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# IOWA STATE UNIVERSITY

## **Immigration in the U.S. Midwest during the 1990s: A Decade of Rapid Change**

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## **Immigration in the U.S. Midwest during the 1990s: A Decade of Rapid Change\***

By Wallace E. Huffman

### **Abstract**

This paper examines immigration trends and economic impacts of immigration on the Midwest over the 1990s, especially for rural and agricultural labor markets and places them in context relative to changes in California, Florida, and Texas and the whole United States. The 1990s was a period of rapid change, and it seem likely that new immigrants will not be assimilated quickly because a majority of them have low education, do not speak English well, or know the local culture. The paper concludes that the U.S. should consider a new immigration policy that gives greater weight to skill and financial capital.

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## **Immigration in the U.S. Midwest during the 1990s: A Decade of Rapid Change**

The First Great Wave of U.S. immigration started in 1890 and continued to 1924 when the National Origins Immigration Policy was enacted. The Second Great Wave of U.S. immigration began in the late 1960s and continues into the 21<sup>st</sup> century. See figure 1. This wave has been much more concentrated in national origin (Borjas 1994). Borjas suggests that the earlier concept of the U.S. being a “melting pot” has changed to one of the U.S. being a “simmering pot,” new immigrants have been heavily of Mexican origin and given their size, new ethnic enclaves have been formed and old ones expanded. These enclaves have slowed the assimilation process, and they have expanded into rural areas stretching northeast from the U.S.-Mexican border to the Midwest (figure 2).

The objective of this paper is to examine immigration trends and economic impacts of immigration on the Midwest over the 1990s, especially for rural and agricultural labor markets, and places them in context relative to changes in California, Florida, and Texas and the United States. This paper first presents a brief review of U.S. and Mexican economic conditions in the 1990s, which sets the economic environment in which human mobility occurs. Next, the paper discusses the U.S. experience with immigration and with immigration in the 1990s. Finally, the paper presents conclusions and recommendations for future immigration policy.

### **U.S.-Mexican Macroeconomic Conditions of the 1990's**

Although the U.S. experienced a macroeconomic recession during 1990-92, the period 1992 to 2000 was one of remarkably good economic growth. Mexico also started the decade with much promises, signed the NAFTA in 1994 and lowered trade barrier in the mid-90s, but thereafter they experienced major macroeconomic instability. The U.S. started the 90s with 3

percent of its labor force employed in agriculture (which was unchanged from 1980), and Mexico started with 28 percent of its labor force in agriculture (which was down from 37 percent in 1989). See the World Bank 1997, pp. 220-21.

For the U.S., the average annual rate of growth of real GDP per capita during the 1990s was 1.9 percent. The average real hourly wage rate of employees in private industry grew at 1 percent per year, which was a reversal of the slow decline over the decade of the 1980s (U.S. President 2003). The male real wage for the 10 percentile (lowest 10 %) peaked in 1973 (Juhn, Murphy, and Pierce, 1993), and then it declined significantly over the next two plus decades. It also declined by 17 percent relative to the male median wage but by 35 percent relative to the 90<sup>th</sup> percentile. In 1978 the average wage of male high school graduates (and dropouts) relatively to college graduates started declining, and the decline was 35 percent to 1991, and then the rate of decline continued but at a slower pace (Welch 1999). For the decade of the 90s, the U.S. population grew 12 percent (compared to 9 percent for the 80s), and the unemployment ratio was 1.6 percentage point lower in 2000 than in 1990 (U.S. Office of the President 2003).

Real GDP per capita in Mexico grew by 16 percent during the 1990s after declining by about 1 percent over the 1980s. However, real wage wages (in the formal sector) seemed to be more adversely affected. Hanson (2003) reports that Mexican males real wage rate *declined* 19 percent over the 1990s (for women the real wages were unchanged). The Mexican real wage relative to the U.S. real wage also *declined* by 17 percent during the 1990s (Hanson 2003). This general deterioration of Mexican labor market conditions during the 90's occurred in spite of 400,000 Mexicans immigrating to the U.S. annually and relatively large direct foreign investment in Mexico (Hanson 2003).

During the 1990s, Mexico generally lowered trade barriers and investment restrictions on foreign direct investments. New capital flowed heavily into *export assembly plants*—for apparel, auto parts, and electronics—on the U.S.-Mexican border in the maquiladoras. These maquiladoras are relatively capital intensive and skilled-labor intensive and pay relatively high wage rates, compared to the rest of Mexico (Hanson 2003). By 2000, the maquiladoras accounted for 50 percent of Mexican exports. Real median wage gains occurred during the 1990s in the border industries, but declined elsewhere and the rate of decline grew as the distance from the U.S. border lengthened.

As Mexico trade barriers came down in the 90s, a broad range of goods-producing industries were affected, including low-skilled production goods—footwear, plastics, and t-shirts---which are simple consumer goods. In these areas, Mexico's comparative advantage deteriorated. *It became clear by the late 1990s that Mexico is not competitive worldwide in low-skilled manufactured goods.* This is the domain of China and South Asia. Hence, during the 1990s Mexico experienced growth in the demand for skilled-labor intensive manufacturing near the U.S.-Mexican border and for handling logistics of importing intermediate inputs and exporting output (Hanson 2003). The new economic changes over the 90s, however, have been ones that have caused the market for unskilled Mexican workers in Mexico to deteriorate, even in the face of significant emigration.

Hanson (2003) also reports a high rate of return to schooling in Mexico in 1990 and 2000, and the rate of return is highest for increments at the highest schooling completion levels. The rate of return to 1-4 years of schooling is 10 percent, 5-8 years is 25 percent, 9 years is 40 percent, 10-11 years is 55 percent, and 12 years is 69%. For those with at least some college, the rate of return is even higher – 87% for 13-15 years and 122% for  $\geq 16$  years in 1990.

Furthermore in 2000, the rate of return to college education was about 15 percentage points higher than in 1990. Hence, in Mexico during the decade of the 1990s, the rate of return to college education has risen relative to that for low-educated labor. The 90s have been a period where the disparate between low-skilled and high-skilled Mexican labor increased, and the disparity between U.S. and Mexican real wage rate grew rather than shrunk. Hence, there is no indication that the size of the expected return to immigration of low-skilled Mexican labor to the U.S. has declined over the 1990s. In fact, it seems that the differences have widened.

### **The U.S. Experience with Immigration**

In general, the U.S. has had a long history of open immigration policy before 1924- virtually no restrictions existed on the number of immigrants from any country. Up to 1924, U.S. immigrants came, however, from Western European countries, which were roughly at a similar stage of economic development as the United States. The first Great Wave of immigrants came during 1880-1924, and although confirmed largely to Western Europeans, it was quite heterogeneous in national origin and language. With the National Origins Immigration Policy in place in the U.S. from 1924 to 1965, new immigrants came largely from Canada and Western Europe (Borjas 1994). During this period, the schooling distribution of immigrants was similar to the schooling distribution of natives (at least for men), and although the average entry wage for new immigrants was roughly 5-8 percent less than for natives, the wage difference could be expected to disappear in the first generation (Borjas 1999).

With the repeal of the National Origins immigration policy, the national-origin mix of immigrants shifted to Latin America (especially Mexico) and Asia (Borjas 1994). New immigrants have been largely from low-income and low education countries and heavily Latin American (See figure 3). The outcome has been a rapidly growing disparity in schooling levels

of U.S. immigrants relative to natives and of the average entry wage of immigrants relative to the wage rate of natives. These schooling and wage differences have been growing for Mexicans, being larger than 40 percent for immigrants after 1980 (see table 1 and Borjas 1999).

Furthermore, new U.S. immigrants have become increasingly concentrated in their national origin. In 1990, 44 percent of U.S. immigrants were Latin American, largely Mexicans and in 2000, the share was 52 percent (see table1).

With the shift in national-origin mix of U.S. immigrants, Mexicans engaging in low cost transnational migration, and new U.S. immigrants settling into ethnic enclaves, the rate of assimilation in the U.S. has slowed dramatically (Borjas 1999). U.S. immigrants who are college graduates continue to assimilate relatively rapidly, but assimilation is slower for immigrants who are high school dropouts. Although legal Mexican immigrants to the U.S. may have slightly more education than native-born Mexicans in Mexico (see figure 3), their schooling is far below that of the U.S. native-born population.

