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Demographic imbalances in the United States and Latin America

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Abstract
Demographic and economic trends are shaped not only by their own impetus but also by the contexts out of which they emerge. Phenomena that appear reasonably in balance in terms of their nature and magnitude in one time period often become (or are perceived as) out-of-balance in subsequent time periods. This presentation examines demographic, economic, social and public policy trends in the United States and Latin America in the post-World War II era, focusing on key time points when emerging imbalances have led to new policy emphases and trends, which in turn have set the stage for the development of new imbalances. Because such a large fraction of U.S. immigration originates in Latin America, U.S. immigration receives special attention as a factor shaping and shaped by other demographic, social, and economic trends. The role that immigration and immigration policies in particular might play in advanced post-modern economies is discussed in light of changing demographic, economic and geo-political structures and processes around the world.

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I am greatly honored to be invited to address the Australian Population Association. My subject is demographic and economic trends in the United States and Latin America. I want to try to speak to the issue of demographic imbalances viewed in relation to sociocultural and economic trends and circumstances. My focus thus will be on sociocultural and economic factors on the one hand and demographic events and structures on the other and how some of these have become "out-of-balance" with one other, thus often generating pressure for change. Particular attention will be paid to those major new trends and circumstances that have emerged since World War II. Thus, I examine the origins and implications of rising women's employment, the "Baby Boom," the so-called "new" immigration, the increasing racial and ethnic diversity deriving from that immigration, the economic contexts in which recent U.S. immigration has occurred, and the rising economic inequality and increasing longevity that will condition immigration’s future reception and effects. Most of my attention is concentrated on the United States, except for a brief introduction of a few demographic trends in Latin America, especially those relevant to U.S. immigration. I apologize for giving so much emphasis to immigration, but the exigencies of time and the limits of expertise necessarily narrow the possibilities for more extensive treatment.

I begin with World War II, which has represented a "major force" in American life since its occurrence, although its influence is now beginning to wane with the collapse of the former Soviet Union and the aging of the war veterans of the era. But even after almost all of the veterans of the time are gone, the War's influence will live on. As the historian Bruce Catton has noted: "A singular fact about modern war is that it takes charge. Once begun it has to be carried to its conclusion, and carrying it there sets in motion events that may be beyond [people's] control. Doing what has to be done to win, [people] perform acts that alter the very soil in which society's roots are nourished."

World War II and the Rise and Nature of Women's Employment

After World War II ended, military demobilization occurred at an unprecedented pace. Within a span of five months, nearly four million U.S. servicemen were separated from the armed forces and reabsorbed into the labor force of the country. More often than not, this meant the displacement of employed women. Here is the story of one such displacement:

> She had been one of the women trust officers at the Second National Bank. She liked the job, which absorbed her while her husband was overseas. She had not planned, or even wanted, to continue working after he got home, but she did resent the question she was asked daily during August 1945. When did she expect him? They needed her position for a returning lieutenant commander. They told her how well she had done, how valuable her help had been, but no one at the bank suggested there might be a permanent place for a woman as a junior executive. She was so happy to see her husband again that she forgot her resentment for almost twenty years.

Most women, of course, did return to the home, perhaps with an untempered enthusiasm for and dedication to traditional roles born of relief that the fighting was over and their husbands back. The cultural emphases of the era no doubt made the transition easier. However, the war had changed things. Many women not only had experienced the gratification of working outside the home, they had also experienced the independence of being on their own while their husbands were overseas. And the economic prosperity of the postwar years generated greater demand for their services. Thus, women began to enter, or re-enter, the labor force in greater numbers than before. For example, the

percentage of married women aged 25-29 in the labor force increased about 50 percent from 1940 to 1960, about another 50 percent from 1960 to 1980, and about 35 percent from 1980 to 2000.

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As one historian noted: “If the nation—including women—had been asked in 1939 whether it desired, or would tolerate such a far-reaching change, the answer would undoubtedly have been an overwhelming no. But events bypassed public opinion, and made the change an accomplished fact. The war, in short, was a catalyst which broke up old modes of behavior and helped to forge new ones.”

