Current and Future Effects of Mexican Immigration in California

Executive Summary

Kevin F. McCarthy, R. Burciaga Valdez
The research described in this report was sponsored by
The California Roundtable.


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Published by The Rand Corporation
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November 1985
FOREWORD

The California Roundtable, an organization of ninety leading corporations which studies current issues with broad public policy ramifications for California, recognized long ago that the profile of California was changing in response to the growing Mexican-origin population. To understand the full impact of this change on the demographic, social, and economic infrastructure of the State, we undertook a major study of Mexican immigration into California.

Nearly two years ago, the Roundtable established a task force to: (a) compile a profile of California’s Mexican-origin residents, (b) assess their effects on the State, (c) analyze how that population may change in the future, and (d) identify the key economic and social issues raised by these changes for both the public and private sectors. The Roundtable commissioned The Rand Corporation to do the research and data analysis.

The task force and their deputies provided substantive guidance in shaping the research agenda and worked closely with the Rand staff over the 18-month duration of the study. The task force members are: Royce Diener, American Medical International; William Woods, AT&T; Peter Haas, Levi Strauss & Co.; James F. Dickason, Newhall Land & Farming Co.; Alan Furth, Santa Fe–Southern Pacific Corp.; Dr. Albert Bowers, Syntex Corp.; and Rocco C. Siciliano, Ticor.

It is our hope that this report will help correct some misconceptions raised by the flow of Mexican immigration and will serve as a catalyst for constructive dialogues among interested members of public interest, business, government, and the Latino communities. The dialogue should be carried out in a calm, positive, and constructive forum, rather than in a crisis atmosphere.

We believe that the findings in this report have broad educational, economic, and social ramifications. As a representative of the business community, The California Roundtable is pleased to provide new and valuable information on a public policy issue of such great consequence for all Californians.

December 12, 1985

Norman Barker, Jr.
First Interstate Bank
Task Force Chairman
PREFACE

There is a long history of immigration from Mexico to California, a process that responds to economic, social, and political conditions on both sides of the border. Recent increases in the volume of this immigration have stimulated public concern about the effects of immigration on California’s economy and social structure.

This report summarizes the results of a study sponsored by The California Roundtable, a voluntary association of major California businesses concerned with public and social issues, to provide an objective assessment of the current situation and an appraisal of future possibilities. The report describes current immigration from Mexico, its effect on California’s economy, and the socioeconomic integration of succeeding generations. It also evaluates future demographic, economic, and social prospects.

The report should be of special interest to the business community, to educators, to state and local government officials whose responsibilities include social and economic programs, and to the California Latino community.

The work summarized here is described in more detail in two companion Rand publications:


SUMMARY

Concern about Mexican immigration to California has increased sharply in the last ten years. Many people believe that it has reached crisis proportions, with immigrants taking jobs away from native-born workers, using public services for which they have not paid, and spawning barrios where their separate language and culture permanently isolate them from U.S. society.

This study was undertaken to assess the current situation of Mexican immigrants in California and project future possibilities. We have constructed a demographic profile of the immigrants, examined their economic effects on the state, and described their socioeconomic integration into California society. To unify and interpret the extensive and varied data on which the study is based, we developed models of both the immigration and integration processes. We then used these models to project future immigration flows.

The major conclusion of the study is that the widespread concerns about Mexican immigration are generally unfounded. Mexican immigrants are not homogeneous, and they differ in their characteristics and their effects on the state; failure to recognize their diversity distorts assessments of the current immigration situation. Overall, the immigrants provide economic benefits to the state, and native-born Latinos may bear the brunt of competition for low-skill jobs. In general, immigrants contribute more to public revenues than they consume in public services; however, the youthfulness of the population, their low incomes, the progressiveness of the state income tax structure, and the high costs of public education produce a net deficit in educational expenditures. This deficit is most pronounced in communities with a high concentration of immigrants. Such communities pay a disproportionately large share of service costs but receive less than a proportionate share of tax revenues. Finally, Mexican immigrants are following the classic American pattern for integrating into U.S. society, with education playing a critical role in this process.

Mexican immigration does, however, raise some long-term issues that need to be addressed. Continued rapid immigration from Mexico and projected shifts in the industrial and occupational structure of California could disrupt the traditional mobility process of immigrants. These projected changes will make education an increasingly important key to the occupational and social mobility of the Mexican immigrants' children and grandchildren. Continued social mobility is the key to their full participation in California's society and economy; thus, it is
essential to monitor the educational, occupational, and social progress of the Latino population. This will make it possible to identify and diagnose problems that could disrupt the integration process, and it will allow policymakers to make some of the tough tradeoffs that may be required based on an objective assessment of how the situation is changing rather than on subjective perceptions of those changes.
ACKNOWLEDGMENTS

The authors wish to express their appreciation to the members of The California Roundtable task force, and especially to Mr. Norman Barker, Jr., the task force chairman, and his deputy, Mr. Lloyd Dennis, for their cooperation and assistance in this research. We are also grateful to our Rand colleagues for their encouragement and assistance in the preparation of this report. Lorraine McDonnell, David Ronfeldt, and Linda Waite reviewed the report, and their comments are gratefully appreciated. Syam Sarma helped with the computer work. Janet DeLand skillfully edited the report. Anthony Pascal and David Lyon provided helpful comments and suggestions. Joan Goldhamer compiled a comprehensive profile of organizations and institutions dealing with Mexican-U.S. relations. Connie Moreno provided invaluable assistance in reviewing the literature. Finally, special thanks are due to Mary Vaiana, whose assistance was essential to the report's organization and presentation.
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I. INTRODUCTION

Ever since Father Junipero Serra and his fellow missionaries established *el Camino Real*, Mexican immigrants have been making the journey north to California. Concern about Mexican immigration into California has increased sharply in recent years,\(^1\) reflecting both a perception that the number of Mexican immigrants is skyrocketing—one popular magazine has referred to recent flows as the “march of the new conquistadors”—and a predictable reaction to the economic downturns of the late 1970s and early 1980s. American attitudes toward immigrants have traditionally varied with economic conditions: wide-scale immigration is tolerated during periods of economic expansion, but there is a clamor for restrictions on immigration during periods of high unemployment.\(^2\)

Recent concerns about Mexican immigration have taken a variety of forms, but three impressions appear to have become rooted in the public’s mind: first, that the growing pool of largely unskilled and undocumented Mexican immigrants undercuts the economic position of low and semi-skilled native-born workers by reducing wages and forcing them onto unemployment; second, that Mexican immigrants drain the fiscal resources of the areas in which they are concentrated because their tax contributions are insufficient to cover the costs of the public services that they use; and third, that the state’s large cities are spawning Spanish-language enclaves peopled by immigrants and their offspring who, unlike earlier waves of immigrants, show little inclination to participate in California society. In sum, large segments of the public believe that Mexican immigration is approaching crisis proportions and that the demographic and economic prospects for Mexico only threaten to make the situation worse in the long run.

This study addresses these concerns by providing an objective assessment of the current situation and an appraisal of the future possibilities. It has four basic goals:

1. To construct a profile of the immigrants: Who are they? What are their characteristics? What is the nature of the process driving them north?

\(^1\)This interest is reflected in the growing number of news stories on Mexican immigration that have appeared in the popular press in recent years. All three of the national weekly news magazines have run cover stories that featured Mexican immigration: *U.S. News and World Report* in 1985; *Time* in 1986; and *Newsweek* in 1980.

\(^2\)Americans’ ambivalence toward immigrants and its relationship to economic conditions are discussed in Keely (1979) and Teitelbaum (1980).
2. To examine the immigrants' effects on the state, with particular attention to the areas of greatest concern, i.e., their effects on labor markets and the public sector.

3. To describe the socioeconomic integration of the Mexican-born and Latino population into California: What is the nature of this process? How does it compare to the way in which earlier waves of immigrants integrated into American society? How much economic and social progress have Mexican immigrants and their U.S.-born offspring made?

4. To project into the future: How large are immigration flows likely to be? What will be the characteristics of future immigrants? What kind of economic effects will future levels of immigration have on the immigrants who are already here?

Three key premises guided the study design. First, our research is limited to the situation in California, thus our results do not necessarily generalize to other regions. Second, when drawing recommendations from our findings, we limit our conclusions to those aspects of immigration that can be affected at the state level, i.e., by California business and government. Third, most of the issues that immigration, particularly immigration from Mexico, raises for California will remain issues regardless of what national immigration legislation is passed. (Our decision not to address national-level immigration policy stems in part from this third premise.)

