

## IMMIGRATION AND RACIAL/ETHNIC RELATIONS IN THE UNITED STATES

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*Over the past few decades the inflow of overseas migrants has transformed the United States from a largely biracial society to a multi-ethnic society. This paper explores the implications of this diversity via indicators of racial/ethnic markers including intermarriage and residential segregation. On the basis of this review the article concludes that the inter-relations between racial/ethnic groups in the United States are improving.*

A number of major demographic and economic trends in the United States since World War II have shaped (and are continuing to shape) American society in important, and even profound, ways. These include rising women's employment, the 'Baby Boom,' the emergence of the so-called 'new' immigration, the emergence of an 'hourglass' job structure, the increasing racial and ethnic diversity resulting from immigration, and rising economic inequality and increasing longevity.<sup>1</sup> These same trends, although often to different degree, are also influencing other more developed Western countries, including Australia. Most recently, the phenomenon of declining fertility, which has been more rapid and widespread than expected on a global basis if not in the United States, deserves to be added to the list. For the first time in recorded history, a sizeable number of countries (some 59, making up about 44 percent of world population) now face the very real prospect of declining population as a result of below replacement fertility.<sup>2</sup> This possibility in turn makes it likely that many of these countries will perceive a need in the near future for population policies addressing fertility and immigration, not only to shore up workforces no longer large enough to provide pension support for relatively increasing numbers of elderly persons, but also to stave off rapid

population shrinkage itself.<sup>3</sup>

The idea that immigration could become more important as an instrument of policy, primarily as an antidote to the effects of aging populations in developed Western societies, has received considerable attention.<sup>4</sup> However immigration by itself is not likely to be able to restore age structures to their former balance.<sup>5</sup> The reason is that high fertility rates, especially during the Baby Boom, resulted in such youthful (and atypical) age structures that it is extremely difficult to resurrect them through immigration alone. Demographers have shown that only immigration on what most would agree is an implausibly large scale could compensate for the age shifts that have occurred in most countries.<sup>6</sup> Moreover, judging by the experiences of Scandinavian countries, it also seems evident that family support policies, including those with fertility incentives, are probably insufficient by themselves to arrest the downward course of fertility decline.<sup>7</sup>

Many low-fertility countries may thus soon perceive a very real need to seek some measure of immigration to buffer the sharp effects of shrinking population. Moreover, this immigration is likely to involve non-white persons, since white societies are in general the ones experiencing the greatest declines in fertility. For some observers, this raises the question of whether any demographic and

political benefits of immigration might be offset by potential ethnic tension and strife.<sup>8</sup> To address whether this in fact is a likely or necessary outcome of immigration, it is useful to examine the experience of countries with enough recent international migrants to change noticeably their racial/ethnic landscapes. Here we look at the United States which, with its 'new' Latino and Asian immigrants, is such a country. We focus in particular on U.S. trends in, and patterns of, multiracial identification, intermarriage, and residential segregation to ascertain whether these patterns suggest that increases or decreases in social distance among racial/ethnic groups have occurred as a consequence of relatively high rates of recent immigration.

#### **CHANGING MIGRATION FLOWS INTO THE UNITED STATES**

The long economic prosperity in the United States after World War II helped to spur international migration. From the end of World War II to the early 1970s, the country experienced rising economic prosperity and increasing affluence. Levels of productivity were high and wages and personal incomes rose.<sup>9</sup> 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 subsequently ratified in the 1952 McCarran-Walter Act. Adopted in their place were largely family reunification criteria whose more inclusionary nature reflected the domestic policy emphases of the era on improving civil rights, and the foreign policy priorities of establishing better relations with newly independent Third-World countries.<sup>10</sup>

