Current and Future Effects of Mexican Immigration in California

Research Brief

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Current and Future Effects of Mexican Immigration in California

The March of the New Conquistadors?

Many believe that Mexican immigration to California has reached crisis proportions: that immigrants are 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 addresses these concerns by providing an objective assessment of the current situation and an appraisal of future possibilities.

Three Different Types of Immigrants . . .

Conflicting reports of the size and characteristics of Mexican immigrants fuel public concern. One reason for the confusion is that immigrants are not homogeneous. There are three different groups, related by an underlying settlement process.

*Short-term* immigrants are predominantly young, single males who enter the country illegally to work for a brief period. Some become established with California employers and return regularly. These *cyclical* immigrants, who are older and better paid, still maintain their families in Mexico. But some of them decide to settle *permanently* in California and bring their families north.

All three of these groups share the disadvantage of poor education, which confines them to low-skilled jobs.

Immigrants Provide a Net Economic Benefit to California . . .

The state's recent economic performance suggests that the influx of low-skilled Mexican labor has been an economic boon for California. Immigrants have probably stimulated manufacturing employment by keeping wage levels competitive. Nor are they
stimulating overall employment growth at the cost of native-born workers. Wage levels for all workers (about 70 percent of whom are Anglos) and for black workers in California and Los Angeles are substantially higher than those for their counterparts nationwide. But Latino workers in California and Los Angeles are at rough earnings parity with Latino workers nationwide, because their wages have been growing more slowly—indeed, over 40 percent more slowly in Los Angeles than in the rest of the nation. Ten years ago, Latino wage levels in Los Angeles were 21 percent higher than the national average. Thus, to the extent that the presence of Mexican immigrants affects earnings levels, those effects are concentrated in the Latino population itself.

**Immigrants Basically Pay the Costs of the Services They Use . . .**

With the notable exception of educational services, immigrants’ tax contributions exceed the costs of the public services that they use. Public service usage will rise as the number of permanent immigrants increases. At the same time, immigrants’ tax contributions are increasing as more of them take jobs where social security and income taxes are collected. However, given the progressive nature of California’s income tax structure and the low income of most immigrants, costs may well rise faster than revenues. Areas such as Los Angeles, where there is a heavy concentration of immigrants, bear a disproportionate share of these costs.

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 immigrants, result in state and local government expenditures for education that substantially exceed what the immigrants contribute in state and local taxes. This imbalance occurs for all of the state’s low-income families. The state subsidizes the education of children from these families because it believes that public investment in education provides general public benefits. Indeed, the successful integration of the children of immigrants into California’s economic and social life is keyed to their educational progress.
The Integration Process Spans Three Generations . . .

Like the waves of European immigrants before them, Mexican immigrants are integrating into U.S. society in a process that spans three generations.

The key to the process is education. The poor educations of most permanent immigrants confine them to the lowest-level jobs. However, the high school education that their children receive is their ticket to the next rung on the occupational ladder. This first native-born generation moves into more skilled positions, becoming machinists, auto repairmen, and clerks, or highly trained craftsmen such as carpenters and masons. Post-secondary education opens white collar jobs to the second U.S.-born generation, a substantial number of whom take professional, managerial, and technical positions as nurses, teachers, lawyers, accountants, etc.

Figure 1 shows how educational achievement of Mexican immigrants improves with succeeding generations. More than half of the Mexican-born 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 first- and second-generation native-born. Both of these groups have high school completion rates very similar to the state total. Indeed, the major difference between the second generation and all recent California graduates is the proportion completing college.

Fig. 1—Educational progress across generations
Figure 2 shows that the immigrants are effectively translating their higher educational achievements into occupational mobility. 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.

![Occupational Mobility Chart]

Fig. 2—Education is key to mobility

**Projecting the Future . . .**

The pool of potential migrants, about 11 million in 1980, will increase by almost 50 percent in the next decade, and will more than triple by the end of the century. How many of that pool will become short-term immigrants will depend on the future course of Mexico’s political economy. The number of short-termers could range from roughly 5 to 7 million, and the fraction of them who will become cyclical or permanent immigrants will depend on California’s demand for temporary and permanent low-skilled labor.

California’s economy is projected to create 3 million new jobs between 1980 and 1995. About a third of these new jobs could be filled by either cyclical or permanent immigrants. If these jobs are split evenly between the two groups, then by 1995, the number of cyclical immigrants could increase by half a million and the number of permanents (primary immigrants plus family members) by two million.
How would such projected immigration affect the integration of native-born Latinos into U.S. society? Occupational mobility is the key to integration, and Table 1 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, Table 1 also includes the current occupational distribution of Mexican immigrants and of all California workers.

Table 1

MID-LEVEL JOBS MAY GROW TOO SLOWLY

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

Future changes in California’s occupational structure (shown in the last column of Table 1) may slow down the occupational progress of the U.S.-born Latinos. The most rapid growth will occur at the top of the state’s occupational structure, where jobs require skills that are usually beyond either immigrants or first-generation native-born. Unskilled jobs will also grow substantially. However, modest growth in the mid-level craft and semi-skilled positions that have traditionally been the key to the occupational mobility of first-generation native-born could disrupt the integration process.

Given this occupational trend, a continued inflow of immigrants could displace large numbers of native-born Latinos in low-level jobs. And if occupational mobility slows, 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 state’s changing occupational structure may impede its functioning in the future. This potential problem can be alleviated by accelerating the educational advancement of future native-born Latinos so that they can qualify for jobs in the rapidly growing white-collar sector.

The research summarized in this brief was carried out within the Domestic Research Division of The Rand Corporation. For more information, see R-3365/1-CR, Current and Future Effects of Mexican Immigration in California: Executive Summary, Kevin McCarthy and R. Burciaga Valdez, November 1985. The work is described in more detail in two companion volumes. They are R-3365-CR, Current and Future Effects of Mexican Immigration in California, and N-2392-CR, An Annotated Bibliography of Sources on Mexican Immigration.

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