic well-being and homeownership is a significant measure of both current and long-term financial security and economic integration. Unlike labor force earnings, homeownership reflects the broader issue of immigrants' improved standard of living and economic success: "Unlike the personal wage rate, which is a transitory measure of labor value, homeownership reflects cumulative, life-long achievement and may be said to represent attainment of a middle-class standard of living" (Myers and Lee 1998:619). It is also an expression of investment.

Despite the importance of housing, some U.S. populations find it more difficult than others to obtain good housing, have lower homeownership rates, and live in poorer and more crowded housing (Krivo 1995). The growing research on homeownership among Hispanics suggests that housing conditions of Mexican, Puerto Rican, and Cuban-origin groups in the U.S. are inferior to those for comparable Anglos. Hispanics are less likely than Anglos to own homes (Hansen and James 1987; James, McCummings, and Tynan 1985; Krivo 1986a) and live in smaller and poorer quality dwellings than non-Hispanic whites (Hansen and James 1987; James *et. al.* 1984; Moore and Pachon 1985).

However, the conclusions regarding housing and homeownership among Hispanics are not very definitive. Analyses used to arrive at these conclusions often do not take into account variables that are unique to immigrant-origin populations and do not include features of the local housing market. Studies that did take into account immigrant characteristics and local market attributes show that English-language ability, for

example, is a potent determinant of homeownership (Alba and Logan 1991, 1992; Logan et.al. 1996; Krivo 1995). Krivo's research on Hispanic-Anglo housing inequality included an expanded set of immigrant characteristics (role of foreign birth, Spanish-language use, and length of time in the U.S.) and local housing market attributes (housing quality, cost, and availability). The research demonstrates that "in all four large Hispanic populations [Mexican, Puerto Rican, Cuban, and "other Spanish"], native households live in housing that is almost as likely to be owned as among comparable Anglos, and is less crowded. Hispanics also pay less for housing than non-Hispanic whites" (Krivo 1995: 612).

Using data from the 1980 and 1990 U.S. Census, Dávila and colleagues (Dávila, Méndez and Mora 2003) investigated the effects of English-only legislation at the state level on housing acquisition among foreign-born Hispanics. Their research suggests that *both* limited-English-proficient (LEP) and English-fluent Hispanics who resided in states that passed English-only legislation were less likely to acquire a home during the 1980s compared to their counterparts in other states. "A further analysis focusing on sub-cohorts defined by age and U.S.-tenure indicates that this finding was strongest among older and tenured LEP residents" (Dávila et. al. 2003: 57).

In a recent study on immigrants and homeownership in urban America, Papademetriou and Ray (2004) used the 2000 Census 1-Percent Public Use Microdata Sample (PUMS) and applied two basic models to the data set. The first model included both U.S. and foreign-born households and the probability of being a homeowner was treated as a function of a series of independent variables, including marital status, level of education, gender, number of children under the age of 18, linguistic isolation, and ethnicity/race by nativity. The second model included only immigrant households and examined the effects of a series of independent variables, including time of arrival and place of birth on homeownership levels.

The first model indicates that being single lowers the odds of being a homeowner, as does being a woman. On the other hand, the older the household head and the higher his/her education, the greater are the odds of being a homeowner. Ethnicity/race by nativity was more influential than linguistic isolation in determining homeownership. With the exception of U.S.-born Asians, all ethnicity/race categories, whether born in the United States or abroad, were found to have lower odds of homeownership than U.S.-born whites. A striking finding in this analysis is the strong influence of location on homeownership. The odds of homeownership were at least two times greater in cities outside the traditional large immigrant gateways.

The second model indicates that ethnicity/race affect homeownership among immigrants in much the same way as for the population as a whole. Black and Latino immigrants were found to have lower odds of homeownership relative to white immigrant heads of households, while the odds of Asians were on par with those of whites. Not surprisingly, length of time in the U.S. was a key variable in explaining homeownership differences.

As indicated earlier, there is relatively little longitudinal research on immigrant integration, including homeownership. A study conducted by Meyers and Lee (1998) seems to be a rare exception. Their research is longitudinal and takes into consideration

the effects of income, education, English proficiency, and marital status on the likelihood of an immigrant purchasing a home. Their findings indicate that marital status is the strongest determinant of homeownership; married men had odds of homeownership that were 2.8 to 3.9 times greater than the odds of never-married men. Household income had a predictably large effect on homeownership attainment, as did educational attainment. However, the effects of educational attainment on homeownership differed by race and ethnicity. For Hispanics, educational attainment is less relevant in terms of propensity to buy homes; those with high school or college education were as likely to purchase a home as those without a high school diploma. However for Asians and whites, the possession of a college degree (versus just a high school diploma), substantially increased the likelihood of homeownership. On the other hand, the effect of English language ability on home buying was inconsistent, suggesting a nonlinear effect on integration. Whites and Hispanics with limited English proficiency were less likely to be homeowners. The same, however, was not true about Asians.

Myers and Lee have also investigated geographic distribution of homeownership among immigrant groups. They found that “immigrants in southern California demonstrate a remarkable degree of advancement into homeownership, an achievement that follows two different models. Among Asians, and to a lesser extent whites, the new immigrants achieve remarkably high levels of homeownership soon after arrival, even exceeding that for native-born residents of the same age. In contrast, among Hispanics, immigrants begin their U.S. housing careers with very low levels of homeownership, followed by rapid advancement sustained over two decades” (Myers and Lee 1998: 620).

Conclusions

Today’s new immigrants continue to experience economic integration into the U.S. labor market. Unlike the other major immigration countries (Canada and Australia), the United States has no explicit immigrant integration policies or programs supported by government, with the exception of a limited number of programs for refugees. Rather, integration largely occurs within the civil and private spheres. Almost all immigrants to the United States are sponsored by family members or employers who take a principal role in ensuring their adaptation to the new country. Their work is facilitated by a flexible labour market that makes it relatively easy for immigrants to find employment. Although many positions are low paid, upward mobility is possible and immigrants can own their own businesses. For more highly skilled immigrants, economic rewards can be particularly attractive. Given the high levels of employment, immigrants often tend to be characterised as hard-working individuals who contribute to the nation’s economy—a reputation that also eases the integration process. Certainly, immigrant integration is facilitated by the very history that makes the United States a nation of immigrants.

Although the federal government tends not to provide direct support for immigrant integration programmes, integration is aided by several broad government policies. Perhaps most important is birthright citizenship. By definition, being a “foreigner” lasts for only one generation. The children of immigrants are automatically citizens if they

are born on US territory. This provision applies even to the children of unauthorized migrants. Also important are the policies that protect both citizens and immigrants from discrimination on the basis of race, religion, nationality and, in some cases, citizenship. There are even laws that protect persons from “immigration-related unfair employment practices.” Should an employer refuse to hire a foreign-sounding or foreign-looking person because s/he fears the applicant is working illegally, or require an applicant to show additional or different documents to verify work authorisation, the employer may be penalised for inappropriate discriminatory practices. Further, the federal government provides funds to school systems to help them teach English to children with limited proficiency in the language. And, while there is a limited federal role, integration largely takes place at the local level; particularly via programs to help newcomers learn English and skills needed to succeed in the US labor force.

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Immigrant Labor Market Assimilation In the United States: A Critique of Census Data and Longitudinal Outcomes*

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Executive Summary

How well do immigrants assimilate to the U.S. job market? That is a question with a variety of technical caveats, which are the focus of this paper. Research still relies heavily on cross-sectional sampling of individuals such as the decennial U.S. Census. Much of today's research looks beyond wages to labor force attachment, the incidence of poverty, the use of welfare, homeownership, and wealth differences. However, researchers often face certain basic problems inherent in cross-sectional data and even synthetic cohort analysis. Assimilation suggests that, even if immigrants start out with lower wages than natives, their earnings increase faster than those of natives. However, a substantial body of research finds that recent cohorts earn relatively less on arrival than did prior cohorts, so comparing cohorts in a cross-section does not tell us whether the new cohort will ever catch up with natives. Since cross-sectional samples compare these cohorts with different initial labor market experiences, they overstate the actual earnings growth, a problem that does not occur when using longitudinal data, which tracks actual outcomes for the same individuals.

So longitudinal data are preferable, but one should also acknowledge that they are not a panacea:

* I would like to thank Shirley Smith and Robert Bednarzik for their comments on the initial draft of this paper. I would also like to thank Mark Regets for a discussion of the technical merits of the assimilation literature. All conclusions, of course, remain my own.

- Immigrant specific surveys offer a great advantage because they resolve problems in cross-section data and because they explore such important questions as pathways to migration and retrospective information; however,
- Immigrant-specific longitudinal data often have limited sample size and include no comparative sample of natives;
- Attrition rates are extremely high for reasons of emigration but also because of inability to track such a highly mobile population; and
- Given what we know about the pace of assimilation, without as much as 20 years of information fundamental debates cannot be resolved.

Longitudinal data may be the gold standard for understanding immigrant assimilation, but for the reasons mentioned above, longitudinal data will not effectively cancel out the use of cross-sectional samples or even well designed administrative data. Perhaps the single most important need for longitudinal data is to clarify the otherwise indeterminate results of cross-sectional surveys and resolve the endless rounds of statistical dueling by academics.

To further complicate matters there is tremendous diversity in the rate of economic progress across cohorts. There is also tremendous diversity within cohorts due to the pathways of entry admission. Although these pathways are little studied, other than broad approximations of family versus skill/employment, they are crucial to informed policy making. And if there are shifts in the outcomes of different entry cohorts they can seriously confound prognostication for the very same reasons that make longitudinal data superior to cross-sectional data, yet even longitudinal data face serious problems if cohort outcomes change significantly.

The diversity of pathways to admission is also confounded by the tremendous diversity in rates of economic progress across sending countries and education levels. Most Europeans enter the U.S. with skills and wages commensurate with natives, as do many Asians. Indeed, some researchers conclude that some origin groups do not experience classical wage assimilation precisely because they are comparable to natives and, therefore, experience no catch up. On the other hand, some Latino immigrants, many of whom enter on unauthorized pathways, enter with low wages and are unlikely ever to significantly close the gap with natives.

So answers to the question of assimilation vary from the cheerily optimistic to the rather pessimistic, even when researchers are confronted with exactly the same results. Consider too that limited comparisons of cross-sectional and longitudinal data substantially agree and so embolden those who use synthetic cohort methods, which do more closely approximate longitudinal results. Yet, the most consistent findings of longitudinal datasets are that cross-sectional data, and even synthetic cohort approaches to some extent, very much overestimate the ultimate wage trajectories of the cohorts of immigrants from developing countries who have arrived in the U.S., Canada, and most European nations.

Indeed, cross-sectional data can be overly optimistic by 50 to 90 percent in terms of actual outcomes. The accumulating research base that uses longitudinal data in the

United States largely tends to support that conclusion. In a very real way then, the longitudinal data reaffirm that:

- Most immigrants do not and will not ever reach earnings parity with the *average* and otherwise similar *native-born U.S. worker*; although the magnitude of the gap is between 10 to 20 percent (with 10 percent being similar to white and native minority differentials).
- However, immigrants do reach earnings parity with otherwise similar *same ethnic group* native-born workers after 10 to 16 years.

Under the circumstances the fairest conclusion seems to be that most European and many Asian immigrants will approach the earnings of natives in the U.S. labor market during their working lives and before their retirement. Their children will, likewise, do rather well in pursuing higher education and will succeed, often better than natives. There is a range of success among Latinos, with Mexican immigrants showing the least evidence of labor market assimilation. However, even these Latino immigrants experience relatively rapid wage growth during their first 10 years in the United States, and their (second-generation) children are making advances beyond their parents. This is the stuff of upward mobility and sheds an optimistic light on an otherwise gloomy prognosis. Mobility generates hope and militates against the “racialization” of immigrants’ future. Even if it may take a couple of generations, upward mobility does appear possible and immigrants (and their children) do not appear to be stuck forever in the low-end jobs that they first take in the United States.

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The concept of immigrant assimilation makes some uneasy with its connotation of the elimination of immigrant and native differences. However, when it comes to integration into the labor market, assimilation is precisely what we are interested in. In the labor market successful integration has everything to do with immigrants' ability to achieve the same rate of employment and earnings as that of natives—that is to become statistically indistinguishable (or even better off). A significant gap in earnings reflects poorly on either admission or integration policy; and it will create significant challenges for immigrants and natives alike. Of the various benchmarks of integration that can be thought of, success in matching natives in the labor market is a fundamental test of opportunity. Mobility to better paying jobs is basic to immigrants' ability to support their families and to be fully contributing members of their communities.

How well do immigrants assimilate to the U.S. labor market? That is a question with a variety of technical caveats that are the focus of this paper. But there are also rather simple answers that can be summarized at the outset. Firstly, the complications in firmly establishing how well immigrants do in the U.S. labor market have to do with problems with existing data, especially attempts to predict future assimilation by analyzing cross-sectional samples that include immigrants who have been in the U.S. for varying lengths of time. The nature of those problems concerns us because they strongly influence our empirical estimation of whether or not immigrants are going to make it. Successive cohorts of new immigrants have begun their stay in the U.S. with ever less education and lower earnings relative to natives, while all the while the structure of the economy has changed and many previous immigrants are choosing to leave. These changes create statistical problems that are adequately addressed only using longitudinal data. And the longitudinal data, even while shedding light on surprising immigrant mobility, reaffirm that most European and many Asian immigrants will achieve a degree of labor market parity with natives, but most immigrants from Latin America will not be as successful.

Table 1 demonstrates in an over-simplistic fashion why such a conclusion appears to be warranted; however, the balance of the paper makes clear why it would be hasty to jump to that conclusion. The table considers only workers in the prime working ages and their median hourly earnings. What is immediately apparent is that immigrants who have been in the country only 0-5 years earn much less than immigrants who have been in the country for 21 years. Recent immigrants also earn less than natives, be they natives of the same race/ethnicity or European or non-Latino white natives. At the same

time, long-term immigrants with 21 years or more of U.S. experience tend to earn more than natives of the same ethnicity, especially when workers with either high school or college education are considered. But Table 1 is a classic example of a “cross-sectional” examination of the growth in immigrant wages with time in the United States. Each immigrant cohort, defined according to their period of entry into the U.S., has its own unique wage trajectory and it is difficult to presume that recently arrived immigrants will actually attain the same earnings relative to natives as have long-term immigrants.

Table 1: Median Hourly Wage of Persons Ages 30 to 55 with by Nativity, Years in the United States, and Completed						
Regional Place of Birth	Years in the United States					Native Born
	0-5	6-10	11-15	16-20	21+	
Less than High School:						
▪ European Immigrants	12.50	13.89	13.75	14.33	14.90	14.42
▪ Asian Immigrants	9.55	9.62	12.02	12.82	14.42	14.96
▪ Latin American Immigrants	7.81	8.25	9.33	10.00	11.68	12.99
▪ All Other Immigrants	10.68	11.88	12.98	12.21	14.42	11.83
High School:						
▪ European Immigrants	12.50	13.89	13.75	14.33	14.90	13.86
▪ Asian Immigrants	9.55	9.62	12.02	12.82	14.42	14.90
▪ Latin American Immigrants	7.81	8.25	9.33	10.00	11.68	12.77
▪ All Other Immigrants	10.68	11.88	12.98	12.21	14.42	11.79
Bachelor Degree and Above:						
▪ European Immigrants	24.52	23.08	24.04	24.73	23.92	21.88
▪ Asian Immigrants	18.08	19.23	22.22	23.40	24.04	23.17
▪ Latin American Immigrants	12.02	12.82	15.31	17.31	21.23	20.19
▪ All Other Immigrants	16.21	18.08	19.23	19.46	23.02	18.22

Yet, almost all studies on immigrant integration in the United States have relied on Census data and a substantial number still rely on simple cross-sectional analyses of immigrant wage trajectories. More sophisticated analyses attempt to track the same entry cohort by pooling decennial Census, but these too have some problems. Not only have these been one of the historic few sources of data that consistently include immigrant information, they also are one of the few sources of data that provide a sufficient sample size to study immigrants, particularly immigrants with a diverse set of characteristics. The existing longitudinal U.S. datasets all too often do not include enough critical immigration variables, much less the sample size, to conduct useful analyses. This should not be surprising since most large scale U.S longitudinal datasets were conceived of primarily to study U.S. natives and/or race/ethnic outcomes—but not immigrant status *per se*. Only in the past several years have researchers made the

attempt to analyze longitudinal data sets, often having to construct them by matching different data sources.

This paper reviews the literature on economic assimilation, with its major focus on wage assimilation, and does so by way of a critique of Census data and cross-sectional analyses. While of great value for a number of purposes, Census data cannot concretely answer some of the most pressing questions about immigrant assimilation. Nonetheless, as we shall see, appropriate analyses of Census data are sometimes a good approximation of longitudinal research. First, after a review of the methodological reasons why cross-sectional analyses yield biased results, the results of the available longitudinal studies are reviewed. Next is a further discussion of some of the other important facets of immigrant assimilation that are not captured by Census data. That leads to a discussion of generational assimilation, i.e., the progress of the children of immigrants, and the conclusions.

The Debate Over the Assimilation of Recent Immigrants

Today's debate over immigrant integration has its genesis in Chiswick's study (1978) that analyzed 1970 Census micro data — a single cross-section — and the number of years that immigrants reported they had been in the United States. He found that, even if immigrants start out with lower wages than natives upon arrival, their earnings increased faster than those of natives, so much so that after 10-15 years immigrants earned as much and even more than similar natives. When immigrants first arrive in the United States they lack U.S.-specific experience in terms of how well their education prepares them, or their knowledge of U.S. work mores, or in their ability to speak English, etc. Over time, of course, immigrants learn these necessary U.S.-specific skills and there also seems to be some unobserved "quality" or individual drive that immigrants possess that enables them to boost their earnings very rapidly. Immigrants must take risks to travel to a new country and may be selected for certain traits that lead them to learn faster and work more productively than similar natives. Hence, immigrants' earnings start low but converge relatively rapidly with natives.

Cohort and Vintage Effects

Borjas (1985) correctly pointed out that a single cross-section of data might confound what is really happening. Cross-sections of data cannot separate out the effect of age and immigrant arrival cohort. One can think of immigrants who arrive in the same period of time — a cohort — as being of a certain vintage. A single cross-section measures the success not of individuals, but rather that of different cohorts with different lengths of stay. So if older persons (cohorts) were a particularly good vintage, which is to say they exhibited Chiswick's rapid increase in earnings, but recent cohorts were not, the cross-sectional analysis would overstate earnings growth. If recent immigrants have been starting out worse off than did earlier cohorts, and they were to actually have slower wage growth, then it would be wrong to assume that their earnings trajectory over time would match that implied by immigrants with different lengths of stay in the cross-section. In fact, it may be the case that not only do recent immigrants start out at a bigger disadvantage relative to natives; they may never catch up with natives as did the older vintage cohorts.

A good deal of literature now establishes that immigrants who have arrived in the United States since the 1960s have become increasingly less well educated *relative* to natives, and their starting wages in the United States *relative* to natives have dropped. The emphasis here is on *relative* to natives because recently arrived immigrants are, in fact, better educated today than were immigrants from the same countries three decades ago. Although the average educational levels of both US natives and arriving immigrants have increased in recent decades, the educational differential between the two has widened. Most sending countries have been unable to keep pace with educational improvements in the United States, placing new immigrants at a growing disadvantage relative to U.S. natives. The average education of U.S. natives was not notably high in 1970, but high school completion has become fairly universal and enrolment in higher education is much greater in the U.S. than most other nations. On the other hand, most sending countries in the developing world are still struggling to achieve universal secondary or even primary education. And since the 1970s most immigrants to the United States, as well as to other countries, have come from the developing world. So new vintage cohorts start out with increasingly large educational and earnings disadvantages relative to natives; and cross-sectional studies are unable to get around the problem this creates for understanding the earnings trajectory of a given cohort.

A body of work by Borjas (1995) using decennial Census data addresses many of the limitations of a single cross-section of data. He constructs “synthetic cohorts” by tracking the wages of immigrants who arrived in given time period across successive Censuses. These are not the same individuals because a Census is by definition a cross-sectional and random sample of the population. So a synthetic cohort would track a random sample of immigrants who arrived, for example, in the five years prior to 1970 (the 1966/70 cohort) over time to the 1980 Census (resident ten years in the U.S.) and then to 1990 (twenty years) and even on to 2000 (thirty years). Using this approach it can be shown that older pre-1970 immigrant cohorts appear to have experienced more rapid wage growth than successive cohorts. This decline in earnings growth has been referred to as reflecting a decline in the “quality” of recent immigrant cohorts to the United States.¹ Based on his analysis of synthetic cohorts in the 1970, 1980, and 1990 Censuses Borjas (1995: 239) concludes that “it is likely that the relative wages of post-1970 immigrants will remain about 15-20 percentage points below those of *natives* throughout much of their working life.”

Selective Emigration and Bias in Census Data

Emigration can cause similar mis-measurement in a cross-section of immigrant wage trajectories. Most immigrants who tend to leave or return home do so within a decade after first arriving in the United States. If the emigrants are not representative of the

¹ On the one hand, this refers to differential education, but it also implies a selectivity effect having to do with hard to measure aspects of individual productivity. Fry (1996) uses Census data to detail the labor market activities of working-age immigrants and natives throughout the postwar period. The data reveal that, after the same number of years in the United States, 1980's immigrants are more likely to be institutionalized (that is, be incarcerated or in a drug treatment or mental health facility), relative to natives, than immigrants that arrived in the 1950's. In addition, 1980's immigrants are more likely to be remaining persistently outside the labor market than earlier immigrant arrivals.

original arrival cohort, that is if they differ in systematic or selected ways, then the cross-section that measures wage growth for different cohorts at different points in time may also misrepresent true wage growth.² Consider the situation where the least successful individuals choose to return home, and then over time the remaining members of a given cohort will be the most able or skilled workers. But recently arrived cohorts will not yet have experienced much emigration so their average earnings will be lowered by inclusion of the less able but would-be emigrants. Comparing recent immigrants to older immigrants then would overstate the apparent earnings trajectory of a given cohort. In most cases this means that recent cohorts will not experience the wage growth implied in such a cross-sectional analysis. And rates of emigration can be significant leading to the emigration of about one third to more than one half of a cohort.³

Synthetic cohort data cannot resolve this problem because they do not track individuals but only a random sample of the same cohort over time. At best, the synthetic cohort fairly reflects the bias introduced by selective emigration. Ascertaining the nature of emigration would at least give us a best guess as to the nature of the bias introduced by emigration. Borjas (1988) argues that who returns depends on the market conditions and inequality in the immigrant-sending country and that; generally speaking, the least skilled are more likely to return. That would tend to bias cross-sectional estimates of wage assimilation in the manner noted above. Others (Stark 1994) argue that more skilled persons will tend to emigrate because they are best able to fulfill preferences for consumption in their home country. The empirical nature of return selectivity is not known with great precision and, obviously, will vary for different countries. For example, there is some evidence that Mexican emigrants from the U.S. tend to be the least able (Chiquiar and Hanson 2002). However, the only satisfactory way to deal with this problem is to use a method that circumvents the bias introduced by selective emigration.