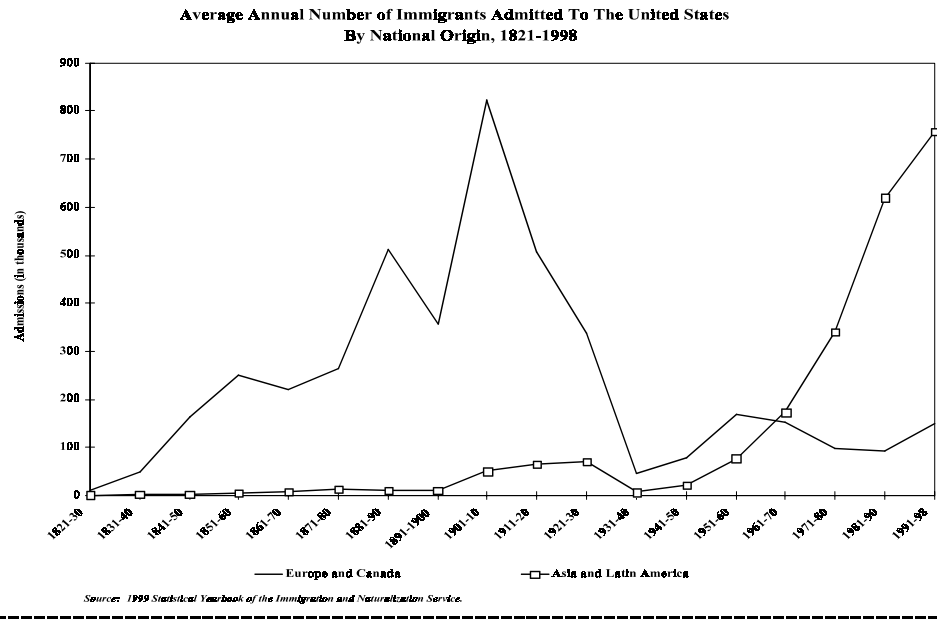
Partly as a result of such policies in general and the family reunification

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 unauthorized) came mostly from Third-World Hispanic and Asian countries (see Figure 1). At about the same time, because of the termination of the Bracero program in 1964, and because of growing demand for inexpensive labor, unauthorized (mostly Mexican) immigration began to increase, as statistics on the numbers of persons apprehended trying to enter the country illegally indicate.<sup>11</sup>

Whether legal or initially illegal, these changes in migration flows 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 one percent) into a multi-racial, multi-ethnic society consisting of several racial/ethnic groups.<sup>12</sup> In addition to legal and unauthorized flows, other major migration streams to the United States since World War II have had much the same effect. Refugees and asylees and persons admitted for short periods of time on so-called non-immigrant visas have also added racial/ethnic diversity. 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 Caribbean (49.2 per cent overall since 1945, and 82.2 per cent during the 1980s), although both the relative and absolute numbers coming from the former Soviet Union have increased substantially since 1990.<sup>13</sup>

Nonimmigrants, or persons admitted

**Figure 1: Annual average number of immigrants admitted to the United States by national origin, 1921 to 1998**



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 since the mid 1990s, 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 nine million over fiscal year 1995. While the number of nonimmigrant entrants has

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.<sup>14</sup>

**GEOGRAPHIC PATTERNS OF 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 decades, legal and unauthorized immigration has contributed to annual increases in population growth of about 0.40 per cent, or about two-fifths of annual growth (see Table 1). Immigration in particular has accounted for much of the unusually rapid growth of the Asian and Latino populations of the United States, and it

**Table 1: Net immigration as per cent of overall population change by decade, United States, 1970 to 2000**

	1970-1980	1980-1990	1990-2000
Foreign-born only	24.4	40.2	39.2
Foreign-born plus their native-born children <sup>a</sup>	36.9	59.5	60.0

Source: IPUMS, 2003

<sup>a</sup> This includes net gain of foreign-born persons plus any children born in the U.S. during the decade to foreign-born persons.

was the most important reason for these groups' increased shares of the U.S. population in 2000, even though it contributed little to population growth among the other major non-white racial/ethnic groups in the country (see Table 2). Immigration thus has had major consequences in the United States for changes in racial/ethnic population composition and has been responsible for converting the United States into a multi-ethnic, multi-racial society.<sup>15</sup> 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. Du Bois said that in the United States, 'the problem of the color line was the problem of the twentieth century'.<sup>16</sup> Is immigration reinforcing the salience of this issue at the beginning of the twenty-first century.<sup>17</sup> Or is it the case that the ethnic diversity borne of the new immigration is setting in motion more positive consequences, including perhaps the loosening

of racial and ethnic group boundaries in the country?