Because California’s Mexican-origin immigrants are an elusive population to locate and gather data on, and because many of the effects of Mexican immigration on the state are difficult to measure, we could not rely on a single data source in our investigation. Therefore, we have combined a detailed review of the existing literature with a variety of data sources, including the 1980 U.S. and Mexican Censuses; reports of the Immigration and Naturalization Service (INS), the U.S. Department of Labor, and local California government agencies; and a number of special surveys. To organize our research findings and to place the diverse data sources into a common context, we have developed models of Mexican immigration into California and integration into American society. Together, these models encompass all the stages of the immigration process.

The results of our investigation show that the widespread concerns about Mexican immigrants are generally unfounded:

- Overall, the immigrants have provided strong economic benefits for the state, with only minor dislocation effects, mostly among native-born Latinos.
- Use of public services is not generally a problem, although the education of immigrants' children (both U.S.- and Mexican-born) is subsidized by the state's taxpayers. Communities with substantial concentrations of foreign-born bear a disproportionate share of the cost burden while receiving a less-than-proportionate share of the tax revenues.
- Mexican immigrants are not fostering a separate society; they are integrating into the state's society exactly as other immigrants have done.

In sum, Mexican immigration does not currently pose a crisis. However, it does pose some long-term concerns that need attention now.

In the following sections, we discuss these findings in greater detail. In Sec. II, we present our model of the immigration process—the key to our findings about the success of the current integration process and our projections of the future. Sections III and IV sketch an economic and social profile of the immigrants and describe their effects on the state's economy. In Sec. V, we address the question of how well the immigrants are assimilating into California society, using our model of the integration process to identify the factors that influence integration. In Sec. VI, we project both future immigration flows and changes in California's economy, and explain how their interaction poses potential problems that need to be addressed. Finally, Sec. VII summarizes our findings.

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3Complete technical results of this study are described in Kevin F. McCarthy and R. Burciaga Valdez, Current and Future Effects of Mexican Immigration in California, The Rand Corporation, R-3365-CR (forthcoming).
II. THE DYNAMICS OF THE IMMIGRATION PROCESS

Increased public interest in Mexican immigration issues is echoed by a burgeoning number of studies on the subject. However, despite its volume, this literature fails to present a clear picture of the immigrants, of the immigration process, or of the effects of immigration on the state. This section briefly highlights the diversity of findings in the literature as an introduction to our conceptual framework of Mexican immigration. This framework then provides the skeleton for our model of the immigration process.

FINDINGS OF PRIOR STUDIES

Prior studies present a bewildering array of estimates of the size, characteristics, and effects of Mexican immigrants.\(^1\) In general, the profiles that emerge from the literature tend to fall on a continuum between two extremes: At one extreme, the majority of immigrants are seen as young, single males who stay in the United States for short periods, work in jobs that most natives refuse to take, and probably constitute a net benefit to the economy because they provide a pool of cheap labor and pay more in taxes than they consume in services. The other extreme presents a picture of a rising tide of illegal immigrants who are permanently escaping the poverty of Mexico, and in the process clogging our schools with their children, throwing native-born workers into unemployment, and draining the coffers of the communities in which they settle.

Although no single factor accounts for the discrepancy in these findings, conclusions about the characteristics of the immigrant population and its effects depend on the kind of data used. The three primary sources of immigration data are:

• The Immigration and Naturalization Service (INS)
• The U.S. Census Bureau
• Surveys and special studies

Each source captures a different segment of the immigrant population. And because some sources focus on the flow of immigrants, while others describe the stock of immigrants already in place, the sources measure different aspects of the population. For example, INS data describe the annual flows of legal immigrants as well as the flows of illegal immigrants apprehended at the border or in the interior. In contrast, Census data describe the stock of immigrants, both documented and undocumented, who were counted in the decennial Census. Selected survey data describe a wide variety of subpopulations of unknown representativeness, including, for example, immigrants who have returned to Mexico, applicants for legal assistance, and residents of specific U.S. communities.

Despite the variety of estimates and immigrant profiles, similarly derived samples produce some interestingly similar findings. For example, studies of returned immigrants in Mexico offer a picture that accords well with the image of Mexican immigrants as young males who come to the United States alone to work, and return to their families in Mexico after they have acquired a bankroll. These studies also suggest that the typical immigrant uses few public services because he wishes to avoid contact with U.S. officials of any kind, but does pay taxes and thus provides a net benefit to the local government. On the other hand, samples of Mexican immigrants living in the United States or included in various government record systems suggest that the resident population contains a much higher percentage of women and children and uses a wide array of public services.

The relationship between types of data and the profiles of immigrants they produce indicates that:

• There is more than one type of immigrant, and their characteristics and potential effects on the state differ by type.
• Each data source captures different segments of the immigrant population.
• Relying on a single data source distorts the picture of the immigrant population.

CONCEPTUAL FRAMEWORK

Using data from a wide variety of sources, we have developed the conceptual framework of the immigration process shown in Fig. 1. We
Legal status

- Legal
- Illegal

Class of immigrant

Short-term
- Commuters

Cyclical
- "Bracero" type
- Illegal cyclical

Permanent
- Permanent residents
- Illegal permanent

Fig. 1—A profile of Mexican immigration

distinguish Mexican immigrants along two dimensions: how long they stay in California, and whether they enter legally or illegally. Short-term immigrants enter for approximately 10 to 12 weeks, then return to Mexico. Cyclical immigrants leave their families in Mexico, but stay in California for longer periods and return on a fairly regular basis. Permanent immigrants bring their families with them and establish more-or-less permanent residence in California. Each category contains both documented and undocumented immigrants.

The three types of immigrants all pass through an underlying settlement process in a fairly regular, but not inevitable, sequence. As Fig. 1 suggests, that sequence differs for heads of families and other family members.

The settlement process for primary immigrants follows a fixed sequence: They enter the country illegally as short-term immigrants, typically to work as day laborers or in temporary farm jobs. Many remain close to the border and return to Mexico after they have acquired several hundred dollars. Many of these first-time entrants never return to the United States, or they do so only sporadically for similar short-term stays.

However, some portion of those short-termers become established with California employers and begin to return regularly, even though they maintain their families and principal residence in Mexico. Typically, they stay for longer periods, and some actually legalize their
status either by marrying a legal resident or through the efforts of their employers. Finally, some portion of these cyclical immigrants decide to settle permanently in California, abandon their residence in Mexico, and bring their families north. This process is no doubt being accelerated by changes in California's economy—most notably the employment shift among Mexican workers from seasonal agricultural to year-round manufacturing and service jobs.\(^2\)

Members of the primary immigrants' families (secondary immigrants) undergo a substantially different settlement process. Many cyclical immigrants bring their older sons and other relatives north when they are old enough to work. Some portion of these secondary immigrants, who are primarily but not exclusively male, will in turn decide to settle permanently in California, either legally or illegally. If the primary immigrant decides to settle permanently in the state, he will bring his spouse and minor children to join him. If he is documented, he may attempt to obtain documentation for his family, but since it often takes years to petition and gain legal admission for family members, many of the family members enter illegally and then attempt to have their legal status regularized. It is not uncommon to find a mix of legal and illegal immigrants in the same family.

**A MODEL OF THE IMMIGRATION PROCESS**

These distinctions among types of immigrants are reflected in our model of the immigration process, shown in Fig. 2. The model highlights the behavior of each type and suggests why different data sources capture different segments of the immigrant population.

The immigration process begins with the pool of primary immigrants in Mexico (males 15 to 35 years of age). Some members of this pool begin the immigration process by attempting to cross the border as short-term immigrants. Because of their inexperience and their tendency to remain in the border region, they are just about as likely to be apprehended and deported by the INS Border Patrol as they are to return voluntarily to Mexico. Thus, INS statistical reports on the characteristics of Border Patrol apprehendees correspond closely to our profile of short-termers.\(^3\)

Cyclical immigrants have typically made several trips across the border and are thus more experienced in avoiding apprehension.

---

\(^2\)Others using different data sources show a similar shift toward more permanent migrants (Piore (1979); Mines (1980)).