Edin et al. (2000) use longitudinal data for Sweden from 1970 to 1990 and find that more than one quarter of immigrants left the country within 5 years of arrival. Economic migrants have higher emigration rates than do humanitarian, but for both it is the least successful migrants who choose to leave. Thus, in cross-sectional data there is an over representation of the most successful migrants, while the least successful and yet to leave are over-represented among recent arrivals. Hence, emigration causes over-optimistic estimates of assimilation based on cross-sectional data. There is a truly significant effect of selective emigration. However, neither U.S. administrative data nor government surveys have any information on emigration and it has been difficult to parse this problem. One study of Mexican immigrants that incorporated information about emigrants found no significant bias caused by selective emigration in a single cross-section of 1990 Census data (Lindstrom and Massey 1994). Likewise, research on U.S. data that has attempted to control for the effects of emigration by comparing

² Of course, in-migration selectivity can have similar effects on cross-cohort changes (see prior section). There has been debate on whether or not immigrants are positively or negatively selected from their countries of origin. See Liebig, Thomas and Alfonso Sousa-Poza (2004) whose research makes a compelling case for traditional expectations of positive selection of incoming or newly arriving immigrants.

³ Zeng (2003) uses longitudinal data on U.S. college graduates and finds that as much as two-thirds of Asian immigrants emigrate.

cohorts estimated to have high or low emigration has found little difference in outcomes (Duleep and Regets 2002). But these are incomplete tests of emigration effects on the integration of U.S. immigrants and other methods are required to resolve the issue.

Declining Skill Transferability but Faster Wage Growth

Changes in the structure of the U.S. economy and manner of immigrant adjustment can also confound conclusions based on cross-sectional data, as well as straightforward extrapolations from synthetic cohorts. While the gap has been increasing between the earnings of immigrants and natives, the gap may have less to do with the simultaneously increasing gap in education and more to do with the transferability of immigrants' skills to the U.S. labor market. In fact, through the 1980s the decline in immigrants' average education turned around, at least for European and Asian immigrants if not for Latin American immigrants (Cohen et al. 1997). While lagging that of natives, the average education of Latin American immigrants has increased in the 1990s (Lowell 2002). Nevertheless, the U.S. labor market has changed over the past thirty years with a more unequal distribution of poorly and well paid jobs and there has been a greater demand for highly skilled workers. Then too a greater number of immigrants are employed in the service sector than in the past. Perhaps this suggests that, while immigrants' existing skills have never been optimally rewarded when they first arrive, over time their existing skills have been rewarded less and less.

Yet, it need not be the case that newly arrived immigrants are constrained to a slow increase in their wages. Immigrants with low relative wages may even have more incentive to invest in the skills needed to improve their earnings and to a greater degree than do immigrants with better earnings. Relatively well-paid immigrants may both be somewhat more satisfied with their earnings and, therefore, less willing to pay the costs of investing in education or skill acquisition. Low-paid immigrants have little to lose, their opportunity cost is low, and they are therefore more motivated to invest in upgrading their skills from which they stand to gain significantly. Statistically what this implies is that there is an inverse relation between the entry wages of new immigrants and the speed or rate with which their subsequent earnings increase. While there has been some disagreement on when this occurs (Duleep and Regets 1999; Borjas 1998),⁴ evidence has accumulated that tends to support the likelihood that low wage workers do invest and experience rapid increases in earnings. For example, Longva and Raum (2003), using longitudinal Norwegian data, find that non-OECD migrants start out with a wage gap but their wages increase at a much faster rate than natives. They found a negative relationship between earnings differential at arrival and rate of growth. Still, substantial differences exist between immigrant cohorts in the pace of assimilation that they experience. Research supports the expectation that workers are not remunerated as well for the education they gain abroad, although U.S. education is readily transferable

⁴ Borjas (1998) argues that entry wage subsequent wage growth depends on the substitution / complementarities of pre-immigration skills and post-migration investments. Using 1970 to 1990 Census data he finds a positive correlation between entry wage and subsequent wage growth, although the correlation was weaker for immigrants whose earnings at entry were closer to native wages. Further, the same source characteristics that lead to entry with high wages are also those who have faster wage growth.

to the U.S. labor market (Schoeni 1996; Bratsberg and Ragan n.d.; Zeng 2003; Jasso et al. 2002).⁵

Research also suggests that the transferability of skills of each entry cohort may be affected by macroeconomic conditions. For example Barth et al. (2001) find in Norway, and they believe other European countries, immigrants' earnings profiles are affected by business cycle and unemployment. Recessions affect all workers adversely, but immigrants are more adversely affected than natives by high rates of unemployment. Non-OECD migrant workers in Norway suffer accordingly during high unemployment, but wage growth may be yet faster during periods of low unemployment. Adjusting for unemployment effects generates better earnings trajectories than might otherwise be estimated with standard assimilation models. Similar variation in cohorts' earnings trajectories conditioned by macroeconomic conditions can be found in the United States, Canada, and elsewhere, although the strength of the unemployment effect is not as great in the United States.

Duleep and Regets (1999) have developed the most convincing argument for this analytic approach. They suggest that low-wage immigrants, more so than high-wage immigrants (relative to natives) will invest in U.S. specific capital, i.e., training, education, and language skills, because they face rather little costs for doing so and such investments can reap more rapid increase in earnings. They employ some unique analytic approaches based on this argument and the corollary that individual cohorts experience different skill transferability issues and their own unique earnings trajectories. Duleep and Regets (2002) use 1970 to 1990 U.S. Census data and a synthetic cohort approach, analyzing cohorts separately, and using parametric regression. They include all workers, not just full time employees as is typically done, and they demonstrate a fair amount of movement by immigrants into and out of full time status to pursue further education. Their findings support the expectation that immigrant wages grow rapidly after arrival. They argue that a key assimilation issue is not the quality of immigrants, rather it is the degree to which skills are transferable to the U.S. and, hence, the degree to which U.S.-specific skills are sought. Indeed, older European immigrant cohorts may have had slower rates of wage growth because they entered with higher wages and, partly as a result, cross-sectional data might even dampen impressions of wage growth across cohorts.

Further Complications in Census Data

There are a number of other factors that have not always been dealt with when analyzing Census data, and these too can generate different assessments of the speed and degree to which immigrants' earnings increase. Some of these can be more or less readily dealt with; others may introduce significant problems.

Which Comparison Group?

Most research has generally compared immigrants with native whites or with natives of the same race/ethnic group. There is debate about which standard should be used to

⁵ These more recent studies appear to refute earlier studies that found little or no wage differences by place of education (Kossoudji, 1989 and Reimers, 1984).

compare immigrant earnings. Naturally, an appropriate comparison requires that immigrants and the base group be similarly affected by changes in the larger economy. And it is well known that relative wage growth since the 1970's have favored better-educated workers in the United States. It can be argued that comparing the wage gains of immigrants to the "average native" creates too many problems in differential labor market processes and, instead, that comparisons should be made to the same native-born ethnic group. Research involving comparisons to base groups with relatively stable earnings indicate that there has been little change in immigrant quality since the 1960's (LaLonde and Topel 1992; LaLonde 1997). Further, Census analyses find that immigrants assimilate or catch up to the earnings of same-ethnic group natives after about 10 to 16 years.

Age-at-Arrival

There is evidence that immigrants who migrate as children or receive U.S. education have a labor market experience more like that of U.S. natives than do adult immigrants. Thus, failing to account for age-at-arrival may lead to biased observations. Friedberg (1992) finds that, controlling for age-at-arrival; the earnings trajectories of earlier and more recent immigrant cohorts are less dissimilar. Once age-at-arrival is taken into account, Friedberg finds no evidence of a decline in the earnings trajectory of immigrant cohorts from Mexico or East Asia, but some evidence of decreasing cohort earnings by other Hispanics and Europeans.

Changing Rates of Census Coverage

The comparability of data collected under different censuses, particularly in the U.S., may be problematic due to changes in the immigrants included. Specifically, research indicates that the illegally resident population was not well counted in 1970, but by 1980 and even today estimates suggest that two thirds to three quarters are included in Census counts. Research by Lindstrom and Massey (1994) finds that comparisons of earlier data (under-representing illegal migrants) with later data (including more illegal migrants) misrepresent the true earnings trajectory of legal Mexican immigrants who are much better educated.

The Findings of Longitudinal Research

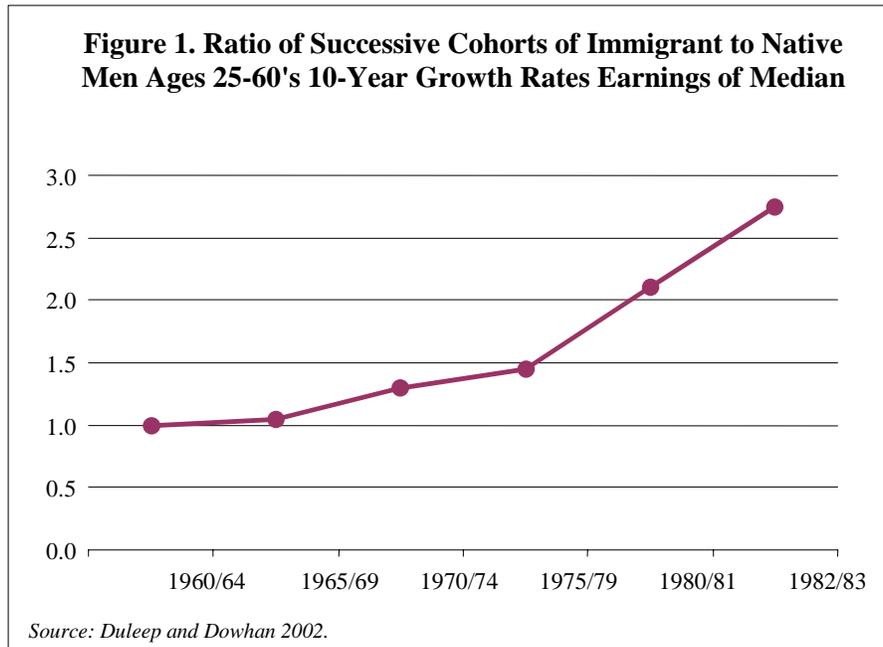
Synthetic cohort analyses, while addressing many of the problems inherent in cross-sectional data, cannot fully address the problems of selective emigration; they also lose precision in capturing changes in cohort earnings trajectories. Longitudinal data (individual level panel data) track the same person from entry through several years of post-entry labor market experience. Longitudinal data are not biased by emigration because they track the experience of individuals in a given cohort—they do not measure "immigrant" wage growth by comparing random samples of a given cohort at different points in time as do both the cross-sectional and synthetic cohort methods. Again, a random sample is a snapshot of the remaining cohort and as such, may only include the least (most) successful of those who originally immigrated. A longitudinal survey includes the same individuals in a given cohort and tracks only these over time so there is no similar bias in the measured wage growth.

The use of longitudinal data outside of the U.S. demonstrates problems with extrapolating from Census data. For example, as mentioned above Edin et al. (2000) using Swedish longitudinal data report that emigration significantly biases the results from cross-sectional data. Indeed, emigration causes over-optimistic estimates of assimilation based on cross-sectional data that generates rates of wage growth that are as much as 90 percent greater than that actually demonstrated with longitudinal data. Longva and Raaum (2003) use longitudinal Norwegian data and find there are substantial differences between immigrant cohorts in the pace of assimilation that they experience. Unobserved cohort heterogeneity appears to bias cross-sectional estimates upward. Indeed, the rate of wage growth estimated with the longitudinal data is about half that estimated with cross-sectional data (6 percent versus 11 percent). Using U.S. data, Lubotsky (2000) finds a similar result. He matches longitudinal Social Security earnings records with cross-sections of the Current Population Survey, as well as the longitudinal Survey of Income and Program Participation. He finds that immigrants' wages grow 10 to 13 percent during their first twenty years in the U.S. relative to the earnings of natives with similar labor market experience. But this is substantially less than earnings growth estimates from Census cross-sections.

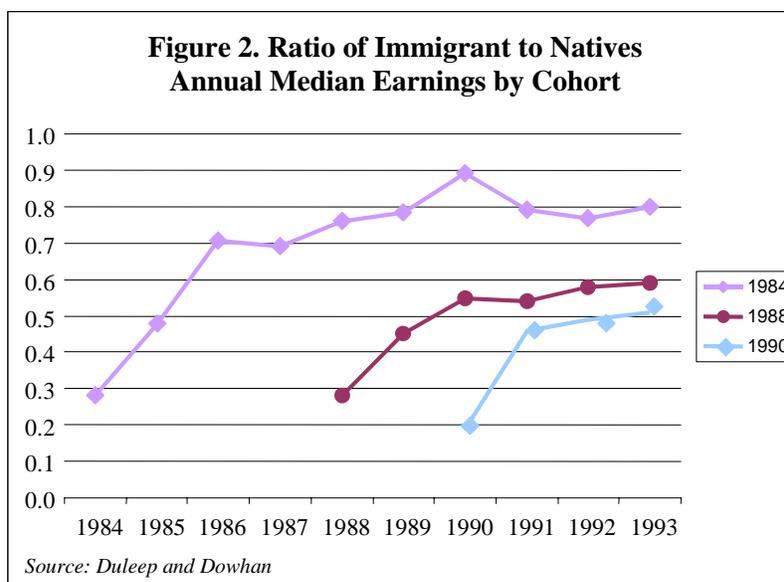
Nevertheless, while there is a sizable research literature on U.S. assimilation using cross-sectional and synthetic cohort approaches (Edmonston and Smith 1997), research using longitudinal data is more recent and oftentimes suggests a somewhat more optimistic reading of immigrant integration. Duleep and Regets (1997) match rotating cohorts across different surveys one year apart using the U.S.'s premier labor force survey, the Current Population Survey. They find that immigrants experience faster wage growth than natives. Duleep and Dowhan (2002) construct a longitudinal database by combining years' worth of social security records with the 1994 Current Population Survey. They introduce a number of methodological innovations including the use of aggregated cohort statistics and non-parametric standardizing of performance using natives' human capital characteristics. They also argue, and demonstrate, substantial differences in the earnings' profile of individual cohorts and they argue against the standard practice of pooling cohorts. They find that immigrant males experience a faster rate of wage growth after entry than do similar natives and that the relative rate of immigrant wage growth increased with each entry cohort from 1965 to 1983. The rate of wage increase is particularly rapid in the first 5 to 10 years after which it lessens. Duleep and Dowhan (2002) also use their longitudinal data to analyze the family investment model of female earnings growth that hypothesizes a rapid increase in earnings to support male investments in human capital, followed by a tailing off of female wage growth as the husband reaps higher returns. Different cross-sectional studies find conflicting results that the longitudinal analysis attributes to changes in the earnings trajectory of pre-1980 female cohorts, who followed the original hypothesis, and post-1980 arrivals that follow a continued steep earnings trajectory over time. This latter finding demonstrates as much as anything else the researchers' contention that individual cohorts change over time and have unique trajectories.

It is worthwhile to study a couple of figures drawn from the more extensive analyses provided by Duleep and Dowhan (2002). Figure 1 shows changes in successive cohorts

and the rate at which immigrant wages increase over a 10-year period as compared with natives wage growth.



The 1960/64-entry cohort experienced wage increases that were no more than what the average native experienced. Over time, newer cohorts experience more rapid wage growth relative to natives so that the 1982/83-entry cohort experienced a 10-year wage increase that was over 2.5 times greater than that of natives. Figure 2 dramatically demonstrates the growth pattern of successive and more recent entry cohorts.



The 1984 immigrant entrants started out earning a little less than 30 percent of natives' wage, but after five years their relative earnings tripled to a little over 90 percent that of

natives (although it appears to drop a little thereafter). In contrast, the 1990 entry cohort starts out earning a wage that is less than 20 percent that of the average native, but after just three years they have doubled their relative earnings and are earning over half as much as natives. It is the nature of these rapid wage increases that at once confirms the consensus that recent immigrants start out earning less relative to natives, while also showing that the increasing immigrant/native education and wage gap will not necessarily mean that new arrivals make no progress in the labor market.

Bratsberg and Ragan (n.d.) undertake an analysis of longitudinal data that supports the expectations about skill transferability and subsequent rates of investment in human capital and rapid earnings growth. They analyze the National Longitudinal Survey of Youth (NLSY) data and find that education abroad is not remunerated as well as U.S. education. However, the completion of any education in the U.S. generates returns to education similar to natives and even has the same effect on the portion of education gotten abroad (English ability, etc., does not account for these effects). They find that assumptions of linear wage growth are wrong as there is a significant jump in wage growth upon completion of education in the U.S. and the majority of immigrants do complete further education in the U.S.

In a somewhat similar vein, Zeng (2003) analyses longitudinal data from the 1993-1999 National Survey of College Graduates on the earnings outcomes of Asian graduates from U.S. colleges. He finds that the low-wage catch up story apparently applies only to foreign educated immigrants; U.S. educated Asian immigrants have the same earnings trajectory as U.S. natives. So the effects of place of education matter and, Zeng argues, affect measured assimilation and even the meaning of assimilation itself. Asians immigrants who are educated in the U.S. experience little difficulty in transferring their skills to the U.S. labor market and so they start with wages commensurate to those of natives and they experience earnings growth that is similar to native wage growth. In this sense, they do not “assimilate” because they do not start at a disadvantage and so there is no catching up to do with natives. Rather, he finds that only foreign-born Asians experience classic assimilation starting out with low wages relative to natives but experiencing rapid wage growth over time with the accumulation of U.S. experience.

Hu (1999, 2000) uses the U.S. Health and Retirement Study (HRS) that has Social Security earnings histories for 1951 through 1991, as well as the 1970, 1980, and 1990 Census public use data samples. He finds that the Census-based estimates of immigrants’ earnings trajectories dramatically overstate true growth as measured with his longitudinal data. And he finds that the decline in the relative earnings of recent cohorts is even greater than has been found using Census data. Further, the likelihood that immigrants will reach parity with natives is less than previously estimated. Interestingly, he also finds that the rate of wage growth for non-Latino whites is less than has been previously estimated due to selective out migration not captured with Census data. The relatively high earnings of non-Latino immigrants compared with natives has less to do with rapid wage growth than it has to do with the fact that they started out with high wages (and selective out migration of less able non-Latino whites generates over estimates of earnings growth in Census data). However, the rate of

growth of Latino immigrants is not shown to be substantially different with his longitudinal data than with cross-sectional analysis.

Other Immigrant Characteristics

There are yet other immigrant characteristics that impact the assimilation of immigrants and which are too often not completely accounted for in Census data. These include the more obvious ones of admission status, such as family- or employment-based; English ability; and less obvious factors, such as community characteristics.

Pathways to Permanent Residence

Immigrants are admitted to the U.S. under a large variety of visa types for various purposes. Because they vary greatly in the purpose, the human capital characteristics of each class are very different. In turn, one might anticipate significantly different patterns of assimilation. Unfortunately, U.S. Census data has no explicit information about an immigrant's visa status. Foreign nationals are generally:

- Family-based immigrants reuniting with relatives.
- Employment-based immigrants admitted for skills or employer petition.
- Refugees or asylees fleeing persecution.
- Illegal aliens with no official status.
- Temporary workers who, in principle, will not be long-term residents.

In Census data, all of these statuses are initially grouped under non-citizen aliens, until such time as individuals become naturalized U.S. citizens. However, the skills of individuals in one admission status can vary markedly from those in the next. In particular, refugees and unauthorized migrants often have fewer skills and earn less than other entry groups. Temporary workers or "non-immigrants" are typically not expected to stay in the United States, which makes a discussion of their integration problematic.

Combining these various classes together, as the Census does, can lead to rather confusing and simply incorrect policy conclusions. The widespread assumption that legal employment-based immigrants have greater success than family-based immigrants has received remarkably little study. Consider that the family stream has family and ethnic networks that give them "social capital" (Lowell 1996). Canadian research, indeed, finds that the earnings of family immigrants catch up to those of Canadian independent (skilled) immigrants (DeSilva 1997). Limited and dated U.S. research also suggests that employment-based immigrants' initial earnings advantage is small and diminishes over time. A study linking Immigration and Naturalization Service (INS) records with Social Security earnings records as of 1980 found that the occupational and earnings advantages of employment-based individuals are not particularly sizable (Sorensen et. al. 1992). A study in the early 1990s using indirect measures found that the initial earnings disadvantage of family-based immigration is overcome because of faster earnings growth (Duleep and Regets 1992; see also Jasso and Rosenzweig 1995). These results point, once again, to the possibility that immigrants with relatively lower wages at entry are more motivated to improve their

economic outcomes. For example, refugees are considered to be non-economic migrants who flee persecution and whose motivation has little to do with rational calculations of improved earnings. Indeed, they begin their experience in the labor market with markedly lower earnings than economic migrants. Yet, research suggests that refugees also experience a wage catch up that is very steep and that their earnings converge and even surpass those of economic migrants (Cortes 2001, DeVoretz et al. 2004). This seemingly counterintuitive result has to do with refugees' greater investment in education and finds some support in other research.

Otherwise, the most obvious pathway not captured in Census data is that of unauthorized workers who are a significant proportion of some U.S. ethnic groups. Their typically lower education, school enrollment, and earnings can reduce the real earnings trajectory of legally admitted persons (Jasso et al. 2000). Lindstrom and Massey (1994) find that this problem is particularly pronounced for Mexican immigrants in research done over time because an increasing share of Mexicans have been unauthorized. Relevant in this regard are studies of the assimilation of previously illegal workers who were awarded legalization in 1988. The Legalized Population Survey (LPS) of 1998 and 1992 is one of the only longitudinal studies of any class of immigrant in the United States. The LPS did not sample a comparison group so most of the studies can reach only tentative conclusions. Mostly the results indicated little post-legalization improvements in earnings and a lot of occupational "churning." However, when a sample of natives was included, drawn from the longitudinal NSLY, males were shown to experience moderate wage improvements in the 5 years following legalization (Cobb-Clark and Kossoudji 1996). Nevertheless, for workers who remain unauthorized, unlike legal pathways to permanent residency, their illegal status appears to impede successful assimilation and helps explain why measured "Latino" (both legal and illegal) immigrants do poorly in the U.S. labor market (Lindstrom and Massey 1994).