We thus inquire here into the larger implications of the immigration that has fueled the growth of

the U.S. non-white population. The major recent shift in racial/ethnic composition shift is at once highly conspicuous (especially in those places where it is taking place most rapidly, thus sometimes exacerbating fears about a growing non-white population) and non-monolithic (which, if better understood, would probably lessen anxieties about racial/ethnic relations and conflict). In 2000, the most non-white state in the country was Hawaii, with a non-white population of 76.8 per cent, and the least was Maine, with a non-white population of 3.4 per cent. What is most telling about this non-whiteness is its departure 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 (see Table 3). First, the old black-white bipolar pattern is still somewhat in evidence, but

**Table 2: The contribution of net immigration and children to the growth of racial/ethnic groups by decade, 1970 to 2000, United States**

	1970-1980		1980-1990		1990-2000	
	Foreign-born	Plus native children <sup>a</sup>	Foreign-born	Plus native children <sup>a</sup>	Foreign-born	Plus native children <sup>a</sup>
White	13.1	24.2	18.3	33.8	35.5	55.4
Black	10.6	15.1	20.9	31.0	14.3	22.9
Asian/Pac Is.	73.6	89.2	77.5	99.0	65.2	89.4
Latino	39.7	60.6	56.3	83.2	47.9	76.5
NANLOR <sup>b</sup>	9.7	13.6	10.1	17.0	11.2	16.0

Source: IPUMS, 2003

<sup>a</sup> This includes net gain of foreign-born persons plus any children born in the U.S. during the decade to foreign-born persons

<sup>b</sup> Native American and Non-Latino 'other' racial groups

**Table 3: Per cent non-white and in various racial/ethnic categories by state (states with at least 20 per cent non-white), 2000**

State	Total non-white	Black	Asian/Pac Is.	Latino	NANLOR <sup>a</sup>
Hawaii	76.8	2.6	66.1	6.9	1.2
District of Columbia	72.0	60.3	2.7	7.8	1.1
New Mexico	55.0	1.8	1.3	42.1	10.0
California	53.5	7.0	12.2	32.4	1.9
Texas	47.6	11.6	3.0	31.9	1.0
Mississippi	39.4	36.4	0.8	1.6	0.7
Maryland	38.2	28.6	4.5	4.3	0.8
New York	38.0	15.7	5.9	15.0	1.4
Georgia	37.4	28.8	2.4	5.4	0.8
Louisiana	37.3	32.5	1.4	2.3	1.1
Arizona	36.4	3.5	2.1	25.3	5.5
Florida	34.6	14.8	2.1	16.7	1.0
Nevada	34.4	7.2	6.0	18.8	2.3
South Carolina	34.0	29.6	1.2	2.4	0.8
New Jersey	33.8	13.4	6.2	13.3	1.0
Alaska	32.9	4.0	5.7	4.5	18.8
Illinois	32.3	15.4	3.8	12.3	0.8
Virginia	30.0	20.0	4.3	4.6	1.1
North Carolina	29.9	21.8	1.7	4.7	1.7
Alabama	29.8	26.2	0.8	1.7	1.1
Delaware	27.3	19.6	2.4	4.7	0.6
Colorado	25.7	4.0	2.7	17.3	1.7
Oklahoma	25.4	8.0	1.6	5.1	10.6
Connecticut	22.5	9.4	2.6	9.4	1.1
Arkansas	22.0	15.9	1.1	3.3	1.7
Michigan	21.5	14.5	2.1	3.3	1.6
Washington	21.1	3.9	7.0	7.5	2.8
Tennessee	20.8	16.5	1.1	2.3	0.9

Source: IPUMS, 2003

<sup>a</sup>Native American and non-Latino 'other' racial groups

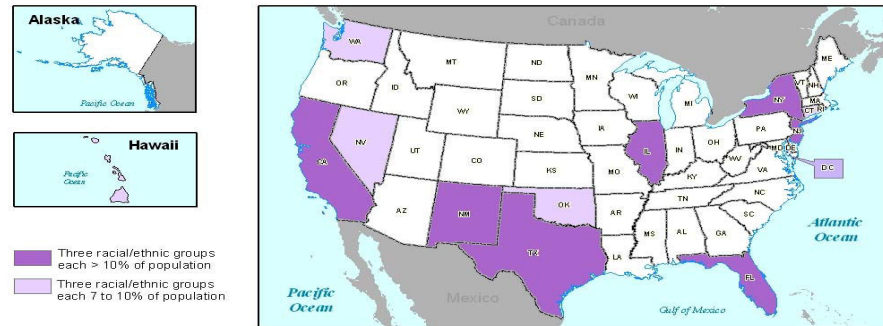
only in Southern states such as Georgia, Louisiana, Maryland, and Mississippi — we refer to as black/white states. By 2000, a new bipolar pattern of mostly whites and Latinos had emerged in such states as Arizona, Nevada, and New Mexico — states we refer to as Latino/White states. These states add a different dimension to the country's old bipolar racial division. Second, several states contain at least three major racial/ethnic groups, each with relatively sizeable percentages of the state's total population (defined here as consisting of 10 per cent or more of the overall state population): California, Florida, Illinois, New Jersey, New Mexico, New York, and Texas. We

