

Immigrants' Contributions *in an* *Aging America*



Debates about immigration in America have been backward looking, emphasizing trends of the last 10 years, not the future.¹ In the decade ahead, much will change—immigrants and the rest of us included. The preoccupation with matters of legal status, important as they are, have distracted us from the larger question of whether we need immigrants in the first place. For that answer we must look more closely at American society itself.

My research has projected two major sets of changes in the decade ahead. One entails the growing length of settlement by immigrants who arrived after 1970—and their burgeoning upward mobility, which is well under way. The other vector of change centers on the aging of the baby boom generation and the many changes it portends for the economy. How do immigrants fit into the overall picture of change in America?



U.S. Needs Are Changing Dramatically

We cannot begin to gauge the value of immigrants until we better understand ourselves. In recent debates, it seems that most Americans have judged immigrants relative to the needs of today, or even 1980 or 1990. Immigration reform, however, is always about the decades ahead, and we need to make that the primary reference point.

Demography holds certain advantages over other forms of forecasting, especially in contentious political debates. Few can argue with the central premise of demographics—people get older one year at a time. The baby boom generation, born in 1946 to 1964 and now 78 million strong has just begun to turn 62 this year and file for Social Security benefits.

The broader magnitude of impacts from the aging of the baby boomers is not well appreciated. In simple terms, one key ratio will dominate our nation's economic affairs over the next two decades. The number of seniors age 65 and older relative to prime-working-age adults, 25 to 64, is currently at about 240 per 1,000, a ratio that has held relatively constant since 1980. In the next two decades, however, that ratio is poised to climb by about 67 percent, reaching 411 seniors per 1,000 working-age adults. In fact, no state in the nation will experience less than a 50 percent increase in the senior ratio. Connecticut and Rhode Island will experience an increase similar to the nation's—65 percent and 67 percent, respectively—but the senior ratio in Massachusetts will grow by 70 percent, and in northern New England it will soar by 88 percent (New Hampshire), 93 percent (Maine), and 95 percent (Vermont).

The rising ratio will throw out of balance every senior activity and demand that is different from the activities and demands of working-age adults. That includes retirement supports and health-care expenses, the entitlement issues that drive the federal fiscal scenario described as unsustainable by the Government Accountability Office.² Not to be neglected are the effects on workforce growth, which the Bureau of Labor Statistics has projected to sink below 1 percent per year.³ Serious consequences for GDP growth are emphasized in the 2007 Economic Report of the President.⁴ Even with an expected delayed retirement, the retirements of the baby boom generation are so massive

that businesses will be hard pressed to find replacements and economic growth will suffer.

Consequences for the housing market also are to be expected from the growing ratio of seniors to working-age adults. As troubled as we are today by the credit-induced downturn, the general expectation is that there will be ample buyers in future years to float a recovery. Instead, my research documents the substantial risk of a generational housing bubble, when a larger number of seniors begins to sell off high-priced homes. In many states there are not likely to be sufficient numbers of young adults to absorb all the homes released by older sellers.⁵ (This sell-off scenario differs from an earlier prophecy that misjudged when it would start—at age 45, more than 20 years too soon.⁶)

Can Immigrants Help?

With baby boomers aging and a 67 percent surge in the ratio of seniors to working-age adults, many challenges lie ahead. Immigrants can help. Typically arriving as young adults, they and their children provide needed demographic reinforcements. But it takes time for them to settle in and begin to make their greatest contributions.

The drawback of increased immigration is said to be that immigrants are not sufficiently skilled to be of much assistance. In fact, polls show that more than half of Americans, both Democrats and Republicans, assume that immigrants are more of a burden than a benefit.⁷ That is not the word from New York City, however, where immigrants are recognized for helping to revitalize the city, and it may not be the perspective in south Florida

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or California, other traditional areas of longtime immigrant settlement.⁸ The benefits of immigration often accrue after immigrants have time to settle in. In Los Angeles, 65 percent of immigrants have been residents more than 10 years, and many have been there 20 or 30 years. In contrast, in Atlanta or in Charlotte, North Carolina, barely 36 percent of immigrants have lived in the United States 10 years or longer.