Ultimately, there are various pathways from temporary and illegal statuses to eventual admission as a permanent resident. The Census fails to track an immigrant's prior history in the United States and it asks only when the immigrant first "came to stay." Massey and Malone (2002) analyze the pilot New Immigrant Survey, which includes a detailed pre-permanent admission history. When immigrants are first issued their green card, most (two thirds) have prior experience in the United States that exceeds the number of years reported in the standard Census. Interestingly, the researchers found that the standard human capital variables in an earnings equation were unbiased by the inclusion of pathways to permanent residency, so most of the Census and longitudinal research reviewed here is unbiased in that regard. But the inclusion of the various pathways by which immigrants entered the United States doubled the explanatory power of the model and demonstrates significant differences in earnings outcomes. For example, immigrants who first entered illegally before gaining legal admission earn much less than those who had previously entered as temporary foreign students.

English Ability

A substantial literature addresses the critical role that spoken English plays for most all immigrants who work regularly in the United States. Indeed, an analysis of the 1992 National Adult Literacy Survey (NALS) finds that, because they were better educated,

bilingual workers earn more than monolinguals. But a regression analysis finds that bilingual skills do not make a significant contribution to weekly wages after holding constant workers' human capital characteristics (Fry and Lowell 2003). Thus, the market little values and creates no incentive to acquire and/or maintain foreign language proficiency, doubtless contributing to the relatively rapid shift to monolingualism across generations.

Research based on the 1990 U.S. Census indicates that there appear to be large wage gains to investments in language capital. Chiswick and Miller (1999) estimate that workers who speak English "not at all" and "not well" earn 14 percent less than workers who speak only English. Funkhouser (n.d.) reports that improvements in English speaking ability (or factors correlated with speaking ability) account for roughly half of the earnings assimilation experienced by male immigrants. Research supports the theory that English-speaking ability plays a key role in labor market success, although it affects some foreign-born groups more than others. For example, English proficiency increases the wages of Latinos and Asians proportionately more than it does for the European foreign-born population. Foreign-born Latino males who lack English skills earn 23 percent less than similar Hispanics who speak English well (Jasso and Rosenzweig 1990). Census data, however, asks only about self-reported speaking ability. Research using the NALS analyzed the ability to write, read, speak, and understand spoken English. Regression analysis found that employers pay higher wages to immigrants who "understand" spoken English well, while the other types of proficiency are not significantly associated with earnings. Immigrants who understand spoken English "very well" are paid about 30 percent more than similar workers who do not understand "well."

Community Context

The communities in which immigrants live can have a profound influence on their integration. The full range of such communities is beyond the mandate of this literature review, but note that one of the most interesting shifts has been the movement of immigrants from traditional receiving cities to "new settlement sites" in states that have not seen large numbers of immigrants for a century. Immigrants in these new areas face unique challenges that are receiving a growing amount of research attention (Lowell and Bump 2004). The image of residentially bound groups is no longer apt. Research on residential segregation by Census tracts finds that most immigrant groups live in relatively dispersed neighborhoods. Higher income and English proficient groups are most likely to live in neighborhoods with majority whites (Alba and Nee 1997).

Census data do identify the geographic residence of immigrants, but they tell us little else about community context. The traditional place of immigrant integration, the urban enclave, has a number of characteristics that are simply not captured in standard data. Enclaves are most often thought of as places where co-ethnic entrepreneurs tend to be employers of first recourse. While the well-known Cuban enclave in Miami continues to thrive, and Spanish continues to be a dominant language, research tends to find few equivalent enclaves elsewhere. Those who fare best tend to be those who start their own business ventures. But for most co-ethnic workers the enclave is not a story of upward mobility and better earnings. Chinese immigrant workers are found to earn less than

Chinese Americans in low-end or secondary sector jobs in the open labor market in New York. Uneducated Chinese immigrants often appear to be trapped in a low-wage enclave economy (Wong 1987; Mar 1991; Farley 1996). Dominican and Columbian women in New York earn little and appear to be penalized for work in the enclave (Gilbertson 1995; Gilbertson and Gurak 1993). It is primarily job mobility out of the enclave that brings better working conditions and returns to human capital (Nee, Sanders, and Sernau 1994). Standard Census samples cannot replicate the findings of such fieldwork, but special purpose samples sometimes can. For example, research using the NALS found that immigrants who reported living in a linguistic enclave received no earnings benefit from bilingual ability (Fry and Lowell 2003). That finding demonstrates that even the ethnic-specific human capital of enclave workers benefits them little.

Employment niches occur where co-ethnic workers are employed within certain industries and employers tend to be of a different ethnicity. Some immigrants work in small employment niches and others dominate entire service and manufacturing sectors. Examples include Mexican-origin workers in the Chinese-owned garment industry in Los Angeles, Latino workers working in large meatpacking firms throughout the Midwest, and Mayans working for a retail grocery store chain in the Houston area (Hackenberg et al. 1993; Hagan 1994). Research finds reduced English proficiency and a reduced wage penalty for lack of proficiency in metropolitan areas with concentrations of co-ethnics (Jasso and Rosenzweig 1990; Espenshade and Fu 1997). Some economists argue that population concentrations reinforce an ethnic effect that reduces inter-generational gains (Borjas 1995).⁶ Concurrently, immigrant workers experience a reduction in wages (substitutability) in metropolitan areas with large concentrations of immigrants (Smith and Edmonston 1997). So community context directly affects the economic progress of immigrants. However, simple measures like the relative number of immigrants in a metropolitan area, are in the final analysis open to many interpretations and tell us rather little. Community effects are difficult if not impossible to ascertain with Census data.

Inter-Generational Progress

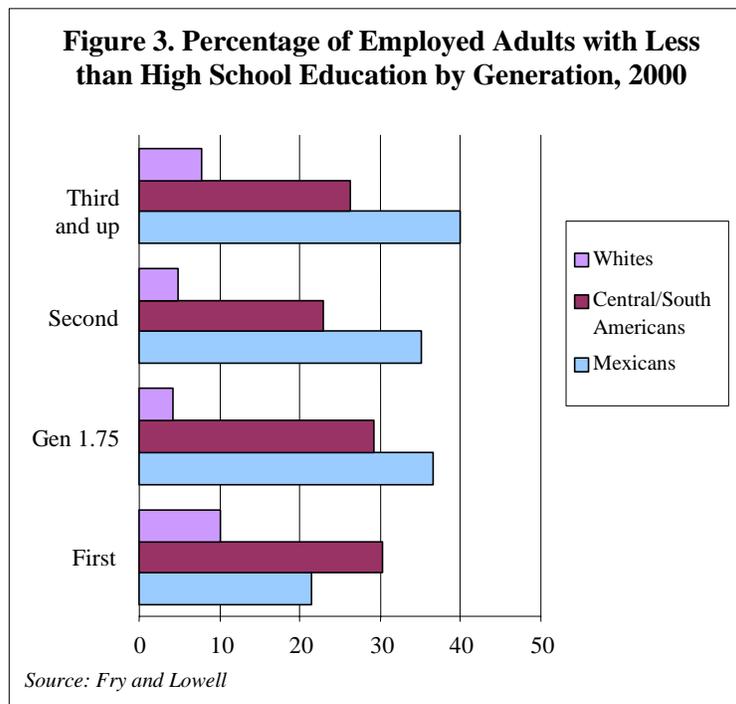
In a recent review of updates to the 2000 Census, Card (2004: 18) notes some of the nuances in evaluating immigrant assimilation discussed here. He goes on to say, nevertheless, “a more interesting question is how well the U.S.-born children of immigrants are doing.” After all, even if immigrants never catch up to the earnings of similar natives, their children might do rather well as they graduate from U.S. schools, are fluent in the language, and are otherwise culturally tuned in. Card (2004) uses the Current Population Survey that is the only major U.S. sample that enables researchers to identify the birthplace of an individual’s parents. One thing in the favor of immigrants’ children — known as the second generation — is that they complete

⁶Of course, one fundamental economic axiom is that, all else being equal, increases in supply will lower wages. And if immigrants tend to substitute for other immigrants, concentration effects would lower wages. In a like fashion, increases in supply may impact immigrants’ eventual integration as they move through entry pathways. For example, temporary skilled workers (H-1Bs or Fs) may compete with each other lowering their wages early on in the settling down process, as well as lowering wages of competing natives (Borjas 2004).

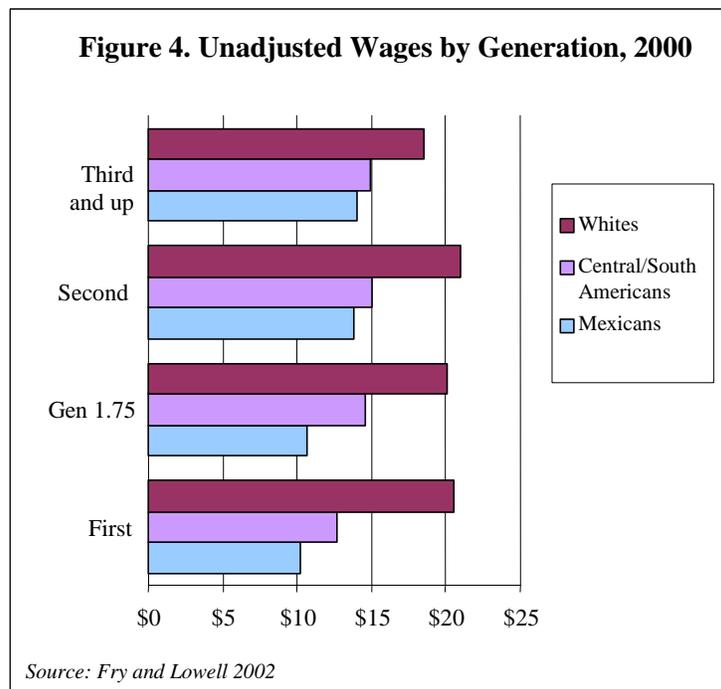
significantly more years of schooling than their parents. Adjusting for their young average age, the second generation has slightly more education, a greater likelihood of labor force participation, and higher earnings than third generation individuals (those whose parents are U.S. born).

However, Card’s analysis of group differences does not adequately distinguish between the Asians and Latinos who have quite different educational and earnings patterns. While some research appears to support the finding that the children of immigrants are highly motivated and tend to do well in school (Rumbaut 1999), there is still a significant amount of evidence that second generation Latinos experience difficulties in completing high school and particularly post-secondary education (Trejo 2001; Fry 2002, 2003). Further, when the analysis turns from education to earnings outcomes most research finds that the second generation, while doing better than their immigrant parents, still earn significantly less than non-Latino whites. What is more, their education is rewarded to a lesser degree.

Research on Mexican generations shows that significant progress is made in the earnings of second as compared to first generation Mexican immigrants (Trejo 2001). But there remains a substantial wage gap between the second generation and native non-Latino whites, as well as a lack of further significant wage gains in the third generation. Of course, the third generation is largely comprised of individuals whose U.S. roots precede 1970, while the second generation is essentially all the children of post-1970 immigrants. So we might anticipate that the second generation would still have more of the “immigrant ethic” that drives them, a force that can be seen even between second-generation non-Latino whites.



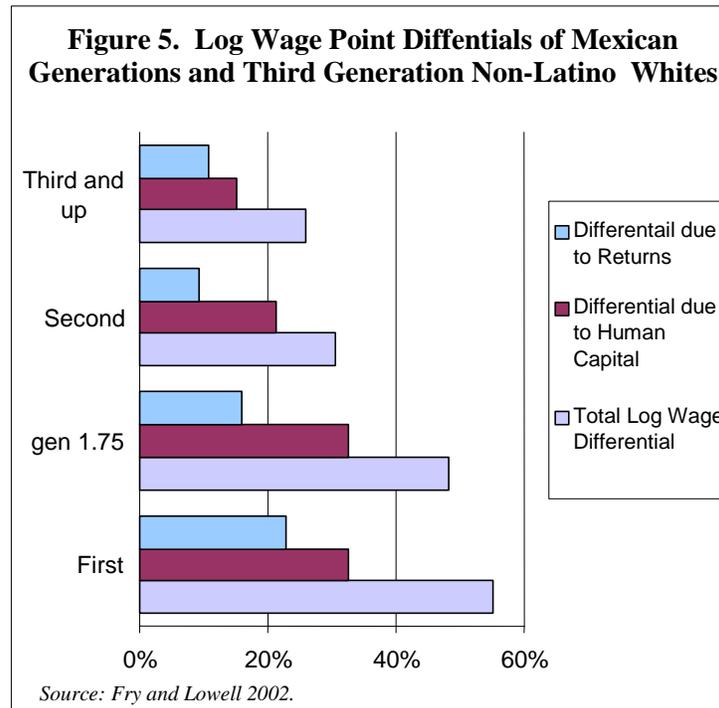
Fry and Lowell (2003) analyze the CPS and look at Central/South Americans (CSAs) as well as Mexicans. As Figure 3 shows, there are strong educational differences between these groups, with over two thirds of employed Mexican immigrants and two fifths of CSAs not having completed high school. Degree completion is somewhat higher by “1.75” immigrants — immigrants who arrived as children before the age of five — although a large proportion still have not completed high school. The greatest educational jump is, indeed, seen in the second generation, members of which are more than twice as likely to have completed high school as were the first generation. But there is little further educational gain in the third generation. At the other extreme, about 10 percent of second and third generation Mexicans have completed a bachelor’s degree, but they are far less likely to do so than are third generation whites (30 percent). There is little surprise, given their low levels of education, that regardless of generation Latinos earn substantially less than non-Latino whites (Figure 4).



How much of the earnings difference is due to the lesser human capital, i.e., education and experience of Mexicans and CSAs?⁷ Figure 5 shows the results of a multivariate analysis and decomposition of the total amount of wage difference between Mexican origin workers and third generation non-Latino whites (see Fry and Lowell 2003). The first generation Mexican immigrants earn over 50 log percentage points less than third generation non-Latino whites. About two thirds of the earnings difference can be attributed to the lower human capital of Mexican workers as compared with third generation non-Latino whites. What seems very clear is that the wage structure of

⁷ A standard decomposition analysis is used splitting the difference in the mean hourly wage differential due to the differences in the characteristics of workers (OLS log wage regression on education, experience, and state of residence); and differences in the returns to those characteristics. Note that the CPS does not permit the inclusion of English ability that would surely reduce the wage differential further.

native Latino workers is similar to that for whites. The Latino-white wage gap, unlike the Black-white wage gap, is primarily due to skill differences between these native-born groups. Indeed, most of the Latino wage gap is due to differences in just a few basic skill characteristics, not differences in the returns that employers pay these groups for those skills. In short, the Latino second generation, particularly the Mexican second generation, does make significant educational progress compared with their immigrant parents, but they do not appear to be making huge strides.



Conclusions

How well do immigrants assimilate to the U.S. job market? Research to answer this question still relies heavily on U.S. Census data, as well as the Current Population Survey. But researchers in recent years have begun to explore existing, not-made-for-immigrant data sets, some of which are longitudinal in design. These enable researchers to examine a much wider variety of outcomes than just wages, including labor force attachment/participation, incidence of poverty, use of welfare, homeownership, and tantalizing first forays into wealth differences. However, this recent spate of studies still encounters the basic problems noted above and a remarkable number of them still must rely on cross-sectional data; few even employ synthetic cohort analysis. What is more, earnings — especially in the United States with comparatively high labor force participation and low unemployment — are arguably the most fundamental measure of labor market assimilation. Immigrants' earnings are the key determinant of homeownership, incidence of poverty, etc., and even wealth.

A first conclusion is that there is wide disagreement in the interpretation of the available facts even when longitudinal data are analyzed. Not that longitudinal data are a panacea because they too have some serious problems:

- Most longitudinal surveys that are not immigrant-specific sample too few immigrants for robust analysis, especially to capture the diversity of today's immigrant groups. Bratsberg and Ragan (n.d.) include only 351 immigrants in their NLSY sample, perhaps one of the most valuable longitudinal data sets in the U.S.
- Immigrant-specific surveys offer a great advantage to a large extent because they ask such important questions as the migrant pathways and retrospective period(s) of arrival prior to formal, legal admission (Massey and Malone 2002).
- Immigrant-specific longitudinal data, however, often have limited sample size and astonishingly seldom include a comparative sample of natives, making meaningful assessments of assimilation extremely difficult (Cobb-Clark and Kossoudji 1996; Cobb-Clark 2001).
- Attrition rates, for reasons of emigration but also because of inability to track such a highly mobile population, are extremely high.
- Given what we know about the pace with which immigrants catch up to natives, tests of assimilation require not just a five-year panel, but as much as 20 years of information to resolve the most fundamental debates about ultimate assimilation.

Perhaps the single most important need for longitudinal data is to answer questions about the "change in the earnings of immigrants will be an endless round of dueling statistics by academics" (Regets 2004). Fortunately, the U.S. has just funded a pilot and now an initial round of an immigrant-specific survey, known as the New Immigrant Survey, with plans for future follow-up panels (Jasso et al. 2002). However, although longitudinal data may be the gold standard for understanding immigrant assimilation, these data will not effectively cancel out the use of silver or even bronze standards.⁸

Second, to further complicate matters there is tremendous diversity in the rate of economic progress across cohorts (Duleep and Dowhan 2003). There is also tremendous diversity within cohorts due to the pathways of entry, which remain unexamined apart from broad approximations of family versus skill/employment admission (Massey and Malone 2002; Lowell 1996; Fix and Passel 1995). These latter facts are not simply splitting hairs; if there are shifts in the outcomes of different entry cohorts, they can seriously confound prognostication for the very same reasons that make longitudinal data superior to cross-sectional data. Even longitudinal data face serious problems if cohort outcomes change significantly. Differences in outcomes by pathway of entry, such as between skilled temporary workers who become permanent immigrants and long-term seasonal unauthorized workers who become family-based immigrants, remain largely unknown but are precisely the stuff of admission policy.

⁸ Furthermore, longitudinal data are extremely costly. A less expensive, less intrusive, and more finely dynamic alternative would be to collect administrative data that had analytic value and to do so in a way that permits different data sources to be linked. Canada, for example, has just such a rich source of data that complements its parallel collection of cross-sectional and longitudinal panels (DeVortz et al. 2004).

Third, there is tremendous diversity in the rates of economic progress across sending countries and education levels:

“Europeans have entered with relatively high wages and have earned wages comparable to natives over their life course. Japanese, Koreans, and Chinese have entered with lower wages but have quickly caught up with native-born workers. Mexicans, on the other hand, have entered with low wages, and the wage gap between themselves and native-born workers has not shrunk. Central Americans have had a somewhat similar experience as Mexicans.” (Schoeni 1996: 27).

Essentially, place of origin matters, perhaps even more than, or because of, admission policies.⁹ After all the vaunted superiority of the Canadian skills point system over the U.S.’s supposedly clunky employer-based labor market testing, the only significant differences in measured immigrant assimilation between the two countries occur because of the U.S.’s large population of Latino immigrants (Antecol, Cobb Clark, and Trejo 1999; Duleep and Regets 1992; Martin and Lowell 2004).

Answers to the question of how migrants will assimilate vary from the cheerily optimistic (Card 2004) to the rather pessimistic (Borjas 1995), even when researchers are confronted with exactly the same results. Consider that some comparisons of cross-sectional and longitudinal data uncover substantial agreement in assimilation outcomes and so embolden those who use synthetic cohort methods that more closely approximate longitudinal results (Bratsberg and Ragan n.d.; Duleep and Regets 1997; Lindstrom and Massey 1994; Hu 1999).

Yet, the most consistent findings of longitudinal datasets are that cross-sectional data, and to a lesser extent synthetic cohort approaches, substantially overestimate the ultimate wage trajectories of the cohorts of immigrants from developing countries who have arrived in the U.S., Canada, and most European nations. Indeed, cross-sectional data are overly optimistic by 50 to 90 percent in terms of actual outcomes (Edin et al. 2000; Longva, and Raaum 2003). The accumulating research base that uses longitudinal data in the United States largely supports that conclusion (Lubotsky 2000; Zeng 2003; Hu 1999). In a very real way then, the longitudinal data reaffirm and make more concrete the results of synthetic cohort studies that:

- Most immigrants do not and will not ever reach earnings parity with the average and otherwise similar *native-born* worker (Edmonston and Smith 1997; LaLonde and Topel 1997).
- It is possible to conclude from synthetic cohort studies of assimilation that ...the magnitude of the wage gaps is not enormous. After controlling for education, which explains about an 11 percent gap in immigrant earnings for both men and women, the gaps are under 10 percent – comparable to the wage gaps for blacks or native Hispanics (Card 2004).

⁹ Borjas (1995) has made significant contributions to the observation that place of origin is important to average immigrant assimilation, concluding that family-based admission has had the greatest impact on shifts to less-developed source countries. Those conclusions are echoed in European research (Longva and Raaum 2003; Rashid 2004).

- However, immigrants do reach earnings parity with otherwise similar *same ethnic group* native-born workers after 10 to 16 years (Lalonde and Topel 1997).

The more optimistic findings of truly *longitudinal* data have established that low-wage immigrant cohorts experience very fast earnings growth, and indicate that today's various immigrant cohorts' earnings tend to converge. But even after much more rapid wage growth than one might anticipate from prior research, after 5 to 10 years these cohorts still have nominal earnings that are 20 to 50 percent lower compared with all native-born workers. Adjusting for differences in human capital characteristics, after a decade, the point at which further growth begins to attenuate, the wage differential remains 20 percent (Duleep and Dowhan 2002).

Under the circumstances the fairest conclusion seems to be that most European and many Asian immigrants will assimilate equitably into the U.S. labor market during their working lives and well before their retirement. Their children will, likewise, do rather well in pursuing higher education and will succeed, often better than natives. There is a range of success levels among Latinos, with Mexican immigrants showing the least evidence of labor market assimilation. However, even these Latino immigrants experience relatively rapid wage growth during their first 10 years in the United States, and their (second generation) children are making advances beyond their parents. This is the stuff of upward mobility and sheds an optimistic light on an otherwise gloomy prognosis. Mobility generates hope and militates against the "racialization" of immigrants' future (Bean and Lowell 2004). Even if it may take a couple of generations, upward mobility does appear possible and immigrants do not appear to be stuck forever in the low-end jobs that they first take in the United States.