refer to these states as New Diversity States. Under a criterion of three groups each making up at least 7.0 per cent of a state's people, five more states (and the District of Columbia) would qualify as New Diversity States (Connecticut, Hawaii, Nevada, Oklahoma, and Washington) (see Figure 2). Third, the states with the most racially and ethnically diverse populations are also among the country's most populous and highest income places, as well as the country's highest immigration states.

### **Implications for racial/ethnic boundaries**

One way of assessing America's changing

**Figure 2: New diversity states, 2000**



racial/ethnic boundaries is to examine where they seem to be changing most rapidly. Data on the degree of multiracial identification reveal that areas with large immigrant populations also exhibit large multiracial populations. The foreign-born population and the multiracial population are clustered together in several cities and states. In fact, 64 per cent 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.<sup>18</sup> In essence, high-diversity states (as indicated by their possessing groups other than non-Hispanic whites and blacks) boast much larger multiracial populations than less racially diverse states. At the opposite end of the diversity spectrum are states like Maine and West Virginia, which have low racial minority populations and show very low levels of multiracial reporting (see Table 4). 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.<sup>19</sup>

In fact, it is precisely the lack of racial/ethnic tolerance in the Deep South that tends to inhibit 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 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, geographic patterns of multiracial identification indicate a loosening of racial/ethnic boundaries in

**Table 4: Ten most and least multiracial states**

Rank	State	Number of multiracial persons	Multiracial population per cent	Per cent not black or white*	Diversity
1	Hawaii	259,343	21.4	75.4	73.5
2	Alaska	34,146	5.4	29.0	51.3
3	California	1,607,646	4.7	46.9	66.0
4	Oklahoma	155,985	4.5	18.4	43.5
5	Nevada	76,428	3.8	28.2	52.9
6	New Mexico	66,327	3.6	53.6	61.4
7	Washington	213,519	3.6	17.9	36.7
8	New York	590,182	3.1	23.2	56.7
9	Oregon	104,745	3.1	14.9	29.5
10	Arizona	146,526	2.9	33.3	52.6
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42	Tennessee	63,109	1.1	4.5	34.5
43	Iowa	31,778	1.1	5.3	14.1
44	Louisiana	48,265	1.1	5.2	50.4
45	New Hampshire	13,214	1.1	4.2	9.5
46	Kentucky	42,443	1.1	3.5	19.7
47	South Carolina	39,950	1.0	4.5	47.6
48	Alabama	44,179	1.0	3.8	43.8
49	Maine	12,647	1.0	3.0	6.9
50	West Virginia	15,788	0.9	2.3	10.4
51	Mississippi	20,021	0.7	3.1	50.0

Source: U.S. Census 2000

\*Per cent *not* non-Hispanic White or non-Hispanic black

much of the country, particularly for Latinos and Asians.

Increases in intermarriage also reflect a blending of races and the fading of color lines. Because interracial and interethnic marriage indicate reduced social distance and racial prejudice, such patterns also suggest a weakening of racial boundaries. For instance, interracial marriage for whites in the United States was illegal in sixteen states as recently as 1967, but today, about 13 per cent of American marriages involve persons of different races.<sup>20</sup> 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 appear likely to increase in future generations.<sup>21</sup>

The rise in intermarriage thus contributes to the visible and growing multiracial population, which could easily account for one-fifth of the nation's population by the year.<sup>22</sup> Nowhere are such changes more apparent than in the West, where 40 per cent 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 per cent 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 per cent, reports a multiracial identification.<sup>23</sup> But while intermarriage and multiracial identification are fairly high for Asians and Latinos (especially among 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 pronounced shift has yet to occur toward a pattern of unconditional boundary crossing or a declining significance of race for blacks. However, and most important for present purposes, the color line for the new immigrant groups appears less rigid than just a few decades ago.

