

ACADEMY'S REPORT SAYS IMMIGRATION BENEFITS THE U.S.

The New York Times

May 18, 1997, Sunday, Late Edition - Final

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Distribution: National Desk

Section: Section 1; ; Section 1; Page 1; Column 4; National Desk ; Column 4;

Length: 1031 words

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Dateline: WASHINGTON, May 17

Body

Immigration produces substantial economic benefits for the United States as a whole but slightly reduces the wages and job opportunities of low-skilled American workers, especially high school dropouts, the National Academy of Sciences said today.

In an authoritative report on one of the more explosive issues facing social scientists and politicians, the panel concluded that immigration added perhaps \$10 billion a year to the nation's economic output. "Those who buy goods and services produced by immigrant labor also benefit," it said, because prices are lower than they would otherwise be.

The panel said that the job prospects of low-skilled native-born workers were sometimes hurt by competition with immigrants and that the incomes of native-born workers tended to fall as a result.

But, it said, the effects are relatively small and are not concentrated in the areas where immigrants live. Rather, the effects are dispersed across the United States, in part because low-skilled native-born workers move to other areas of the country in search of jobs.

The academy's report is a sober, systematic assessment of the economic and fiscal effects of immigration -- the most comprehensive investigation of the issue to date. It concludes that immigration is neither a panacea for the nation's economic problems, as some suggest, nor a source of huge costs, as others contend.

The panel consisted of 12 experts in economics, demography and sociology, led by James P. Smith, an economist at the Rand Corporation, a research organization in Santa Monica, Calif. The study was requested by the United States Commission on Immigration Reform, which advises Congress on immigration policy.

Mr. Smith said: "It's true that some Americans are now paying more taxes because of immigration, and native-born Americans without a high school education have seen their wages fall slightly because of the competition sparked by lower-skilled, newly arrived immigrants. But the vast majority of Americans are enjoying a healthier economy as a result of the increased supply of labor and lower prices that result from immigration."

The panel said it was surprised by one finding: no evidence suggested that blacks had been especially hurt by immigration or by competition with immigrants.

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To be sure, it said, "some black workers have lost their jobs to immigrants," especially in places like New York City and Los Angeles, where they compete for the same jobs. But immigration does not have a decisive influence on the economic opportunities of blacks because most blacks do not live in places with large concentrations of immigrants, it said.

Last year, Congress sharply cut back the Federal benefits available to legal immigrants, on the assumption that such immigrants cost the Government more than they paid in taxes.

The academy concluded that immigrants have "a negative fiscal impact at the state and local level but a larger positive impact at the Federal level, resulting in an overall positive impact for the United States" in the long run.

In fiscal terms, the panel said, immigrant households are costly at first, mainly because of the public education costs they impose on state and local governments. But in 15 or 20 years, it said, immigrants produce fiscal benefits as they finish school, start working and begin to pay income and payroll taxes.

The panel measured the fiscal burden of immigrants in two states. In New Jersey, it said, a native-born household pays an average of \$232 a year in state and local taxes to cover the net cost of services used by immigrants, while the comparable figure for California is \$1,178 a year.

But, the panel said, the fiscal impact of immigrants over all is positive because they tend to arrive as young workers and "will help pay the public costs of the aging baby boom generation."

Thus, it said, "state and local investments in education pay off in higher tax payments later in life." Those revenues include Federal taxes for Social Security and Medicare.

The report also made these observations:

*Immigration will play "the dominant role" in the United States' population growth in the next half-century. If immigration continues at current levels, it will account for nearly two-thirds of the expected population growth. The nation's population is expected to rise by 124 million, to 387 million in 2050 from 263 million in 1995. If immigration continues at current levels, immigrants and their descendants will account for 80 million of the increase.

*The gap between the wages of immigrants and the wages of native-born workers is widening. Many recent immigrants come from poorer countries where the average levels of education, wages and skills are far below those of the United States.

*Immigration has contributed to an increase in the number of high school dropouts in the United States, and this increase has "lowered the wages of high school dropouts by about 5 percent." That accounts for "about 44 percent of the total decline in wages of high school dropouts" from 1980 to 1994.

New Jersey and California both have many immigrants, but the effects differ. Thomas J. Espenshade, a panel member who is a professor of sociology at Princeton University, said that in the 1990 census, immigrants had accounted for 13 percent of the population in New Jersey and 22 percent in California. He said the typical immigrant in New Jersey was better educated than the typical immigrant in California.

In New Jersey, the panel said, the average household headed by an immigrant receives \$1,484 a year more in state and local services than it pays in state and local taxes. In California, that figure is \$3,463.

On the average, the panel said, immigrant households have more school-age children and lower incomes, pay lower state and local taxes and receive more state-financed social services than households of native-born Americans.

Describing the economic benefits of immigration, the panel said: "Immigrants increase the supply of labor and help produce new goods and services. But since they are paid less than the total value of these new goods and services, domestic workers as a group must gain."

Classification

Language: ENGLISH

Subject: IMMIGRATION (93%); WAGES & SALARIES (89%); ECONOMICS (89%); IMMIGRATION LAW (89%); HIGH SCHOOLS (89%); INVESTIGATIONS (89%); PRICES (89%); OUTPUT & DEMAND (78%); PUBLIC POLICY (78%); LAYOFFS (78%); SOCIOLOGY (77%); HUMANITIES & SOCIAL SCIENCE (77%); DISMISSALS (73%); SECONDARY SCHOOLS (73%); SCHOOL DROP OUTS (72%); ASSOCIATIONS & ORGANIZATIONS (50%)

Company: RAND CORP (66%); NATIONAL ACADEMY OF SCIENCES RAND CORP (66%); NATIONAL ACADEMY OF SCIENCES (91%); NATIONAL ACADEMY OF SCIENCES (91%)

Organization: NATIONAL ACADEMY OF SCIENCES (91%); NATIONAL ACADEMY OF SCIENCES (91%); NATIONAL ACADEMY OF SCIENCES NATIONAL ACADEMY OF SCIENCES (91%); NATIONAL ACADEMY OF SCIENCES (91%)

Industry: HIGH SCHOOLS (89%); SECONDARY SCHOOLS (73%)

Geographic: LOS ANGELES, CA, USA (79%); NEW YORK, NY, USA (79%); NEW YORK, USA (79%); CALIFORNIA, USA (79%); UNITED STATES (94%)

Load-Date: May 18, 1997