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Appendix

Select Longitudinal Studies Outside the United States	
Country:	Dataset:
Australia	Household, Income and Labour Dynamics in Australia (HILDA) General Customer Survey (GCS) Longitudinal Survey of Immigrants to Australia (LSIA) I* Longitudinal Survey of Immigrants to Australia (LSIA) II*
Belgium	Belgian Socio-Economic Panel (SEP)
Canada	Survey of Labor Income Dynamics (SLID) Longitudinal Survey of Immigrants to Canada (LSIC)*
China	Chinese Longitudinal Healthy Longevity Survey (CLHLS)
France	French Household Panel
Germany	German Socio-Economic Panel*
Hungary	Hungarian Household Panel
Indonesia	Indonesia Family Life Survey
Japan	Japanese Panel Study on Consumers (JPSC)
Korea	Korean Labor Income Panel Study (KLIPS)
Luxembourg	Panel Socio-Economique "Liewen zu Lëtzebuerg" (PSELL)
Mexico	Mexican Family Life Survey (MxFLS)
Netherlands	Dutch Socio-Economic Panel (ISEP)
New Zealand	Longitudinal Immigration Survey*
Poland	Polish Household Panel (PHP)
Russia	Russia Longitudinal Monitoring Survey (RLMS)
South Africa	KwaZulu-Natal Income Dynamics Study (KIDS)
Sweden	Swedish Panel Study Market and Nonmarket Activities (HUS) Longitudinal Individual Data for Sweden, 1960-1998 (LINDA)*
Switzerland	Swiss Household Panel (SHP)
Taiwan	Panel Study of Family Dynamics (PSFD)
United Kingdom	European Community Household Panel Study (ECHP) ¹ British Household Panel Survey (BHPS)

Migration, Labor Markets, and Integration of Migrants: An Overview for Europe with a Comparison to the U.S.¹

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Executive Summary

For more than two centuries most countries of Western Europe have primarily been countries of emigration. During the last 60 years, all countries of Western Europe have gradually become destinations for international migrants and asylum seekers. Today all West European countries and several new member states of the European Union (EU) have a positive migration balance. And it is very likely that sooner or later this will be the case in other new EU member states and accession countries.

This paper discusses the size of Europe's migrant population, its demographic structure, and the economic position of migrants. The European Labour Force Survey (LFS) is used as the main database. For the first time, the criterion "place of birth" is used to distinguish between foreign-born and native-born residents of the EU. The results are then compared with those of legal foreign residents (which so far, in the absence of better data, were equally called "migrants"). This exercise shows the concentration of immigrants and foreign nationals from middle- and low-income countries in certain sectors of the economy and in low-pay jobs.

The picture is somewhat better when looking at the foreign-born population, which includes naturalized citizens of EU member states who on average are economically better integrated than those who remain third country nationals. Immigrants have higher employment rates and, on average, are occupied in better positions than legal foreign

¹ This paper summarizes findings of five research papers for the European Commission (DG Employment and Social Affairs) authored by experts working at the Hamburg Institute of International Economics (Hamburg, Germany) and the Migration Policy Institute (Washington DC). It profited from discussions between the author and services of the European Commission as well as from discussions with a number of scholars and senior civil servants active in the fields of migration and integration. European Labour Force Survey data were provided by Eurostat and additional analysis by Heinz Fassmann (University of Vienna).

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residents. These findings suggests that in Europe the process of integration of immigrants differs to a lesser degree from that of traditional countries of immigration such as the US, Canada and Australia than has been previously assumed.

However, further sustained efforts to enhance integration of immigrants and their children and to provide equal opportunities are necessary. Confronted with an aging and eventually shrinking domestic population, Europe also has to consider pro-active migration policies and measures to identify future labor and skills gaps. In the medium- and long-term the EU will have to compete with other OECD countries for attractive potential migrants. In this context Europe has a genuine incentive to compare its efforts and experiences with those of traditional countries of immigration—in particular with the US and Canada.

Definitions of Terms

Geographic Entities

EU 15: The 15 states that comprised the European Union prior to May 1, 2004, including: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom

EU 10: The 10 EU member states admitted on May 1, 2004, including Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

EU 8: The Central European EU member states admitted on May 1, 2004, including Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

EU 25: The current European Union, consisting of the EU 15 plus the EU 10.

EU Accession States: Countries scheduled for admission to the EU, currently Bulgaria, Romania, Croatia, and Turkey.

European Economic Area (EEA): The first full customs union in Europe, informally called the Common Market. With the 1995 enlargement of the European Union, the EEA remained in existence to enable its 3 non-EU members (Norway, Iceland, and Liechtenstein) to participate in the Common Market. Switzerland decided not to join the EEA.

Western Europe: EU15, Iceland, Norway and Switzerland. Although Switzerland is not a member of the EU or the EEA, it maintains links to these entities through bilateral agreements.

EU West: EU 15 (except Italy, Greece, Portugal, and Spain) plus Iceland, Liechtenstein, Norway and Switzerland.

EU South: Italy, Greece, Portugal and Spain.

CEEC: Central and Eastern Europe Countries, including: Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia, and Ukraine.

CEE: Central and Eastern Europe: the countries of Eastern Europe, the Balkans, Turkey and Central Asia, including: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Russian Federation, Serbia and Montenegro (including Kosovo), Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

EECA-20: CEE countries plus Turkey.

MENA-20: the countries of the Middle East, North Africa, and the Gulf States, including Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine Territories, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.

Immigration and Labor Terms

International migrant: (UN definition) a person living for 12 months or more outside of his/her country of birth or citizenship.

Foreign-born: (In both EU and US) a person born in a country other than the one in which he/she resides. (US) children of US citizens born elsewhere are automatically citizens themselves and not considered “foreign born”.

Migrant: (In the EU) is synonymous to “foreign-born.” (In the US) All foreign-born residents are considered migrants; persons living outside their US state of birth are referred to as domestic or internal migrants.

Immigrant: (In the EU) is synonymous to “foreign-born” with the prospect of long term or permanent residence. (In the US) this term is reserved for persons who are granted lawful permanent residence in the United States. Persons often live in the US in “temporary resident” status before “immigrating,” i.e., receiving lawful permanent resident status.

Foreign National: (In both EU and US) defined as a person who is a citizen of a country other than the one in which he/she resides. (In US) persons owing permanent allegiance to the United States; all US citizens are US nationals but a very small number of people (citizens of American Samoa and the Swains Islands) are US nationals without being US citizens.

Legal Foreign Resident: (In EU) synonymous with “foreign national;” includes not only foreign-born individuals but also many persons who were born in the country of residence but at birth acquired only the foreign citizenship held by their parents. (In US) No comparable concept: all persons born in the United States are entitled to US citizenship.

Irregular Migrant: (In EU) Persons resident in a country without legal permission to be there. (In US) referred to as “unauthorized,” or “unlawful” or “illegal” migrants.

Regularization: (EU) A government program granting a large number of irregular migrants authorization to remain in their country of residence. (US) Such programs are called “legalization.”

Worker: (EU) roughly equivalent to “blue-collar” workers. (US) any person who works or is looking for work.

Employee: (EU) roughly equivalent to “white collar” workers. (US) any person who is directly employed by someone else; does not include the self-employed or contract workers.

Gainful employment: Defined as workers/employees with salary plus self employed persons in the working age population (15-64) in the European Labour Force Survey (LFS). This figure excludes people working as dependent family members without pay or for benefits in kind in a family owned farm or business.) (US) EU concept of gainful employment is equivalent to the US concept of (current) employment, rather than the concept of gainful employment, which in the US pertains to those who “usually” work.

Migration, Labor Markets, and Integration of Migrants: An Overview for Europe with a Comparison to the U.S.

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Between 1750 and 1970 Europe was the prime source region of world migration sending some 70 million people—the equivalent of one third of its population growth—overseas. During the last 50 years, however, all countries of Western Europe³ gradually became destinations for international migrants (Table 1). Several of the new EU member states in Central Europe and the Mediterranean also follow that pattern (Table 2).⁴ It is very likely that, sooner or later, this will be the case in other new EU member states and accession countries⁵ as well. Many Europeans, however, still do not see their homelands as immigration countries—in particular not as destinations of permanent immigrants. Today, this contra factual perception of demographic realities has become a major obstacle to the development and implementation of proactive migration regimes and comprehensive integration programs. As a consequence it might be more difficult for the EU and its member states to attract the mix and kind of migrants this world region will need to recruit in the future for demographic and economic reasons.

Migration and population

In early 2004, the 25 countries that now constitute the European Union (EU 25)⁶ had 456 million inhabitants, as compared with 290 million inhabitants in the United States. The 15 member states that constituted the EU prior to enlargement (EU 15) had 382 million EU citizens and legal foreign residents. The remaining 74 million lived in one of the 10 new member states in Central Europe and the Mediterranean that joined the European Union on May 1, 2004 (EU 10).⁷ Of these 456 million people some 34-37 million are international migrants—representing roughly 8 percent of Europe’s total population.⁸ If this estimate for the EU 25, elaborated below, is accurate, this means

³ Western Europe is defined as the EU 15, Iceland, Liechtenstein, Norway and Switzerland, with 393 million inhabitants.

⁴ In 2003, Cyprus (Greek part only), the Czech Republic, Hungary, Slovakia, and Slovenia already have a positive migration balance.

⁵ Accession countries with possible EU membership in 2007 are Bulgaria, Croatia, and Romania. The fourth accession country, Turkey, will not be admitted to the EU in 2007.

⁶ The EU 25 encompasses the EU 15 member states (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom) as well as the 10 member states admitted on May 1, 2004 (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia).

⁷ Another 105.2 million people were living in the EU accession countries Bulgaria, Croatia, Romania and Turkey. And 12.3 million people were citizens or foreign residents of 3 other countries belonging to the European Economic Area (i.e., Iceland, Liechtenstein, Norway) and of Switzerland. In 2004, the total population of all these 29 countries (EU 25, the rest of the EEA, and Switzerland) was 468.7 million.

⁸ In many documents of the European Commission and of EU member states, so far, legal foreign residents or third country nationals have been used as “proxy” for immigrants not accounting for the rapidly growing

that in absolute terms the number of international migrants⁹ in Europe is of similar size but not strictly comparable¹⁰ to that in the United States (33.5 million foreign-born in 2002). In any case, the foreign-born represent a larger proportion of total US population (12.5 percent in 2002).¹¹

Europe, like the US, faces demographic aging due to increasing life expectancy. But, unlike the US, almost all countries in Europe are experiencing below replacement fertility. As a result, the pace of demographic aging is much more rapid in Europe than it is in the US. Already in 2003, out of 33 European countries analysed (Table 2),¹² 15 countries were experiencing higher mortality than birth rates. The other 18 countries still had natural (but declining) population growth. Net migration, however, was positive in 26 of the 33 countries analysed.¹³ Relative to population size, Cyprus¹⁴ had the largest positive migration balance (17.9 per 1000 inhabitants in 2003), followed by Spain (14.2 per 1000), Liechtenstein (10.0 per thousand),¹⁵ Italy (8.9 per thousand), Ireland (7.1 per 1000), Portugal (6.1 per thousand) and Switzerland (5.6 per thousand). Negative migration balances were only registered in Lithuania (-1.8 per 1000 inhabitants), Iceland (-0.8 per 1000), Poland (-0.4), Latvia (-0.4), Romania (-0.3) and Estonia (-0.2). Several countries, in particular the Czech Republic, Greece, Italy, Germany and Austria only had population growth due to migration.

In 2002-03, among the four EU accession countries, Romania and presumably Bulgaria had a negative migration balance, but Croatia and Turkey experienced net gains from migration.

Recent inflows

In 2003, the 28 EU and EEA countries plus Switzerland had an overall positive net migration rate of 3.7 per 1000 inhabitants and a net gain of 2.0 million people. Migration accounted for almost 90 percent of Europe's total population growth of 2.0 million people in 2003. In absolute numbers the gross immigration was largest in Spain,

number of naturalized citizens of EU member states. While in the EU most legal foreign residents in fact are migrants it is no longer true to conclude that most migrants are foreign residents. This paper aims at giving information both on legal foreign residents and on the foreign-born (i.e., immigrant) population of Europe while trying to distinguish between these two overlapping groups. By doing so the paper allows for direct comparison with US data traditionally based on a distinction between native-born and foreign-born (i.e., immigrant) populations (see European and US concepts analyzed below).

⁹ International migrant is defined according to a UN suggestion as people living for 12 or more months outside their county of birth or citizenship.

¹⁰ The numbers for Europe and the US have to be compared with some caution as the figures for the EU include intra-EU mobility between member states as well as immigration from third countries.

¹¹ US census results for 2000; US census data on foreign-born residents include irregular migrants (see Passel 2002).

¹² Table 2 displays this information for the EU 25, the 3 additional countries that with the EU 25 make up the European Economic Area (Iceland, Liechtenstein, and Norway), one non-EEA state (Switzerland), and the EU accession countries of Bulgaria and Romania,

¹³ This information was not available for Bulgaria.

¹⁴ Government controlled, i.e., Greek part of Cyprus only.

¹⁵ Liechtenstein and Switzerland are not EU member states; Liechtenstein is a member of the European Economic Area (EEA) but has retained the right to restrict the settlement of other EU and EEA nationals in its territory.

Italy, Germany and the UK.¹⁶ Comparisons with the US suffer from the lack of population registers in North America. But in fiscal year 2001 the US admitted 1.1 million legal permanent immigrants (3.7 per 1000 inhabitants) and some 1.5 million temporary migrants.¹⁷ Net migration only accounted for one third of US population growth.

Gates of Entry, Relevance of Labor Migration

In many European countries for which data are available, recent regular immigration has been dominated by family reunion¹⁸ and family formation, the inflow of asylum seekers (455,000 applications in EU 25 in 2002),¹⁹ and the inflow of co-ethnic “return” migrants and their dependent family members.²⁰ In Ireland and several countries of Southern Europe, economic migration still plays a major role.²¹

For a selected number of EU member states, the relative importance of employment, family reunion, asylum and other reasons for immigrants to enter the Union is known. In 2001 for instance, in Sweden over 70 percent of residence permits were granted for purposes of family formation/reunion. In Belgium and Denmark this was the reason in over 50 percent of cases; and in Austria, Finland, France and Italy it applied to between

¹⁶ Total inflow of foreign migrants (with exception of seasonal workers) according to OECD/Sopemi (2004).

¹⁷ Non-immigrant visas for foreign migrants arriving for business, pleasure, work, educational and other purposes. Many of these non-immigrant legal foreign residents later manage to adjust their status in the US and become permanent immigrants (Gozdziak and Martin 2004). Some are even able to adjust their status after irregular entry (Massey and Malone 2002). Statistically they only become visible as “immigrants” in the year that this adjustment takes place.

¹⁸ The European Union sees “the right to family reunification (...) as an indispensable instrument for integration.” The European directive on Family unification adopted by the Council in September 2003 therefore “recognises the right to family reunification for third-country nationals holding a residence permit of one year or more who have reasonable prospects of obtaining permanent residence. Member States will be entitled to require for the exercise of this right that third-country nationals comply with integration measures in accordance with national law. An essential provision for the integration of family members is that they be entitled, in the same way as the applicant, to access to employment, education and vocational training.” (European Commission 2003a)

¹⁹ EU 25+EEA+Switzerland, among them 382.000 in the EU 15 and 30.000 in the 10 new EU member states (then still accession countries). The US, in FY 2001, admitted 97.000 refugees and 11.000 asylum seekers. The European directive on “minimum standards for the qualification and status of third-country nationals and stateless persons as refugees or as persons who otherwise need international protection contains a specific chapter regulating the content of international protection and specifying the rights to be enjoyed by a refugee or person granted subsidiary protection. These require Member States to provide programmes tailored to the needs of refugees to facilitate their integration into society.” (European Commission 2003a)

²⁰ These two related inflows are of particular relevance for countries like Germany (ethnic German Aussiedler), Greece (Pontian Greeks) and Hungary (ethnic Hungarians).

²¹ In January 2005 The European Commission published a “Green Paper” on economic migration following a “proposal for a directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities” which failed to get sufficient support in the Council. The idea behind the proposal for the directive and the Green paper “is both to provide a pathway for third-country workers which could lead to a more permanent status for those who remain in work, while at the same time giving a secure legal status while in the EU to those who return to their countries of origin when their permit expires.” (European Commission 2003a)

20 percent and 30 percent of all people taking legal residence in these countries.²² In 2000 employment was the reason for legal entry in 61 percent of cases, in Italy, 46 percent in Portugal and 36 percent in Spain. In Ireland and Greece admission for economic reasons played a dominant role. In the UK, employment was the reason for entry in only 27 percent of the cases, as was family reunion (also 27 percent).²³

Looking at the EU overall, nearly 40 percent of all residence permits were granted for the purpose of employment whereas 30 percent were granted for the purpose of family reunion. These figures, however, do not give the full picture. For example, in several EU countries economic migration takes place to a larger extent in the form of seasonal and temporary labor migration (529,000 persons admitted in 2001 in EU 15)²⁴ as well as in the form of irregular labor migration of at least the same magnitude. The latter only becomes statistically visible at the occasion of so-called amnesties and regularization programs. During the period 1995-2002 some 2.5 million migrants were regularized in EU 15.²⁵

In the US, permanent immigration is dominated by family members of foreign legal residents or US citizens (63 percent in FY 2001). Those admitted for economic reasons (17 percent) were the second largest group of recent immigrants and those entering for humanitarian reasons (12 percent) third.²⁶ In the US irregular migration also plays a quantitatively significant role. In 2000-01, according to estimates, the US was home or host to some 6.9 million to 8.5 million irregular migrants.²⁷ It is estimated that up to 5 million of these people came during the 1990s.²⁸

Labor Migration in the New EU Member States

In the new EU member states in Central Europe labor migration is still relatively small compared to population size. In Poland the number of work permits for labor migrants fluctuated between 15,000 and 18,000 per year between 1997 and 2002, but irregular labor migration has already become visible. In Slovenia the number of work permits fluctuated between 34,000 and 40,000.²⁹ The Czech Republic counted 104,000 non-nationals legally working within its borders in 2001. Including trade licenses, the number of legally established economic migrants for that year can be put at around 168,000. In Slovakia their number was 9,000 in 2002. Relative to work force and population size Hungary has the largest number of legal foreign workers and employees³⁰: 115,000 or 2.3 percent of the work force in 2002.³¹

²² European Commission (2004b).

²³ European Commission (2003b).

²⁴ Admitted by France, Germany, Italy, Sweden, and Switzerland (see OECD/Sopemi 2004).

²⁵ The US on the basis of the 1986 Immigration Reform and Control Act legalized 2.8 million irregular foreign residents. For regularization in Europe and the US see Papademetriou et al. 2004. In 2005 Spain offered regularization to some 800,000 irregular migrants.

²⁶ See U.S. Department of Labor (2002), Papademetriou and O'Neill (2004).

²⁷ See Gozdzia and Martin (2004), Passel (2002).

²⁸ See Gozdzia and Martin (2004), Passel (2002).

²⁹ See IOM (2004).

³⁰ In most European countries labor law distinguishes between "workers" (usually synonymous for blue-collar), employees (usually synonymous for white-collar); and the self-employed. Within the same firm workers and employees may, e.g., have different pay systems and may be represented by different unions.

In the new EU member states, the great majority of migrant workers and employees come from neighbouring countries and regions. In Slovenia, more than 90 percent of the foreign workers come from other successor states to former Yugoslavia. Foreign workers from Ukraine, Belarus and the Russian Federation represent the majority in Poland and some 30 percent in the Czech Republic. In Hungary 43 percent of the foreigners were Romanian citizens, followed by citizens of Serbia (11 percent) and Ukraine (8 percent), most of them ethnic Hungarians. Around 10 percent had come from the EU. The Czech Republic and Poland also have a sizeable share of migrant workers from Asian countries, notably Vietnam, whereas Hungary hosts the largest Chinese Diaspora community in Central Europe (2002: 6 percent of all legal foreign residents).³²

In most new EU member states migrant workers and employees represent a relatively small segment of the work force (Table 3). Only in the government-controlled, i.e. Greek, part of Cyprus is the share of foreign labor above the EU average and continuously growing.³³

Foreign Residents vs. Foreign-Born: EU and US concepts

The exact number of migrants residing in Europe is unknown. This is partly due to the fact that, unlike the United States, many European countries continue to use nationality, rather than place or country of birth as a standard criterion in their demographic, economic and social statistics. Nationality merely distinguishes natives from legal foreign residents, i.e., people living in Europe as citizens of another EU member state or as third country nationals. The concept of legal foreign residents includes both immigrants and native-born children/grandchildren of immigrants, who at birth only acquired the (foreign) citizenship of their parents. In many documents of the European Commission and of EU member states, until now, legal foreign residents or third country nationals have been used as “proxy” for immigrants, not accounting for the rapidly growing number of naturalized citizens of EU member states.³⁴ While in the EU most legal foreign residents in fact are migrants, it is no longer accurate to conclude that most migrants are foreign residents. At the same time, those holding citizenship of their country of residence are not all native-born. Some of them are naturalized immigrants. Others were already citizens of the destination country when they immigrated.

In countries with high naturalization rates and/or *ius soli* birthright citizenship,³⁵ the official number of legal foreign residents substantially underestimates the immigrant population. This is obvious for the US and Canada, but can also be demonstrated for a few EU countries with high naturalization rates. In 2001, for example, Sweden’s

³¹ See OECD/Sopemi (2004).

³² See IOM (2004).

³³ In 2003, relative to population size, Cyprus (government-controlled, i.e. Greek part only) had the highest positive migration balance (Table 1).

³⁴ In the decade 1992-2001 some 5,855,000 people were naturalized in one of the EU 15 countries (OECD/Sopemi 2004).

³⁵ *Ius soli* birthright citizenship primarily defines nationality through place of birth thus giving some, most or all children (or grandchildren) of foreign immigrants automatic access to citizenship of the receiving country.

foreign-born population was 1,028,000 while only 476,000 people were legal foreign residents. In the Netherlands, the respective figures for 2001 were 1,675,000 foreign-born residents, but only 690,000 legal foreign residents (Table 4).

Basic Concepts in Europe and the USA

European concept: Citizenship	US concept: Place of birth	applied to the EU context
	Native-born population	Foreign-born population
Citizens of a particular EU member state	Majority of domestic population in receiving countries; native-born children and grandchildren of foreign immigrants who acquired the receiving countries' citizenship at birth (<i>ius soli</i>) or through naturalization	Naturalized immigrants; people who immigrated as citizens of the receiving country
Other EU citizens	Children/grandchildren of EU immigrants who did not acquire the receiving countries' citizenship at birth or through naturalization	Immigrants from other EU member states
Third country nationals	Children/grandchildren of third country immigrants who did not acquire the receiving countries' citizenship at birth or through naturalization	Immigrants from third countries

Little is known about the characteristics of foreign-born citizens of EU countries, since in many government statistics, other official data and surveys based on nationality (rather than place of birth), naturalized citizens are difficult to distinguish from native citizens. By the same token native-born children of immigrants holding their parents nationality remain registered as “foreigners” unless they naturalize or acquire *ius soli* citizenship of the receiving country at birth. As a result data referring to “third country nationals” include not only foreign-born residents, but also native-born residents of EU countries who do not hold EU citizenship. Furthermore only a few countries try to deal in their official statistics with irregular migrants. Belgium, Greece, Italy, Portugal and Spain have offered quantitatively significant regularization programs. Smaller numbers of irregular migrants were regularized in Germany, Luxemburg and the UK. Since the 1970s the EU member states listed in this paragraph collectively regularized a little less than 3.5 million irregular foreign residents.³⁶ Of them 2.5 million were regularized in

³⁶ Including irregular labor migrants, unsuccessful asylum applicants, and people admitted under temporary protection status (TPS). See Apap et al. (2000), Niessen and Schiebel (2002), OECD/Sopemi (2004), Papademetriou et al. 2004.

recent years (1995-2002).³⁷ Most of them were irregular labor migrants. Spain continues to give irregular migrants access to basic medical services if they register with local municipalities. As a result Spain, in 2002-03, had 2,664,000 registered foreign-born residents,³⁸ but only 1,109,000 legal foreign residents (Table 3).