Although new low-skilled undocumented immigrants need immediate assistance from ethnic enclaves to find jobs and housing, long-term affiliation with a low-educated non-English speaking ethnic enclave becomes a barrier over time to learning English and/or other cultural information. Learning English and the local culture are required before an immigrant can successfully assimilate. In the U.S. during the 1980s and 1990s, multiculturalism has risen, which strengthens ties of new immigrant to ethnic groups, especially Latino. This has slowed long-term assimilation rates and meant that new immigrants and their off-springs experience adverse economic outcomes for at least 2 to 3 generations (and frequently longer). This experience is translated into large negative wage differences compared to natives and a very slow and perhaps erratic rate of convergence of their wage rates to national norms.



Hence, the economic impact of U.S. immigration can be summarized as follows:

- The relative skills of successive immigrant waves declined over much of the post-war II period.
- Because the newest immigrant waves start out with such an economic disadvantage and because economic assimilation does not occur rapidly, the earnings of the newest arrivals will remain far below those of natives throughout much of their lives.
- The decline in the relative economic performance of immigrants can be attributed to a single factor, the *changing national origin mix* of the immigrant population.
- The *large-scale migration of less-skilled workers probably had an adverse impact* on the economic opportunities of less-skilled natives.
- The new immigrants have relatively high rates of welfare use. As a result, immigration places a substantial fiscal burden on the most affected localities and states.
- There are economic benefits to be gained from immigration, but the net (measurable) benefits are small. *The main economic impact of immigration is distributional*; immigration redistributes wealth away from workers who compete with them to those who use immigrant services.
- There exists a strong positive correlation between the average skill of an ethnic group in the first and second generation, so the huge skill differentials observed among today's foreign-born groups will almost certainly become tomorrow's differences among American-born ethnic groups.
- Ethnic capital, the set of socioeconomic characteristics that characterizes the ethnic group, affects the social mobility of members of that group. These externalities help explain why ethnic skill differentials tend to persist from generation to generation.
- Ethnic neighborhoods isolate the cultures and attitudes of particular ethnic groups. The externalities associated with ethnic capital are mainly transmitted through these ethnic enclaves. (Borjas 1999).

## **Immigration in the 1990s**

Major changes occurred during the decade of the 1990s in the U.S. and Midwestern composition of the population and ethnic composition of employees. These changes affect and reflect the opportunities available to immigrants.

**Population.** In 1990, eight percent of the U.S. population was foreign born. The foreign born rate for all 12 states in the Midwest was less than the national average (Table 2). Illinois had by far the largest share of foreign born in this region (8.3%) followed by Michigan (3.8%), Minnesota (2.6%), Kansas and Wisconsin (2.5%), Ohio (2.4%), and the other 6 states had less than 2 percent. The foreign born rate is, however, significantly higher in California (21.7%) and Florida (12.9%).

In 2000, the U.S. foreign born share was 3 percentage points higher (11%) and Illinois with 12.5 percent foreign born is the only Midwestern state to have a foreign born rate that exceeds the national average. However, the share of the population that is foreign born rose significantly for all Midwestern states—approximately doubling on average. However, except for Illinois, the largest percentage point increase was in the Southwestern part of the Midwest—and lowest in the northern and eastern part—North Dakota, Wisconsin, Ohio, and Michigan.

Over 1990-2000, the U.S. population increased by 12.4 percent (Table 2). In the Midwest, Minnesota is the state with the largest increase in population (12%). Other states with greater than an 8 percent population growth during the 90s are Illinois, Indiana, Kansas, Missouri, Nebraska, South Dakota, and Wisconsin. Midwestern states of Iowa and Ohio are experiencing a modest population growth rate of 4-7.9 percent. North Dakota had a negligible increase. As a comparison, the rate of population growth for Florida and Texas was 21 percent. However in Nevada, Arizona, Colorado, Utah, and Idaho the population growth rate of the 1990s

was huge--30 to 66 percent. California, however, had only a 12 percent population growth rate (figure 4).

During the decade of the 90s, the U.S. average rate of growth of the foreign born population was 45 percent. Using this metric, the states of the Midwest had in general a fantastically high rate of growth of the foreign born population—perhaps aided by starting with a small base and lagging at the beginning. The percentage rate of increase was 75 to 100 percent for Iowa, Kansas, Minnesota, and Nebraska. The rate of increase was 45-74 percent in Illinois, Indiana, Missouri, and South Dakota. The other Midwestern states, however, had 25-44 percent increase in the foreign born population during the decade of the 90s. Furthermore, the rate of population growth during the 1990s in the Midwestern states was positively correlated (about 0.4) with the foreign born share in 1990.

Since the mid-1960s, the share of U.S. immigrants who were of Latin American origin has been increasing (Borjas 1994). In 1990, 44 percent of all U.S. immigrants were from Latin America. For the Midwest, each state in 1990 showed an under representation of Latin-American origin immigrants relative to the U.S. average. Illinois, with 39 percent Latin American origin, had the highest share, but other states with more than 14 percent Latin-American origin were Indiana, Iowa, Kansas, Missouri, Nebraska, and Wisconsin. In 1990 all of the other Midwestern states had less than 10 percent of their immigrant population from Latin America. In contrast, approximately 70 percent of the foreign born in Florida and Texas were from Latin America, and for California, the share was 53 percent.

In 2000, the Latin American share of the U.S. foreign born population had increased by 7.3 percentage points (to 51.7%). However for states in the Midwest, the average increase was 12 percentage points over the 1990s (see Table 2). States having the largest percentage point

increase were in the Southwestern part of the Midwest—Iowa, Kansas, Nebraska, but also included Indiana and Wisconsin. States with the lowest percentage point increase were Illinois, Michigan, Ohio, South Dakota, and North Dakota. In comparison, the Latin American share of the foreign born population for California, Florida, and Texas increased only a few percentage points during the 1990s. Figure 5 shows that some counties of the Midwest have experienced very rapid growth in the Latin origin population over 1990 to 2000, e.g., eastern Nebraska, Northwest Iowa, and Southwestern Minnesota. Figures 6 and 7 show, however, that areas where a large number or a large concentration of Latino-origin immigrants reside continues to be located largely in the U.S. Southwest including Southwest Texas and a few other areas with large urban populations—South Florida, Chicago, and New York-New Jersey metro areas. These are the locations of entrenched Hispanic ethnic enclaves.

Historically, the share of the U.S. rural population that is foreign born has been significantly lower than for the urban population (see Figure 1 and Appendix table 1). In 1990 the U.S. rural foreign born share was 2 percent, and it increased to 2.5 percent in 2000 (see Table 3). In 1990 and 2000, all states in the Midwest had a foreign born share of the rural population that is significantly lower than the U.S. average, which in turn is much smaller than the share for California, Florida, and Texas. On average for the states in the Midwest, the rural foreign born share increased by 0.3 percentage points (which is about a 33 percent increase). For example, the rural foreign born share in Iowa, Missouri, and Nebraska almost doubled.

Table 3 also shows that the average rate of decline of the rural population over the 1990s was 3.9 percent. However, in Iowa, Minnesota, Ohio, and South Dakota, the rural population grew during the 1990s by 4 to 8 percent. In Kansas and Wisconsin there was essentially no

change, and for the other 7 states, the rural population declined. The decline was quite large in Illinois (-16%), Indiana (-8%), Michigan (-8%), and North Dakota (-5%).

For the U.S., the average rate of growth of rural foreign born during the 1990s was 17 percent (see Table 3). For the Midwest, Iowa, Kansas, Minnesota, Missouri, and Nebraska have growth rates for rural foreign born of 40 to 75 percent. Modest growth rates for rural foreign born occurred in Indiana, South Dakota, and Wisconsin. Little growth in the rural foreign born occurred in Michigan, North Dakota, and Ohio; and Illinois had an 8 percent decline. In California the rural foreign born population also declined, but in Florida and Texas there was growth—8% and 24%, respectively.

**Employment.** In 2000, the U.S. had a total of about 200 million jobs, and 15 percent (or 29.4 million) of them were in nonmetro areas (see Table 4). The 12 Midwestern states accounted for about one-third of the U.S. total rural nonmetro jobs in 2000. Ohio had 1.1 million nonmetro jobs in 2000, and Illinois, Indiana, Iowa, Michigan, Minnesota, and Wisconsin have roughly 1 million. Kansas had 0.7 million, Nebraska 0.5 million, South Dakota 0.3 million, and North Dakota 0.2 million. In contrast, California and Florida had about 0.5 million nonmetro jobs, but Texas has 1.6 million. Hence, the Midwest is a major player in the nonmetro labor market.