\(^3\)Information on Border Patrol and INS District Office apprehensions are contained in the INS Annual Statistical Yearbooks (U.S. Department of Justice (1979-1983)).
However, because many of them are established with specific employers, particularly employers who frequently hire undocumented workers, they are subject to apprehension by the INS's District Office personnel in sweeps such as "Operation Jobs," which target urban employers. The characteristics of District Office apprehendees differ substantially from those apprehended by the Border Patrol. For example, almost 60 percent of the Mexican immigrants in the District Office statistics had been in the United States at least 6 months prior to their apprehensions, less than 15 percent were unemployed, and about 80 percent of those with jobs were working in urban industries.

In contrast to both these groups, permanent immigrants incur a smaller risk of apprehension by the INS both because they are exposed less frequently, and because they are often quite familiar with U.S. society. Their spouses and minor children are also less likely to be working, and thus they too run smaller risks of apprehension.

This model explains a number of important points about the immigration process. First, it indicates that the different types of immigrants are related through an underlying settlement process and that changes in the number and characteristics of one type of immigrant may be related to changes in other types. Although the settlement process is not inevitable, it tends to follow a regular sequence, and that sequence begins at different stages for heads of families and other family members. The typical head starts the process as a short-term
illegal. Older children and relatives often start the process as cyclical immigrants, either legal or illegal. Spouses and younger children are more likely to begin the process as permanent immigrants both legal and illegal. Thus the legal and illegal components of Mexican immigration are directly related. Moreover, because the process is dynamic, it has a certain momentum of its own, and increases in the number of short-term illegals may produce a subsequent increase in the number of cyclical and permanent immigrants.

Second, the model suggests that different factors may motivate each type of immigrant. Economic factors are important, but they are not the only influence on immigration; moreover, different economic factors may drive different components of the process.

Third, the model explains why the immigrants' characteristics and hence their effects on the state might be expected to differ. Short-term immigrants are reluctant to use public services and unlikely to pay income or social security taxes. Consequently, they will have little effect on the state beyond their effect on border-region labor markets. Although cyclical immigrants are generally older and are more likely to be married, their spouses and minor children typically live in Mexico and are thus unlikely to use public services in California. The cyclical immigrants are sometimes joined by older children or other relatives, but they too come north to work and not to avail themselves of public services. On the other hand, because cyclical immigrants work in a wider array of occupations, industries, and geographic locations, their effects on California's labor markets are more substantial—although concentrated in the temporary labor market. In contrast, permanent Mexican immigrants typically live with their spouses and children and as such are more likely to use public services. They are also more likely to be employed year-round, to earn higher wages, and to pay income and social security taxes.

Finally, the model can help reconcile the divergent profiles of Mexican immigrants that emerge from the literature by showing that the various components of Mexican immigration are apt to be reflected separately in different data sources. Indeed, the model implies that any profile of Mexican immigrants that relies exclusively on a single data source is certain to present an incomplete and thus biased picture of the immigrant population. The nature of the bias will vary, depending on the data used. Profiles based on INS Border Patrol sources will overrepresent short-term immigrants at the expense of cycicals and especially permanent immigrants. Studies based on Census reports and public service agencies reports (e.g., school or public health sources) will focus on the permanent population but exclude short-termers. Finally, profiles based on Mexican sources are likely to cover
short-term and cyclical immigrants but exclude the permanent immigrant population.

We use this model to generate the projections of the future discussed in Sec. VI.
III. ECONOMIC AND SOCIAL PROFILE OF IMMIGRANTS

Our conceptual framework emphasizes the importance of distinguishing among the different types of Mexican immigrants; it also provides a basis for making that distinction. This section compares the economic and social characteristics of each category of immigrants. Since our discussion is based primarily on an analysis of 1980 Census data, we briefly describe their appropriateness and limitations.

CENSUS DATA

Although the 1980 Census, like all other data sources on Mexican immigrants, presents a selective picture of that population, it has a number of advantages over most other sources for our purpose. The Public Use Sample of the 1980 Census provides detailed information on individual immigrants that is directly comparable to information available for the total population. In addition, although the Census undoubtedly undercounts Mexican immigrants, recent estimates suggest that its coverage of the Mexican-born population is substantially improved over earlier censuses. For example, it addition to counting more than 500,000 resident aliens and nearly 250,000 naturalized immigrants, the Census also counted approximately 500,000 undocumented Mexican immigrants. Although this coverage was undoubtedly concentrated among permanent immigrants (since they are more inclined to cooperate with Census efforts), some cyclical and short-term immigrants are likely to have been included as well. Thus, even if the counts of these types of immigrants are incomplete, the data can still provide a profile of their general characteristics and their differences from permanent immigrants. Indeed, by combining the Census data with data from other sources, we may be able to evaluate how those who were covered in the Census differ from those who were not. Moreover, as noted above, the permanent immigrants, who would be expected to have the most important effects on the state, may have been covered reasonably well.

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1Recent studies of the Mexican immigrant population utilizing 1980 Census data include Muller (1984), Espenshade and Goodis (1985), and Bean et al. (undated). Estimates of the Census' coverage of undocumented Mexican immigrants are contained in Warren and Passel (1983).
In addition to these advantages, however, the Census data have some disadvantages. First, the Census files do not provide any definitive way to distinguish documented from undocumented immigrants. Although we have devised a technique for estimating this distinction indirectly for each class of immigrants, we are unable to determine whether any particular immigrant entered legally or illegally. Second, although the Census is the most up-to-date, comprehensive source of data on California's Mexican-born population, the data are already five years old—five years in which the number of apprehensions by the INS has risen steadily. Although we do not believe the characteristics of the immigrant population have changed substantially since 1980, the point estimates of the number of immigrants could well differ from those reported here. Finally, as we have already noted, the Census data are best suited to counting the resident population and thus are apt to miss some substantial portion of the temporary immigrant population, especially short-term immigrants. Moreover, those short-term immigrants that are included in the Census may not be truly representative of the larger population of short-termers; for example, they may be more likely to be employed and living in permanent living quarters.

The Census data do not, of course, distinguish among the three types of immigrants identified in our model. But using the model of the settlement process as a guide, we can classify immigrants by type based on information that is recorded in the Census. Classifying the immigrant groups in this way clearly preconditions the values on the variables used for the classification. It does not, however, determine other demographic, social, or economic characteristics. Thus, the Census data provide an implicit test of our conceptual model.

ECONOMIC PROFILE OF IMMIGRANTS

Estimates of Numbers

Using the model as a guide, and supplementing the 1980 Census data with information on Mexico's population and estimates of the lifetime migration from urban and rural areas of Mexico, we have estimated the current number of Mexican immigrants in each category.\(^2\) We estimate that approximately 2.5 million of the 11 million Mexican males aged 15 to 34 in 1980 will try at some time to enter California as short-term immigrants. Not all of them will succeed, and short-termers typically spend only a few weeks in California; thus, at

\(^2\)Assorted estimates of the size of the Mexican immigrant population are reviewed in Griego and Estrada (1981) and Siegel et al. (1980).
any one time, the number of short-term immigrants will be only a small fraction of this total. In addition, we estimate (based on 1980 U.S. Census data) that approximately 300,000 of these migrants are journeying back and forth between Mexico and California on a cyclical basis. Finally, another 300,000 have settled in the state on a more-or-less permanent basis and have in turn been joined by another 900,000 secondary family members. Thus we conclude that there are approximately 1.2 million permanent Mexican immigrants in California.

Demographic and Economic Characteristics

The three types of immigrants differ along a number of dimensions. Each group is drawn to the United States by a different stimulus, and each has a different profile. Table 1 lists these motivating factors, along with the demographic and economic characteristics of each group.

The short-termers are driven mostly by Mexico's political economy—it's rates of economic and demographic growth, and the distribution of resources across Mexican society. Their demographic and economic profile is that of young, single males working in low-paying, entry-level jobs. On the other hand, the cyclicals are older, more experienced, and better paid. Their immigration responds primarily to California's demand for temporary labor because they have become established in the state's labor market and return on a regular basis, often to the same employers. Finally, the migration of the permanent immigrants is driven by two factors: (1) California's demand for regular, year-round employees and (2) family reunification. The importance of family reunification is indicated by the fact that only a small

<table>
<thead>
<tr>
<th>Type of Immigrant</th>
<th>Motivation for Immigrating</th>
<th>Demographic Classification</th>
<th>Economic Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>Mexico's political economy</td>
<td>Young single males</td>
<td>Low-paying, entry-level jobs</td>
</tr>
<tr>
<td>Cyclical</td>
<td>Demand for temporary labor</td>
<td>Adult males and relatives</td>
<td>Somewhat higher pay</td>
</tr>
<tr>
<td>Permanent</td>
<td>Demand for regular labor; family reunification</td>
<td>Couples with children</td>
<td>More experienced; higher pay; many non-working wives</td>
</tr>
</tbody>
</table>

Table 1: ECONOMIC PROFILE OF IMMIGRANTS
proportion of the spouses work; they enter the United States to unify their families, not to become wage earners.