Europe's Immigrants: How many?

According to national population statistics, population registers, and census data collected around 2000-02, the EU 15 states were home or host to some 18.7 million legal foreign residents (Table 4).³⁹ This is the number also reported by Eurostat's Chronos database. Of these, fewer than 6 million people were EU citizens living in another EU member state, and some 13 million were third country nationals.⁴⁰ By contrast, data collected by national correspondents of OECD's Sopemi network put the number of foreign nationals in EU 15 during the same period at 20.1 million. The differences were particularly visible for Greece, Spain, Ireland and Portugal. The 18.7 million to 20.1 million legal foreign residents of the EU in 2000-02 included both foreign-born individuals and natives not holding the citizenship of the EU country in which they lived.

As only some EU member states register the country of birth of their residents, the European Labor Force Survey (LFS) is the sole Europe-wide data source that provides information on people born outside their country of residence. In 2002, according to the LFS, an estimated 22.7 million people (for whom the duration of stay is known) were born in another EU or third country. For a partially overlapping group of 14.8 million people (except foreign-born residents of Germany and Italy),⁴¹ there is information on their country of birth.⁴²

In order to calculate the total number of foreign-born in the EU, it is necessary to include estimates for Germany and Italy (derived below).⁴³ Adding these estimated 11.4 million to the number of immigrants with country of birth identified in the LFS (14.8

³⁷ See OECD/Sopemi (2004), Papademetriou et al. 2004.

³⁸ Regular and irregular migrants based on the local municipalities' registers.

³⁹ Not all of them are foreign-born (i.e., immigrants). Some are native-born, holding the citizenship of their parent's country of origin only.

⁴⁰ Another 1.7 million legal foreign residents live in Liechtenstein, Norway and Switzerland.

⁴¹ Data on foreign-born residents of Germany and Italy (by country of birth) are not available from the LFS. In Germany country of birth is not asked while Italy does not consent to the publication of this information.

⁴² The two groups are only partially overlapping; as for some people we only know either their county of birth or their duration of stay. For some we know neither their county of birth nor their duration of stay. The latter have been excluded from the calculation though some of them might actually be immigrants.

⁴³ For Germany, the best estimate combines the number of legal foreign residents not born in the country (5.7 million), a certain percentage of the persons naturalized (some 65% out of 1.4 million) and the number of ethnic German immigrants (*Aussiedler* with German citizenship still alive in 2002: 3.2 million). The estimated number for Germany therefore is 9.7 million (see Münz and Ulrich 2003). The assumed number for Italy is 2.2 million based on the number of residency permits (2003, various categories) and an estimate for foreign children not required to hold residency permits (Einaudi 2004).

million) puts the foreign-born population at 26.2 million.⁴⁴ A similar figure (26.4 million) is published by the UN Population Division for EU 15 in 2002.⁴⁵

For 10 of the EU 15 states, data on the foreign-born (i.e., immigrant) population are available from either population registers⁴⁶ a recent census,⁴⁷ or from other sources.⁴⁸ The aggregated results put the number of foreign-born residents in these 10 countries at 24.6 million (Table 4). Combining the information from the LFS⁴⁹ with that produced by the UN Population Division and data from national censuses and population registers (looking only at the highest available figure or estimate), the number of first generation immigrants in the EU 15 in 2002 can be put at 33.0 million. As published and unpublished data for some countries still underestimate the size of the foreign-born population,⁵⁰ one can assume the presence of 33-36 million legal immigrants—both foreign nationals and citizens—and irregular migrants⁵¹ in EU 15 (2001-02). Adding another 1.8 million immigrants living in the other EEA states and Switzerland⁵² and some 1.5 million immigrants living in the new EU member states in Central Europe⁵³ brings the size of Western and Central Europe's migrant population to 36-39 million people. Given available information and the shortcomings mentioned, this could be seen as a best estimate.

⁴⁴ Despite the restrictions described some data on foreign-born people in Germany and Italy (with duration of stay known) can be obtained from the LFS.

⁴⁵ Standard UN criteria define international migrants as persons residing outside their country of birth or citizenship for 12 months or more. But for its statistics the UN Population Division has to rely on national data sources. Some countries define migrants according to different criteria; others publish data on legal foreign residents, but not on the foreign-born population.

⁴⁶ Denmark, Finland, Spain, Sweden.

⁴⁷ Austria, France, Luxemburg, the Netherlands.

⁴⁸ Data for Germany are from foreigner's registers, naturalization statistics and an Allbus survey estimate for ethnic German *Aussiedler* (see Münz and Ulrich 2003); data for Italy are based on residency permits (see Einaudi 2004).

⁴⁹ This calculation takes the foreign-born population by duration of stay or country of birth (whatever is higher).

⁵⁰ Such an undercount has to be assumed both for foreign immigrants with short duration of stay and/or irregular status as well as for naturalized immigrants with a fairly long duration of stay, in particular privileged co-ethnic immigrants (e.g., ethnic German *Aussiedler*, Pontian Greeks) and colonial return migrants (e.g., French *pieds noirs*).

⁵¹ Prior to recent regularization programs in Italy, Greece, Portugal and Spain the irregular migrants seemingly was above 10 percent of the total foreign-born population: for the UK 10% might be a good estimate: figures for Denmark, Sweden and Finland could be lower than 10%. We can estimate such differences both from recent regularization and amnesty programs (see Papademetriou et al. 2004) as well as from discrepancies between local registers and general census results or national registers (see the case of Spain; Table 4).

⁵² Migration between the EU 25 and Switzerland is regulated through bilateral agreements.

⁵³ New EU member states in Central Europe are: Estonia, Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia; other new member states are: Cyprus, Malta. In the new EU member states, most labor migrant apparently come from neighboring countries such as the Balkans, Belarus, Moldova, Russia and Ukraine. Several countries are also home or host to labor migrants from Asian countries, notably China and Vietnam.

Education Levels

The skills profile of the foreign-born population is markedly different from that of the total EU population (Table 5). Both people with low formal education⁵⁴ (immigrants: 52 percent; EU 15 average: 43 percent) and with high formal education⁵⁵ (immigrants: 20 percent; EU 15 average: 17 percent) are overrepresented among immigrants. People with medium formal education⁵⁶ are underrepresented (immigrants: 28 percent; EU 15 average: 39 percent). This is mainly a result of labor markets primarily creating demand for high and low skilled migrants. Immigrants from Southern Europe living in another EU country as well as immigrant populations from Turkey, North Africa/Middle East and sub-Saharan Africa have relatively high proportions of people with low skills. In contrast immigrant groups from North-Western Europe living in another EU country and, in particular, immigrants from other industrialized world regions (North America, Australia/New Zealand) have higher proportions of highly skilled people.

Work Force

In 2002 there were some 250 million working age (15-64) people living in the EU 15. Of them, 161 million were actually employed, for an overall employment rate of 64.2 percent (Table 6). Another 13.5 million were seeking a job, for an overall unemployment rate of 5.4 percent. Between 1997 and 2002 the number of people employed⁵⁷ in the EU 15 increased by about 12 million, out of which 9.5 million were EU nationals and more than 2.5 million third-country nationals. While the share of third-country nationals in total EU employment was just 3.6 percent in 2002, they contributed to employment growth by 13 percent during the period 1997-2002 (Tables 6 and 7).⁵⁸ If we account for foreign-born naturalized EU citizens the contribution of immigrants to employment growth is on the order of 20 percent (Table 6). For comparison, between 1996 and 2000, foreign-born workers accounted for nearly half of the net increase in the US labor force.⁵⁹

In 1997, the employment rates of EU nationals already had reached 79 percent for the medium skilled and 88 percent for the high skilled. In 2002 they had further risen to 82 percent and 89 percent respectively. A similar development is true for legal foreign residents in EU 15.

The number of medium skilled increased by 50 percent and that of high skilled doubled, amounting to more than 60 percent of the total increase in employment.⁶⁰ This reflected cyclical growth in employment and the migrants' over-proportional contribution to the increase during 1997-2002, a period of economic and employment

⁵⁴ Only primary education completed.

⁵⁵ Tertiary education completed.

⁵⁶ Lower or higher secondary education completed.

⁵⁷ Defined as the number of people gainfully employed (i.e. workers/employees with salary plus self employed persons) in the working age population (15-64) in the European Labour Force Survey (LFS). This figure excludes people working as dependent family members without pay or for benefits in kind in a family owned farm or business.

⁵⁸ European Commission (2004c).

⁵⁹ See Mosisa (2002).

⁶⁰ European Commission (2004b).

growth. The situation for the low skilled is less favorable, with more modest employment increase, but was nonetheless stronger for third-country nationals than for EU-nationals.⁶¹

Employment and Unemployment Rates

The employment rate of working age adults (15-64 years) varies according to the place of origin (Table 8). EU working age adults had an overall employment rate of 64.2 percent and an unemployment rate of 5.4 percent in 2002. Immigrants from Western and Southern Europe living in another EU country and from other industrialized countries have higher employment rates (Western and Southern EU: 67 percent; North America, Australia: 76 percent) and lower unemployment rates (Western EU: 4.7 percent, Southern EU: 4.2 percent, North America/Australia: 3.5 percent) than those of the total EU. The opposite is true for immigrants from other parts of the world. Employment is particularly low and unemployment correspondingly high among immigrants from Turkey (50 percent and 9.2 percent), Middle East/Africa (51 percent and 9.8 percent), and Asia (59 percent and 5.2 percent). Immigrants from the new EU member states, the Balkans and Eastern Europe (collectively the Central and Eastern Europe Countries, or EU 8 plus CEE) and from Latin America have almost the same employment rate (63 percent) as the EU 15 average, but higher unemployment (Balkans, Eastern Europe: 7.8 percent, Latin America 8.3 percent).

Foreign-born men only have a slightly lower employment rate (71 percent) and higher unemployment (7.3 percent) than the total EU 15 male population (73 percent; and 5.4 percent, respectively). Employment is high among male immigrants from other EU member states, the Americas and Australia, Latin America, and the Caribbean (75 percent, 86 percent, and 74 percent respectively). Only male immigrants from Turkey and also Africa and the Middle East have significantly lower employment rates (65 percent and 63 percent respectively) and much higher unemployment (11.6 percent and 11.4 percent respectively).

Differences are larger among women. Female immigrants from Turkey, and from Africa and the Middle East have particularly low employment rates (34 percent and 39 percent respectively) and high unemployment rates (6.9 percent and 8.0 percent respectively) relative to all EU women (55 percent and 5.3 percent respectively). The opposite is true for women from Western EU countries (61 percent and 4.3 percent) and from N. America and Australia (68 percent and 3.4 percent). Women from Asia have particularly low employment and unemployment rates (46 percent and 4.7 percent, respectively). Women from Latin America have particularly high unemployment (11.1 percent).

When comparing legal foreign residents with the EU 15 average, the differences are much larger (Table 9). The overall employment rate of other EU citizens residing in the EU 15 but outside their country of citizenship, and of third country nationals, is only 59 percent as compared with an average of 64 percent for the EU 15 as a whole. The unemployment rate of foreign residents is 7.7 percent as compared with an average of 5.4 percent for the EU 15 as a whole. Among foreign men the employment rate is 69

⁶¹ European Commission (2004b).

percent and the unemployment rate is 9.1 percent, as compared with EU 15 averages of 73 percent and 5.4 percent, respectively. Among foreign women, the employment rate is 48 percent and the unemployment rate 6.3 percent, compared with averages of 56 percent and 5.3 percent respectively for all EU 15 women.

A comparison of rates of employment computed for the foreign-born and those computed for the legal foreign resident population (Table 10) shows clear discrepancies, especially regarding persons associated with the new EU member states, the Balkans and Eastern Europe, Turkey, Africa and the Middle East (Table 11). Such discrepancies, however, vary by country of residence. This is exemplified in a cross-country comparison of immigrants from and nationals of the Maghreb⁶² and Turkey (Table 12). In most EU countries, which in the past received immigrants from the Southern and/or Eastern Mediterranean, the immigrants born in Turkey and the Maghreb have higher employment rates than Algerian, Moroccan, Tunisian and Turkish citizens living in these countries. For Turks this is true in Belgium, Denmark, Austria, Sweden, and the UK. For Maghreb citizens the differences are visible in France, Belgium, the Netherlands, and Denmark. This can be interpreted as a result of particularly exclusionary mechanisms in labor markets of these countries affecting foreign nationals more adversely than naturalized citizens. But such discrepancies are almost nonexistent when comparing immigrants from other EU member states, North America and Australia as well as Latin America with nationals of the same regions living in EU 15 (Table 10).

In the US, the foreign-born population is also extremely heterogeneous with respect to labor market performance as measured by labor force participation and unemployment rates. Among persons between the ages of 15 and 64, the US-born population as well as North/West European, Canadian, and African immigrants to the US have labor force participation rates of over 72 percent. In contrast, Mexican, Caribbean, West Asian, Caribbean and Central American immigrants have considerably lower rates of labor force participation (between 62 and 66 percent).⁶³

Likewise, in the US there is strong variation in unemployment rates between groups. North/West European and Canadian immigrants have the lowest unemployment rate (3.1 percent); moreover, the rate for several other immigrant groups is less than that for the US-born population (5.6 percent). Other groups have unemployment rates that are almost double that of the American born population: rates for Mexican (9.4 percent), Caribbean (9.3 percent) and Central American (8.4 percent) immigrants are particularly high.⁶⁴

Occupational Structure and Industry Structure

On the whole the occupational structure of foreign-born workers in Europe (as identified in the LFS) is different from the EU 15 average (Table 13). Immigrant workers are underrepresented in medium-skilled non-manual positions (immigrants: 9 percent; EU 15 average: 13 percent) and over-represented in non-skilled manual

⁶² Algeria, Morocco, Tunisia.

⁶³ US Census results of 2000; see Ray (2004). For a critical review of these findings see Lowell 2004.

⁶⁴ US Census results of 2000; see Ray (2004), Lowell 2004.

positions (immigrants: 24 percent; EU 15 average: 18 percent). Immigrants from northwestern Europe living elsewhere in the EU, as well as immigrants from other industrialized countries (North America, Australia/New Zealand), predominantly occupy highly skilled non-manual positions (Western EU immigrants: 50 percent, North American immigrants: 65 percent, EU 15 average: 37 percent). Immigrants from southern Europe living elsewhere in the EU (skilled manual: 32 percent, unskilled manual: 27 percent), as well as immigrants from the Balkans, Central and Eastern Europe (skilled manual: 22 percent unskilled manual: 36 percent) and from Turkey (skilled manual: 23 percent, unskilled manual: 35 percent), are disproportionately active in skilled and unskilled manual positions (EU 15 average skilled manual: 18 percent, unskilled manual: 18 percent). Immigrants from North Africa/Middle East and sub-Saharan Africa as well as from Asia have an average representation in highly skilled non-manual positions⁶⁵ but are disproportionately active in unskilled manual positions (Africa: 24 percent, Asia: 28 percent).

In comparison with the overall EU population (Table 14), legal foreign residents on average are less concentrated in highly skilled non-manual positions (29 percent, EU 15 average: 37 percent), but they are over-represented in skilled manual (20 percent, EU 15: 18 percent) and particularly in unskilled manual positions (29 percent, EU 15: 18 percent). These differences between the foreign-born and foreign nationals are significant for the following regions of origin and groups of foreign nationality: Turkey, North Africa/Middle East and sub-Saharan Africa, Latin America and the Caribbean. Such differences are less pronounced but still visible for migrants from/nationals of southern Europe and Asia. And there are only very small differences for migrants from or nationals of northwestern Europe and North America, Australia/New Zealand.

Differences between the industrial distribution of immigrant and overall EU 15 workforce are accentuated when comparing the latter with the legal foreign resident workforce. Foreign nationals are more frequently employed in manufacturing, construction, hotels and restaurants, and research and development than the EU 15 average (Table 15). At the same time they are less likely to work in the public sector, in particular public administration and education (Table 16). Such differences point to the fact that many foreign residents take up less stable jobs in manufacturing, construction and tourism. And it clearly reflects the exclusion of third country nationals from important parts of the public sector while naturalized immigrants have access to this segment of the labor market.

In the US, Mexican and Central American immigrants are heavily concentrated in manufacturing, construction, and accommodation and food services industries, both relative to the US-born population and other immigrant groups. In contrast, African and Caribbean immigrants are strongly represented in education, health, care and social services, and like Mexicans and Central Americans, in accommodation and food services. Other immigrant groups, namely those from Northern/Western Europe and Canada and Eastern Europe are more strongly represented than the US-born population

⁶⁵ This could well be influenced by an over representation of skilled migrants in the LFS.

in some high-skill industries: professional, science, management and administration, finance, insurance and real estate, and information technology.⁶⁶

Economic Inclusion and Exclusion of Migrants

In Europe, over the last decade, third-country nationals' unemployment has remained higher than EU nationals' unemployment (Table 9). Third-country nationals (designated "Rest of the World") have much lower employment rates than EU-nationals (12 percentage points lower in 2002), in particular, in the prime-age group (20 percentage points lower) and for the high skilled. The gap is, on average, wider for women than for men, within all working age groups.⁶⁷

In more than half of the EU 15 this gap has been shrinking over the last decade. From 1994 to 2002, the employment rates of non-EU nationals improved significantly in Portugal (+28 percentage points), Spain, (+22 percentage points), Denmark (+18 percentage points), the Netherlands (+16 percentage points), Ireland (+13 percentage points) and Finland (+12 percentage points).⁶⁸ Smaller increases were recorded in the United Kingdom, Sweden and Greece. The employment rates for non-EU nationals remained below average in France and Belgium, and there was a decline in the employment rates of non-EU nationals in Austria (-3.5 percentage points),⁶⁹ Luxembourg (-3.1 percentage points) and Germany (-2.0 percentage points).⁷⁰

Migrant workers and employees originating from non-Western and non-EU countries are not only concentrated in a few sectors, but within them, in the lower skilled segments. A growing number of them are employed in the health and care sector as well as in education. Domestic services also play an important role, though not always visible in available statistics due to the high proportion of irregular migrants working in this sector. By contrast young people of foreign origin tend to be increasingly working in jobs closer to the native profile.⁷¹

Whether these changes mean a better starting point for migrants' longer-term integration in the labor market is questionable, as they still tend to remain concentrated in low quality service jobs offering little room in terms of adaptability and mobility.

The distinction, however, tends to be less marked if one compares native-born with foreign-born workers and employees (Table 16). This is to be expected as naturalized citizens tend to be better integrated than legal foreign residents. However discrepancies exist between immigrants from non-industrialized countries and Europe's majority populations.

Those third country nationals who entered the EU in recent years tend, on average, to have a higher skill level than those established in the EU for a decade or longer. Yet their activity rates are lower and their unemployment rates higher than for longer established immigrants. In 2002, the employment rate of migrants originating from

⁶⁶ US Census results of 2000; see Ray (2004).

⁶⁷ European Commission (2003b).

⁶⁸ Finland since entering EU in 1995.

⁶⁹ Austria since entering EU in 1995.

⁷⁰ See European Commission (2003b), Ray (2004).

⁷¹ See OECD/Sopemi (2003, 2004).

non-EU countries who arrived in 2001 (45 percent) was nearly 20 points below that of those who arrived 10 years earlier.⁷²

Differences in employment, economic performances and integration of third country nationals are strongly correlated with the country of origin. The employment rate of legal foreign residents from North Africa and Turkey is systematically lower than for EU nationals at any skill level (Table 17). This gap is more marked for women. Again the differences are somewhat less pronounced if native-born vs. foreign-born populations are compared (instead of citizens vs. foreign residents).⁷³ In contrast, citizens of Balkan countries have employment rates that are equal to or exceed EU nationals' levels both for men and women. The same is true for North Americans and Australians residing in Europe as well as for citizens of northwestern Europe residing in another EU member state.

In order to get a more accurate and complete picture of the economic position and performance of migrants in Europe, the focus has to shift beyond the foreign resident/foreign national population, as they constitute a sub-segment of the overall migrant population. Naturalization in many EU 15 countries has drastically increased during the 1990s and the beginning of the 21st century, leaving foreign nationals less and less representative of the migrant population. As a result, the economic position of the foreign-born population in EU 15 differs less on average from that of the total European population than does the economic position of the foreign resident population. The latter are in a less favourable economic position.

If one only looks at foreign nationals, i.e., disregarding persons who have naturalized in the receiving country, one could derive an overly negative picture. And one might even get the impression that the economic position of migrants is deteriorating, particularly in EU countries with a longer tradition of immigration and higher naturalization rates.⁷⁴ But the analysis of European Labour Force Survey data shows that immigrants in Europe are apparently more successful than is suggested by the surveys and data that focus on foreign nationals. Thus, differences between traditional countries of immigration—such as Australia, Canada and the US⁷⁵—and European countries are probably smaller than assumed.⁷⁶ Nevertheless for certain immigrant groups—in particular those coming from middle- and low-income countries—considerable employment gaps remain. The analysis of LFS data also makes clear that immigrants who do not naturalize within the first 10-15 years are especially likely to remain in low-skill and low-paid employment. This sectoral concentration of foreign residents can partly be explained by labor shortages and lower requirements in terms of specific skills. Such circumstance may provide immigrants and their children with an opportunity to enter the EU labor market. However, relatively large numbers of non-EU nationals in some sectors with limited rights or scope for labor market mobility will not be in a strong position regarding wages and job-quality.⁷⁷

⁷² Calculations kindly provided by European Commission services.

⁷³ See Münz and Fassmann (2004).

⁷⁴ In the decade 1992-2001 some 5,855,000 people were naturalized in the EU 15 (OECD/Sopemi 2003).

⁷⁵ See Lowell (2004), Papdemetriou and O'Neill (2004).

⁷⁶ See Münz and Fassmann (2004).

⁷⁷ See European Commission (2003a).

