

STATEMENT OF
RONALD BIRD, PH.D., CHIEF ECONOMIST
OFFICE OF THE ASSISTANT SECRETARY FOR POLICY
U.S. DEPARTMENT OF LABOR
BEFORE THE
SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES,
BORDER SECURITY, AND INTERNATIONAL LAW
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES

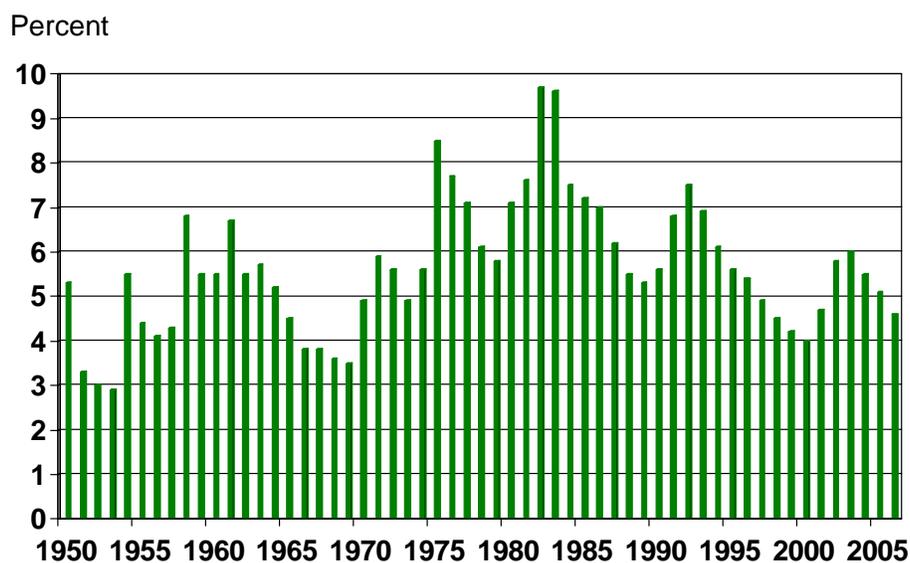
June 6, 2007

Madam Chairwoman and Members of the Subcommittee, thank you for the opportunity to testify. My name is Ronald Bird and I am the Chief Economist in the Office of the Assistant Secretary for Policy at the U.S. Department of Labor. I am here today in response to your request for information regarding demographics of the U.S. labor force and how that may impact immigration policies you are considering. I have prepared a series of tables and charts which I would like to submit for the record and which I will briefly summarize and explain. I will be pleased to answer any questions that you may have regarding this information.

The American labor force is large, diverse and dynamic. At over 152 million workers in May 2007, the U.S. labor force is the third largest among the nations of the world – behind only China and India. The U.S. is also the world’s third most populous nation – at an estimated 301 million. Table 1 compares the labor force of the U.S with other selected nations. The data reflect estimates published in The World Factbook prepared by the Central Intelligence Agency (CIA).

Table 1.					
Population, Population Growth, Labor Force, Net Migration, and GDP per Capita					
Nation	Population (millions) Est. July 2007	Annual Population Growth (percent)	Annual Net Migration (thousands)	Labor Force (millions) 2006	GDP Per Capita Purchasing Power Parity Dollars 2006
United States	301.1	0.89	918.5	151.4	\$43,500
China	1,321.9	0.61	-515.5	798.0	\$7,600
India	1,129.9	1.61	-56.5	509.3	\$3,700
Mexico	108.7	1.15	-443.5	38.1	\$10,600
Canada	33.4	0.87	193.3	17.6	\$35,200
Source: <u>The World Factbook</u> , May 30, 2007, https://www.cia.gov/library/publications/the-world-factbook/index.html					