Women’s Employment and the Baby Boom

What did this mean for the demography of the United States? For one thing, it led to the “Baby Boom.” The unexpected rise in the annual birth rate that occurred during the late 1940s and the 1950s, together with its subsequent drop during the 1960s, is readily evident in an examination of conventional fertility measures.

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Ryder has shown that more of the baby boom resulted from women having babies *sooner* (58 percent) than from women having *more* babies (42 percent). This 42 percent of the increase may itself be viewed as depending largely upon two factors—the proportion of women having at least two children and the average number of children those women had. Most of the increase in the quantity of cohort fertility during the baby boom was synonymous with an increase in the proportion of women having at least two children. Only a small part of the increase in the quantity of cohort fertility during the baby boom

period resulted from an increase in the second quantity component—the increase in the average number of children borne by women having at least two. However, this component is significant in theoretical if not numerical terms. Tellingly, data from the 1965 and 1970 National Fertility Surveys indicate that most of the increase in the average number of children per family that occurred during the baby boom years did not result from an increase in intended births; rather, it stemmed from an increase in *unintended* births—that is, from growing numbers of unwanted and ill-timed pregnancies, suggesting possible rises in strain and conflict in conjugal relationships leading to contraceptive failures.

How then might we explain the increase in average family size that occurred during the baby boom? This increase is significant not for its magnitude (though its magnitude would have been greater had it not been for the decline in the proportion of women having five or more children), but for its having reversed a trend that went on before and has gone on since. It is also significant because the reversal seems to have resulted from rising levels of unwanted and ill-timed childbearing. Thus the baby boom had to have had a multiplicity of causes. This is all the more apparent when it is broken down into its demographic components. Theories about the effects of economic prosperity and relative cohort size do not very satisfactorily explain the decline in the proportion having five or more, or the rise in unintended childbearing that occurred. Some operating role must derive from other factors as well. Individual-level mechanisms such as those implied by the hypotheses that fertility moves procyclically with economic conditions and varies inversely with cohort size do not appear to have operated at higher parities. Analysis of the explanations of the slight increase in average family size occurring during the baby boom—much of it attributable to unintended fertility—suggests that social and cultural conditions during the era strongly supported having families, while at the same time

increasing the cost of having large families. Returning soldiers and rising economic prosperity encouraged marriage and family formation even as rising employment among married women of childbearing ages, especially given the legacy of women's independence and employment during the war, made having large families harder, particularly in the absence of changes in traditional sex role attitudes.

Migration Flows Into the United States

If World War II hastened the pace of social and demographic change associated with the rise of women's employment, as our examination of explanations of the Baby Boom implies, it also led to the expansion of various kinds of migration to the United States, which began soon after the war ended. These increases were rooted to some extent in conditions that emerged out of the post-war economic expansion. From the end of World War II to the early 1970s, the United States experienced rising economic prosperity and increasing affluence. Levels of productivity were high and wages and personal incomes rose. Not by coincidence, the country in 1965 eliminated the restrictive and discriminatory national origins criteria for the admission of immigrants that were embodied in the 1924 National Origins Quota Act and ratified in the 1952

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McCarran-Walter Act. Adopted in their place were more inclusionary family reunification criteria reflecting the domestic policy emphases of the era on improving civil rights and the foreign policy priorities on establishing better relations with newly independent Third-World countries.

Partly as a result of such policies in general and the family reunification provisions in particular, legal immigration began to go up substantially. Unlike the "old" immigrants,

who were mostly European in origin, the "new" immigrants (both legal and undocumented) came mostly from Third-World Hispanic and Asian countries. At about the same time, because of the

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termination of the Bracero program in 1964 and because of growing demand for inexpensive labor, undocumented (mostly Mexican) immigration began to increase, as statistics on the numbers of persons apprehended trying to enter the country illegally indicate..

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Whatever the legality of the flows, these relatively recent changes in migration have transformed the national origin composition of the United States and converted the country from a largely biracial society consisting of a sizable white majority and a small black minority, and a native American minority of less than 1 percent, into a multi-racial, multi-ethnic society consisting of several racial/ethnic groups, a subject to which we return in a few minutes.