Therefore integration of third-country nationals newly arriving and residing in Europe remains an important issue for the EU, its member states and European civil society.⁷⁸ In recent years a growing number of EU member states have introduced integration programs, ranging from language training courses to civic education.⁷⁹

In contrast to many EU Member States, economic integration of newcomers in the US is primarily based on the power of labor market absorption. In the rapidly expanding economy of the 1990s, this seemed to be justified as immigrants found employment in a wide range of occupations and industrial sectors, and many groups had both high rates of labor force participation and low to modest unemployment levels. It is also clear that some groups fared far better in these vigorous economic circumstances than others, and that many individuals, even after many years of residence in the United States, remain in low-skill and low-paid employment.⁸⁰ The absence of integration policies and programs seemingly had few immediate negative consequences in the context of an expanding and, by European standards, much less regulated labor market open to regular and irregular immigrants. But it has also been argued that the lack of attention to utilizing and/or developing the human capital of newcomers so that they might effectively participate in a knowledge-based economy may simply create a more daunting set of long term problems for immigrants and their children.⁸¹

The analysis for Europe clearly shows the importance of citizenship for the process of integration. There is, however, no simple causality. On the one hand naturalization may help to gain access to certain segments of the labor market and to reduce discrimination. On the other hand it is evident that successful economic integration of immigrants makes it more likely that they become citizens of the receiving country.⁸² In any case the results clearly show that sustained efforts for the economic and civic integration of immigrants and their native-born children (i.e., the so-called second generation) are necessary.⁸³ This goes along with efforts of the EU to implement anti-discrimination and equal opportunities legislation in all its member states.⁸⁴

⁷⁸ See European Commission (2000, 2003).

⁷⁹ For a summary of such integration programs see Bade, Bommers and Münz (2004), Ray (2004), Tijdelijke Commissie onderzoek Integratiebeleid (2004), Heckmann and Schnapper (2003).

⁸⁰ The US-born population also experienced varying degrees of socio-economic mobility during the 1990s.

⁸¹ See Ray (2004), Portes and Rumbaut (2001).

⁸² This can be demonstrated for Canada (see DeVorez and Pivnenko 2004) and for Sweden (see Bevelander 2000).

⁸³ "Since the launch of the European Employment Strategy (EES) in 1997, the integration of disadvantaged groups, including migrant workers and ethnic minorities, as well as combating discrimination, have been key features of the employment guidelines. In its Communication of 17 July 2002, the Commission reviewed the experience of five years of the EES and identified major issues for the debate on its future. These include reducing the employment gap between EU nationals and non-EU nationals, promoting full participation and employment for 2nd generation migrants, addressing the specific needs of immigrant women, fighting illegal immigration and transforming undeclared work into regular employment." (European Commission 2003a)

⁸⁴ "The EU has also put in place a legal framework to combat discrimination – which can seriously impede the integration process – and in particular common minimum standards to promote equal treatment and to combat discrimination on grounds of racial or ethnic origin, religion or belief, age, disability and sexual orientation. Directives approved at EU level in 2000 will give important new rights both to arriving migrants and to established ethnic minorities in the EU. The scope of Community legislation banning racial discrimination is wide and covers employment, education, social security, health care, access to goods and

Demographic Imbalances

In the following section on divergent demographic trends and their likely consequences for migration, for the sake of brevity, Europe and its neighboring regions are analyzed according to three groups of countries:⁸⁵ (a) Western and Central Europe,⁸⁶ (b) Eastern Europe, the Balkans, Turkey, and Central Asia (EECA-20),⁸⁷ (c) the Middle East, North Africa, and the Gulf states (MENA-20).⁸⁸

As outlined above, Europe's demographic situation is characterized by low fertility, an increasing life expectancy, and the prospect of shrinking domestic populations in the decades to come. The data for 2003 already show that the number of countries with a shrinking domestic population is growing; the number of countries with a negative migration balance is now very small. This contrasts with the situation in neighboring regions to the south and southeast, where fertility is much higher, albeit declining, life expectancy is also increasing, and overall population is projected to continue to grow at a high pace.

Low fertility and increasing life expectancy in Europe both reverse the age pyramid, leading to a shrinking number of younger people, an aging work force, and an increasing number and share of older people. According to Eurostat data and projections by the United Nations, Western and Central Europe's total population size will remain virtually stable during the next 20 years (2000: 464 million, 2003: 467 million, 2025: 466 million) and start to decrease only during the following decades to 442 million by 2050. But in the absence of massive recruitment of economically active migrants, the number of people between ages 15 and 64 will decrease from 312 million in 2000 to 295 million in 2025 (a 5.5 percent decline) and to 251 million by 2050 (a drop of 19.6 percent). The old age dependency ratio is likely to increase from 23 percent in 2000 to 35 percent in 2025 and to 45 to 50 percent by 2050.

Even more worrisome is the change in the ratio between persons who are economically active and those who are retired. If the overall employment rate remains about 70 percent, this ratio (economically active vs. retired) will decline from 2.7 in 2010, to 2.2 in 2020, to 1.8 in 2030 and level off at 1.5 in 2040. If, after reaching the Lisbon target,

services and to housing. Although the directives do not cover discrimination on grounds of nationality, and are without prejudice to the conditions relating to the entry and residence of third country nationals and to any treatment, which arises from their legal status, they do apply to all persons resident in the Member States, including third country nationals. In addition, several activities aiming at exchange of experiences and good practice are carried out under the accompanying programme to combat discrimination. The Commission also supports the work of the European Monitoring Centre on Racism." (European Commission 2003a) See also EUMC (2003).

⁸⁵ This typology derives from similar exercises published by the World Bank and the UN (see Holzmann and Münz 2004, UN Population Division 2003).

⁸⁶ The 28 EU+EEA countries and Switzerland.

⁸⁷ The EECA-20 countries consist of Albania, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kyrgyz Rep., Macedonia, Moldova, Romania, Russian Fed., Serbia and Montenegro (including Kosovo), Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan.

⁸⁸ The MENA-20 countries consist of Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Territories (West Bank and Gaza), Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen.

the overall employment rate were to rise further to 75 percent between 2010 and 2020, the decline in this ratio would be attenuated, reaching 2.4 in 2020.⁸⁹

The situation in Eastern Europe, the Balkans, Turkey, and Central Asia (EECA-20) is similar to the one in the EU-25. In the EECA-20, the population will also remain stable during the next 25 years (in 2000, 405 million; by 2025, 407 million) and then start to decrease during the following decades to 381 million by 2050 (a drop of 6.2 percent). Continuing population growth is expected for Azerbaijan, Turkey, and most parts of Central Asia, but most Balkan countries, Russia, and Ukraine face considerable demographic decline.⁹⁰ In the EECA 20, the number of people between ages 15 and 64 will slightly increase from 270 million in 2000 to 277 million in 2025 (2.6 percent) before rapidly decreasing to 235 million by 2050, (a drop of 13 percent).

In contrast, the situation in Europe's southern and southeastern neighbors (the Middle East, North Africa, and the Gulf states [MENA-20]) is characterized by higher—but declining—fertility, rising life expectancy, and sustained demographic growth. Total population in the MENA-20 will grow steadily from 316 million in 2000 to 492 million by 2025 (a 55.7 percent increase) and to 638 million by 2050 (an increase of 102.0 percent). During this period, the number of people between ages 15 and 64 will more than double, from 187 million in 2000 to 323 million by 2025 (72.7 percent) and continue to grow at almost the same rate to 417 million by 2050 (for an overall increase of 123.0 percent).⁹¹

Labor Force

The change in the economically active population, however, will be smaller than the projected changes for the age group 15 to 64, because only 60 to 80 percent of this age group are currently employed or self-employed. After 2010, Western and Central Europe (the EU-25) can expect a decrease in the active population. A decline of 16 million can be anticipated between 2000 and 2025. During the same period (2000–25), the active or job-seeking population will still increase by 7 million people in the EECA-20 and by 93 million in the MENA-20.⁹² In the EECA-20, this increase will mainly take place in Turkey and Central Asia; in countries such as Bulgaria, Serbia and Montenegro,⁹³ Moldavia, and Romania the active or job-seeking population is already shrinking.

Throughout the 21st century, Europe will be confronted with a rapidly shrinking native work force. It is expected to decline by 46 million by 2050. At the same time, the potentially active population in many of Europe's southern and southeastern neighbors will continue to grow (MENA-20, +157 million; Turkey and parts of Central Asia, +17 million).⁹⁴ To absorb those currently unemployed and those entering the labor market,

⁸⁹ European Commission (2003a).

⁹⁰ Some EECA-20 countries—for example, Armenia, Bulgaria, and Romania—already have a declining population.

⁹¹ Data from the United Nations Common Database.

⁹² Data from authors' own calculations, based on projections from the International Labour Organisation (ILO) Economically Active Population database and United Nations Population Division (2003).

⁹³ Without Kosovo.

⁹⁴ At the same time, the rest of the EECA will follow Europe's decline in population, losing 45 million.

the MENA-20 countries would have to create 45 million new jobs by 2010 and more than 100 million by 2025 while Europe is confronted with choices concerning higher pensionable age, higher labor force participation of women, and the recruitment of immigrants. The current labor market conditions in the MENA-20 countries raise doubts whether these economies will be able to absorb the significant expansion of the labor force. As a consequence of persistent, large-scale unemployment, migration pressures on the contracting labor markets in Europe will increase.

Outlook

Europe's demographic situation is characterized by longevity and low fertility. This leads to aging and eventually shrinking domestic populations and work forces. Given the high levels of employment already reached by skilled EU-nationals, recruitment of migrants from third countries is increasingly appearing as the main way of responding to the growing demand for medium and high skilled labor. At the same time, Europe experiences a continuing demand for low skilled labor.⁹⁵ For these demographic and economic reasons, during the 21st century, all present EU+EEA member states and accession countries will either remain or become immigration countries.

After 2010, many countries will have to develop pro-active migration policies to meet burgeoning demographic and economic needs. For a relatively short period of time, European East-West migration will continue to play a role.⁹⁶ But in the medium and long term, potential migrants will inevitably be recruited from other world regions. In this context, Europe will have to compete with traditional countries of immigration—in particular Australia, Canada, and the USA—for qualified migrants to fill labor gaps. The main challenge will be to put Europe in a position that allows the EU and its member states to actually attract and recruit migrants matching EU labor market needs and to sustain economic growth as well as support for the public pension system. In this context a pro-active approach to immigration can play a crucial role in tackling shortages of labor and skills, provided the qualifications of immigrants are appropriate.⁹⁷

The demographic projections are relatively robust, clearly indicating for the foreseeable future a decline of Europe's working age population. There are, however, significant impediments to deriving accurate projections to help with the middle and long-term planning of policies to meet labor supply requirements. This partly is linked to problems with predicting phenomena that are influenced by complex, often volatile economic factors, and that may also be significantly affected by unforeseeable policy developments in years to come. Accurate projections are also difficult to disaggregate, especially regarding occupations and skills requirements. In any case, while demographic projections give a clear picture for the next 40 years, projections of emerging skills gaps cannot realistically cover more than a 15-year time frame at most.

⁹⁵ See European Commission (2004).

⁹⁶ See Fassmann and Münz (2002), Krieger (2004).

⁹⁷ See European Commission (2003), Holzmann and Münz (2004).

More accurate or disaggregated projections may not even be possible for such a time span.⁹⁸

The migrants most likely to help match shortages of labor and skills and with the best chances to integrate are probably those who are able to adapt to changing conditions, by virtue of their qualifications, experience and personal abilities. Future selection mechanisms of a pro-active migration policy must be put in order to assess both qualifications and adaptability of potential immigrants.⁹⁹ Given international competition for talent and skills, European countries and the EU as a whole will not only have to establish selection and admission mechanisms, but will also have to offer the migrants sufficiently attractive conditions.

At the same time, given the political sensitivity of immigration, it is likely that governments will find it difficult to justify introducing programmes in the absence of already existing acute labor shortages. Even if projections predict quantitative and qualitative shortages with a sufficient degree of certainty, governments may require more tangible “proof” in order to convince their electorates of the need for additional foreign labor. This implies that while projections may provide a basis for policy planning in the areas of education, labor market, welfare or social reforms, because of the special political sensitivity linked to immigration, it is likely that migration policy will remain subject to more short-term, ad hoc planning.¹⁰⁰ In this context the EU is well placed to develop medium and long-term migration policies able to cope with the demographic and economic challenges for Europe described in this paper.

Today both Europe and North America are home or host to about one fifth of the world’s migrant population each. Along with the US and Canada, Western Europe has become one of the two most important destinations on the world map of international migration. And, given foreseeable demographic and economic imbalances, it is not only likely but also necessary that Europe remain on that map and continues to manage economically motivated migration for its own benefit. In this context future labor market needs will lead to increased competition among EU member states and between OECD countries as they will try to recruit attractive potential immigrants. Such a competition calls for policy co-ordination and for sustained efforts in the area of integration to ensure equal opportunities for the actors involved. When putting this in historical perspective, we might conclude that for Europe, in contrast to the US, net gains from migration and the possibility of moving towards pro-active migration policy are relatively new phenomena.

⁹⁸ See Boswell et al. (2004).

⁹⁹ See Holzmann and Münz (2004); for the experiences of traditional countries of immigration see Papademetriou and O’Neil (2004).

¹⁰⁰ See Boswell et al. (2004).

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Tables

Table 1: Net Migration to Western Europe, 1960-2000

Country	Annual Average		Cumulative Net Migration			
	1990-2000	1960-2000	1990-2000		1960-2000	
	Migrants per 1000 Population	Migrants per 1000 Population	Number In 1,000s	Percent of Total Population.	Number In 1,000s	Percent of Total Population
Austria	3.6	1.9	294	3.6	602	7.5
Belgium	1.5	1.0	153	1.5	400	3.9
Denmark	2.5	1.1	129	2.4	226	4.2
Finland	1.3	-0.5	64	1.2	-76	-1.5
France	1.0	1.8	585	1.0	3,855	6.5
Germany	4.4	2.6	3,638	4.4	8,495	10.4
Greece	4.2	1.0	442	4.2	469	4.4
Iceland	-0.4	-1.1	-1	-0.4	-10	-3.5
Ireland	2.4	-1.6	91	2.4	-194	-5.1
Italy	2.0	0.0	1,177	2.0	273	0.5
Luxembourg	10.0	6.5	42	9.7	100	22.8
Netherlands	2.3	1.7	360	2.3	1,004	6.3
Norway	2.0	1.1	88	2.0	186	4.2
Portugal	0.3	-3.4	35	0.4	-1,162	-11.6
Spain	0.9	0.0	358	0.9	72	0.2
Sweden	2.2	2.0	194	2.2	670	7.6
Switzerland	3.3	3.1	235	3.3	804	11.2
United Kingdom	1.5	0.4	827	1.4	941	1.6

Source: UN. World Population Prospects - The 2000 Revision; Brücker (2002); Laczko and Münz 2003

Table 2: Indicators of Population Change in Europe, 2003

Country	Population January 2003 in 1,000s	Change per 1,000 Population					Population January 2004 in 1,000s
		Births	Deaths	National Population Decrease/ Increase	Net Migration	Total Population Change	
EU-25							
Germany	82,537	8.6	10.4	-1.8	1.8	0.0	82,539
France	59,635	12.7	9.2	3.5	0.9	4.4	59,901
UK	59,329	11.6	10.2	1.4	1.7	3.1	59,516
Italy	57,321	9.5	10.0	-0.5	8.9	8.4	57,804
Spain	41,551	10.4	9.1	1.3	14.2	15.5	42,198
Poland	38,219	9.2	9.5	-0.3	-0.4	-0.7	38,191
Netherlands	16,193	12.4	8.7	3.7	0.2	3.8	16,255
Greece	11,006	9.3	9.4	-0.1	3.2	3.1	11,255
Portugal	10,408	10.9	10.5	0.4	6.1	6.5	10,475
Belgium	10,356	10.7	10.2	0.5	3.4	3.9	10,396
Czech Rep.	10,203	9.2	10.9	-1.7	2.5	0.8	10,212
Hungary	10,142	9.4	13.5	-4.1	1.5	-2.5	10,117
Sweden	8,941	11.0	10.4	0.6	3.2	3.8	8,976
Austria	8,082	9.5	9.5	-0.0	4.0	4.0	8,114
Denmark	5,384	12.0	10.7	1.3	1.3	2.6	5,398
Slovakia	5,379	9.6	9.7	-0.1	0.3	0.2	5,380
Finland	5,206	10.9	9.4	1.5	1.1	2.6	5,220
Ireland	3,964	15.5	7.3	8.2	7.1	15.3	4,025
Lithuania	3,463	8.8	11.8	-3.0	-1.8	-4.8	3,446
Latvia	2,332	9.0	13.9	-4.9	-0.4	-5.3	2,319
Slovenia	1,995	8.6	9.6	-1.0	1.7	0.7	1,996
Estonia	1,356	9.6	13.3	-3.7	-0.2	-4.0	1,351
Cyprus*	715	11.3	7.7	3.6	17.9	21.5	731
Luxembourg	448	11.8	9.1	2.7	4.6	7.3	452
Malta	397	10.1	8.0	2.2	4.3	6.5	400
Total EU 25	454,560	10.4	10.0	0.4	3.7	4.1	456,449
EEA, non EU 25							
Iceland	289	14.2	6.2	8.0	-0.8	7.2	291
Liechtenstein	34	8.8	5.0	3.8	10.0	13.8	34
Norway	4,552	12.0	9.4	3.1	2.4	5.5	4,578
Total EEA	459,435	10.4	10.0	0.4	3.7	4.1	461,352
Switzerland	7,318	9.7	8.5	1.2	5.6	6.8	7,368
EU Accession Countries							
Croatia	4,442	9.0	11.4	-2.4	2.0	-0.4	n.a.
Bulgaria	7,846	8.4	14.3	-5.7	-	-5.7	7,799
Romania	21,773	9.6	12.2	-2.5	-0.3	-2.8	21,716
Turkey	70,173	21.0	7.1	13.9	1.4	15.3	71,254

Source: EUROSTAT 2004

Table 3: Foreign Labor Force in Selected European Countries in 2000

Country	Foreign Labor Force As Percent of Total Labor Force	Foreign Labor Force Total
Austria	10.5	398,622
Belgium	8.9	378,243 *
Czech Republic	2.0	115,431
Denmark	3.4	100,076
Finland	1.5	39,109 *
France	6.0	1,603,185
Germany	8.8	3,599,877
Hungary	0.9	43,645
Ireland	3.7	59,619
Italy	3.6	926,271
Luxembourg	57.3	107,091
Netherlands	3.4	248,452 **
Norway	4.9	114,431
Portugal	2.0	101,681
Slovak Republic	0.2	5,864 *
Spain	1.2	211,736 *
Sweden	5.0	239,951
Switzerland	18.3	707,294
United Kingdom	4.4	1,293,649
* 1999 values		
** 1998 values		

Source: World Bank, World Development Indicators database.

Table 4: Estimates of Total, Legal Foreign Resident and Immigrant Populations, EU 15, 2000-2002: Data Sources Compared

(in 1,000s)

EU 15 Member State	Total Population, Eurostat ¹	Foreign Nationals			Immigrant/ Foreign Resident Population, UN for 2000 ³	Foreign Born		
		Foreign Resident Population, Chronos DB for 2000	Foreign Resident Population, Sopemi for 2001	Foreign Resident Population with Nationality Known, LFS ²		Immigrant Population according to National Sources for 2001 ⁴	Immigrant Population with Country of Birth Known, LFS ²	Immigrant Population with Duration of Stay Known, LFS
Belgium	10,356	853	847	784	879	n.a.	974	1,034
Denmark	5,384	256	267	166	304	322	225	227
Germany⁵	82,537	7,344	7,319	5,444	7,349	9,700	n.a.	8,915
Greece	11,018	161	762	362	534	n.a.	489	480
Spain	40,683	801	1,109	450	1,259	2,664	858	664
France⁶	59,629	3,263	3,263	2,724	6,277	5,868	4,605	1,327
Ireland	3,964	127	151	118	310	n.a.	232	263
Italy	57,321	1,271	1,363	n.a.	1,634	2,200	n.a.	511
Luxemburg	448	148	167	161	162	145	127	119
Netherlands	16,193	652	690	555	1,576	1,675	1,179	1,593
Austria	8,067	754	764	695	756	893	899	798
Portugal	10,408	191	224	106	233	n.a.	1,119	1,313
Finland	5,206	88	99	50	134	145	81	86
Sweden	8,941	487	476	295	993	1,028	681	933
UK	59,329	2,298	2,587	2,026	4,029	n.a.	3,307	4,467
Total (in 1000s)	379,484	18,692	20,088	13,936	26,429	24,640	14,776	22,730

¹Eurostat, year end population 2002; ²European Labour Force Survey (LFS) 2002 (data for Italy are not available); ³UN Population Division, Data for 2000 or latest available year (see UN 2002); ⁴Data for Denmark, the Netherlands, Finland and Sweden are from national population registers, data for Austria, France, Luxembourg and the Netherlands are from the most recent national censuses, data for Spain (2003) are from local municipalities' registers; data for Germany are rough estimates based on foreigners' registers, naturalization statistics and an Allbus survey estimate for ethnic German *Aussiedler* taking only immigration after 1950 into account (see Münz and Ulrich 2003), data for Italy are based on the number of residency permits (2003, various categories) and an estimate for foreign-born children not required to hold residency permits (see Einaudi 2004); ⁵European Labour Force Survey (LFS) 2002 (data for Germany and Italy are not available); ⁶Chronos data, Sopemi data and Census data for France are from 1999.

Source: Münz and Fassmann (2004), Eurostat Chronos DB and European Labour Force Survey, OECD/Sopemi (2004), UN Population Division (2002), various national sources.

Table 5: Immigrant Population (15+ years) of Known Origin by Education Level and Country of Birth, EU 15, 2002¹

(Percentages)

Education Level ² Completed (in Percent)	Immigrant Population by Known Country of Birth									EU 15 Total Population
	EU West ²	EU South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Canada, Austral.	Latin America, Caribb.	Asia	Total Immigrants	
Low⁵	30.9	76.8	40.8	69.2	58.6	11.6	33.9	41.0	51.8	43.4
Medium⁶	37.8	15.6	39.5	22.5	24.5	34.7	33.0	31.5	28.2	39.4
High⁷	31.3	7.6	19.7	8.4	17.0	53.8	33.0	27.5	20.0	17.2
Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	2,774	2,801	1,628	766	3,084	346	224	966	12,589	312,639

¹LFS 2002, Data for Germany and Italy not available; ²EU 15 residents born in another EU 15 country (except Italy, Greece, Portugal, or Spain) or born in Iceland, Liechtenstein, Norway, or Switzerland; ³EU 15 residents born in Italy, Greece, Portugal, or Spain but living in another EU 15 country; ⁴EU 15 residents born in new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia; ⁵Completed primary education only; ⁶Completed lower or upper secondary education only; ⁷Completed at least tertiary education.