Figure 1. Annual Average Unemployment Rate, 1950-2006



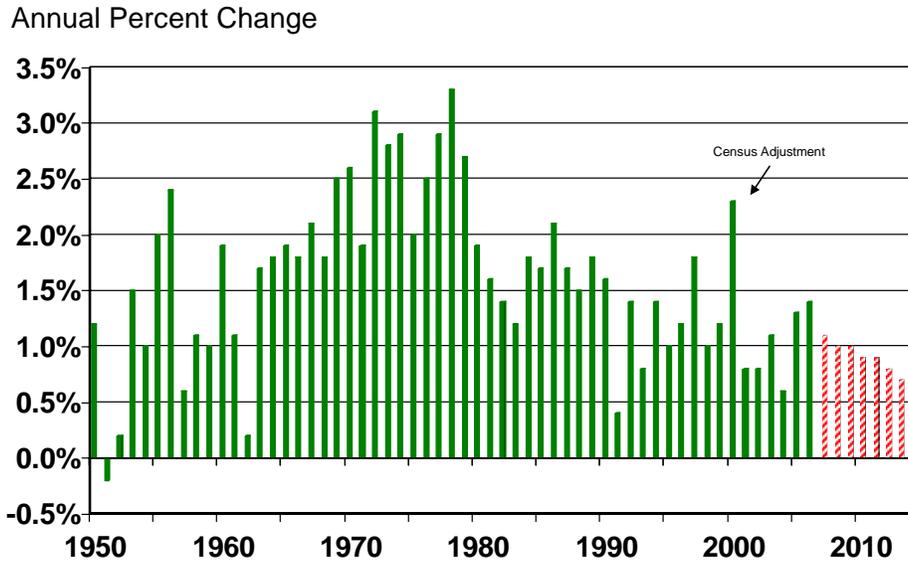
Source: Bureau of Labor Statistics.

The U.S. labor force is diverse and is composed of three major racial groups: Whites (123.8 million) comprised 81.8 percent of the labor force in 2006. Blacks or African Americans (17.3 million) comprised 11.4 percent of the labor force, and Asians (6.7 million) comprised 4.4 percent of the labor force. Persons of Hispanic (or Latino) ethnicity (who may be of any race) comprised 13.7 percent of the labor force in 2006 (20.7 million). Since 1974, the size of the Hispanic labor force component has grown from 4.4 percent of the labor force. The total number of Hispanics in the labor force increased by 16.7 million between 1974 and 2006.

The U.S. labor market is healthy. Unemployment in May 2007 was a low 4.5 percent, and we have enjoyed 45 consecutive months of job growth with payroll employment growing by nearly 8.0 million jobs since the post-recession employment low in August 2003. Unemployment today is below historical averages. Since 1950, the unemployment rate has averaged 5.6 percent. Figure 1 shows average annual unemployment rates from 1950 through 2006. The recession-related unemployment peaks were lower in the two most recent recessions than that in the recessions that began in 1973 and in 1981.

Unemployment varies across a number of demographic characteristics. In 2006, on average, the unemployment rate for teens (age 16-19) was 15.4 percent. For men age 20 and older, the unemployment rate in 2006 averaged 4.0 percent, and for women age 20 and older the average unemployment rate was 4.1 percent. Unemployment rates vary across racial categories. For example, the unemployment rate for whites was 4.0 percent in 2006. For African-Americans, it was 8.9 percent, and for Asians, it was 3.0 percent. For workers of Hispanic ethnicity the unemployment rate in 2006 averaged 5.2 percent.

Figure 2. Annual Labor Force Growth,
Actual 1950-2006, and Projected 2007-2014



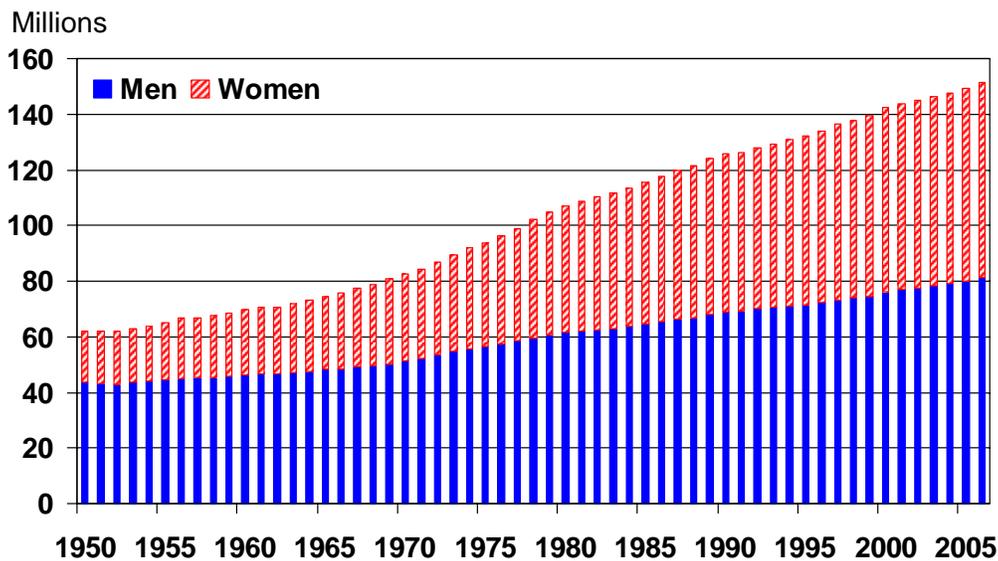
Source: Bureau of Labor Statistics.