Employment in farm and farm related jobs can be subcategorized into production (on farm), farm inputs, farm related processing and marketing, and farm related wholesale and retail trades. In 1997, 15 percent of all U.S. jobs were in farm and farm related jobs, with 2 percent of the jobs in production, 0.3 percent in farm inputs, 2.0 percent in farm related processing and marketing, and 10 percent in farm related wholesale and retail trade (see Table 4). In the Midwestern states, Illinois and Michigan had less than 15 percent of their jobs in this broad class of employment, but all other states had a larger share of jobs in farm and farm related

employment. For Iowa, Nebraska, North Dakota, and South Dakota the share is a little over 20 percent. For the other six states, the farm and farm related employment share is 15-19.9 percent. In contrast, California, Florida, and Texas had about 14 percent of all jobs in farm and farm related work.

The (on-farm) production-job share is relatively large in Iowa (6%), Kansas (5%), Nebraska (6%), North Dakota (9%), and South Dakota (8%), but smaller in other Midwestern states and in California, Florida, and Texas (1.2-1.6%). Iowa, Nebraska, North Dakota, and South Dakota have a relatively large share of jobs in farm inputs (1.6-1.9) and in farm related processing and marketing (2.3-4.0%). The share of the jobs in farm related wholesale and retail trades is approximately 10 percent for the U.S., each state in the Midwest, and for California, Florida, and Texas.

Nonmetro jobs are relatively concentrated in farm and farm related jobs (see Table 4). Nationally 23 percent of all nonmetro jobs in 1997 are in farm and farm related jobs, 7 percent as in (on-farm) production, 0.8 percent in farm inputs, 3.9 percent in farm related processing and marketing, and 9.9 percent in farm related wholesale and retail trade. In the Midwest, Iowa, Kansas, Minnesota, Missouri, Nebraska, North-Dakota, and South Dakota, have more than one-fourth of their nonmetro jobs in farm and farm related employment. The other four Midwestern states have 17-24 percent of their nonmetro jobs in this area. As a comparison, 22-27 percent of the nonmetro jobs in California, Florida, and Texas are in farm and farm related employment.

For non-metro jobs, (on-farm) production and farm related wholesale and retail trades employment accounted for a relatively large share---about 10 percent or more in Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota (see Table 4). The production

share in the nonmetro jobs is significantly low in the other Midwestern states, and is California and Florida, but it is 13 percent in Texas.

The U.S. on-farms production employment consists of farm operators and unpaid family labor, hired farm workers, and contract farm labor (Oliveria and Cox 1984). Data for farm contract labor are available in the National Agricultural Workers Survey (NAWS). See Mines 2002. The USDA produces estimates of the hired farm work force component of all farm labor. These data for 1987 and 1998 are summarized for the U.S., and four major production regions, in table 5.

These data (in table 5) show that there were 2.7 million U.S. hired farm works in 1987, which is immediately after the Immigration Reform and Control Act of 1986. They were distributed as follows: 16 percent in the West, 42 percent in the Midwest, 32 percent in the South and 9 percent in the Northeast (see Table 5). Over the next 12 years, the size of the U.S. farm hired work force fell by a compound rate of 10 percent per year. The much smaller hired farm work force in 1998 was occurred somewhat differently than in 1987: 42 percent to the West, 19 percent to the Midwest, 31 percent to the South, and 7 percent to the Northeast. Hence, a major reallocation of hired farm workers occurred toward the West and away from the Midwest over this period.

In 1987, a majority of hired farm workers were engaged in livestock production. This had changed by 1998, when a majority were employed in crop production. The main reallocation was away from livestock production (see Table 5). This shift in type of farm production work was more pronounced in the West—a 27 percentage point gain for crop production—and South, but in the Midwest the adjustment went in the opposite direction—from 47 percent in crop production in 1987 to only 24 percent in 1998. These sharply contrasting adjustments in the

Midwest and West reflect the dramatic shift to no-till, chemically- and mechanically-intensive farming over the 1987 to 1998 period in the Midwest and growing demand for labor-intensive fresh fruits and vegetables produced in the West (Mines 2002, Huffman 2002, Gardner 2002).

Some of the demographic attributes of the hired farm workers have changed over the 90s. For the U.S. and all regions, except the Northeast, the gender composition became more dominated by males (see Table 5). In 1987, 92 percent of the hired farm work force was white (not Hispanic) and only 3 percent were Hispanic. In contrast, in 1998, 42 percent of the hired farm workforce were Hispanic. In the West and South, there was a dramatic increase from 1987 to 1998 in the share that is Hispanic—from 4 percent to 69 percent in the West and from 1 percent to 37 percent in the South. In the Midwest, the Hispanic share of the hired farm work force increased only 3 percentage points, and for the Northeast, the share of Hispanic seems to have declined (See Table 5).

According to the USDA data, hired farm workers are concentrated in the 25-44 age groups, and 39 percent were in this age group in 1987, and it increased to 47 percent in 1998. In the West, South, and Northeast there were similar percentage increases in the share of the hired farm work force over 1987 to 1998. However in the Midwest, there was a major shift in composition to workers who were less than 20 years of age (see Table 5).

In 1987, when the U.S. hired farm work force was 92 percent white, 80 percent of the workers had 12 or more years of schooling. In contrast in 1998 after the Hispanic share had risen dramatically, only 43 percent of hired farm works had 12 or more years of schooling (table 5). The share having 8 years or less of schooling increased from 11 percent in 1987 to 33 percent in 1998. In all regions, the share of hired farm workers who had 12 or more years of schooling declined sharply between 1987 and 1998—to 60 percent in the Midwest and



Northeast, 26 percent in the West, and 42 percent in the South. The most dramatic decline in schooling (and skill) levels of the hired farm work force over the 1990s seems to have occurred in the West. Hence, over this 12 year period, the average skill level - as represented by schooling - of the U.S. hired farm work force has declined dramatically.

**Discussion.** The evidence that I have presented has shown that population growth in the Midwest during the 90s—total and rural-- has been negatively related to share of foreign born in 1990 and positively related to the immigration rate after 1990. Because the region was lagging in 1990, it had the opportunity for an unusually high rate of growth of foreign born and foreign born who were Latin American in origin. In this sense, the Midwest has caught up during the 90s. Some of these immigrants were absorbed into nonagricultural employment but others were drawn into farm and farm-related employment.

The evidence for U.S. agricultural employment, either as hired farm workers or as contract farm labor, is that Mexican born workers average less than 8 years of schooling. This is far below the U.S. average, and the empirical evidence is that immigrants who have little schooling or come from low-income countries earn far less than native males (see figure 8), and the size of the differential has been rising during the 1990s. Furthermore, the empirical evidence is that new U.S. immigrants who have these attributes can be expected to assimilate very slowly, taking several generations. Furthermore, if positive externalities exist locally associated with a well educated population (Moretti 2003; Carneiro and Heckman 2003), a large influx of low-schooled Mexican immigrants will lower the average level of schooling almost everywhere in the Midwest and may have negative consequences for the local crime rate, civic service, public school quality, and quality of public goods demanded and supplied by the local communities. Furthermore, Carneiro and Heckman (2003) argue that the empirical evidence shows that a very

high rate of return exists to non-cognitive learning of pre-school age children and the effects are long term. This type of early child activity could be used to speed up the assimilation process for children of immigrants. State governors and city mayors should consider these issues seriously as they pursue different growth possibilities and strategies in the early part of the 21st century.

Given that a large share of new immigrants to the Midwest are Mexican, and Mexicans have taken up residence in areas, which might be called new ethnic enclaves, the prospect is for faster assimilation. It may be a blessing in disguise that the immigrants have come to the Midwest, where ethnic enclaves are less entrenched than in South Texas, Southern California, and South Florida. Although these new immigrants may obtain fewer enclave-associated benefits early in the immigration experience, they should be less tightly attached to the Midwestern ethnic enclave, (excluding the Chicago area) and over the long-run they may be able to obtain full time jobs and learn English relatively quickly.

## **Conclusion**

This paper has presented an examination of the immigration trends during roughly the decade of the 1990s and economic impacts for the Midwest. The 1990s have been a period of dramatic change, and it seems likely that the new immigrants will be involved in an assimilation process that will require several generations, rather than one, and be perhaps erratic. Most likely new Mexican immigrants and their off-spring will not quickly melt into the native born population and workforce.