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In addition to legal and unauthorized flows, other major migration streams to the United States since World War II have involved refugees and asylees and persons admitted for short periods of time on so-called non-immigrant visas. For example, since the end of World War II, nearly three million refugees and asylees have been granted lawful permanent resident status by the United States. As with legal immigrants, the vast majority come from Asia, Latin America, and the

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Caribbean (49.2 percent overall since 1945, and 82.2 percent during the 1980s), although both the relative and absolute numbers coming from the former Soviet Union have increased substantially since 1990.

Nonimmigrants, or persons admitted to the United States for a specified temporary period of time but not for permanent residence, have also increased. Although the majority of nonimmigrants are tourists, large numbers of students and persons coming for various business and work-related reasons are also admitted. In fact, the numbers of persons coming for business-related reasons have increased substantially in the past two or three years, an outcome facilitated by the Immigration Act of 1990 which included compromise provisions allowing easier non-immigrant business entry in lieu of the even higher levels of employment-related immigration that some proponents wanted to include in the legislation . During fiscal year 1999, 31.4 million non-immigrant admissions to the United States were recorded, the largest number ever, and an increase of over 9 million over fiscal year 1995. While the number of nonimmigrant entrants has

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steadily risen over the past decade, the national origins of these flows have been somewhat more diverse than is the case for other kinds of flows. The percentage of nonimmigrant entrants from Asia, Latin America and the Caribbean was about 56 percent in 1998, up from about 41 percent in 1965.

Immigration issues have frequently been addressed in terms of the implications of this immigration for population growth. Many observers have noted that the percentage of foreign-born persons in the population, even though rising during the 1970s and 1980s, has

remained substantially below the percentage in the early part of the twentieth century. In other words, although large in absolute terms relative to the size of the population, immigration during the 1970s and 1980s remained appreciably below the levels occurring in the early twentieth century. But interestingly, because of higher fertility and because a larger share of the early twentieth century immigrants eventually returned to their countries of origin than appears now to be the case, immigration in the 1980s accounted for roughly similar fractions of population growth as it did at the turn of the century (about thirty-five percent). But whether measured in terms of absolute numbers, in terms of the percentage foreign-born in the population, or in terms of the contribution of net immigration to population growth, the levels of immigration during the 1980s, 1990s, and early 2000s have not exceeded the immigration to the United States that occurred during the first twenty years of the twentieth century.

Latin American Population Trends

A substantial and growing component of immigration to the United States involves migration from Mexico, whose population together with that of Brazil, comprises over three-fourths of the population of Latin America (including Spanish-speaking countries in the Caribbean).

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Compared to the United States, Latin America has experienced higher rates of population growth in the twentieth century, with both Brazil and Mexico exhibiting rates of increase well over 1.5 percent per year. Economic restructuring in Latin America has also contributed to increases in urbanization, with the region showing seven cities over 5

million in population in 2000, four more than the United States, even though overall population in South and Central America is not proportionately higher.

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But rates of population increase are slowing dramatically, with fertility rates having dropped to near replacement by 2000 in Brazil and under 3.0 in Mexico.

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As both fertility and adult mortality have declined, dependency rations have declined.

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That most of this drop derives from declining fertility is revealed in the fact that the fractions of population age 65 and over have increased.

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An important question is whether these demographic trends will ease pressures to emigrate, particularly in the case of Mexican migration to the United States. Will economic growth and declining fertility in Mexico lead to reduced migration to the United States over the next twenty years or so. Birth rates in Mexico have fallen precipitously over the past couple of decades, from an average of about 6.1 children per woman in 1974 to below 3.0 today or even to about 2.4 children per woman in 1999 according to CONAPO (CONAPO, 1999). These drops have been so steep that each of the past six or seven Mexican birth cohorts has been smaller than those immediately preceding them, reversing the pattern of steady increase that had obtained previously. This means that, unless fertility goes back up, the size of the Mexican labor force (by which we mean the

number of persons each year looking for employment) could be expected to stop growing and perhaps start to shrink a bit sometime between 2010 and 2015. Moreover, if economic growth in Mexico sustained reasonable but not unrealistic levels of about six to seven percent per year, the number of jobs in Mexico could by the end of this decade roughly equal the size of the work force, a circumstance not holding in the country for as long as anyone can remember.