The U.S. labor force grew significantly over the past half century. Between 1950 and 2006, the labor force increased from 62.2 million to 151.4 million – a 143 percent increase that saw 89.2 million new workers absorbed into the economy. Labor force growth averaged 2.4 million per year in the 1970s, declined to 1.6 million per year since 1990, and is projected to average 1.4 million per year for 2007 through 2014.

The percentage rate of growth of the labor force has varied notably over the period. Figure 2 shows annual average labor force growth from 1950 through 2006, with projected growth through 2014. In the 1960s and 70s, the annual rate of labor force growth trended upward. The 1.1 percent average annual labor force growth rate of the 1950s increased to 1.7 percent in the 1960s and to 2.7 percent in the 1970s. This remarkable increase in the annual rate of labor force growth reflected two major components – the post-war “baby boom” generation reaching working age and the increasing labor force participation of women. The annual average labor force growth rate slowed to 1.7 percent in the 1980s, as the size of the age cohorts reaching working age shrank; however, the participation of women continued to boost the labor force into the 1990s.

Since 1995, labor force growth has averaged 1.2 percent annually – comparable to the 1.1 percent annual growth rate of the 1950’s. The unusually large labor force growth shown in Figure 2 for the year 2000 (2.3 percent) reflects an adjustment for revised population controls on the monthly survey data following the results of the 2000 Census. The

Figure 3. Women and Men in the Labor Force
1950-2006



Source: Bureau of Labor Statistics.

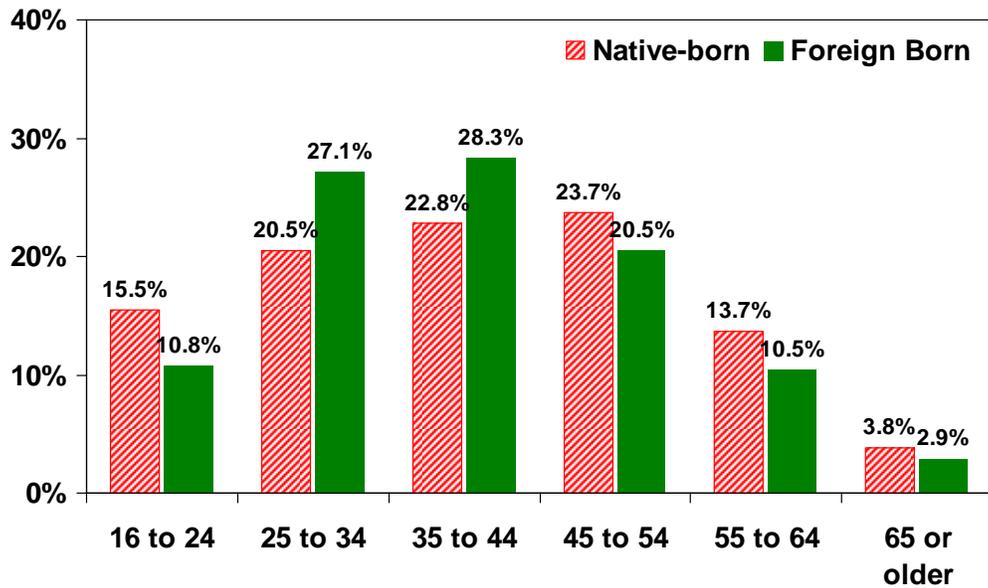
increase in labor force for 2000 includes a “catch-up” component to offset underestimates of the total level in several prior years. The annual labor force growth in 2006 was 1.4 percent. The Bureau of Labor Statistics’ projections through 2014 forecast continuing declines in the rate of labor force growth – slowing to 0.8 percent annually by 2014.

Figure 3 shows the labor force by male and female components over the past half century. In 1950, women comprised just 29.6 percent of the labor force. The labor force participation rate for women was 33.9 percent -- on average about one in three women sought work in the civilian labor market in 1950. By 1980, the female labor force participation rate had risen to 51.5 percent and women comprised 42.5 percent of the labor force. Women’s labor force participation rate increased further in the 1980s and by 1995 their labor force participation rate was 58.9 percent and they comprised 46.1 percent of the labor force. In 2006, the female labor force participation rate was 59.4 percent and women comprised 46.3 percent of the labor force – proportions little changed from 1995.