The upward mobility of immigrants is not visible until they have been here a while. My analysis of Latino immigrants, generally among the least advantaged immigrants, shows tremendous rates of upward mobility. When they are newcomers, most speak English poorly and have few economic assets. In new destinations of immigrant settlement, that is what the locals see. They often assume that immigrants will remain like newcomers their whole lives. Not so, according to data from California, where immigrants have been settling since the 1970s. Ability to speak English well advances from 33.4 percent among those who are recently arrived to 73.5 percent among immigrants residing in the United States for more than 30 years. In the same time period, poverty rates decline from 28.7 percent to 11.8 percent.⁹

Most important may be Latino immigrants' progress into homeownership. Few start out as homeowners, but in California, 64.6 percent of immigrants who have stayed more than 30 years are homeowners. Immigrants' upward mobility is likely to make a vital economic contribution when the multitudes of baby boomers start selling off homes.

Immigrant children, like other minority youth, will have a major role to play in the coming decades. Their attendance in school today gives us an opportunity to help grow them into the new middle class of skilled workers, taxpayers, and home buyers. In previous decades it may not have seemed as urgent to develop this human capital, and some taxpayers have considered their schooling an unwanted fiscal burden. But now, with the aging of baby boomers, these children are looking like a resource to be cultivated. It is they who will be relied upon to step up and help fill many empty shoes.

The Resource Under Our Noses

The future of America will be formed at the intersection of two great demographic forces. With the

inexorable aging into senior status of the giant baby boom generation, immigration may be the best way to get needed workers, taxpayers, and home buyers. Just how much reinforcement from immigration we will achieve is uncertain. The annual flow of newcomers is subject to federal policy restrictions, while the quality of educational investment in immigrant children is subject to taxpayer decisions in each state and locality. The best thing to be done for America's future is to think ahead and optimize the intersection between aging America and immigration.

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Endnotes

¹This article is drawn from Dowell Myers, *Immigrants and Boomers: Forging a New Social Contract for America* (New York: Russell Sage Foundation, 2007).

²See U.S. Government Accountability Office, "Fiscal Wake-up Tour," <http://www.gao.gov/special.pubs/longterm/wakeuptour.html>; also "The Nation's Long-Term Fiscal Outlook August 2007 Update," GAO-07-1261R, <http://www.gao.gov/special.pubs/longterm>.

³Mitra Toossi, "A new look at long-term labor force projections to 2050," *Monthly Labor Review* (November 2006), <http://www.bls.gov/opub/mlr/2006/11/art3full.pdf>.

⁴Economic Report of the President (Washington, DC: United States Government Printing Office, 2007), http://www.gpo.access.gov/eop/2007/2007_erp.pdf.

⁵First introduced in Myers, *Immigrants and Boomers*, chap. 11, state-by-state projections of the shortfall in young buyers relative to older sellers also appear in Dowell Myers and SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association* 74, no.1 (winter 2008).

⁶N. Gregory Mankiw and David Weil, "The baby boom, the baby bust, and the housing market," *Regional Science and Urban Economics* 19, no. 2 (1989): 235-258.

⁷A 2007 poll by the Pew Research Center found that 51 percent of Democrats and 56 percent of Republicans agreed with the following statement: "Immigrants today are a burden on our country because they take our jobs, housing, and health care."

⁸Thomas Muller, *Immigrants and the American City* (New York: New York University Press, 1993).

⁹These data are from analyses reported in *Immigrants and Boomers*, chap. 6, and are based on data from the Current Population Survey and decennial census. The cited figures pertain to a cross-sectional comparison from 2000 or 2005. However, those findings are supported also by studies of poverty and homeownership that trace the growing achievements of specific arrival cohorts as they reside longer from 1970 or 1980 to 2000.

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