The United States should give serious consideration to establishing a new immigration policy that would give greater weight to skill and financial capital. It could build upon a point system similar to that of Canada. In this system, individuals who know English, have high levels of education, have education in shortage areas, and who can bring large financial resources

would be given the opportunity to immigrate. Applying this new point system would change dramatically the composition of legal immigration and most likely accelerate the assimilation process. Undocumented Mexican immigrants, however, would continue to be a significant problem, but potential progress could be made with a stream-lined temporary guest-worker program.

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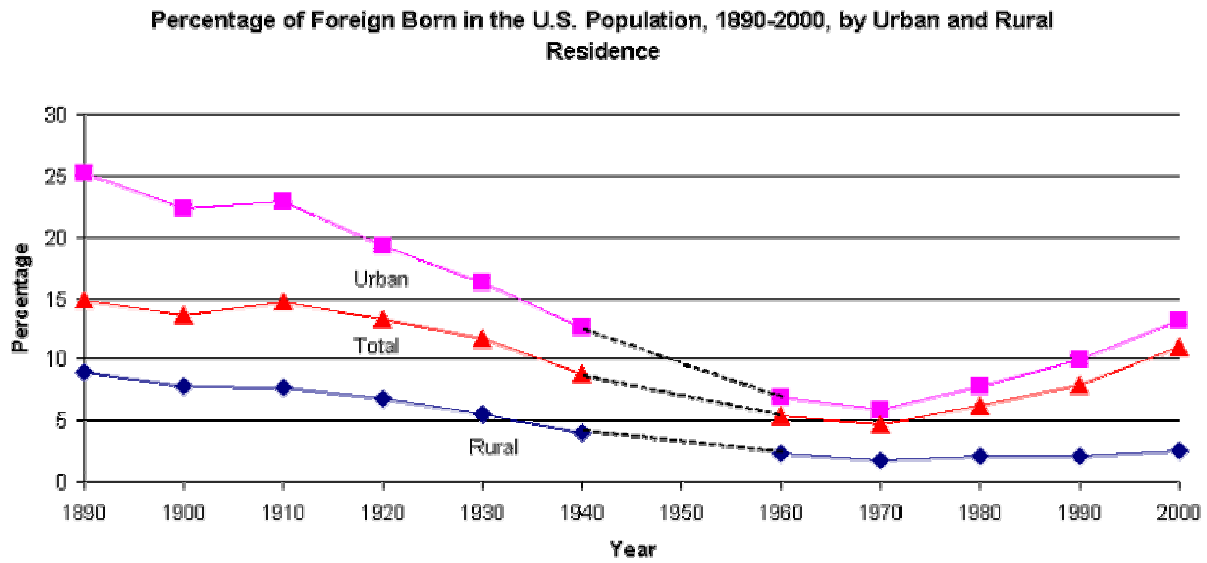
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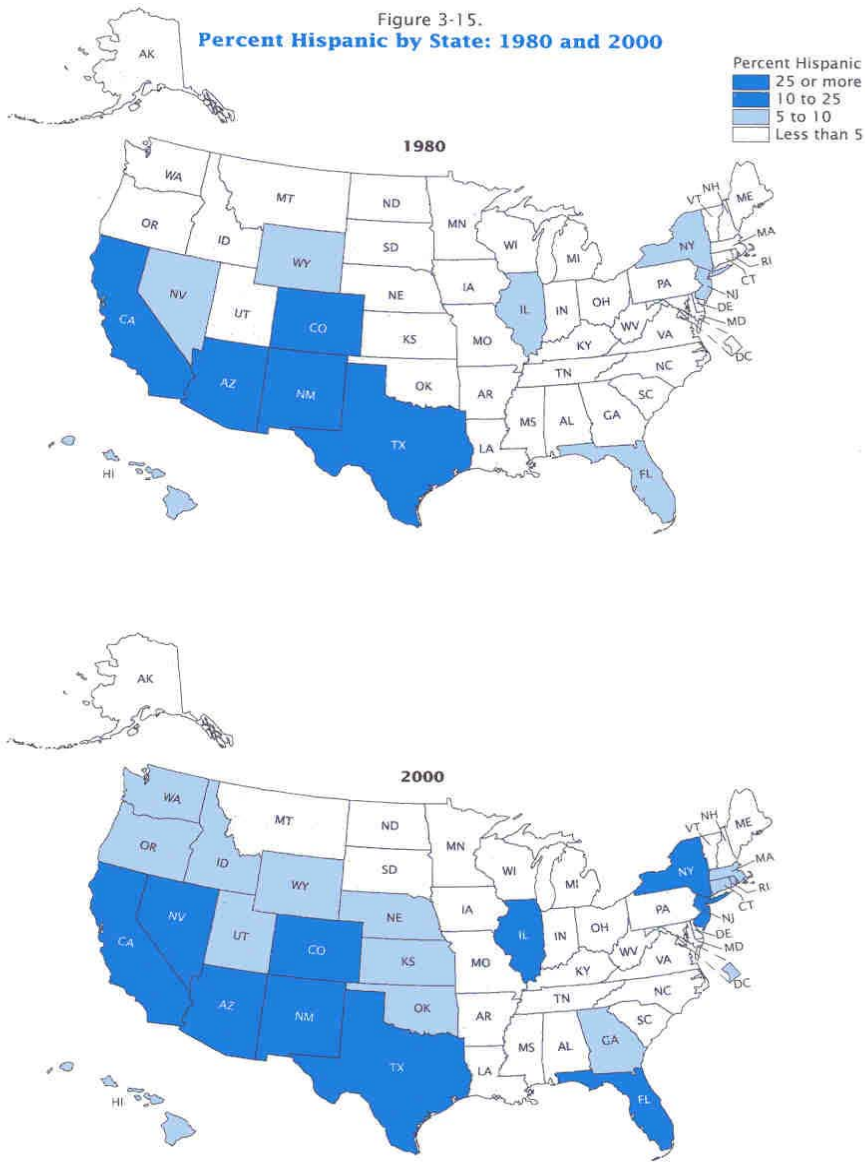
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Figure 1



Source: Orazem et al. 2002.

Figure 2



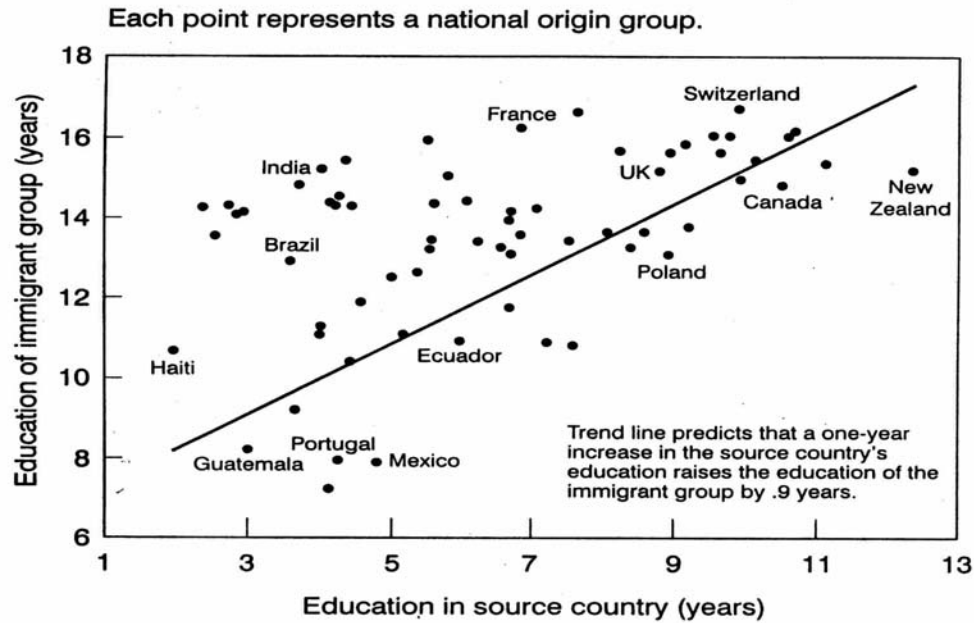
Source: U.S. Census Bureau decennial census of population, 1980 and 2000.

U.S. Census Bureau

Demographic Trends in the 20th Century 97

Source: U.S. Census Bureau 2002

Figure 3



Relation between the education of immigrants and the education of the source country's population.