Given this, the question becomes: Would migration to the United States then start to subside? This, of course, can only be answered in a somewhat speculative manner because we cannot be confident the trends we are assuming will in fact occur. But even if they did, there are reasons to think Mexican migration will not slow substantially. These reasons have mainly do to with the kinds of forces driving migration. In the Mexican case, two probably stand out. The first is that so much migration has already occurred that it will continue to spawn more migration (the cumulative causation phenomenon noted by Massey, Durand and Malone (2002). The second is that there are likely to continue to be both macro- (further economic restructuring in Mexico) and micro-level (higher wages in the United States) economic reasons, as well as family and household reasons, to migrate, even if the demographic pressures on finding employment in Mexico ease considerably. Thus, while certain kinds of forces inducing migration might lessen under the conditions of the scenario just outlined, other factors driving migration can be expected to continue to exert their influence.

The Implications of Immigration for Racial/Ethnic Diversity

Immigration, especially Mexican migration, is thus likely to remain a prominent feature of the U.S. demographic landscape for the foreseeable future. In recent years, legal and unauthorized immigration has contributed roughly speaking annual increases in

population growth of about 0.35 – 0.40 percent, or about one-third to two-fifths of the annual growth. Immigration in particular has accounted for much of the unusually rapid growth of the Asian and Latino populations of the United States, and it is the most important reason for these groups' increased shares of the U.S. population in 2000, even though it has contributed little to population growth among the other major racial/ethnic groups in the country. Immigration thus has had major consequences in the United States for changes in racial/ethnic population composition. Immigration is converting the United States from a largely bi-racial population to a multi-ethnic, multi-racial society. The important question here, however, is not simply one of composition, but rather one of what are the implications of this diversity for the nature and strength of the country's color lines. W.E.B. du Bois said that in the United States "the problem of the color line was the problem of the twentieth century." Will this also be true in the twenty-first century, or perhaps even more so because of immigration? Or is it instead perhaps the case that the ethnic diversity borne of the new immigration is loosening racial and ethnic group boundaries in the country?

New diversity states. Immigration has thus fueled the growth of the U.S. non-white population. What are the implications of this? The major recent racial/ethnic composition shift in the country is at once highly conspicuous (especially in those places where it is taking place most rapidly, thus sometimes exacerbating fears about a growing nonwhite population) and non-monolithic (which, if better understood, would probably lessen anxieties about racial/ethnic relations and conflict). The most non-white state in the country is Hawaii, whose population is 76.8 percent nonwhite, and the least is Maine, whose non-white population is 3.4 percent.

But this non-whiteness departs from the black-white pattern that once traditionally characterized the country. If the data from the states with the 20 largest non-white

populations are broken down into the four major non-white components of black, Latino, Asian, and Other, three patterns emerge.

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First, the old black-white bipolar pattern is still somewhat in evidence, but only in Southern states such as Georgia, Louisiana, Maryland, and Mississippi —states referred to as black/white states. By 2000, several places were showing a new bipolar pattern of mostly whites and Latinos such as Arizona, Nevada, and New Mexico—states referred to as Latino-white states. These states add a different dimension to the country's old bipolar racial division. Second, several states have populations containing at least three major racial/ethnic groups, each with relatively sizeable percentages of the state's total population (defined here as consisting of 10 percent or more of the overall state population): California, Florida, Illinois, New Jersey, New Mexico, New York, and Texas. These states are designated new diversity states. Under a criterion of three groups, each with at least 7.0 percent of a state's people, five more states (and the District of Columbia) would qualify: Connecticut, Hawaii, Nevada, Oklahoma, and Washington.

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Third, the states with the most racially and ethnically diverse populations are also among the country's most populous and highest income places and the country's highest immigration states.