Table 6: Immigrant Population of Working Age (15-64 years) and Known Origin by Labor Force Status, Gender, and Region of Birth, EU 15, 2002¹
 (Percentages)

Labor Force Status		Immigrant Population by Known Region of Birth				EU 15 Total Population
		EU 15 ²	EU 10 ³	Rest of the World	Total Immigrants	
Total	Employed	67.3	62.0	57.0	61.3	64.2
	Unemployed	4.5	5.2	8.2	6.6	5.4
	Inactive	28.2	32.8	34.8	32.1	30.4
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active Percent	71.8	67.2	65.2	67.8	69.6
	Unemployment Rate (Percent)	6.2	7.7	12.6	9.7	7.8
	Total (in 1,000s)	4,559	461	6,546	11,566	250,433
Male	Employed	75.3	69.8	68.5	71.2	72.9
	Unemployed	4.7	4.8	9.2	7.3	5.4
	Inactive	20.1	25.4	22.3	21.5	21.7
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active Percent	79.9	74.6	77.7	78.5	78.3
	Unemployment Rate (Percent)	5.9	6.4	11.9	9.3	6.9
	Total (in 1,000s)	2,239	189	3,284	5,714	125,441
Female	Employed	59.6	56.6	45.3	51.5	55.5
	Unemployed	4.3	5.5	7.1	5.9	5.3
	Inactive	36.1	37.9	47.5	42.5	39.2
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active Percent	63.9	62.1	52.5	57.5	60.8
	Unemployment Rate (Percent)	6.7	8.9	13.6	10.3	8.7
	Total (in 1,000s)	2,319	272	3,262	5,853	124,993

¹LFS 2002, Data for Germany and Italy not available; ²EU 15 residents born in another EU 15 country or born in Iceland, Liechtenstein, Norway, or Switzerland; ³EU 15 residents born in the new EU member states (EU 10).

Table 7: Distribution of Employment Growth by Region of Origin or Nationality and Gender of Worker, EU 15,¹ 1997-2003: Two Concepts Compared

(Percentages)

Nationality or Country of Birth	Citizenship or Nationality of Persons in the Additional Workforce					
	Male		Female		Total	
	Foreign Nationals vs. Citizens	Foreign Born vs. Native Born	Foreign Nationals vs. Citizens	Foreign Born vs. Native Born	Foreign Nationals vs. Citizens	Foreign Born vs. Native Born
Other EU 15	1.3 ²	2.2 ³	1.8 ²	3.2 ³	1.8 ²	2.6 ³
EU 8 + CEE⁶	3.9	2.7	5.6	4.1	3.3	4.8
Other Europe	0.1	0.1	1.4	0.6	0.1	1.0
North Africa	0.3	0.4	0.6	1.2	0.3	0.9
North America, Australia	0.4	0.2	0.3	-0.2	0.3	0.0
Other	7.3	5.5	13.4	10.1	6.3	11.6
Nationals/Natives	85.9 ⁴	88.4 ⁵	78.1 ⁴	81.8 ⁵	87.3 ⁴	80.1 ⁵
Unknown	0.7	0.5	-1.2	-0.7	0.6	-1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

¹Data for Germany and Italy not available; ²EU 15 legal residents with citizenship of another EU 15 member state; ³EU 15 residents born in another EU 15 member state; ⁴EU 15 nationals residing in their country of citizenship; ⁵EU 15 natives residing in their country of birth; ⁶Central and Eastern Europe.

Source: Labour Force Survey 2003

Table 8: Immigrant Population of Working Age (15-64 years) and Known Origin by Labor Force Status, Gender, and Country of Birth, EU 15, 2002¹

(Percentages)

Labor Force Status		Immigrant Population by Known Country of Birth									EU 15 Total Population
		EU-West ²	EU-South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Canada, Austral.	Latin America, Caribb.	Asia	Total Immigrants	
Total	Employed	67.1	67.3	63.2	50.0	51.4	76.3	62.7	58.6	61.3	64.2
	Unemployed	4.7	4.2	7.8	9.2	9.8	3.5	8.3	5.2	6.6	5.4
	Inactive	28.1	28.4	29.0	40.8	38.7	20.2	29.0	36.2	32.1	30.4
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active Percent	71.8	71.5	71.0	59.2	61.2	79.8	71.0	63.8	67.9	69.6
	Unemployment Rate (Percent)	6.5	5.9	11.0	15.5	16.0	4.4	11.7	8.2	9.7	7.8
	Total (in 1,000s)	2,587	2,145	1,516	772	2,706	456	217	1,166	11,565	250,433
Male	Employed	75.0	75.3	72.7	65.1	62.6	86.0	73.9	73.2	71.2	72.9
	Unemployed	5.2	4.1	7.6	11.6	11.4	3.2	5.4	6.0	7.3	5.4
	Inactive	19.9	20.5	19.7	23.4	25.9	10.9	20.7	20.8	21.5	21.7
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active Percent	80.2	79.4	80.3	76.7	74.0	89.2	79.3	79.2	78.5	78.3
	Unemployment Rate (Percent)	6.5	5.2	9.5	15.1	15.4	3.6	6.8	7.6	9.3	6.9
	Total (in 1,000s)	1,182	1,135	696	398	1,442	221	92	548	5,714	125,441
Female	Employed	60.5	58.3	55.1	33.9	38.7	67.5	54.0	45.6	51.5	55.5
	Unemployed	4.3	4.4	7.9	6.9	8.0	3.4	11.1	4.7	5.9	5.3
	Inactive	35.2	37.3	37.0	59.2	53.3	29.1	34.9	49.8	42.5	39.2
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active Percent	64.8	62.7	63.0	40.8	46.7	70.9	65.1	50.3	57.4	60.8
	Unemployment Rate (Percent)	6.6	7.0	12.5	16.9	17.1	4.8	17.1	9.3	10.3	8.7
	Total (in 1,000s)	1,405	1,010	820	375	1,264	234	126	619	5,853	124,993

¹LFS 2002, Data for Germany and Italy not available; ²EU 15 residents born in another EU 15 country (except Italy, Greece, Portugal, or Spain) or born in Iceland, Liechtenstein, Norway, or Switzerland; ³EU 15 residents born in Italy, Greece, Portugal, or Spain but living in another EU 15 country; ⁴EU 15 residents born in new EU member states, accession countries, other countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia.

Table 9: Legal Foreign Resident Population of Working Age (15 to 64) by Labor Force Status, Gender and Region of Nationality, EU 15, 2002¹

(Percentages)

Labor Force Status		Legal Foreign Resident Population by Nationality				EU 15 Total Population
		EU 15 ²	EU 10 ³	Rest of the World	Total LFRs	
Total	Employed	67.2	60.4	52.5	58.6	64.2
	Unemployed	5.1	6.7	9.7	7.7	5.4
	Inactive	27.7	33.0	37.8	33.6	30.4
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	72.3	67.0	62.2	66.4	69.6
	Unemployment Rate (Percent)	7.0	10.0	15.5	11.7	7.8
	Total (in 1,000s)	4,206	449	6,059	10,714	250,433
Male	Employed	74.6	73.9	64.6	68.9	72.9
	Unemployed	5.7	6.8	11.7	9.1	5.4
	Inactive	19.7	19.3	23.7	22.0	21.7
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	8.3	80.7	76.3	78.0	78.3
	Unemployment Rate (Percent)	7.1	8.5	15.3	11.7	6.9
	Total (in 1,000s)	2,208	176	3,087	5,471	125,441
Female	Employed	59.1	51.6	40.1	47.9	55.5
	Unemployed	4.4	6.6	7.6	6.3	5.3
	Inactive	36.6	41.8	52.4	45.8	39.2
	Total (Percent)	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	63.4	58.2	47.6	54.2	60.8
	Unemployment Rate (Percent)	6.9	11.3	15.9	11.6	8.7
	Total (in 1,000s)	1,997	273	2,972	5,242	124,993

¹LFS 2002, Data for Italy not available; ²EU 15 nationals + nationals of Iceland, Liechtenstein, Norway and Switzerland living in (another) EU 15 country; ³ Nationals of EU 10 (new member) states living in an EU 15 country.

Table 10: Employment Rates of Working Age Legal Foreign Resident Population and Immigrant Population with Country of Birth Known, by Nationality or Country of Birth, and Gender, EU 15, 2002

Nationality or Country of Birth	Employment rate					
	Male		Female		Total	
	Foreign National ¹	Foreign Born ²	Foreign National ¹	Foreign Born ²	Foreign National ¹	Foreign Born ²
EU15 ³	74.6	75.3	59.1	59.6	67.2	67.3
Non EU	64.6	68.5	40.1	45.3	52.5	57.0
North Africa	55.3	62.6	24.8	38.7	41.5	51.4
North America	85.9	86.0	67.5	67.5	76.8	76.3
Turkey	61.3	65.1	31.6	33.9	47.5	50.0
Total ⁴	68.9	71.2	47.9	51.5	58.6	61.3
EU 15 average	72.9	72.9	55.5	55.5	64.2	64.2

¹ LFS 2002, data on foreign nationals for Italy not available; ² LFS 2002, data on foreign born for Germany and Italy not available; ³ EU 15 nationals/people born in EU 15 living in EU 15, but outside their country of citizenship or birth; ⁴ All foreign nationals/all migrants.

Table 11: Legal Foreign Resident Population of Working Age (15-64) by Labor Force Status, Gender, and Country of Nationality, EU 15, 2002¹

(Percentages)

Labor Force Status		Legal Foreign Resident Population by Nationality									EU 15 Total Population
		EU-West ²	EU-South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Canada, Australia	Latin America, Caribbean	Asia	Total LFRs	
Total	Employed	67.5	66.9	60.7	47.5	41.5	76.8	62.6	56.6	58.6	64.2
	Unemployed	4.0	5.9	8.9	10.1	12.8	3.1	9.6	5.9	7.7	5.4
	Inactive	28.5	27.1	30.4	42.4	45.7	20.1	27.8	37.5	33.6	30.4
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	71.5	72.8	69.6	57.6	54.3	79.9	72.2	62.5	66.3	69.6
	Unemployment Rate (Percent)	5.6	8.1	12.8	17.5	23.6	3.9	13.3	9.4	11.6	7.8
	Total (in 1,000s)	2,027	2,310	1,861	2,121	1,373	383	115	525	10,715	250,433
Male	Employed	75.5	73.9	70.3	61.3	55.3	85.9	77.1	74.1	68.9	72.9
	Unemployed	4.6	6.4	9.4	13.0	15.6	3.6	4.2	7.5	9.1	5.4
	Inactive	19.9	19.7	20.3	25.7	29.0	10.4	18.8	18.4	22.0	21.7
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	80.1	80.3	79.7	74.3	70.9	89.5	81.3	81.6	78.0	78.3
	Unemployment Rate (Percent)	5.7	8.0	11.8	17.5	22.0	4.0	5.2	9.2	11.7	6.9
	Total (in 1,000s)	975	1,293	842	1,131	748	192	48	239	5,468	125,441
Female	Employed	60.1	58.1	52.8	31.6	24.8	67.5	52.2	42.0	47.9	55.5
	Unemployed	3.5	5.3	8.4	6.9	9.5	2.6	13.4	4.5	6.3	5.3
	Inactive	36.4	36.6	38.7	61.5	65.7	29.8	34.3	53.5	45.8	39.2
	Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Active (Percent)	63.6	63.4	61.2	38.5	34.3	70.1	65.6	46.5	54.2	60.8
	Unemployment Rate (Percent)	5.5	8.4	13.7	17.9	27.7	3.7	20.4	9.7	11.6	8.7
	Total (in 1,000s)	1,052	1,016	1,018	989	624	191	67	286	5,243	124,993

¹ LFS 2002, Data for Italy not available; ² EU 15 nationals (except Italy, Greece, Portugal, Spain)+ nationals of Iceland, Liechtenstein, Norway, or Switzerland living in (another) EU 15 country; ³ Nationals of Italy, Greece, Portugal, or Spain living in another EU 15 country; ⁴ Nationals of new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, or Central Asia living in an EU 15 country.

Table 12: Employment Rate of Working Age (15-64 Years) Population Born in or Nationals of Maghreb and Turkey and Resident in Selected EU Countries, 2002¹: Two Concepts Compared

	Immigrants from Maghreb countries ²	Nationals of Maghreb countries	Immigrants from Turkey	Nationals of Turkey
Belgium	34.5	21.6	31.9	26.2
Denmark	43.5	36.4	46.7	30.8
Germany	n/a	47.1	n/a	48.5
Greece	63.2	75.0	57.1	57.1
Spain	56.3	57.0	n/a	37.9
France	50.8	39.1	42.2	50.6
Netherlands	53.2	41.9	55.9	57.0
Austria	55.6	42.9	59.8	33.3
Sweden	44.3	34.5	50.0	44.4
UK	65.3	60.4	55.9	26.2

¹LFS 2002; ²Algeria, Morocco, Tunisia.

Table 13: Immigrant Workforce of Known Origin by ISCO¹ Skill Level and Country of Birth, EU 15, 2002¹

(Percentages)

ISCO Skill Level	Immigrant Workforce by Known Country of Birth									EU 15 Total Workforce
	EU West ²	EU South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Canada, Austral.	Latin America, Caribb.	Asia	Total Immig. Workforce	
Highly skilled non-manual	49.9	20.9	20.1	21.4	35.8	64.7	36.5	38.8	34.9	36.8
Medium skilled non-manual	11.7	6.9	5.4	6.6	11.1	12.6	12.4	9.4	9.3	12.9
Low skilled non-manual	13.0	13.1	16.0	14.2	12.5	7.5	20.4	17.5	13.7	14.0
Skilled manual	10.4	32.0	22.1	22.6	15.7	5.8	11.7	6.5	17.7	17.7
Non-skilled manual	14.5	27.0	36.4	34.7	24.2	7.5	19.0	27.6	24.0	17.9
Armed Forces	0.5	0.1	--	0.5	0.7	2.0	--	0.1	0.4	0.7
Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	1,758	1,527	959	380	1,391	348	137	691	7,191	161,906

¹ International Standard Classification of Occupations; ²LFS 2002, Data for Germany and Italy not available; ³ EU 15 residents born in another EU 15 country (except Italy, Greece, Portugal, Spain) or born in Iceland, Liechtenstein, Norway, or Switzerland; ⁴ EU 15 residents born in Italy, Greece, Portugal, or Spain but living in another EU 15 country; ⁵ EU 15 residents born in the new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia.

Table 14: Legal Foreign Resident Workforce by ISCO¹ Skill Level and Nationality, EU 15, 2002²

(Percentages)

ISCO Skill Level	Legal Foreign Resident Workforce by Nationality									EU 15 Total Workforce
	EU West ³	EU South ⁴	EU 8 + CEE ⁵	Turkey	Africa, Middle East	USA, Canada, Austral.	Latin America, Caribb.	Asia	Total LFR Workforce	
Highly skilled non-manual	53.7	21.1	17.9	12.1	19.9	68.0	27.4	32.7	29.0	36.8
Medium skilled non-manual	11.5	6.8	5.3	6.1	7.8	11.9	12.3	5.4	7.8	12.9
Low skilled non-manual	12.6	16.0	16.1	12.3	13.8	6.5	23.3	25.3	14.5	14.0
Skilled manual	9.6	24.6	24.7	27.7	24.2	4.4	15.1	7.7	19.9	17.7
Non-skilled manual	12.5	31.5	36.0	41.7	34.2	7.5	21.9	29.0	28.6	17.9
Armed Forces	.1	--	--	.1	.2	1.7	--	--	.1	.7
Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	1,378	1,541	1,122	995	567	294	73	297	6,267	161,906

¹ International Standard Classification of Occupations; ²LFS 2002, Data for Italy not available; ³ EU 15 nationals (except Italy, Greece, Portugal, or Spain) + nationals of Iceland, Liechtenstein, Norway, or Switzerland living in (another) EU 15 country; ⁴ Nationals of Italy, Greece, Portugal, or Spain living in another EU 15 country; ⁵ Nationals of new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia who are living in an EU 15 country.

**Table 15: Immigrant Workforce of Known Origin by Sector/Industry (NACE)
 and Country of Birth, EU 15, 2002¹**

(Percentages)

NACE Sector or Industry	Immigrant Workforce by Country of Birth									EU 15 Total Workforce
	EU West ²	EU South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Can., Austral	Latin Amer., Caribb.	Asia	Total Immig. Workforce	
Agric, fishing, mining	0.4	0.4	0.3	0.3	0.2	0.9	--	0.2	0.3	0.3
Manufacturing	16.4	18.2	19.4	25.3	15.6	11.2	14.9	18.1	17.4	20.9
Construction	6.4	18.8	15.7	12.3	8.8	3.3	7.5	2.2	10.4	8.2
Wholesale, retail trade	13.5	13.0	11.8	16.6	14.7	9.1	11.9	16.2	13.6	15.2
Hotels, restaurants	5.9	7.8	10.1	10.4	5.9	3.6	15.7	13.5	7.9	4.4
Trans., storage, communication	6.2	5.1	5.0	5.7	7.1	3.9	6.0	9.4	6.2	6.5
Financial intermediation	4.3	1.7	1.1	1.4	2.3	7.3	2.2	3.1	2.8	3.5
Real estate, renting, Research	14.4	9.8	12.1	10.4	13.2	22.7	14.2	10.9	12.8	9.7
Public administ., defense	4.8	4.1	1.6	2.7	8.1	5.7	3.0	3.7	4.7	7.9
Education	8.9	4.3	3.9	4.9	7.8	11.8	5.2	5.6	6.6	7.2
Health, social work	12.8	6.5	9.2	6.0	10.7	10.6	8.2	12.7	10.1	10.2
Personal services	5.6	3.7	4.0	3.5	4.2	9.7	8.2	3.5	4.6	5.0
Private households	0.5	6.6	5.9	0.5	1.7	0.3	3.0	1.0	2.8	1.08
Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	1,706	1,365	933	367	1,351	331	134	680	6,867	155,470

¹ LFS 2002, Data for Germany and Italy not available; ² EU 15 residents born in another EU 15 country (except Italy, Greece, Portugal, or Spain) or born in Iceland, Liechtenstein, Norway, or Switzerland; ³ EU 15 residents born in Italy, Greece, Portugal, or Spain but living in another EU 15 country; ⁴ EU 15 residents born in new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia.

Table 16: Legal Foreign Resident Workforce by Sector/Industry (NACE) and Nationality, EU 15, 2002¹

(Percentages)

NACE Sector or Industry	Legal Foreign Resident Workforce by Nationality									EU 15 Total Workforce
	EU West ²	EU South ³	EU 8 + CEE ⁴	Turkey	Africa, Middle East	USA, Can., Austral	Latin Amer., Caribb	Asia	Total LFR Workforce	
Agriculture, fishing, mining	.4	.2	.4	1.4	.2	.7	--	--	.5	0.3
Manufacturing	17.5	25.6	22.9	38.4	19.4	11.8	12.7	18.8	23.8	20.9
Construction	5.9	13.5	15.8	10.0	16.1	2.5	8.5	2.4	10.8	8.2
Wholesale, retail trade	12.8	11.5	12.6	13.9	14.8	8.2	14.1	16.1	12.8	15.2
Hotels, restaurants	7.1	12.6	10.5	7.2	7.9	3.9	19.7	21.9	9.9	4.4
Trans., storage, communications	6.4	5.0	4.5	5.9	7.0	4.3	5.6	6.2	5.6	6.5
Financial intermediation	4.7	1.8	1.3	.9	1.5	7.2	1.4	2.4	2.4	3.5
Real estate, renting, Research	15.3	10.6	10.8	9.4	12.8	23.7	12.7	10.3	12.2	9.7
Public administ., defense	3.2	2.1	1.1	1.8	3.0	3.6		1.4	2.2	7.9
Education	8.5	3.0	2.6	1.8	4.3	12.2	4.2	4.1	4.5	7.2
Health, social work	11.2	5.5	8.2	4.3	7.2	10.4	5.6	11.3	7.7	10.2
Personal services	6.6	4.3	4.1	4.5	3.3	11.5	12.7	3.8	5.1	5.0
Private households	.5	4.3	5.3	.4	2.6		2.8	1.4	2.5	1.1
Total (Percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	1,343	1,518	1,103	994	541	279	71	292	6,141	155,470

¹ LFS 2002, Data for Italy not available; ² EU 15 nationals (except Italy, Greece, Portugal, Spain) + nationals of Iceland, Liechtenstein, Norway, or Switzerland living in (another) EU 15 country; ³ Nationals of Italy, Greece, Portugal, or Spain living in another EU 15 country; ⁴ Nationals of new EU member states, accession countries (except Turkey), other countries in Central/Eastern Europe and the Balkans, Russia, Belarus, Ukraine, Caucasus, Central Asia.

Table 17: Employment Rates of Working Age Legal Foreign Residents and Immigrants of Known Origin by Nationality or Country of Birth, Gender, and Educational Attainment, EU 15, 2002

Nationality	Foreign Nationals (LFRs) ¹					
	Male			Female		
	Low education ²	Medium education ³	High education ⁴	Low education ²	Medium education ³	High education ⁴
Turkey	55.5	73.3	—	27.9	49.7	—
North Africa	49.3	65.0	67.5	18.9	32.7	49.1
North America	—	79.6	87.3	—	60.6	76.9
EU 8 + CEE	61.3	76.1	77.8	45.7	60.2	53.3
EU-West ⁵	59.5	78.5	87.8	35.0	61.3	78.0
EU-South ⁵	66.9	80.3	84.3	52.3	67.8	69.8
EU 15 average	60.9	76.3	85.8	36.9	63.3	78.6
Country of Birth	Foreign Born (Immigrants) ⁶					
	Male			Female		
	Low education ²	Medium education ³	High education ⁴	Low education ²	Medium education ³	High education ⁴
Turkey	58.4	75.3	—	25.5	49.3	76.9
North Africa	51.6	68.4	79.9	25.1	48.5	66.0
North America	—	82.3	87.6	—	58.9	78.5
EU 8 + CEE	64.5	77.1	80.5	46.5	59.9	63.1
EU-West ⁷	59.7	74.4	86.1	41.7	61.6	76.8
EU-South ⁷	71.6	76.2	85.6	53.4	62.4	77.4
EU 15 average	60.9	76.3	85.8	36.9	63.3	78.6

¹ LFS 2002, data on foreign nationals for Italy not available; ² Primary education only; ³ Lower or upper secondary education completed; ⁴ Tertiary education completed; ⁵ EU 15 nationals living in EU 15 but outside their country of citizenship; ⁶ LFS 2002, data on foreign born for Germany and Italy not available; ⁷ People born in EU 15 but living in EU 15 outside their country of birth.