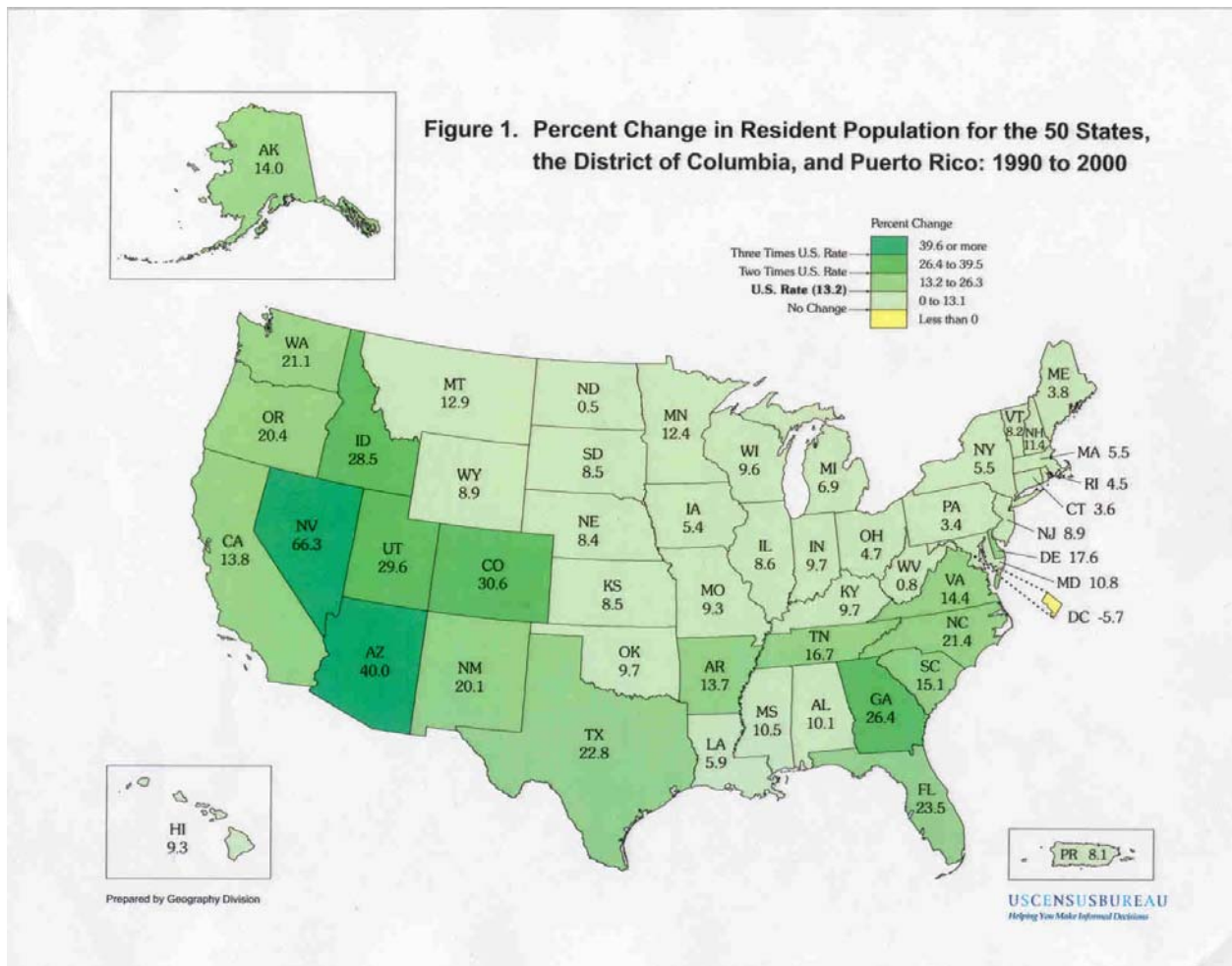
Sources: Robert J. Barro and Jong-Wha Lee, "International Comparisons of Educational Attainment," *Journal of Monetary Economics* 32 (December 1993), 363-394; and calculations from the 1990 Public Use Microdata Sample of the U.S. Census

Notes: The education data for the source country refer to the number of years completed by adult men in 1985. The education data for immigrants refer to the number of years completed by salaried men who are twenty-five to sixty-four years old and employed in the civilian sector. The trend line comes from a regression that is weighted by the sample size of the national origin group.

Source: Borjas 1999.