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One way of assessing America's changing racial/ethnic boundaries is to examine further where these boundaries are shifting most rapidly. Patterns of multiracial

identification reveal that areas with high immigrant populations evince larger multiracial populations. The foreign-born population and the multiracial population are clustered in several cities and states, and like the immigrant population, the multiracial population is similarly clustered. In fact, 64 percent of those who report a multiracial identification reside in just ten states—California, Florida, Hawaii, Illinois, Michigan, New Jersey, New York, Ohio, Texas, and Washington—all of which have relatively high immigrant populations. In essence, high-diversity states (as reflected in the percent of the population other than non-Hispanic white and blacks) boast much larger multiracial populations than less racially diverse states. On the opposite end of the diversity spectrum are states like Maine and West Virginia, which have low racial minority populations and thereby exhibit very low levels of multiracial reporting. States like Alabama, Louisiana, Mississippi, and South Carolina, however, have relatively large black populations but nevertheless evince low levels of multiracial reporting. In these Southern states, the strong traditional dividing line between blacks and whites appears to constrain multiracial identification, leading persons to identify monoracially as either white or black rather than adopting a multiracial identity.

In fact, it is precisely the lack of racial/ethnic tolerance in the Deep South that has tended to constrain the reporting of multiracial mixing. In general, increased tolerance and flexibility should generate increased multiracial reporting. Immigration increases the likelihood of multiracial identification because the greater diversity it fosters loosens racial/ethnic boundaries and allows more flexibility in the identity options for multiracial people. The geography of multiracial reporting indicates that the rate varies widely across the country, with the highest levels in areas that exhibit the greatest racial/ethnic diversity brought about by the arrival of immigrants to these areas. Thus, while national patterns in interracial marriage and multiracial identification indicate a loosening of racial boundaries,

particularly for Latinos and Asians, these shifts appear to be taking place more rapidly in certain parts of the country and among certain groups.

Increases in intermarriage also reflect a blending of races and the fading of color lines. Because interracial marriage and multiracial identification indicate reduced social distance and racial prejudice, these patterns offer an optimistic portrait of weakening racial boundaries. For instance, interracial marriage was illegal in sixteen states as recently as 1967, but today, about 13 percent of American marriages involve persons of different races. At the end of the nineteenth century, rates of intermarriage among Asians in this country were close to zero, but today, more than a quarter of all U.S.-born Asians and Latinos marry someone of a different racial background, mostly whites. These figures are even higher among younger Asians and Latinos, and are likely to increase in future generations.

The rise in intermarriage has contributed to the visible and growing multiracial population which could easily account for one-fifth of the nation's population by the year 2050. Nowhere are these changes more apparent than in the West, where 40 percent of the multiracially identified population resides, most prominently in California—the state that leads the country with the highest level of multiracial reporting and the only state with a multiracial population exceeding one million. Multiracial individuals account for 4.7 percent of California's population, or one in every twenty-one Californians, compared to one in every forty for the country as a whole. And for Californians under the age of 18, one out of every fourteen, or 7.3 percent, reports a multiracial identification. But while intermarriage and multiracial identification is fairly high for Asians and Latinos (especially among the younger cohort), such phenomena are far less common among blacks. Racial boundaries are thus not eroding at the same pace for all groups. The nature of these divergent patterns indicates that the color line is less rigid for Latinos and Asians.

Although the color line may be shifting for blacks, this change is occurring more slowly, placing Asians and Latinos closer than blacks to whites and demonstrating the tenacity of the black-white divide. In essence, while boundary crossing may be rising, and the color line fading, a shift has yet to occur toward a pattern of unconditional boundary crossing or a declining significance of race for all groups.

Immigration and the Economy

Immigration thus appears to be fostering fading color lines in the United States (although more so for new non-white groups than blacks). A major issue is whether economic and social-institutional conditions will support and strengthen such tendencies or instead operate to weaken them. Over the past thirty years, the societal response to immigration in the United States has been mixed and substantially shaped by economic conditions. In the mid-1970s, growth in real

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wages began to level off, unemployment rose as the country experienced a recession, and calls for immigration reform began to emerge. Frequently these calls consisted of restrictionist outcries against the new immigration, often stated in the form of unsubstantiated claims about the pernicious nature of immigration and its harmful effects on the economy and the country. During the 1980s, a substantial body of social science research emerged that found little basis for the claims that immigration was generating strongly negative demographic, economic, or social effects, except for emerging effects on racial/ethnic composition. An important question is whether similar results will obtain during periods of continuing high immigration and during periods of continuing slow job and wage growth. These were the conditions characterizing the first half of the 1990s but

not the second half. As of today, the strong economy of the latter half of the 1990s has collapsed into a sluggish economy during 2000-2004 that continues even now. Thus, the issue of the country's capacity (or willingness) to absorb immigration remains a significant question.