The increase in labor force participation of women over the past half-century has had a major impact on the U.S. labor market. If the female labor force participation rate had remained at the 1950 level over the past half century, the labor force today would be only 121.3 million – over 30 million less than 2006’s average labor force of 151.4 million.

Current Population Survey estimates of the labor force status of the foreign born do not distinguish between the documented and undocumented population. An oft-cited study by the Pew Hispanic Center estimates that the undocumented labor force numbered about 7.2 million, or 4.9 percent of the civilian labor force in March 2005. The study found

Figure 4. Age Distribution of Foreign-born and Native-born Labor Force Participants, 2006



Source: Bureau of Labor Statistics.

that in 2005 about 30 percent of the foreign-born population was undocumented, while 28 percent were legal permanent residents and 31 percent were naturalized U.S. citizens. The rest were refugees or temporary legal migrants such as students and temporary workers.

Data from the Current Population Survey show that the foreign-born are a significant and growing component of the U.S. labor force. In 2006, 23.1 million foreign-born workers comprised 15.3 percent of the U.S. labor force. Foreign-born workers included 13.9 million men and 9.3 million women. The foreign-born labor force component has increased by 8.7 million or 60.4 percent since 1996.

The 33.7 million foreign-born civilian population age 16 and over comprised 14.7 percent of the total U.S. population age 16 and older in 2006. The labor force participation rate for foreign-born workers, 68.6 percent was higher than the 65.8 percent for the native born. The unemployment rate for foreign-born workers was 4.0 percent in 2006, compared with an average unemployment rate of 4.7 percent for native-born workers.

The demographic characteristics of the foreign-born labor force differ in many respects from those of the native born. Men made up a larger proportion of the foreign-born labor force (60 percent) in 2006 than they did of the native-born labor force (53 percent). The proportion of the foreign-born labor force made up of 25- to 54-year olds was higher (76 percent) than for the native-born labor force (67 percent). Figure 4 shows native and

foreign born shares of the workforce by age cohorts in 2006. The foreign born labor force had the following age distribution in 2006: 10.8 percent were age 16-to-24, 27.1 percent were age 25-to-34, 28.3 percent were in the 35-to-44 age group, 20.5 percent were age 45-to-54, 10.5 percent were age 55-to-64, and 2.9 percent were age 65 or older.

Persons of Hispanic ethnicity comprised 50 percent of the foreign-born labor force in 2006, and 22 percent was Asian. These proportions compare to 7 and 1 percent, respectively, of the native-born labor force. One out of 5 of the foreign-born labor force was White non-Hispanic, compared with nearly 4 out of 5 of the native-born labor force.

In terms of educational attainment, 28 percent of the foreign-born labor force 25 years old and over had not completed high school, compared with about 6 percent of the native-born labor force. About equal proportions of both the foreign- and native-born had a bachelor's degree or higher (31 and 33 percent, respectively).

As previously mentioned, the foreign born labor force has increased by 8.7 million since 1996. Foreign-born workers accounted for about half of the 17.3 million increase in the labor force from 1996 to 2006. The projected 1.0 percent labor force growth for 2004-2014 will be below the average labor force growth rate of the 1950s and well below the 2.7 percent average annual labor force growth rate of the 1970s. Recent and projected labor force growth includes the effects of both native population growth and growth from immigration. At 49.7 percent of labor force growth since 2002, immigrant workers comprise an important component of overall labor force growth and of our capacity to maintain growing national output.

Median weekly earnings of foreign-born full-time wage and salary workers are about three-fourths those of native-born workers. The differences in foreign-born and native-born earnings vary notably by demographic characteristics. Median weekly earnings of Hispanic foreign-born workers are about 75.1 percent of the earnings of native-born Hispanics, while there is essentially no difference between the earnings of foreign- and native-born non-Hispanics. Hispanic foreign-born workers tend to be concentrated in jobs with low educational requirements. Non-Hispanic foreign-born workers are employed across more occupations with a broader range of educational requirements.

Not surprisingly, the earnings differences between foreign-born and native-born workers are much less pronounced at higher levels of educational attainment. Foreign-born workers with at least a bachelor's degree had about identical median weekly earnings as native-born college graduates in 2006.

Thank you for the opportunity to share this summary of labor market information with you today. I hope it is helpful to your deliberations. I will be pleased to address your questions.