Figure 3 shows the kinds of industries and occupations in which all of these immigrants work. Contrary to popular belief, less than 20 percent of the Mexican immigrants work in agriculture. A much higher proportion are employed in manufacturing and in services. Although the three classes of immigrants differ in experience and pay levels, the vast majority—about 80 percent—work in low-skilled jobs, as farm workers, operatives, laborers, busboys, gardeners, and the like. Only about 20 percent hold skilled craft jobs, e.g., as carpenters or masons, or low-level white collar jobs, e.g., as clerks or bookkeepers.

SOCIAL PROFILE OF IMMIGRANTS

The social characteristics of the three groups also differ, as shown in Table 2. Legal status, education level, and language use are highlighted here because each has a very strong influence on the immigrants' assimilation prospects.

We estimate that virtually all the short-termers but less than half the permanents are undocumented. Although all the groups are native Spanish speakers, they begin to acquire English as their stay in California lengthens. Thus, about half the permanents are bilingual. Despite differences in legal status and language use, all three groups

![Fig. 3—Where Mexican immigrants work](image-url)
## Table 2

**Social Profile of Immigrants**

<table>
<thead>
<tr>
<th>Type of Immigrant</th>
<th>Legal Status</th>
<th>Level of Education</th>
<th>Language</th>
<th>Integration Prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>Undocumented</td>
<td>Low</td>
<td>Monolingual Spanish</td>
<td>Low</td>
</tr>
<tr>
<td>Cyclical</td>
<td>Majority undocumented</td>
<td>Low</td>
<td>Some English</td>
<td>Low</td>
</tr>
<tr>
<td>Permanent</td>
<td>Less than half undocumented</td>
<td>Low</td>
<td>Half bilingual</td>
<td>High</td>
</tr>
</tbody>
</table>

share the disadvantage of poor education—they have typically completed no more than sixth grade. These low education levels confine all of the immigrants to the same low-skilled jobs, despite the greater job experience of the permentans.

The social and economic differences among these groups, coupled with their very different permanency in the state, determine their prospects for assimilating into California society. The short-term and cyclical migrants, who maintain their families and permanent residences in Mexico, are very unlikely to participate fully in California society; the permentans, on the other hand, are likely to have already begun the integration process.

The motivations, demographic characteristics, and economic and social features of the different immigrant types condition the nature and extent of their effects on the state. It is essential to realize that although Mexicans have been coming to California for a long time, large-scale Mexican immigration is a very recent phenomenon, essentially dating from the 1940s. As a result, a very large proportion—about 45 percent—of the Latinos in California are either immigrants or the minor children of immigrants. Attempts to evaluate how well Mexican-Americans have integrated into California society based on aggregate statistics for California's Latino population thus give a very misleading impression, because the data are heavily weighted with immigrants, many of whom are only temporary residents. Moreover, because the different groups have different motivations for entering the state and also differ in their degree of interaction with Californians, their long-term effects on the state differ. For example, the short-term and cyclical groups will have primarily economic effects, confined to low-wage, low-skilled labor markets. The permentans, who have

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3Historical accounts of Mexican immigration to California can be found in Fisher (1953) and Samora (1971). More recent trends are discussed in McCarthy and Valdez (1985).
chosen to settle in the state and whose children form the first generation of native-born Mexican-Americans, will have far more widespread effects. They are thus the group of greatest policy interest.
IV. ECONOMIC EFFECTS

Mexican immigrants, an already significant and rapidly growing segment of California’s population, affect the state’s economy as consumers, workers, and service users. Here we focus on the most controversial issues: their effects on labor markets and on the public sector.

LABOR MARKET EFFECTS

Because we expect the labor market effects of Mexican immigrants to be concentrated in those sectors where Mexicans constitute the largest share of total employment, we first calculated their relative importance by occupation and industry (Figs. 4 and 5). These calculations distinguish between the state as a whole and the Los Angeles area because approximately 80 percent of the state’s Mexican immigrants live in southern California; over 50 percent live in Los Angeles County.

Statewide, Mexicans fill an important share of the least-skilled jobs—as farmworkers and laborers (Fig. 4). This concentration no doubt underlies the frequent observation that immigrants take the low-wage, low-skilled, undesirable jobs that native-born workers refuse to accept. In the Los Angeles region, however, Mexican immigrants fill a much wider occupational role. They not only fill a very large share of the farmworker and laborer jobs, they also hold a major portion of the semi-skilled manufacturing jobs, and to a lesser extent, service and craft jobs.

Figure 5 shows the Mexican-born share of total employment, by industry. Statewide, the role of Mexican immigrants is heavily concentrated in agriculture. Given California agriculture’s dependence upon Mexican farmworkers, it is not surprising that the state’s farming interests are lobbying to include a guestworker provision in any national immigration legislation. The situation in Los Angeles, however, is less straightforward. In Los Angeles County, where 45 percent of the state’s manufacturing jobs are located, Mexican immigrants fill a substantial share of all manufacturing jobs; they are also very important to the construction and personal service industries.

1The Los Angeles region is defined as the Los Angeles Standard Consolidated Statistical area. It includes Los Angeles, Riverside, San Bernardino, Orange, and Ventura counties.
Fig. 4—Mexican-born share of total employment, by occupation

Fig. 5—Mexican-born share of total employment, by industry
In light of this employment concentration, we have focused our labor market analysis on the manufacturing sector and have contrasted statewide effects with those in Los Angeles County, where we expected those effects to be intensified. We address two questions: (1) How have Mexican immigrants affected labor markets in general? (2) Have any specific groups of workers been affected more than others?

Because California's economy is complex, it is impossible to estimate the precise effects of Mexican immigrants without an elaborate economic model that includes all of the factors that may have conditioned the state's economic performance. Such an analysis was beyond the scope of this research, however, so we have relied on an inferential analysis that compares actual economic performance with expectations derived from alternative hypotheses about the effects of Mexican immigrants to determine which hypothesis "best" explains what has actually transpired.

Table 3 compares rates of employment and earnings growth between 1970 and 1980 in the United States, in California as a whole, and in Los Angeles, for the manufacturing sector as a whole and for selected manufacturing industries. The four industries shown were chosen because they are significant manufacturing employers in the state, and they ranked as the two highest and two lowest in terms of Mexican immigrants employed.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>COMPARATIVE EMPLOYMENT AND EARNINGS GROWTH IN SELECTED INDUSTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
</tr>
<tr>
<td>Total manufacturing</td>
<td>4.8</td>
</tr>
<tr>
<td>Apparel</td>
<td>-7.4</td>
</tr>
<tr>
<td>Furniture</td>
<td>1.3</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>5.6</td>
</tr>
<tr>
<td>Printing</td>
<td>13.7</td>
</tr>
</tbody>
</table>

Our evidence suggests that Mexican immigrants may actually have stimulated manufacturing employment by keeping wage levels competitive. In the United States as a whole, manufacturing employment grew modestly during the 1970s—significantly less than in California or in its principal manufacturing center, Los Angeles. Although several factors may have contributed to California’s and Los Angeles’ superior performance, one factor that certainly played a significant role was slower wage growth: 12 percent slower statewide, and 15 percent slower in Los Angeles. By keeping costs low, slow wage growth enabled the manufacturing sector to maintain a better competitive position vis-à-vis foreign producers. The availability of a large pool of low-wage Mexican-born workers statewide and especially in Los Angeles no doubt contributed to slower wage growth. For example, wages increased more slowly in Los Angeles (where the majority of immigrants are concentrated) than statewide, and the slower wage growth tends to be more pronounced in industries that rely heavily on Mexican workers (apparel and furniture) than in those that use Mexican workers sparingly (transportation equipment and printing).