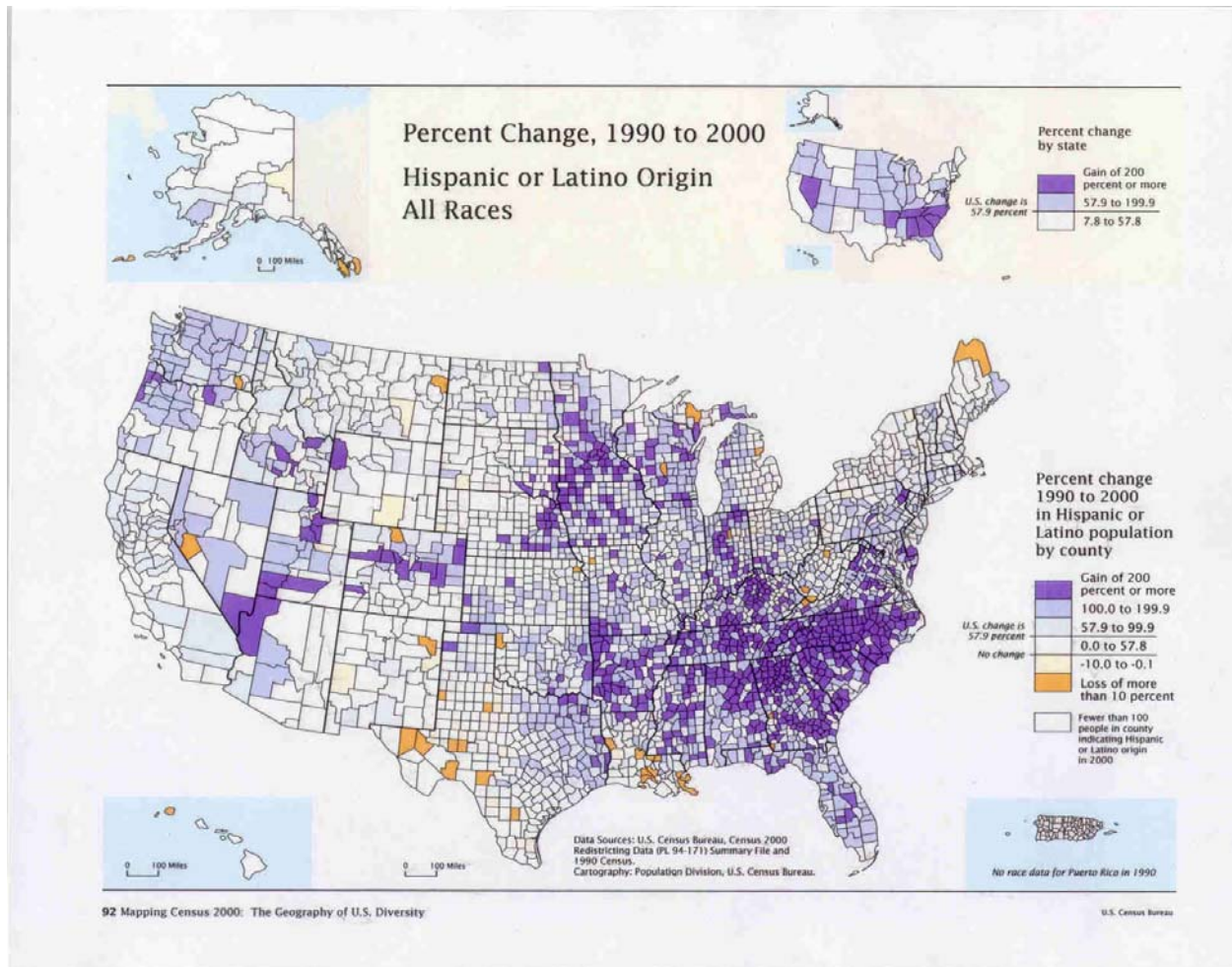


**Figure 4**



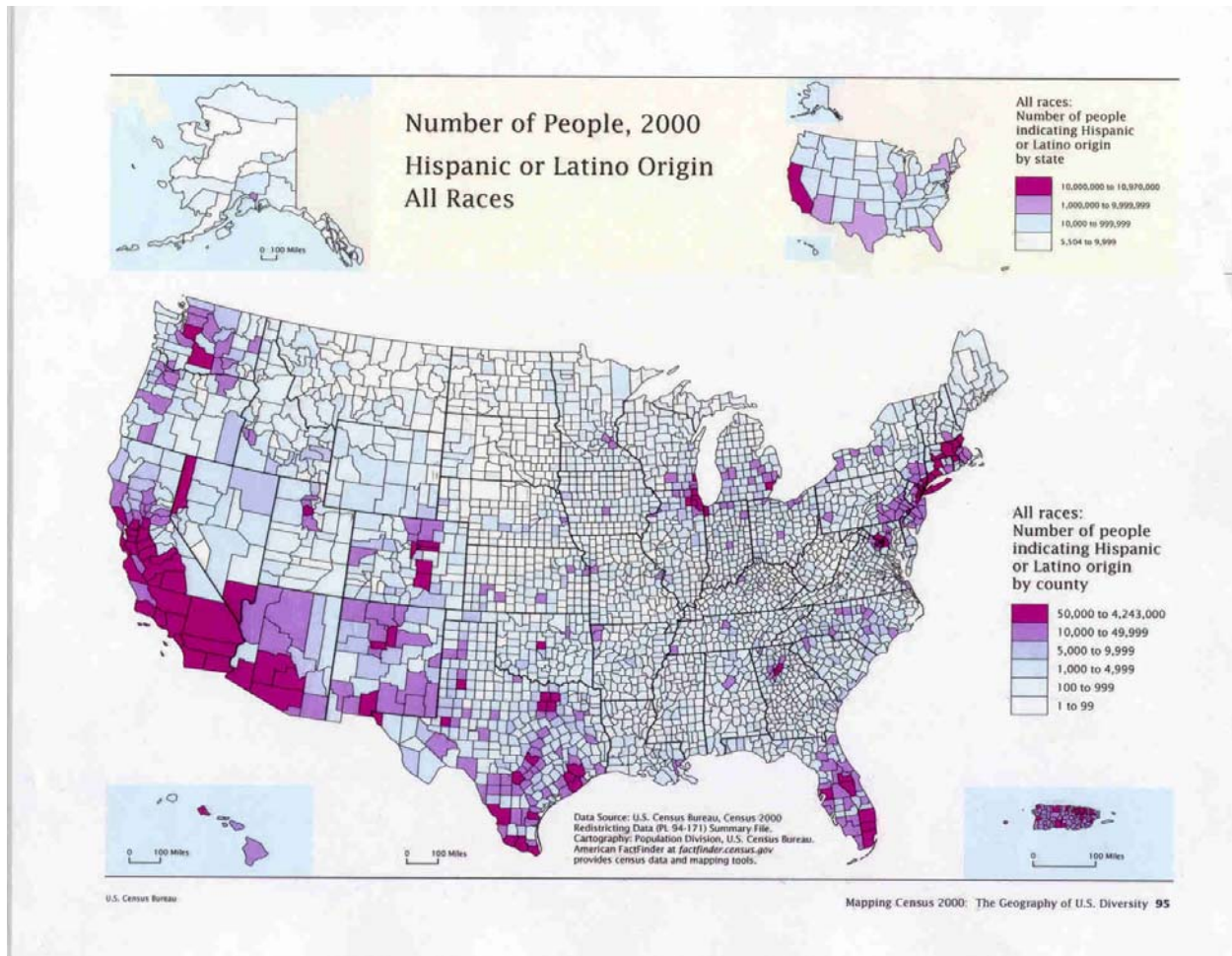
**Source: U.S. Census Bureau 2002.**

**Figure 5**



**Source: U.S. Census Bureau 2002.**

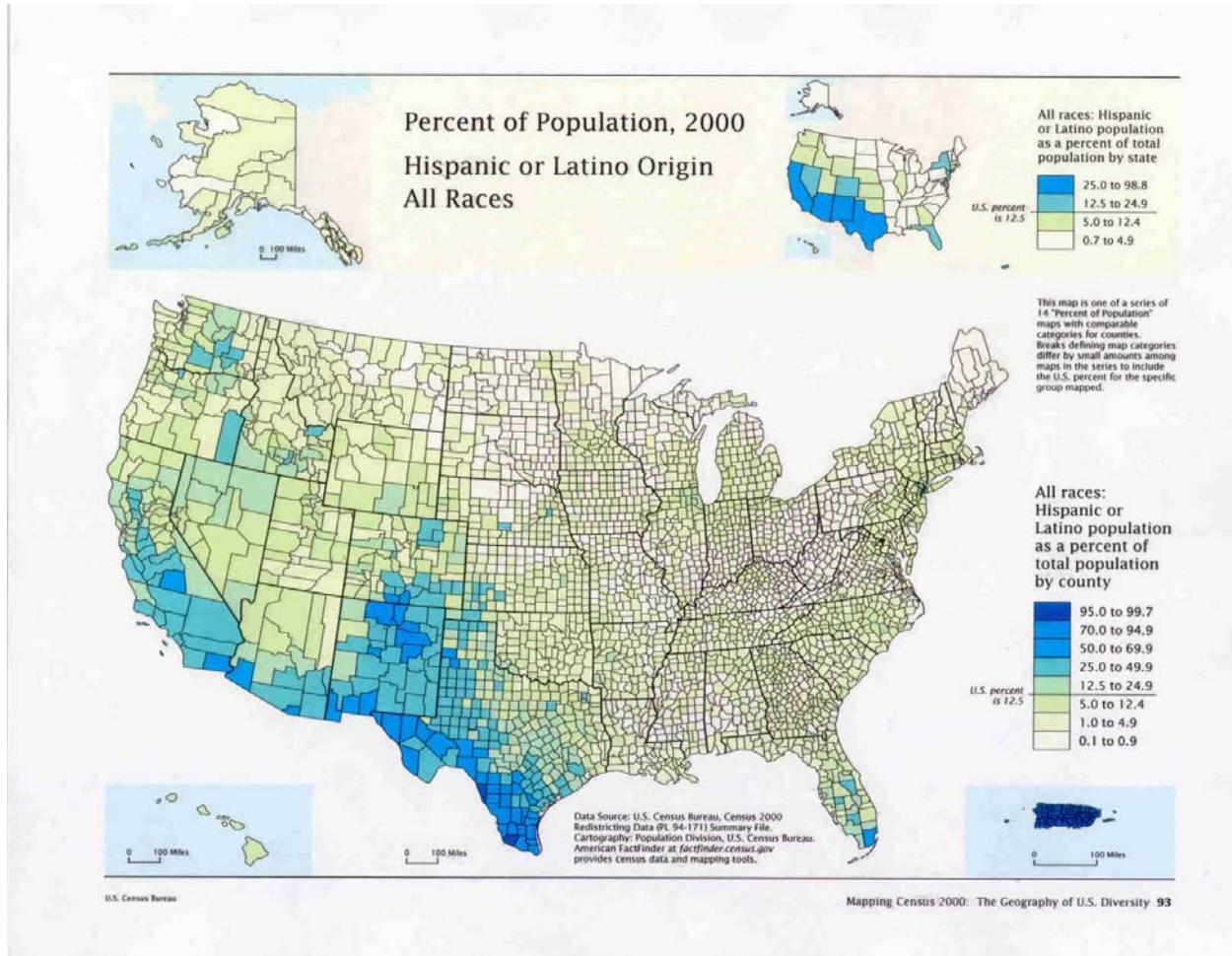
**Figure 6**



**Source: U.S. Census Bureau 2002.**

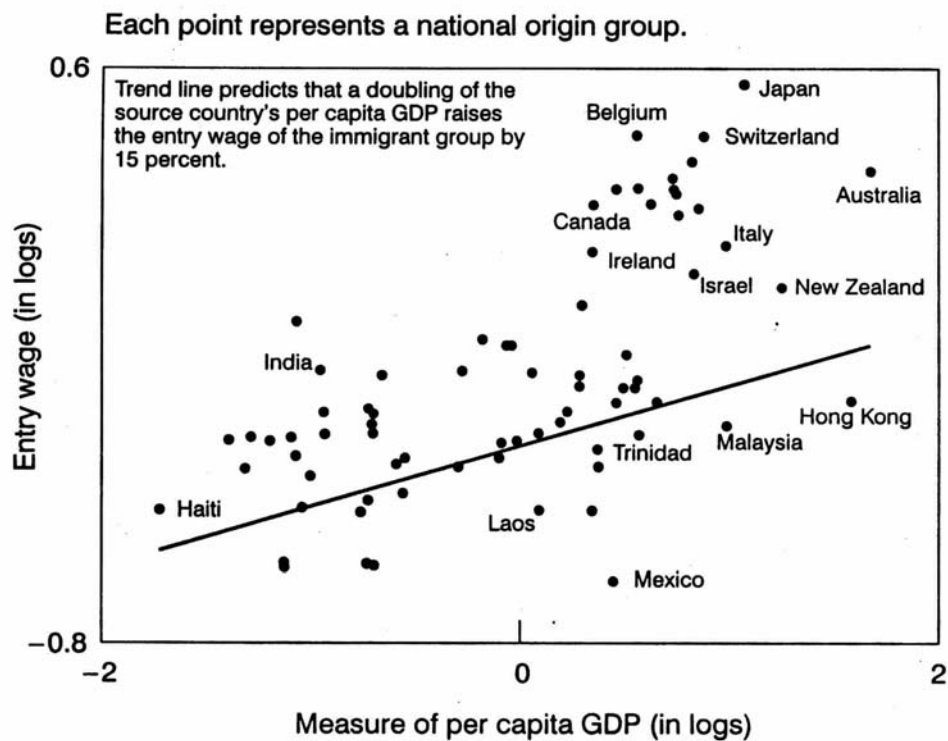


**Figure 7**



**Source: U.S. Census Bureau 2002.**

Figure 8



Relation between the entry wage of immigrants and per capita income in the source country, adjusted for differences in educational attainment among groups.

*Source:* Based on George J. Borjas, "The Economic Progress of Immigrants," in *Issues in the Economics of Immigration*, ed. George J. Borjas (Chicago: University of Chicago Press, forthcoming 2000), tab. 6.

*Notes:* Per capita GDP is measured as of 1985, and is adjusted using the purchasing-power-parity basis. The entry wage gives the age-adjusted 1990 wage for immigrant men who arrived between 1985 and 1989. The trend line comes from a regression that is weighted by the sample size of the national origin group. The regression also includes a measure of income inequality in the source country (the Gini coefficient), distance from the United States, and the educational attainment of the immigrant group in 1990.

Table 1

EDUCATIONAL ATTAINMENT AND WAGES OF IMMIGRANT MEN IN 1990, BY NATIONAL ORIGIN GROUP				
Country of Birth	Educational Attainment		Percentage Wage Differential Between Immigrants and Natives	
	All Immigrants	Pre-1980 Arrivals	All Immigrants	Pre-1980 Arrivals
Europe:				
Austria	14.68	14.50	38.4	40.9
Czechoslovakia	14.46	14.49	25.9	37.4
France	14.76	14.03	25.7	27.8
Germany	13.88	13.69	24.5	25.1
Greece	11.83	11.59	-9	2.4
Hungary	13.59	13.37	27.3	31.9
Italy	10.90	10.71	16.1	17.4
Poland	12.77	12.36	-3	19.8
Portugal	8.29	8.40	-3.1	-1
U.S.S.R.	14.23	14.17	6.2	20.2
United Kingdom	14.60	14.35	37.2	37.9
Yugoslavia	11.75	11.47	11.5	17.5
Asia:				
Cambodia	10.22	11.71	-30.8	-14.6
China	12.82	13.20	-21.3	1.9
India	15.94	16.61	17.6	56.2
Iran	15.52	15.90	6.8	18.6
Japan	15.18	14.67	49.3	27.5
Korea	14.25	14.87	-12.0	10.8
Laos	9.98	10.49	-32.4	-28.3
Lebanon	14.16	13.90	-2.0	10.2
Philippines	14.05	14.09	-5.9	9.7
Taiwan	16.32	17.18	13.9	50.7
Vietnam	12.26	13.25	-18.9	-2.4
North and South America:				
Argentina	13.35	13.17	4.7	17.2
Canada	13.79	13.56	24.0	23.9
Colombia	12.08	12.31	-19.1	-5.5