Efforts to assess immigration relative to the size of the economy have not been frequent. If we examine immigration growth relative to the rate of growth in the civilian labor force, we note that:

> Between 1951 and 1980, the U.S. labor force grew by 7.6 million, 12.3 million, and 22.5 million during each successive decade. On the basis of immigrant flows for each of these periods and assuming that all those admitted entered the labor force, recent immigrants could have accounted for at most 33 percent of this increase in employment during the 1950s, 27 percent during the 1960s, and 20 percent during the 1970s.

The rate of aggregate unemployment during this period varied from around 4.0 percent in 1950 to around 6.5 percent in 1980.

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Only about half of all immigrants admitted to the country entered the labor force upon arrival during this period. Thus, however measured, the rate of labor force growth during this period exceeded the rate of growth in immigration.

The economic circumstances of the 1950s, 1960s and 1970s thus seemed more than sufficiently healthy to absorb the numbers of immigrants arriving at the time. During the 1980s, however, several trends reversed. The rate of growth in immigration continued to increase while the rate of growth in the labor force began to decline. From 1970 through 1980, the growth rate in the U.S. labor force dropped to 20 percent from 27 percent during

the 1960s. By contrast, the growth rate in number of new immigrants jumped to 63 percent during the 1980s compared to 35 percent during the 1970s. By the 1990s, the number of immigrants coming during the decade could have at most accounted for 54 percent of the growth in the labor force assuming every immigrant who came held a job, a highly implausible assumption.

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These changes in trends raise the interesting question of how the immigration experience of the late 1980s and 1990s compares both with other post-World War II years and with the early part of the twentieth century; that is, how the volume and growth of immigration compares to growth in the size of the economy. That this question so seldom seems to have been addressed is surprising. Easterlin has broadly discussed the implications of immigration for growth in GNP, pointing out that at the simplest level of analysis, aggregate production clearly rises in some direct proportion to increases in immigration, but that the challenging problem is unraveling its effects on per capita output. To the extent that immigrants differ from the general population in characteristics that enhance production (higher proportions working, younger age structures, perhaps greater motivation), the effects would be favorable. To the extent that their characteristics lower production (lower education, less knowledge of English), the effect would be negative. In either case, the effects are not likely to be large because immigrants are still a relatively small fraction of the population, and the characteristics of many immigrants are not enormously different from those of natives.

The coincidence of trends in economic growth and immigration growth, though not indicative of a causal relationship between the phenomena, is nonetheless likely to be informative concerning the emergence of conditions likely to influence the reaction of

natives to immigration. The next figures show average annual rates of growth in per capita GNP for decades of the twentieth century.

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During the first ten years of this century, when immigration reached the highest levels of any decade in the nation's history (and the population base less than half the current base), the size of the economy grew faster than either population or inflation. For example, from 1900 to 1910, the average inflation- and population-adjusted growth rate was 2.8 percent. In other words, the economy expanded 2.8 percent faster than did population after adjusting for inflation. In the 1950s, this differential was 1.6 percent, in the 1960s 2.5 percent, in the 1970s 1.8 percent, and in the 1980s 1.6 percent. During the 1990s, the average was 2.2 percent, although from 1991 through 1993, it was only 0.4 percent. More substantial economic growth began in 1992. After an initial year or two of continuing employment and wage stagnation, the economy in the latter half of the 1990s expanded at rates that were the strongest in many decades, rates that were stronger than at any time in the twentieth century, and rates that also generated increases in real wages. Rather than concerns about too much immigration, calls about labor shortages were increasingly heard. In 2001, the United States entered a recession, which as of this writing was still continuing. The major question now is whether high rates of growth will resume during the ensuing few years.