The fact that these wage effects are not concentrated exclusively in industries that rely heavily on Mexican immigrants raises the possibility that even if the immigrants stimulate employment growth overall, they may do so at the cost of native-born workers, and not only in those industries most directly affected by the immigrants. Table 4 addresses this issue by comparing earnings levels and earnings growth between 1970 and 1980 for year-round, full-time workers. Again, results for the entire state and for Los Angeles are compared with the national levels. To determine if these effects are felt disproportionately by specific ethnic groups, we contrast the patterns among all workers to those for blacks and native-born Latinos. These data do not directly address the difficult-to-measure displacement issue—i.e., whether workers lose jobs—nor do they specifically explain why wages grew more slowly in both Los Angeles and the state than elsewhere. However, they do address one major effect of displacement, reduced earnings.

Overall, wage levels of all workers (about 70 percent of whom are Anglos) and of black workers in California and Los Angeles are substantially higher than those of their counterparts nationwide. This differential persists even though, as we have shown in the previous table and demonstrate again in this comparison, wages rose more slowly in the state than nationwide. Thus, even if the presence of a large pool of

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3This comparison is based on 1970 and 1980 Census data. By limiting the comparison to year-round, full-time workers we control for possible earnings difference between groups due to differences in labor supply.
Table 4
COMPARATIVE EARNINGS LEVELS AND GROWTH
( Relative to U.S.)

<table>
<thead>
<tr>
<th>Group</th>
<th>State</th>
<th>L.A.</th>
<th>State</th>
<th>L.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.09</td>
<td>1.06</td>
<td>0.93</td>
<td>0.84</td>
</tr>
<tr>
<td>Black</td>
<td>1.20</td>
<td>1.23</td>
<td>0.93</td>
<td>0.94</td>
</tr>
<tr>
<td>Latino</td>
<td>1.01</td>
<td>0.99</td>
<td>0.71</td>
<td>0.59</td>
</tr>
</tbody>
</table>

Mexican workers has slowed wage increases, it has certainly not erased the earnings advantage enjoyed by California’s Anglo and black workers. However, the picture among the state’s Latino workers is more mixed. Although Latino workers in California and Los Angeles are at rough earnings parity with Latino workers nationwide, their wages have been growing more slowly—indeed, over 40 percent more slowly—in Los Angeles. The net effect of this slower growth has been that Latino wage levels in Los Angeles, which ten years earlier were 25 percent higher than the national average, are now at that average. In sum, to the extent that the presence of Mexican immigrants does affect earnings levels, those effects are less apt to be reflected in the earnings of all workers (a category of which Anglos comprise a high percentage) or of black workers. Instead, the displacement effects appear to be concentrated in the Latino population itself.

EFFECTS ON THE PUBLIC SECTOR

The second major economic consequence of Mexican immigration that we examined was its effect on the public sector. We addressed two questions:

- What public services do the Mexican immigrants use?
- Does their tax contribution exceed the cost of providing those services?

The Census data contain information on education and welfare usage, but not on immigrants’ tax contribution. Consequently, we supplemented our analysis of Census data with information from other
surveys of immigrants and reports from service providers. In general, the surveys of immigrants report lower usage rates than the reports of service providers. The substantial difference in methodologies of these two types of studies undoubtedly contributes to this difference in findings, but another important factor is that the studies probably describe different populations. The surveys were conducted largely among INS apprehendees and return migrants to Mexico and thus are likely to reflect primarily short-term and cyclical immigrants whose service usage is likely to be low. The service providers' data, on the other hand, are typically derived from estimates of the costs of providing services to individuals whose birthplace and legal status are often undetermined. Given these differences, it is probably impossible to precisely estimate either actual usage rates or the net costs of providing services to Mexican immigrants, much less to fully reconcile the differences among the studies. We suspect that the survey data underestimate the actual immigrant usage rates and that the provider data overestimate them. Thus, with the exception of usage rates for those services covered in the Census, our conclusions in this area cannot be precise but are based on the weight of the evidence.

One consistent finding is that the immigrants' service usage varies substantially across services. Their use of education, for example, is substantial and probably rising. The school enrollment rates of the Mexican-born and total state population are compared in Fig. 6. Although the Mexican-born start school later and leave earlier, their enrollment rates through the elementary and junior high school grades (ages 5 to 15) are not much below those of the general population. Their use of health services is probably also about what one would expect for a young population: low overall, and concentrated in maternity and emergency services. Common perceptions that the immigrants draw heavily on welfare are not supported either by survey data or by service providers' reports. The Census data we examined indicated that less than 5 percent of all Mexican immigrants (citizens, legal residents, and undocumented aliens combined) were receiving some form of cash assistance in 1980. This low recipiency rate is generally confirmed by service provider studies. One factor that may contribute to this pattern is the practice among welfare agencies in California of checking immigrants' status with the INS before permanently adding them to the rolls.

4A number of studies have attempted to estimate usage and net costs based on administrative data from service providers; see, for example, Hufford (1982a, 1982b); Orange County Task Force (1978); Community Research Associates (1980); North (1981); and Stewart (1981). Surveys of user populations include Van Arsdol et al. (1979); Villalpando (1977); and Heer (1981). Both approaches are combined in The Undocumented Workers Policy Research Project (1984).
The question of whether immigrants pay more in taxes than they consume in social services is even more difficult to answer definitively. We cannot accurately estimate the cost of providing services to Mexican immigrants, and we lack reliable data on their tax contributions. Furthermore, if, as some maintain, such estimates should include the indirect costs of providing services to citizens displaced by Mexican workers, it is probably impossible to calculate the full costs. However, evidence from service providers, surveys of the immigrant population, and our own estimates of the tax contributions and service usage of immigrants appear to support a number of qualified conclusions. First, with the notable exception of educational services, immigrants' contributions in the form of taxes exceed the costs of the public services that they use. Second, the cost of providing public services to Mexican immigrants seems likely to be rising as the number of permanent immigrants increases and more of them make use of public services, such as education. At the same time, the tax revenues collected from immigrants are increasing as the proportion of them working in jobs where social security and income taxes are collected increases. However, given the progressive nature of California's income tax structure, the low income levels of most Mexican immigrants, and the likelihood that the fraction of permanent immigrants is growing, the costs may well be rising faster than the revenues. Third, areas where there is a heavy concentration of immigrants, such as Los Angeles, bear a

![Chart showing enrollment rate (%) by age groups:](image)

**Fig. 6.—Use of educational services**
disproportionate share of the costs of providing services to immigrants. This situation is compounded by the fact that the two services most likely to be used by Mexican immigrants, education and health care, are disproportionately financed by local and state governments, while two of the major sources of tax revenues, federal income and social security taxes, are collected by the federal government. Indeed, to the extent that the costs to local governments of providing services to immigrants exceed the revenues received from those immigrants, those local governments are subsidizing other parts of the state and the country.

Education represents a special case. The high costs of educating students in California (approximately $2,900 per pupil per year), combined with the low incomes and relative youth of the state’s Mexican immigrants and their children (over half of whom were born in the United States), result in state and local government expenditures for education that substantially exceed what the immigrants contribute in state and local taxes. This imbalance is true for all of the state’s low-income families. The state subsidizes the education of the children of low-income families in the belief that public investment in education provides general public benefits. Because the vast majority of the Mexican immigrants whose children are in the public schools have settled permanently in California, the public also benefits from the improved occupational prospects that a public education affords those children. Indeed, as the next section demonstrates, the successful integration of the children of immigrants into California’s economic and social life is keyed to their educational progress.

We can summarize our assessment of Mexican immigrants’ economic effects as follows:

- Immigrants appear to have provided a net benefit to the California economy by supporting industrial and manufacturing growth.
- Their negative labor market effects have been minor and concentrated among the native-born Latino population.
- Immigrants’ tax contributions exceed the cost of the public services that they use, with the exception of public education. However, areas with substantial concentrations of immigrants may bear a disproportionate share of the immigrants’ public service costs.
V. INTEGRATION

The model of the immigration process we have used to identify the different types of immigrants, to describe the settlement process, to structure our analysis of the immigrants' economic effects, and to reconcile the contradictions implicit in prior studies also has implications for how we should assess the integration process. As noted earlier, significant Mexican immigration to California is a phenomenon of the last 40 years, so a substantial proportion of the Latinos in California are either immigrants or the children of immigrants. Thus any judgment about integration based on an aggregate description of the state's Latino population will be heavily colored by the social characteristics of these newcomers—in particular, low education, clustered residential patterns, and Spanish language use. These aggregate descriptions may explain the widespread belief that Mexican immigrants are not following the traditional pattern of European immigrants (or even recent Asian immigrants) and integrating smoothly over time into the nation's society.