Cuba	11.74	12.26	-15.3	-5.3
Dominican Republic	10.28	10.46	-29.2	-21.7
Ecuador	11.55	11.88	-20.6	-9.6
El Salvador	8.61	9.60	-39.7	-27.5
Guatemala	9.23	10.27	-38.2	-21.8
Haiti	11.22	12.22	-30.2	-13.6
Jamaica	11.97	12.35	-11.2	-3.1
Mexico	7.61	7.56	-39.5	-32.3
Nicaragua	11.73	12.32	-34.8	-11.3
Panama	13.41	13.44	1.9	11.3
Peru	12.99	13.13	-20.6	.3
Africa:				
Egypt	15.62	15.71	12.2	41.9
Ethiopia	13.97	15.43	-21.0	6.5
Nigeria	15.80	16.52	-18.9	-3.9
South Africa	15.91	15.93	43.6	58.4
Australia	15.21	15.10	33.0	30.5

Source: See Table 3. The educational attainment of native men in 1990 is 13.2 years.

Source: Borjas 1994.

**Table 2. Share of population foreign born and Latin American share of foreign born and decade growth rate: U.S., Midwest States, and selected others, 1990 and 2000.**

State	1990		2000		1990-2000	
	Place of Birth (%) Foreign Born	Latin America <sup>a/</sup>	Place of Birth (%) Foreign Born	Latin America <sup>a/</sup>	Percentage Change Population	Foreign Born
United States	7.9	44.3	11.3	51.7	12.4	45.3
Midwest						
Illinois	8.3	38.9	12.5	47.8	8.3	47.4
Indiana	1.7	17.5	3.1	41.5	9.2	67.8
Iowa	1.6	13.9	3.1	36.0	5.2	75.0
Kansas	2.5	31.9	5.0	54.7	8.2	76.2
Michigan	3.8	8.1	5.3	16.9	6.7	38.7
Minnesota	2.6	8.4	5.3	24.0	11.7	83.3
Missouri	1.6	14.1	2.7	25.8	8.9	58.6
Nebraska	1.8	22.0	4.4	53.6	8.1	97.3
North Dakota	1.5	5.2	1.9	11.3	0.5	25.2
Ohio	2.4	7.2	3.0	13.9	4.7	26.5
South Dakota	1.1	9.1	1.8	18.5	8.2	56.1
Wisconsin	2.5	14.1	3.6	33.9	9.2	46.4
Selected Other						
California	21.7	52.5	26.2	55.6	12.9	31.7
Florida	12.9	67.5	16.7	72.8	21.1	47.4
Texas	9.0	71.9	13.9	74.9	20.5	64.3

<sup>a/</sup> Latin American share of all foreign born.

Source: U. S. Census Bureau 2002.

**Table 3. Rural Population share foreign born and growth rate, 1990-2000**

State	Rural foreign born as a Percent of all rural		Percentage change rural	
	1990	2000	Population	Foreign Born
United States	2.05	2.54	-3.9	17.4
Midwest				
Illinois	1.12	1.20	-15.5	-8.2
Indiana	0.75	0.99	-9.2	18.3
Iowa	0.56	1.14	4.1	75.6
Kansas	1.15	1.72	0.4	40.6
Michigan	7.57	1.74	-8.4	2.2
Minnesota	0.83	1.39	8.1	59.1
Missouri	0.57	1.00	-6.8	61.9
Nebraska	0.75	1.40	-3.0	59.9
North Dakota	1.07	1.19	-5.0	5.7
Ohio	0.86	0.98	8.8	3.7
South Dakota	0.67	0.79	4.1	18.2
Wisconsin	1.06	1.24	-0.1	16.6
Selected Others				
California	10.50	11.82	-15.4	-3.6
Florida	4.10	5.15	-14.3	8.5
Texas	4.42	5.15	8.5	23.8