Labour Market Integration of Immigrants in Canada – Existing Services and New Initiatives

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This paper focuses on the services provided by the Canadian federal government to integrate immigrants into Canada's society and economy. It provides a very high level overview of Canada's immigration flows, of the jurisdictional responsibilities for immigrants and refugees and of the specific existing programs and new initiatives. Although Canada has conducted extensive research on labour market outcomes, using Census and longitudinal databases, the report includes only key findings. A number of recommended web sites, with additional information on research and on integration programs are included in the Annex.

Immigration to Canada

Canada admits roughly 225,000 immigrants each year under the family reunification, economic, and refugee categories. In 2003, of the total 221,352 immigrants, 31 percent were in the family class, 12 percent were refugees and 55 percent were economic immigrants (and accompanying family members).

This annual flow amounts to about 0.7 percent of the population. According to the 2001 Census, immigrants in Canada account for 18.4 percent of our population and about 20 percent of our labour force. In addition, Canada presently admits close to 90,000 foreign workers, 70,000 foreign students and 33,000 asylum seekers, each year.¹

Shared Responsibilities and Partnerships

As shown in Table 1, responsibility for immigration cuts across a range of jurisdictions, each with differing mandates and interests in immigration. The federal government establishes criteria for eligibility and admissibility of individuals and manages enforcement and removal functions. The federal government also provides targeted funding to the provinces to support immigrant integration.

¹<http://www.cic.gc.ca/english/research/menu-fact.html>

As set out in the Canadian constitution, immigration (along with agriculture) is a shared federal provincial jurisdiction. The federal government has a range of immigration agreements with the provinces, the most extensive being the Canada Quebec Accord. These agreements cover such things as the provinces’ role in selecting economic immigrants or immigrants to meet their specific provincial interests and the responsibility of a province in the delivery of integration services, using federal funds.² All levels of government take an active role in supporting immigrant integration, from the federal to provincial to municipal governments.

Citizenship is a federal jurisdiction.

Provinces are responsible for providing health care, education (including language training for immigrant children), social assistance and other social services. In addition, provinces provide social assistance to refugee claimants (although they are permitted to work while their claims are being processed.)

Table 1: Shared Responsibility and Partnerships	
Government of Canada: <ul style="list-style-type: none"> ▪ Responsible for entry, processing and removal ▪ Targeted funding and infrastructure for settlement 	Voluntary Sector: <ul style="list-style-type: none"> ▪ Deliver settlement programs and want to be included in the policy development
Provinces/Territories: <ul style="list-style-type: none"> ▪ Varying bilateral agreements to design, deliver and administer immigrant selection and settlement programs with federal compensation 	Regulatory/Licensing Bodies: <ul style="list-style-type: none"> ▪ Responsible for certification/ recognition of foreign credentials - provincially mandated
All Provinces: <ul style="list-style-type: none"> ▪ Provide health, education, social and other services ▪ Provide social assistance for refugee claimants 	Employers: <ul style="list-style-type: none"> ▪ Employers face labour shortages but favour North American training and experience
Municipalities: <ul style="list-style-type: none"> ▪ Some want more, some less 	General Public: <ul style="list-style-type: none"> ▪ Respect and acceptance builds social cohesion and minimizes risk of exclusion

Integration Services and Support

The federal government funds three major integration programs. The Immigrant Settlement and Adaptation Program (ISAP) covers a range of needs, from job search and labour market readiness, to assistance finding housing, counselling, assistance in accessing services, e.g., getting a health card, etc. Language Instruction for Newcomers to Canada (LINC) accounts for about 75 percent of the federal integration funds spent on these three programs outside the province of Quebec (about \$100 million). It provides language instruction to adult newcomers. (Language instruction for children is

² <http://www.cic.gc.ca/english/policy/agree.html>

a provincial responsibility and is administered through the school system.) The language instruction is designed to provide immigrants with a functional knowledge of English or French, but does not extend to specific occupational or professional labour market language needs in most cases.

The Host Program matches immigrants to volunteer Canadian families and individuals who provide non-financial support to newly arrived immigrants.

Federal funding is provided to provinces on a formula basis and settlement programs are delivered through the non-governmental sector. The Provinces have differing arrangements with the federal government for the administration of federal funds – Quebec receives a grant which it administers entirely; British Columbia and Manitoba have agreements with the federal government, which give them a lump sum based on a formula, which they administer subject to certain guidelines. In other provinces, the federal government manages the delivery of services, through agreements with service providers or others in the government, private and non-governmental sectors.

Table 2: Programming for Refugees
Government Sponsored Refugees <ul style="list-style-type: none">▪ Resettlement Assistance Program – income support, reception, temporary accommodation and basic orientation services for government-sponsored refugees. Access to all other programs – LINC, ISAP.
Privately Sponsored Refugees <ul style="list-style-type: none">▪ Private sponsors are responsible for resettling refugees from abroad – providing financial and emotional support. Access to LINC and ISAP.

Resettled refugees are provided with specific programming and support. Government sponsored refugees receive income support until they become self-sufficient or for up to one year. On arrival they are provided with reception services, temporary accommodation and orientation assistance. They also have access to the ISAP and LINC programs described above. Privately sponsored refugees receive financial and emotional support from the private sponsors. They also have access to the LINC and ISAP programs.

Table 3: Asylum Seekers
<ul style="list-style-type: none">▪ Have the right to work in any job, once a credible basis for their claim is established▪ Can access provincial social assistance▪ Can access federal programming only if their claim is successful and they receive permanent resident status

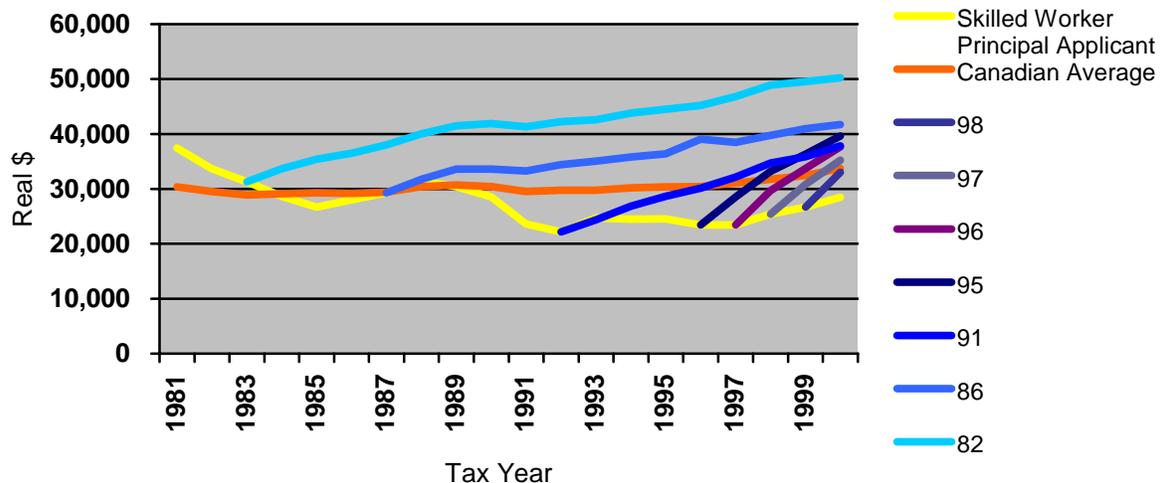
Asylum seekers (or refugee claimants) are provided with a work permit once a credible basis for their claim has been established. This gives them the right to work in any job for which they meet the requirements. They also have access to provincial social assistance. Successful asylum seekers who have been granted permanent residence can then access the LINC and ISAP programs.

Labour Market Outcomes - Research Findings

Recent research on the economic outcomes of immigrants has identified a number of trends in earnings from 1980 through the year 2000 (presently the most recent available data). This analysis is based on a longitudinal database of immigrant tax filers, which permits research on earnings at arrival and earnings growth through time in Canada. Socio-demographic characteristics, including immigrant entry category are also available.³

Focussing on skilled worker principal applicants (those assessed for their skills), employment earnings shortly after arrival have declined in real terms from 1980 through the mid-1990s. Using the Canadian average as a benchmark, earnings of skilled workers one year after arrival were 123 percent in 1981, 75 percent in 1991 and 85 percent in 2000. For skilled workers who had been in Canada for five years, the pattern was 129 percent in 1985, 105 percent in 1990 and 118 percent in the year 2000.

Graph 1. Employment Earnings of Skilled Worker Principal Applicants by Landing year Cohort (2000 dollars)



Graph 1 is based on data from our longitudinal immigrant database (IMDB), a database which links immigrant records to their tax returns from 1980 forward.

It shows employment earnings for skilled worker principal applicants at one year after arrival over time for all landing year cohorts, from 1980 to 1999. For selected cohorts (1982, 1986, 1991, 1995, 1996, 1997 and 1998) the earnings trajectory over time in Canada is also plotted from the “one-year” point. Canadian average employment earnings in each year are shown for reference purposes.

The graph shows a steady decline in earnings one year after arrival until the mid-1990s. Turning to the pattern of earnings growth over time, we see that by the year 2000,

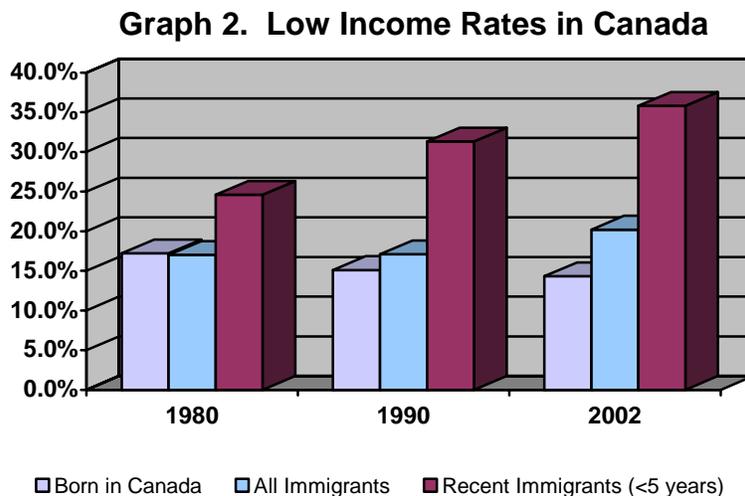
³ <http://www.cic.gc.ca/english/research/papers/menu-imdb.html>

skilled worker principal applicants who arrived in 1982 were earning roughly \$50,000. Those who arrived in 1986 had employment earnings of just over \$40,000.

The data suggest that immigrants who came to Canada during the severe recession at the beginning of the 1990s may have experienced “scarring” with respect to their longer-term labour market outcomes. This is evident for those who arrived in 1991 and whose employment earnings were surpassed in about 1998/99 by those who arrived in 1995.

It remains to be seen whether the upturn in earnings in the latter half of the 1990s will bring economic performance back to the pattern, which existed in the early 1980s.

Other economic and labour market research points to deteriorating trends in immigrant earnings. Research by Statistics Canada,⁴ based on the Census, shows that the rate of low income has increased for immigrants from 1980 (17 percent) to the year 2000 (20 percent). At the same time the comparable rate for Canadian-born has decreased from about 17 percent in 1980 to about 14 percent in 2000. Recently arrived immigrants (five years or less) have been the most impacted; their rate increased from 1.4 times the rate for Canadian-born in 1980 to 2.5 times by the year 2000. (See Graph 2.)



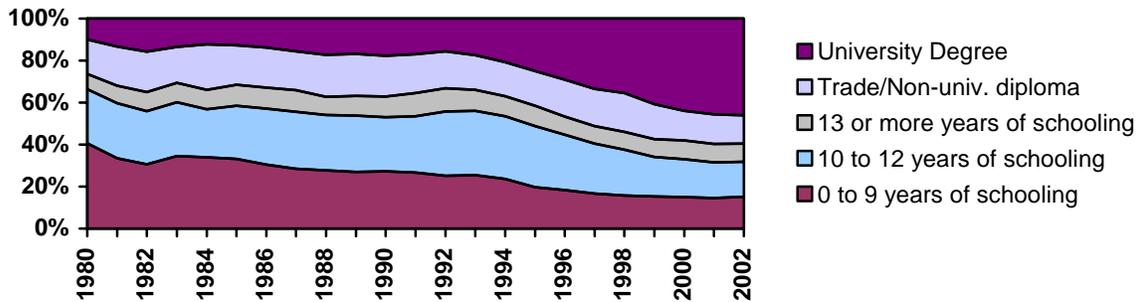
Source: Picot, Garnett and Feng Hou “The rise in low income rates among immigrants in Canada” Statistics Canada 2003.

As mentioned above, those who arrived during the recession of the early 1990s, regardless of the category of arrival (skilled, refugees or family), were “scarred” by the prevailing economic conditions. Either they have seen very slow growth in their earnings over time or they have had higher reliance on social assistance. (During the recession of the early 1990s, there was a decline in employment, while Canadian universities graduated record numbers of new highly educated labour market entrants.)

⁴ Picot, Garnett and Feng Hou “The rise in low income rates among immigrants in Canada” Statistics Canada 2003

This occurred despite the fact that at the same time, the immigrant population of the 1990s was much better educated than earlier arrivals. (See Graph 3.)

Graph 3. Immigrant Flow 15 Years of Age or Older by Level of Education, 1980-2002



Source: CIC, *Facts and Figures*

Research based on a number of different data sources has reached similar conclusions on the factors contributing to these outcomes. Source countries changed from the early 1980s to the mid-to-late 1990s. Outcomes for immigrants from Western Europe, from the U.S. and from Australia and New Zealand do not exhibit these unfortunate trends.

There is also a consensus across recent research that immigrants receive no return to their foreign experience and that returns to foreign education have declined.

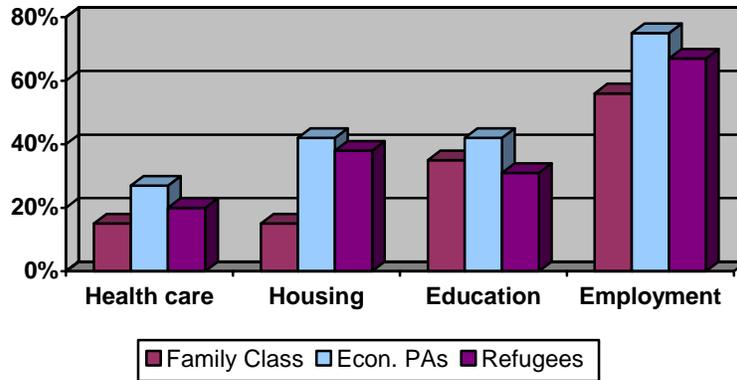
While researchers feel that official language ability plays a key role in economic outcomes, there is as yet no objective assessment of knowledge of English or French, a key-missing element of this analysis.⁵ A number of surveys are underway to address this shortcoming.

Two new sources of information include an examination of barriers to employment, from both the employer and the immigrant perspectives. The Longitudinal Survey of Immigrants to Canada,⁶ which interviewed immigrants six months after their arrival in Canada, shows that finding employment was one of the major challenges for immigrants, regardless of their arrival category (Graph 4). In addition, those who reported having difficulty cited lack of Canadian experience, recognition or transfer of foreign credentials and language as their three biggest challenges.

⁵ Research is forthcoming on the importance of official language literacy and numeracy in earnings differentials between immigrants and Canadian-born. See the Statistics Canada “Daily” of September 7, 2004. (www.statcan.ca)

⁶ <http://www.statcan.ca/Daily/English/030904/d030904a.htm>

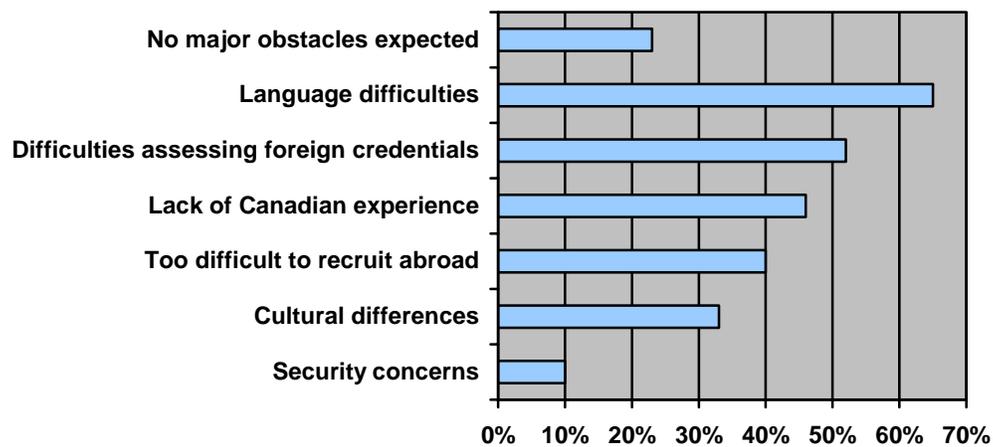
Graph 4. Proportion of Immigrants Facing Challenges six months after arrival



Source: Longitudinal Survey of Immigrants to Canada.

In the Canadian Labour and Business Centre’s “Viewpoints 2002 Leadership Survey,” employers cited similar challenges in hiring immigrants, i.e., language, credential recognition and lack of Canadian experience. (Graph 5)

Graph 5. Employers Views on Hiring Immigrants



Source: Canadian Labour and Business Centre “Viewpoints 2002 Leadership Survey”.

Given these research results, the Government has announced new funding to address foreign credential recognition and to enhance language training to better meet the needs of the labour market.

Table 4: New Initiatives	
Immigration Portal	A web portal is in the early stages of a 5-year development plan to provide timely and tailored information and online services that will help immigrants to prepare for the labour market and society prior to their arrival.
Foreign Credentials and Experience Recognition	A Pan-Canadian model is being developed towards long-term standard processes for foreign credential assessment and recognition for targeted occupations.
Enhanced Language Training	A labour market language training and bridge-to-work initiative has been launched, to provide skilled immigrants with the job-specific language skills needed to obtain and retain work commensurate with their skills and qualifications.

Foreign credential recognition and improved labour market integration of immigrants is the concern of a number of federal departments, led by Human Resources and Skills Development Canada (HRSDC), which is responsible for labour market policy and programming, with Citizenship and Immigration Canada, Health Canada, Industry Canada and Canadian Heritage. In Canada, responsibility for credential recognition rests with the Provinces, so progress on this front must include provinces and professional associations as key partners.

Funds for enhanced language training will focus on labour market language, job-specific language skills commensurate with immigrants' skills and credentials. Often immigrants lack the more complex language and communications skills needed by the Canadian labour market for them to make full use of their education and experience.

Human Resources and Skills Development Canada and Citizenship and Immigration Canada are developing an Internet portal, which will provide timely information to potential immigrants, to help them prepare for their move to Canada. The portal will include an objective on-line language test, information on credential recognition, including relevant professional licensing bodies, and information on communities that have opportunities for immigrants, but that may not be well known outside of Canada. The site will provide linkages to other levels of government and other relevant sites for immigrants to better prepare and inform themselves before arrival.

Selected Best Practices in Ontario

There are a large number of highly successful new practices and services to assist immigrants with labour market integration. The challenge at present is that they are small in scope.

While there are many good examples of innovative practices across Canada, this section describes only three projects, all in Ontario. (Website links are provided at the end of this report.)

The *Toronto Region Immigrant Employment Council* is a multi-stakeholder council that will work to improve access to employment for immigrants in the Toronto region. The Council was launched in September 2003. Its particular focus is labour market access because employment is such a significant part of successful settlement for immigrants. The goal of the Council is to find and implement local solutions that lead to more effective and efficient labour market integration of immigrants in the Toronto Region. The Council includes representation from private and public sector employers, colleges and universities, community organizations, assessment service providers, organized labour, occupational regulatory bodies, foundations, and all three levels of government; federal, provincial and regional/municipal.

Career Bridge is the first initiative of the Toronto Region Immigrant Employment Council (TRIEC). Partial funding for Career Bridge has been provided by the Ontario Ministry of Training, Colleges and Universities, Access to Professions and Trades Unit. Career Bridge is an innovative program that offers paid internships for internationally-qualified recent immigrants with a minimum of 3 years international work experience, who are newly arrived in Canada, and are ready and qualified to apply their skills to the Canadian workplace. Career Bridge interns have an average of 8 years work experience. All are university graduates; about half have masters degrees; some PhDs. Internships are four-months or six-months long and can be extended up to 12 months. The cost to an organization is under \$10,000 for a 4-month internship and under \$14,000 for a 6-month internship. This includes a stipend for the intern, source deductions and fees. Career Bridge does the payroll, paperwork and pre-screening and the intern is not part of the host organization's headcount, or on their payroll.

In partnership with educational institutions, Access to Professions and Trades (within the Ontario Ministry of Education) has designed a number of *bridging programs for specific occupations* – including, e.g., precision machinery and tooling, foreign trained health professionals (medical radiation and laboratory science technologists, respiratory technologists, midwives, pharmacists) and teachers. These programs include prior learning assessment and specified courses to achieve Ontario standards in these occupations. (Web sites are included in the Annex.)

Conclusions

Canada's immigration program includes an explicit focus on active measures to integrate immigrants and refugees into Canada's economy and society. All levels of government are involved and funding is provided to support a range of services.

Economic outcomes for immigrants through the 1990s have raised some concerns. Employment earnings have declined, and the rate of low income has risen, particularly for recent arrivals. And while there has been an improvement in the latter half of the 1990s and economic growth at the beginning of this century has been promising, it is too early to say whether the trend of the 1990s has been reversed.

Research and surveys on this phenomenon have reached a strong consensus on the reasons behind this decline. Changing source countries, lack of Canadian experience, recognition of foreign credentials and experience and knowledge of Canada's official languages are all cited as key contributors to the labour market success of immigrants.

As a result a number of new initiatives have been undertaken recently at the federal and provincial levels: a pronounced focus on addressing foreign credential recognition; new funding for enhanced (labour market) language training; internships, bridging programs and other focussed efforts to assist immigrants in specific occupations to access the training needed to use their skills in Canada.

Annex: Selected Web Sites

Research sites:

- <http://www.cic.gc.ca/english/research/index.html> (Citizenship and Immigration Canada research)
- www.metropolis.net (Metropolis Project)

Immigrant Integration sites:

- <http://integration-net.cic.gc.ca/> (Integration – net for the settlement community)
- <http://www.triec.ca/>
- <http://www.careerbridge.ca/>

Provincial sites:

- http://www.equalopportunity.on.ca/eng_g/apt/index.asp (Ontario)
- http://www.mcaaws.gov.bc.ca/amip/IQP/summary_pilots_intivs.htm (British Columbia)

NGO/Educational institution sites:

- <http://www.algonquincollege.com/hcs/hs/ftn/> (Algonquin College – nursing)
- <http://www.maytree.com/> (Maytree Foundation)
- http://www.bowvalley.ab.ca/courses_programs/esl/index.htm (Bow Valley College, Calgary AB)

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