#### **CHANGES IN RESIDENTIAL SEGREGATION**

If recent geographic patterns of multi-racial reporting and intermarriage in the United States suggest salutary effects of racially/ethnically diverse immigration on intergroup relations, is this also the case for evidence coming from other domains of research? For example, what does the research

literature show about trends in racial/ethnic residential segregation and in attitudes toward minorities?

In general, the residential settlement patterns of immigrant groups in the United States have followed a classic assimilation pattern, with the length of time a group has been in the United States showing a positive relationship to residential integration into the population as a whole.<sup>24</sup> As a result, new immigrant groups tend to be more segregated than others, with some groups, like Salvadorans, Dominicans and Vietnamese, being hypersegregated. Even among European groups, most of whose members immigrated a century or more ago, the relationship between integration and duration in the country persists, with the earlier-arriving immigrants from Northwestern Europe showing somewhat greater integration than the Southern and Eastern Europeans and Scandinavians.

However, this process of spatial assimilation is masked to some degree by high levels of immigration, especially when immigration has increased over time, as has been the case in the United States over the past 40 years. In an assimilation pattern, the level of segregation should rise when immigration levels are increasing because immigrant networks channel newcomers into gateway cities and, within those cities, into co-ethnic enclaves, faster than old-timers can integrate into the rest of the population. Indeed, between 1960 and 2000, the overall segregation of the foreign-born in the United States increased by 67 per cent.

However, between-city differences accounted for far more of this increase than did within-city differences.<sup>25</sup> But an increase in within-city segregation also occurred, although much of it took place in major immigrant gateways, such as New York and Los Angeles. Given that



Asian and Hispanic segregation tends to be higher in larger cities than in smaller ones, and given that the new immigrant groups tend to be over-represented in larger cities, this suggests that a non-trivial portion of the residential segregation of the new immigrants results from rising levels of immigration rather than from segregation per se. That the overall level of segregation for Hispanics and Asians from non-Hispanic whites, when weighted by size of the minority population,<sup>26</sup> hardly changed at all between 1980 and 2000 implies that some downward force on the segregation of these groups occurred to offset the immigration related component. In fact, this counter force consisted of the Hispanic population moving during this time toward cities with lower segregation levels, to begin with.<sup>27</sup>

In interpreting these segregation research results, it is important to remember that levels of Hispanic and Asian segregation are moderate, not high. Also, the native-born of these groups are less segregated from non-Hispanic whites than the foreign-born, in keeping with assimilation theory. In addition, those with high education levels are far less segregated than the poorly educated.<sup>28</sup> Also, a new twist has recently emerged on the assimilation pattern in the case of the new immigrant groups. Asians in particular are not always conforming to the traditional pattern. Because so many Asians are arriving with high levels of human capital, they can afford to bypass the traditional low-income ethnic enclaves and settle directly in middle-class areas. These areas may be within easy drives of central-city ethnic institutions,<sup>29</sup> suggesting that these migrants may be choosing their neighborhoods without expecting much interaction with neighbors.<sup>30</sup> Thus, the emergence of middle-class communities of Filipinos and Chinese in well-to-do

suburbs implies that some immigrants are clustering together out of choice and not necessity.<sup>31</sup> Whether the children of these immigrants will choose to remain in ethnic communities remains to be determined.

#### **BROADER RAMIFICATIONS**

The evidence on how immigration affects the segregation of blacks from non-Hispanic whites is mixed. Some researchers have found that growth in immigrant groups appears to decrease segregation levels between blacks and whites, and others have found no such relationship.<sup>32</sup> What remains clear is that while overall levels of black-white segregation are slowly easing, they still remain distinctively high and persistent, across all levels of socio-economic status, in stark contrast to the more dynamic residential pattern of immigrant groups.<sup>33</sup> A larger question is the degree to which immigrants benefit from this greater level of integration with the rest of the population. Certainly, poor neighborhoods in general offer fewer amenities, more crime, worse schools, more proximity to environmental hazards and often greater disorganization, and most ethnic enclaves even now are relatively poor. But the benefits of the co-ethnic community are also well-documented, in terms of better health for members,<sup>34</sup> social support through extensive kinship ties,<sup>35</sup> and greater supervision and control of children.<sup>36</sup> Insofar as even relatively poor ethnic communities can muster a variety of institutions to sustain one another, they may mitigate some of the effects of low socio-economic status.