To accurately gauge the social progress of Mexican immigrants, we must disaggregate the Latino population into separate generations and make judgments about progress that are appropriate to each generation. In this section, we describe our model of the integration process and use it to demonstrate the degree to which Mexican immigrants are integrating into California society. This model, shown in Fig. 7, tracks Mexican immigrants from their roots in Mexico to the integration of their grandchildren into California society.

The process begins with the permanent immigrants who, lacking skills and education, take the lowest-level jobs—as farm workers, day laborers, busboys, waiters, assembly-line workers, janitors, nurserymen, maids. However, their children move into more skilled positions, becoming machinists, drill press operators, auto repairmen, and clerks, or highly trained craftsmen such as carpenters, plumbers, masons, and autoworkers. The grandchildren of the immigrants—the second native-born generation—are found in professional, managerial, and technical positions, as nurses, teachers, lawyers, and accountants.

The key to this occupational progress is education. Because they typically have no more than a sixth grade education, primary immigrants have little hope of filling anything but the lowest-paying jobs. But the high school education that their children receive is their ticket to the next occupational rung. Finally, post-secondary education opens
white collar job opportunities to the second generation, and a substantial number obtain them. Although the process is essentially the same for the state’s Asian immigrants, recent Asian immigrants have entered with very high educational levels—indeed, the highest in our nation’s history.¹ Thus, in essence, they begin the process at the second level, and their children move into higher education and white collar jobs one generation faster than Latinos.

As individuals move up the occupational ladder, their social characteristics change.² Fertility levels, which tend to be high among the foreign-born, drop substantially. Whereas the original immigrants settle in barrios, subsequent generations are more likely to follow the traditional tenement trail: from the ghettos and barrios to the suburbs. Census data provide good evidence for this pattern: More than 80 percent of the Census tracts in Los Angeles have at least a 5 percent Latino population. This rate of dispersion contrasts significantly with the residential patterns of blacks in the area.

Earnings, as well as savings and property income, also obviously increase with occupational moves, thus reducing the need for welfare and other special programs for low-income residents.

This model clearly implies that we must make generation-specific assessments of social progress. Like the immigration model, the

¹The contrast between Mexican and Asian immigrants is highlighted in Wong and Hirschman (1979) and Keely (1971, 1975).

²Examples of this process are included in Jaffe et al. (1980); Massey (1979a and 1979b); Bean et al. (1980); Chiswick (1977); and Tienda (1983).
integration model helps us to interpret what appear to be conflicting reports about how well and how quickly Latinos are integrating. We shall illustrate the power of the model by considering two important measures of integration: use of English and level of educational achievement.

THE TRANSITION TO ENGLISH

People generally view acquisition of English as a critical measure of willingness to assimilate and integrate into American society. Given the critical role that education plays in the occupational mobility process, with its accompanying social changes, speaking English may indeed be the first—and the essential—step toward full participation in U.S. society.

Figure 8 compares levels of English usage among the foreign-born—short-term, cyclical, and permanent—and between these groups and the first- and second-generation native-born. The transition to English actually begins among the foreign-born. Less than 25 percent of the short-termers have a working knowledge of English; about 40 percent of them are monolingual Spanish speakers. In contrast, nearly half of the permanent immigrants speak good English, and less than a quarter

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![Bar chart showing English usage by generation](chart)

Fig. 8—The transition to English, by generation

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3 These comparisons are based on Census data describing English usage. First- and second-generation Latinos are distinguished by the ethnicity of their parents.
of them speak only Spanish. However, the most dramatic difference is that between the foreign-born and the native-born: Most of the first-generation native-born are bilingual, and more than 90 percent are proficient in English; more than half of the second-generation are monolingual English speakers. Thus the transition to English begins almost immediately and proceeds very rapidly.

This pattern of English usage is what we would expect, in view of our model of the immigrants' occupational mobility. Proficiency in English is both a key and a response to more skilled positions, and reflects the increasing educational achievement of successive generations. Figure 8 also demonstrates how the model helps to interpret conflicting views of language use. Only half of the permanent immigrants born in Mexico speak English, and this is the group that dominates the current Latino population. Thus if we were to use this group as the basis for assessing proficiency in English, we would conclude that immigrants are not making the language transition. However, when we examine language use by generation, we are led to a very different conclusion.

EDUCATION

Figure 9 shows how educational achievement of Mexican immigrants improves with succeeding generations. Using Census data, we compare

<table>
<thead>
<tr>
<th>Generation</th>
<th>Years of schooling</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexican born</td>
<td>≤8</td>
<td>9-11</td>
</tr>
<tr>
<td>Native-born 1st generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native-born 2nd generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State total (all adults)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fig. 9—Educational progress across generations
all foreign-born immigrants with first- and second-generation native-born and with the state total for all adults. The groups we are comparing are all between the ages of 25 and 34, that is, people who completed their schooling between 1970 and 1980.

As we noted earlier, more than half of the Mexican-born immigrants have less than an eighth grade education, only about 25 percent have finished high school, and less than 10 percent have any post-secondary training.

This pattern contrasts sharply with the educational achievement of the native-born of either generation. Both first- and second-generation native-born have high school completion rates that are very similar to the state total. Indeed, the major difference between the second-generation native-born and all recent California graduates is the proportion completing college.

This dramatic cross-generational improvement becomes even more apparent when we compare the generations described in Fig. 9 with those who completed their schooling during the 1950s, when “Operation Wetback,” the last massive deportation of Mexican nationals, took place. Those generations are now 45 to 54 years old (Fig. 10). Approximately 50 percent of the earlier group, of both generations, failed to complete high school, as contrasted to about 20 percent of the same generation statewide. More significant is the fact that the dropout rates for the younger cohorts of both Latino generations are about the same as those for the entire state, 18 to 20 percent. The Latino population is making good educational progress, and they are making it more rapidly today than they did 30 years ago.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Years of schooling</th>
<th>&lt; 11</th>
<th>12</th>
<th>13-15</th>
<th>16+</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native-born</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25-34</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45-54</td>
</tr>
<tr>
<td>Native-born</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25-34</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45-54</td>
</tr>
<tr>
<td>State total</td>
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<tr>
<td>(all adults)</td>
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<td>25-34</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45-54</td>
</tr>
</tbody>
</table>

Fig. 10—Rapid educational progress in the past generation
Another measure of education is the school enrollment rate. The enrollment pattern of Latinos is consistent with the level of educational achievement, as shown in Table 5. Primary school enrollment for all Latinos, whether Mexican- or native-born, is virtually identical to that for all Californians. At higher grade levels, the rate for the Mexican-born begins to diverge sharply, and by the end of high school, it is only half that of the state total. Rates for the native-born remain close to the state average until mid-high-school, when enrollment for the first generation native-born begins to fall. But rates for the second-generation native-born remain close to the total until the college years.

Our estimate of a 20 percent dropout rate for native-born Latinos differs widely from many published estimates, which range from 40 to 50 percent and are cited with dismay by both Latino and Anglo leaders. The integration model explains the discrepancy. The higher estimates reflect the educational achievement of the earlier cohorts shown in Fig. 10 and the educational participation rates of the Mexican-born, who constitute a large proportion of the current Latino population in the state. When we assess the educational achievement

<table>
<thead>
<tr>
<th>Age</th>
<th>Mexican-Born</th>
<th>First-Generation</th>
<th>Second-Generation</th>
<th>All Californians</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤4</td>
<td>15</td>
<td>11</td>
<td>14</td>
<td>41</td>
</tr>
<tr>
<td>5-6</td>
<td>83</td>
<td>88</td>
<td>89</td>
<td>90</td>
</tr>
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<td>7-13</td>
<td>97</td>
<td>98</td>
<td>99</td>
<td>99</td>
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<tr>
<td>14-15</td>
<td>89</td>
<td>95</td>
<td>97</td>
<td>98</td>
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<td>16-17</td>
<td>62</td>
<td>76</td>
<td>86</td>
<td>88</td>
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<td>18-19</td>
<td>27</td>
<td>32</td>
<td>46</td>
<td>51</td>
</tr>
<tr>
<td>20-21</td>
<td>12</td>
<td>17</td>
<td>27</td>
<td>33</td>
</tr>
</tbody>
</table>

*The dropout rates computed by most school districts are not very good measures of either enrollment or educational achievement. They usually either compare the number of students who start first grade in a district with the number who complete the twelfth grade, or compare the number who start school on the first day of the school year with the number present on the last day of the school year. In both cases, the numerator and the denominator of these rates do not necessarily refer to the same population. There are also other problems with using these rates for the Latino population—e.g., moves between districts, returning to Mexico, etc.*
of each generation and each immigrant group separately, we see that later cohorts and California-born Latinos are doing nearly as well as other Californians. Of course, many people would view 20 percent as an unacceptably high rate for both groups. And given the importance of education in moving immigrants up the occupational ladder, this rate should be a source of deep concern to both policymakers and the Latino community. But it is not a problem peculiar to Latinos.