**Source: U.S. Census Bureau 2002.**



**Table 4. Total employment and farm and farm-related employment for Midwestern states and selected other areas.**

Attribute	2000		1997									
	Total Employment		Employment in farm and farm related jobs (%)									
	(1,000)		State Totals					Nonmetro				
	State	Nonmetro	Total	Production	Farm Inputs	Processing & Marketing	Wholesale & Retail Trades	Total	Production	Farm Inputs	Processing & Marketing	Wholesale & Retail Trades
United States	167,465	29,383	14.9	2.0	0.3	2.0	9.9	22.9	7.0	0.8	3.9	9.9
Midwest												
Illinois	7,442	986	13.6	1.4	0.6	1.6	9.2	22.1	7.3	1.6	2.4	9.5
Indiana	3,693	915	14.8	2.3	0.4	1.4	10.0	19.3	5.7	0.7	2.4	9.3
Iowa	1,947	990	22.2	6.4	1.6	3.6	9.5	27.6	10.8	2.1	4.4	8.9
Kansas	1,782	729	18.3	4.8	0.8	2.6	9.4	26.2	10.0	1.5	4.6	9.2
Michigan	5,654	851	12.9	1.4	0.1	0.8	10.0	17.9	4.5	0.4	1.0	11.1
Minnesota	3,357	882	15.5	3.2	0.6	1.9	9.1	25.7	9.3	1.6	4.1	9.8
Missouri	3,516	988	16.3	3.8	0.5	2.1	9.3	25.3	10.9	0.9	3.9	8.9
Nebraska	1,187	512	21.8	6.1	1.7	4.0	9.4	31.3	12.9	2.8	5.3	9.4
North Dakota	489	230	23.5	9.2	1.8	2.3	9.9	30.2	15.7	2.2	2.8	9.2
Ohio	6,878	1,132	13.7	1.5	0.2	1.1	10.1	19.4	5.3	0.7	2.2	9.8
South Dakota	520	310	22.3	8.0	1.1	2.8	9.7	26.3	12.1	1.5	2.8	9.3
Wisconsin	3,443	999	17.4	3.2	0.6	2.4	9.9	24.4	7.7	1.3	3.4	10.5
Selected Others												
California	19,655	524	14.3	1.6	0.2	2.0	9.8	21.5	6.7	0.6	1.4	11.5
Florida	8,951	465	14.6	1.2	0.2	1.0	11.5	22.9	6.0	0.5	1.6	12.6
Texas	12,314	1,559	14.6	2.5	0.2	1.5	9.7	27.2	13.4	0.8	3.1	8.8

**Source: USDA, ERS 2003.**

**Table 5. Demographics of hired farmworkers by census region: 1987 and 1998.**

Attribute	United States		West		Midwest		South <sup>a/</sup>		Northeast <sup>a/</sup>	
	1987	1998	1987	1998	1987	1998	1987	1998	1987	1998
Total number (1,000's)	2,753.0	875.0	439.0	369.0	1,165.0	167.0	906.0	275.0	243.0	64.0
Gender (%)										
Male	78.4	83.6	71.8	85.0	78.4	84.2	79.4	85.2	71.2	70.1
Female	21.6	16.2	28.2	15.0	21.6	15.8	20.6	14.8	28.8	29.9
Racial/ethnic group (%)										
White	91.7	52.4	92.9	28.6	99.4	96.0	94.8	50.1	33.3	85.7
Hispanic	3.4	41.8	4.1	68.9	0.0	3.0	0.4	37.3	33.3	5.7
Black and other	4.9	5.8	3.0	2.5	0.6	0.9	4.8	12.6	33.3	8.6
Age (%)										
≤20 years <sup>b/</sup>	2.3	15.2	1.7	9.0	2.0	37.1	2.5	9.2	3.9	19.1
20-24	3.2	13.3	3.8	14.2	3.0	12.0	3.2	12.1	3.1	16.4
25-44	38.9	46.7	33.6	52.0	40.7	30.2	40.1	49.3	36.2	48.0
45-54	24.1	14.0	27.9	16.0	23.2	8.3	23.9	16.7	21.8	5.9
≥55	31.5	10.8	33.1	8.8	31.1	12.3	30.3	12.7	35.0	10.7
School (%)										
0 to 4 years	0.9	10.9	0.2	17.8	0.0	0.7	2.1	10.2	0.0	1.2
5 to 8	10.0	21.1	5.3	30.8	12.4	5.7	10.3	20.4	12.4	7.7
9 to 11	8.7	24.9	8.7	19.2	6.9	33.3	10.4	27.2	6.9	26.4
12	45.8	26.5	36.3	19.0	53.9	33.4	40.4	27.5	53.9	46.3
≥13	34.7	16.6	49.5	13.1	26.7	26.9	36.8	14.7	26.9	18.3
Establishment/Activity (%)										
Crop	43.3	52.3	43.5	71.1	46.7	24.1	41.6	48.3	33.5	34.6
Livestock	49.7	42.0	46.3	22.8	48.9	71.1	50.7	47.0	55.8	55.9
Other	7.0	5.7	10.2	6.1	4.4	4.9	7.7	4.7	10.7	9.5

**Footnote**

<sup>a/</sup> In 1987, Maryland and Delaware included in Northeast but in 1998, they are included in the South.

<sup>b/</sup> In 1987, the age group is 14-20, which seems to exclude significant number of hired farm workers who are less than age 14.

Source: Oliveria and Jane 1989 and Runyan 2000.

**Appendix Table 1: Foreign-Born as a Percentage of Total Population, by Rural Residence and State, 1950-1990.**

Foreign-Born as a Proportion of Total						1950-1990 Percent Change in		
						Population	Rural	Rural Foreign
1950	1960	1970	1980	1990	Population		Population	Born Population
<u>South-Central</u>								
Alabama	.21 <sup>a</sup>	.25	.19	.54	.45	32.0	-6.9	73.5
	[.48] <sup>b</sup>	[.46]	[.46]	[1.00]	[1.08]			
Arkansas	.42	.46	.26	.59	.60	23.1	-14.6	28.3
	[.54]	[.42]	[.43]	[.98]	[1.06]			
Kentucky	.29	.36	.17	.46	.35	25.1	-4.6	16.2
	[.58]	[.55]	[.52]	[.95]	[.93]			
Louisiana	.49	.34	.32	.83	.64	57.3	11.2	44.0
	[1.15]	[.94]	[1.09]	[2.03]	[2.07]			
Mississippi	.29	.18	.20	.59	.41	18.1	-13.3	24.4
	[.43]	[.37]	[.32]	[.93]	[.79]			
Oklahoma	.74	.56	.33	.70	.71	40.8	-7.2	-10.7
	[.91]	[.86]	[.79]	[1.86]	[2.08]			
Tennessee	.23	.20	.19	.56	.49	48.2	3.8	101.2
	[.49]	[.44]	[.48]	[1.05]	[1.21]			
Texas	3.52	2.19	1.66	3.14	4.42	120.3	16.6	46.4
	[3.91]	[3.12]	[2.77]	[6.02]	[8.97]			

# Midwest

Illinois	3.17	2.00	1.32	3.07	1.12	31.2	-9.8	-68.8
	[9.17]	[6.81]	[5.66]	[7.21]	[8.33]			
Indiana	1.26	.88	.66	.89	.75	40.9	23.5	-25.8
	[2.62]	[2.00]	[1.60]	[1.85]	[1.70]			
Iowa	2.99	1.69	1.04	.93	.56	5.9	-20.2	-85.1
	[3.28]	[2.04]	[1.42]	[1.64]	[1.56]			
Kansas	2.06	1.39	.84	1.05	1.15	30.0	-16.1	-56.3
	[2.17]	[1.53]	[1.24]	[2.03]	[2.53]			
Minnesota	5.96	3.16	1.80	1.38	.83	46.7	-12.7	-86.4
	[7.16]	[4.22]	[2.58]	[2.64]	[2.58]			
Missouri	.84	.65	.42	.70	.57	29.4	5.2	-25.6
	[2.40]	[1.80]	[1.40]	[1.74]	[1.63]			
Nebraska	3.71	1.98	1.23	1.01	.75	19.1	-24.0	-84.7
	[4.38]	[2.85]	[1.94]	[1.97]	[1.79]			
North Dakota	8.24	4.78	2.93	1.94	1.07	3.1	-34.4	-91.5
	[8.02]	[4.73]	[2.98]	[2.27]	[1.47]			
South Dakota	4.97	2.76	1.54	1.19	.69	6.6	-20.0	-88.9
	[4.82]	[2.73]	[1.63]	[1.39]	[1.11]			
Wisconsin	4.99	2.79	1.83	1.44	1.06	42.2	15.7	-75.4
	[6.43]	[4.34]	[2.96]	[2.66]	[2.48]			

Source: Orazem et al. 2002 and their computations using Census data.

<sup>a</sup>Rural Foreign-Born as a percentage of all rural residents, using current Census definition of rural.

<sup>b</sup>Foreign -Born as a percentage of total population in brackets.