On still another level, is there any indication that greater contact between minority immigrant groups and majority whites has changed public attitudes? The 'group-threat' hypothesis would suggest that growth in minority groups might

increase the social distance between non-Hispanic whites and immigrants. But whites' attitudes toward Hispanics and Asians as neighbors are more positive than their attitudes toward blacks, even as evidence from the 1990s suggests that whites are becoming more tolerant of integration with blacks. Moreover, the level of threat may depend upon economic competition and historical patterns. As a result, Hispanic and Asian immigrant groups appear not to be perceived by whites as equally threatening as blacks. Moreover, the 'contact' hypothesis suggests that greater interaction among groups leads to greater tolerance. Oliver and Wong<sup>37</sup> argue that, in the United States, the size of the group at the metropolitan level may increase social distance, but integration at the neighborhood level decreases it. Since the proportion of whites living in all-white neighborhoods has decreased,<sup>38</sup> this trend bodes well for rising levels of tolerance, at least at the neighborhood level. On balance, then, the results of research on trends in both residential segregation and attitudes show roughly consistent patterns with those on racial/ethnic diversity; racial/ethnic group inter-relationships seem to be improving as a result of rising immigration, although not as fast for blacks as for the new immigrant groups themselves.

#### **CONTEXT AND CONCLUSION**

The continuation of the above scenario of improving racial/ethnic group relations 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, running into its fourth year, still in early 2005, has raised new questions about the nature of work and employment in the country. Recent jobs reports

released by the Department of Labor indicate levels of payroll employment that, on average, are just barely large enough to keep up with population growth. Certainly the numbers have not been sufficiently great to indicate robust labor market growth. They thus continue to reinforce lingering ambiguity about the employment consequences in the United States of rising productivity deriving from technologically-based 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 stagnated even as productivity has continued to rise. It has become clear that, in a context of weak demand, employers have exploited technologically driven productivity gains to maintain profits, doing so by sustaining output while reducing the workforce.

If this continued into the foreseeable future, the squeeze in employment would reinforce the economic inequalities that have emerged in the United States over the past thirty years, further moving the country toward an 'hour-glass' economy with growth in high-end, well-paying jobs and low-end, poorly paying ones.<sup>39</sup> 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.<sup>40</sup> U.S. immigration has reflected this pattern of job growth, 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 baby boomers, the oldest of whom are now in their late fifties, will be extremely difficult to accommodate in retirement, especially given the country's recent fiscal deficits. Moreover, another major demographic trend, increasing longevity, can only exacerbate 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. This is the situation Peter Peterson characterizes as 'Running on Empty' in his new book.<sup>41</sup>

A more positive scenario would envision stronger economic and employment growth resuming soon, although for such to represent a weakly positive scenario, 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, may not occur quickly. This is because of political constraints, especially if current 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 could threaten 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 over the past couple of decades in diminishing racial and ethnic divisions.

How might the U.S. experience translate to Europe, Australia or other countries that need immigration to sustain their population size? It seems to us to represent a fairly positive scenario. The general health of the U.S. economy vis-à-vis many others suggests the possibility that overall opportunities for mobility may be higher and potential sources of strife mitigated. Moreover, a large proportion of U.S. migrants come from countries where most people are Christian, and thus the United States has not had to face large schisms based on religion. Muslim immigrants to the U.S. have been disproportionately well-educated and wealthy and thus have been able to integrate residentially, a circumstance somewhat different from the European case. But declining fertility in many migrant sending countries may soon change the sources of immigration, adding religious heterogeneity to the previous racial/ethnic mix. The recent relatively favorable experience of the United States with the latter implies that heterogeneity of whatever kind needn't generate major increases in social tension and instability, all else equal.

**Note:**

This paper is based on portions of a plenary address entitled 'Demographic Imbalances in the United States and Latin America' delivered at the biennial meeting of the Australian Population Association, Canberra, September 15-17, 2004.

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