**TRANSLATING EDUCATIONAL PROGRESS INTO OCCUPATIONAL MOBILITY**

The key question for assessing integration is whether immigrants are effectively translating their higher educational achievements into occupational mobility. Our analysis shows that the Mexican immigrants are. Figure 11 compares the occupational profiles of native-born Latinos according to their years of schooling. The vast majority of those with less than an eighth grade education hold unskilled jobs. This is the group most likely to be displaced by incoming Mexican-born immigrants. Those who have completed high school are concentrated in the middle of the occupational ladder—crafts, sales, and clerical jobs. The vast majority of those who complete college are in white collar jobs; and more than half hold managerial and professional positions.

In sum, contrary to what many believe, the integration process among Mexican immigrants and their offspring is very similar to that

![Graph showing occupational distribution by years of education](image-url)

Fig. 11—Education is the key to mobility
of European immigrants. It begins among the immigrants themselves but accelerates very rapidly in the succeeding generations. And it appears to be working better now than it did 20 or 30 years ago.
VI. PROJECTIONS OF THE FUTURE

Our discussion to this point has focused exclusively on the current situation: what the immigrants look like, how they are affecting the state, and how much progress have they made toward full integration into California society. Now we shall look beyond the current horizon: How large can we expect future Mexican immigration flows to be? What will future immigrants look like? How will future events alter the integration process?

Our model of the immigration process provides the analytical structure for these projections by identifying the different factors that drive the separate components of the settlement process and by linking future events and conditions in Mexico and California to the volume and characteristics of the immigration stream.

Each stage of the settlement process—from attempts to enter California and thus become short-term immigrants, to the transition of some short-termers to cyclical immigrants, to the fraction of these cyclical who decide to settle and bring in their wives and children—is influenced by different factors. Mexico's demographic structure determines the size of the potential immigrant pool. The likelihood that a member of that pool will become a short-term immigrant is determined by Mexico's political economy. The chances of moving from short-term to cyclical status are determined by California's need for temporary workers. Finally, the probability that Mexicans will settle permanently in California is determined both by California's need for low-skilled, year-round workers and by family reunification among permanent immigrants.

In Sec. III, we estimated the current size of each component of the immigration population. Here we project how these numbers could change in the future. Table 6 shows our current estimates and projections.

The size of the potential pool will increase by almost 50 percent in the next decade, and it will have more than tripled by the end of the century. Although Mexico appears to have had considerable success in reducing fertility levels over the past few years, the reduction will not affect the size of the potential pool. All of those who will be in the pool by the year 2000 have already been born.

The fraction of the potential pool who will attempt to become short-term immigrants will depend on the future course of Mexico's political economy. Based on estimates of historical immigration rates
Table 6  
FUTURE IMMIGRATION STOCKS

<table>
<thead>
<tr>
<th>Year</th>
<th>Pool in Mexico</th>
<th>Short-term</th>
<th>Cyclical</th>
<th>Permanent</th>
<th>Permanents' Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>11,000,000</td>
<td>2,500,000</td>
<td>300,000</td>
<td>300,000</td>
<td>900,000</td>
</tr>
<tr>
<td>1990</td>
<td>16,000,000</td>
<td>2,500,000-3,600,000</td>
<td>?</td>
<td>?</td>
<td>(permanents × 3)</td>
</tr>
<tr>
<td>2000</td>
<td>34,000,000</td>
<td>5,100,000-7,400,000</td>
<td>?</td>
<td>?</td>
<td>(permanents × 3)</td>
</tr>
</tbody>
</table>

and projecting a continued urbanization of Mexico’s population,¹ we estimate that the number of short-term immigrants could range from roughly 2.5 to 3.6 million, depending on economic conditions in Mexico in 1990. By the end of the century, even under the most optimistic scenario, the number of short-term immigrants is likely to double.

How many of these prospective short-termers subsequently become cyclical and permanent immigrants will depend not on conditions in Mexico, but rather on California’s demand for temporary and permanent low-skilled labor. But the types of immigrants who enter—cyclicals or permanents—will have a major effect on the size of the total immigrant population, because of the multiplier effect implicit in family reunification: for every primary permanent immigrant who settles in California, approximately three related immigrants enter.

Because the future distribution of Mexican immigrants between the cyclical and permanent categories will depend on California’s future demand for low-skilled laborers, we compare the state’s current and projected occupational distribution in Table 7. We have divided occupations into three categories: low-skilled jobs that could be filled by temporary workers, semi-skilled jobs typically associated with regular year-round employment, and skilled service and white collar jobs, for which most Mexican immigrants are not qualified. Based on our model, we would expect cyclical immigrants to be concentrated in the first category and permanent immigrants to be concentrated in the second.

The first two columns of Table 7 show how the different classes of Mexican immigrants were distributed across these occupations in 1980. Somewhat surprisingly, there is substantial overlap in the occupational distributions of cyclical and permanent immigrants. This suggests that

¹These estimates were prepared by Massey (1985).
Table 7

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1980 Distribution (%)</th>
<th>Projected: 1980-95</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short/ Cyclical</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>Permanent</td>
<td>Change</td>
</tr>
<tr>
<td>Unskilled service</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>Farm</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Laborer</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Unskilled mfg.</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Skilled mfg.</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Skilled craft</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Skilled service</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Sales/clerical</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Prof./tech./mgr.</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The most important employment difference between these groups is not the kinds of jobs they hold, but the way in which they fill them. Cyclicals move in and out of the labor force and in and out of occupations; permanents fill their positions on a more-or-less year-round basis.

The last two columns of Table 7 show estimated employment growth in these occupations between 1980 and 1995. Overall, employment is projected to increase in California by about 30 percent—approximately 3 million new jobs. This growth rate is about half that of the 1970s. About 70 percent of these new jobs will be in the white collar and skilled service sector, and thus beyond the range of most Mexican immigrants. The remaining jobs, about 1 million in all, will be evenly divided between those that could be filled by temporary or permanent immigrants.

Of course, not all these jobs will necessarily be filled by Mexican immigrants; but the important point about these projections is that California's economy will have a continuing demand for the type of labor that Mexican immigrants have traditionally supplied. Indeed, Mexican immigrants may fill a progressively larger share of these low-level jobs because the number of entry-level native-born workers will begin to drop sharply as the children born during the baby bust reach working age. Moreover, that demand could be filled by either cyclical or permanent immigrants. If, as these projections imply, the jobs are split evenly between these two groups, then by 1995 the number of cyclical immigrants could increase by half a million, and the number of
permanent immigrants by 2 million (half a million primary immigrants and 1.5 million family members). If, on the other hand, the share of these jobs filled by permanents increases, then the total size of the permanent population will grow accordingly.

Summarizing the prospects for future immigration flows, we see a moderate increase in the supply of short-term immigrants in the next five years and a potentially more rapid increase later on. California’s economy will continue to generate a demand for the types of jobs traditionally filled by both temporary and permanent workers, although this demand will grow more slowly than in the past. The proportions of future immigrants in the cyclical and permanent categories could have a very important effect on the overall size of the Mexican immigrant population in California because of the multiplier effect among permanent immigrants.

A final point worth noting, and one that is particularly salient for California, is that neither the private nor the public sector of the state is likely to have much leverage on the factors driving this process. The size of the potential pool and the number of short-term immigrants are determined by conditions in Mexico, over which the state has no control. Similarly, the macroeconomic factors determining California’s future labor demand are not generally amenable to individual or legislative action.

What do these projected immigration flows imply for the integration process of the native born? Since occupational mobility is the key to that process, Table 8 compares the current occupational profile of native-born Latinos with the projected pattern of employment growth in the state. To add perspective to this comparison, we also include the current occupational distribution of Mexican immigrants and that of all California workers.