Imbalances and their Implications for the Future

Unfortunately, my time is nearly exhausted, and a couple of relevant topics have not yet been introduced. Let me try to sum up and touch on these in passing. There are

always, of course, positive and negative scenarios that can be imagined, so perhaps that is the way to approach the question of speculations about the future. Much obviously depends on the strength and nature of the economy. On the side of negative scenarios, the economic recession and sluggish recovery in the United States, now deep into its fourth year, has raised new questions about the nature of work and employment in the country. As I am writing this, the jobs report for August has just been released by the Department of Labor and it indicates a modest increase in payroll employment of 144,000 jobs, but not even a large enough number quite to keep up with population growth. Certainly the number is not high enough to indicate robust labor market growth, thus reinforcing lingering ambiguity about the recent employment consequences of rising productivity deriving from technologically-biased social change. If early fears of a few decades ago that computers would mostly destroy jobs have not been borne out, the hope that they would generate many more jobs than they would eliminate has been called into question during the past four years when employment has plummeted even as productivity has continued to rise. It has become clear that in a context of stagnant demand that employers have exploited

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technologically driven productivity gains to maintain profits, doing so by sustaining output at lower workforce levels in order to undergird profits.

If this were to continue for the foreseeable future, it would not portend positive ramifications for economic growth, at least employment growth. In any case, it reinforces the economic inequalities that have emerged in the United States over the past thirty years and further moves

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the country toward an "hour-glass" economy with growth in high-end, well-paying jobs and low-end poorly paying ones. Such a job structure has been particularly hard on men and on persons with less than a high school education, groups whose hourly wages have not only stagnated but actually declined in real terms since the mid 1970s.

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U.S. immigration has reflected this pattern, consisting for some time both of disproportionately large numbers of quite high and low-skilled persons, but especially the latter. This immigration regime cannot easily be turned around, in part because of the number of political constituencies it serves. Without robust economic and job growth, the demographic legacy of the baby boom, which consists of soon-to-retire very large numbers of worker, the oldest of whom are now in their late fifties, will be extremely difficult to retirement, especially given the country's recent fiscal deficits. Moreover, another major demographic trend, increasing longevity, which we have not yet discussed, can only exacerbate

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this imbalance. And when the U.S. budget deficits are combined with an enormous trade deficit and low savings rate, the United States is so dependent on foreign capital that its range of options for responding to demographic and economic imbalances has become severely restricted, a situation Peter Peterson characterizes as "Running on Empty" in his new book.

A more positive scenario would envision strong economic and employment growth resuming soon, although for such a scenario to represent more than wishful thinking it will

still have to cope with the prospect of substantially rising interest rates stemming from the federal deficits. Escaping the effects of such interest rate pressures, however likely such actions might be to lead to positive economic consequences, is not likely to occur quickly because of political constraints, especially if commitments to sustaining or even increasing tax cuts continue as major elements of government policy. For these and other reasons, even the more positive economic scenarios one can construct entail the prospect of continuing and even increasing economic inequality. This threatens not only a backlash against the country's relatively generous immigration policies, but also an undoing of the apparent progress that has occurred in the country in diminishing racial and ethnic divisions. Moreover, that other major legacy of World War II besides the Baby Boom, rising and increasingly independent female employment, in all likelohood represents a trend that cannot be reversed, not only because it has fostered female independence, but also because employers like female workers. The brunt of the negative consequences of combinations of demographic and economic imbalance is thus like to fall on males. The elimination of about 3 million manufacturing jobs over the mast four years in the United States might suggest this involve mostly unskilled males, Frank Levy and

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Richard Murnane have recently shown this now includes also even those skilled workers whose jobs are most easily replaced by computers, including those holding service and other kinds of jobs. At least in the United States, then, at the present moment in time, the challenge of coping with demographic and economic imbalances, especially in the sociocultural context shaped by previous demographic and economic trends, has perhaps never been greater in the post-war era and the range of economic policy options available to address the situation more narrow. Thank you.