Representation of the native-born is similar to that of all California workers in mid-level occupations; the native-born are underrepresented at the managerial and professional levels, and overrepresented at the bottom of the occupational ladder. This pattern reflects the recency of large-scale Mexican immigration to California, the resulting concentration of the state’s native-born Latinos in the first generation, and the low education levels of earlier cohorts of native-born Latinos. The considerable overlap between the native-born and the immigrants at the bottom of the occupational distribution reflects the continuing competition between these two groups for unskilled jobs.

2 The employment projections used here were derived from U.S. Department of Commerce (1981); Kimball (1983); Silvestri et al. (1983); and Personick (1983).
Table 8

GROWTH RATES OF OCCUPATIONAL SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Latinos</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mexican-Born</td>
<td>Native-Born</td>
<td>All Californians</td>
<td>Percent of New Jobs</td>
</tr>
<tr>
<td>Prof./tech./mgr</td>
<td>5</td>
<td>13</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>Sales/cler., skilled serv.</td>
<td>14</td>
<td>32</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>Craft/semi-skilled</td>
<td>21</td>
<td>20</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>Farm</td>
<td>15</td>
<td>6</td>
<td>3</td>
<td>-2</td>
</tr>
<tr>
<td>Unskilled</td>
<td>45</td>
<td>29</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The future occupational structure of California, shown in column 4 of Table 8, may slow down the traditional cross-generation occupational transition process. Specifically, this structure is projected to grow very rapidly at the top, substantially at the bottom, but only modestly in the mid-level craft and semi-skilled positions that have traditionally been critical to the occupational mobility of the first-generation native-born. Since many jobs in the rapidly growing white collar sector require skills and qualifications that are usually beyond the reach of either immigrants or the first-generation native-born, these economic changes could slow the occupational mobility of the latter.

If this occurs, then a continued inflow of new immigrants into the state could displace increasing numbers of native-born Latinos in the low-level jobs. If occupational mobility is slowed, the social effects that normally accompany it—lower fertility, residential dispersion, increasing political participation, rising incomes, etc.—will also slow. Moreover, because the native-born, unlike the immigrants, qualify for welfare and other social services, slower occupational mobility could have serious fiscal and social implications for the state.

Thus, while the integration process is working well now, the changing occupational structure of the state may impede its functioning in the future. One way to avoid this potential problem is to accelerate the educational advancement of future native-born Latinos so that they will be able to qualify for jobs in the state’s white collar sector, where the growth in the economy is going to occur. While California’s public and private sectors have little leverage with which to affect future levels of immigration into the state, they can indeed facilitate the educational advancement process.
VII. CONCLUSIONS

This study was designed to provide an objective assessment of the current situation of Mexican immigrants in California and an appraisal of future possibilities. As such, its mission is as much fact-finding as prescription. Indeed, the comprehensiveness of its coverage—from the roots of California’s Mexican immigrants in Mexico to the integration of their grandchildren into California’s society—precludes the level of detail needed to develop specific action recommendations. Rather, the study is intended to serve several informational purposes.

Because many of our findings run counter to a variety of common perceptions, the first informational purpose this research can serve is to dispel some current myths. For example, we found that:

- Mexican immigrants are not homogeneous either in their characteristics or in their effects on the state, and failure to recognize this fact seriously distorts assessments of the current immigration situation.
- Overall, Mexican immigration has probably been an economic asset to the state, in that it has stimulated employment growth and kept wages competitive. Potential displacement effects have been relatively minor except perhaps among low-skilled native-born Latinos.
- Although immigrants’ use of services appears to be increasing, their contribution to public revenues exceeds the costs of their service usage, with the exception of educational services. However, local jurisdictions with substantial concentrations of immigrants may well find that they are losing money on services to immigrants, while other parts of the state and nation enjoy an implicit subsidy.
- Mexican immigrants are following the historical pattern of integration into U.S. society, a pattern that is tied to occupational change across generations. Education plays a critical role in that process.
- Native-born Latinos are not only making substantial economic and social progress, but they are also making it more rapidly today than they did 30 years ago.
- The combination of continued rapid immigration from Mexico and projected shifts in the industrial and occupational structure of California could disrupt the traditional mobility process and displace more low-skilled native-born Latinos.
• These projected changes will make educational achievement increasingly important as the key to occupational and social mobility among succeeding generations of Mexican-Americans.

A second informational purpose of this report is to identify the key policy issues and actors. Our assessment suggests that the following questions should be on California’s policy agenda: (1) How can we facilitate educational advancement among native-born Latinos? (2) How can we reduce the potential for displacement of poorly trained and less-well-educated native-born Latinos by new immigrants? Focusing attention on these kinds of issues will enable policymakers to design effective strategies to address them. It also can serve to identify some of the problems that such strategies might face.

Since education is the keystone of the occupational mobility process, the active involvement of the education community is a necessary condition for effective policy. That community faces a challenging task because expediting the educational progress of first-generation native-born Latinos to enable them to qualify for rapidly growing white collar jobs amounts to skipping a rung on the occupational mobility ladder.

Programs designed specifically to expedite educational attainment of native-born Latinos could run into a host of problems. To begin with, the current public emphasis on raising educational standards may not support programs aimed at serving students with special educational needs. Moreover, as the ethnic diversity of California’s schools increases, programs that are viewed as targeted at one specific minority group may engender considerable opposition from other groups. Finally, such programs will be competing for public monies with a number of other educational priorities, including the first major need for school construction in the state since the early 1960s.

Of course, not all native-born Latinos can be expected to acquire the educational credentials necessary for white collar jobs. Thus, the business community will have a vital role to play in providing the training for those who do not receive an adequate education, as well as in reinforcing the importance of increased education, particularly post-high school education. How will such training programs be financed? If industry does the training, labor costs will rise. If government finances the training, increased taxes may be required. Finally, whether or not business provides training for low-skilled Latinos, if it responds to the availability of a growing pool of low-wage, low-skilled labor by delaying capital investments, how might this affect the long-term competitiveness of California’s economy?

State and local governments must be involved because they are the major funders of the educational system, and they can design and
support training programs for both immigrants and native-born Latinos who do not receive formal education. Moreover, governmental anti-discrimination efforts may have been instrumental in increasing the educational attainment of the native-born over the last 20 to 30 years, and a continuation of such efforts may be required in the future.

State and local governments must, of course, balance the educational and training needs of Latinos against other educational and non-educational priorities. These tradeoffs are complicated by the tension between the high costs of education and the critical importance of education in the Latino mobility process. Resources expended on education for immigrants and their offspring clearly provide social and economic benefits to the state as a whole. However, there are other pressing demands for resources. For example, the state's health care system is likely to face increasing challenges as California's older population continues to expand, and these additional demands will be felt unevenly across the state. Even though, with the exception of education, Mexican immigrants appear to contribute more in taxes than they consume in services statewide, some jurisdictions bear a disproportionate share of the public service burden. This pattern raises questions about the ability of the most affected areas to finance additional services and the willingness of the remainder of the state to pay part of the bill. Moreover, if the size of the permanent immigrant population continues to grow, and with it the costs of educating Latinos and their offspring, public opposition to funding services in "immigrant" communities may also increase.

Because immigration policy is a federal responsibility, the federal government must play the central role in determining future immigration levels. California's public and private sectors are limited to trying to influence national immigration policies and adjusting to their effects. Local jurisdictions that are bearing a disproportionate share of the immigrants' public service costs would seem to merit federal relief, but the federal government, the traditional funder of programs for such groups, has significantly diminished its role in this area. This policy shift could affect the ability of local governments to respond to the needs of Mexican immigrants and their native-born offspring.

An additional critical player in the entire process is the Latino community itself. Without substantial support from that community, the educational and occupational aspirations that stimulate social mobility cannot be sustained.

The final informational purpose this research can serve is to emphasize the need for an ongoing monitoring of the educational, occupational, and social progress of the Latino population. Although our analysis indicates that the integration process is working reasonably
well for current immigrants and their offspring, it also suggests that this progress could slow. Keeping track of the system’s blood pressure will make it possible to identify and diagnose problems before the integration process suffers serious damage. It will also allow policymakers to make some of the tough tradeoffs that may be required based on an objective assessment of how the situation is changing rather than on subjective perceptions of those changes.
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——, "Memorandum to Board of Supervisors, from Harry L. Hufford, Chief Administrative Officer, County of Los Angeles, Subject: Loss of Services to Undocumented Aliens," Office of the Chief Administrative Officer, County of Los Angeles, 1982b.


