

Research and Evaluation Brief

Facts, figures, and insights for workforce development practice and policy

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Implications of Our Changed Labor Force

During the 1990s, the labor forces of both Massachusetts and New England appear to have grown at very low rates, creating widespread labor shortages at the height of the labor market boom of the late 1990s and 2000. Very slow growth in the Commonwealth's labor force, combined with higher levels of job creation, pushed the state's annual average unemployment rate down to 2.6% in 2000. This brief presents key findings of an analysis of the 1990 and 2000 Census data on the growth of the Massachusetts resident labor force over the period of 1990-2000, and the changing composition of the labor force in terms of gender and immigrant labor.

At the time of the 2000 Census, the resident civilian labor force of Massachusetts was estimated at 3,312,000, an increase of only 66,000 or about 2% over the entire decade. The growth rate of the state's labor force over the decade of the 1990s was modestly below that of the entire New England region (2.5%), but well below the growth rate of the United States labor force (11.5%) over the same decade. The growth rate over this period was also markedly lower than the growth rate of the 1980s and 1970s when the Massachusetts labor force grew by 15% and 18%, respectively. In fact, the 1990s witnessed the lowest rate of labor force growth

in the state since 1940 when the U.S. Census Bureau began collecting labor force data through the Census.

Growth Rates by Gender

Labor force growth rates in Massachusetts also varied substantially by gender. The male labor force grew by only 2,000 or 0.1% while the female labor force increased by 64,000 or 4.0%. The very limited growth in the male labor force was attributable to high numbers of people leaving the state, thus reducing the size of the native born male population, and a steep decline in the labor force participation rate of working-age males. A better understanding of the economic and cultural forces generating this decline in Massachusetts is clearly needed to guide future public policy efforts in this area.

Over the decade, women accounted for close to 97% of the growth in the state's labor force. This ratio was modestly above that of the female share of labor force growth in the region, but markedly above that of the nation, which was 55%. Very limited-to-no male labor force growth also took place in Connecticut, Rhode Island, and New York. The general absence of male labor force growth in Massachusetts held down the growth of the state's labor force and contributed to rising labor shortages throughout the state at the height of the labor market boom in 1999 and 2000.

REPORT FOCUS

An Overview of Key Labor Force Developments in Massachusetts During the 1990s: Limited Overall Growth, the Absent Male Worker, and the Critical Contributions of New Immigrant Labor

Report Released: June 2003

Authors: Andrew Sum, Ishwar Khatiwada, Susan Perron, Mykhaylo Trubs'kyy, and Sheila Palma

Sponsor: Commonwealth Corporation

For the purposes of this report, Massachusetts has been broken into the following geographic areas:

- Central Massachusetts (Worcester County);
- Greater Boston (Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties);
- Southeastern Massachusetts (Barnstable, Bristol, Dukes, and Nantucket); and
- Western Massachusetts (Berkshire, Franklin, Hampshire, and Hampden counties).

Growth Rates by Region

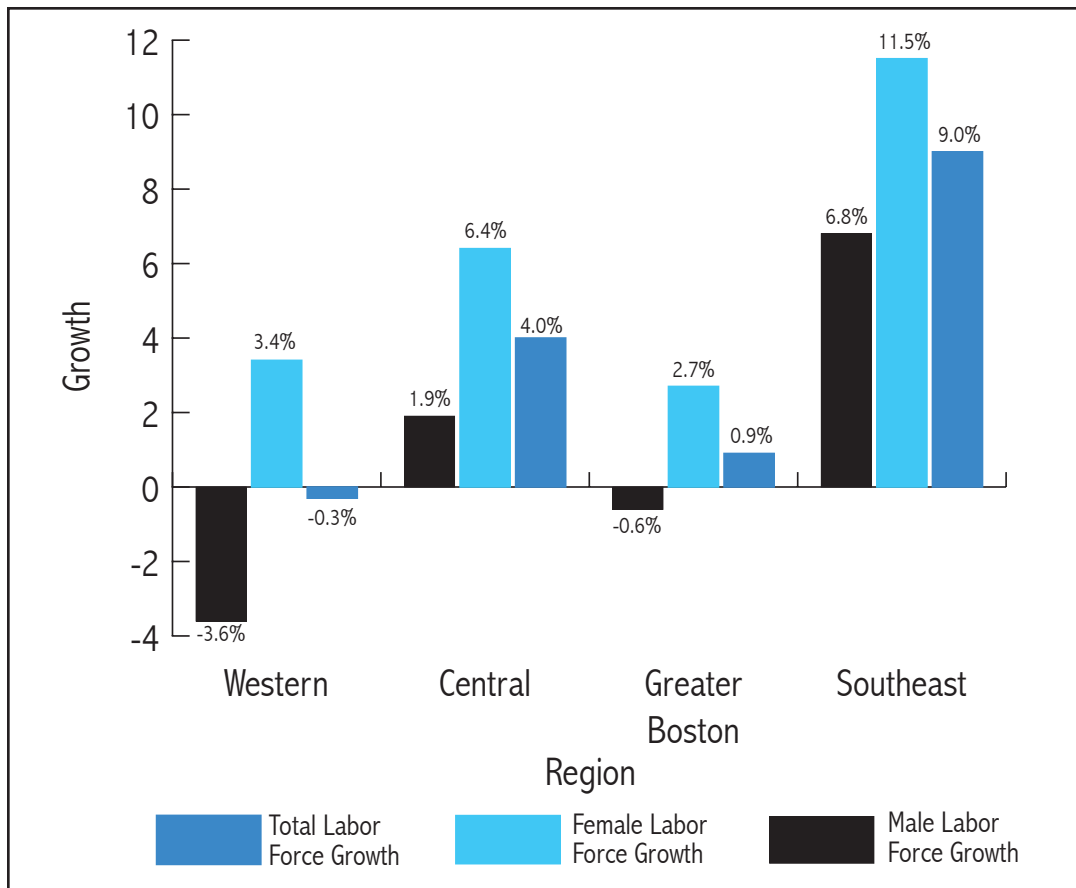
Labor force growth in Massachusetts also varied across major regions of the state. The Western region experienced a modest decline (-0.3%) in its labor force, while Greater Boston grew by slightly less than 1%. The Central region's labor force increased by 4%, while the Southeast region grew by a much stronger 9%, with Barnstable County primarily responsible for this more rapid rate of growth.

In each of these four regions, the growth of the female labor force exceeded that of the male labor force, typically by wide margins. In both Greater Boston and the Western Regions, the male labor force actually declined over the decade, with a near 4% decline in the Western region. In the Central region, the male labor force grew by nearly 2% while it expanded at a much more rapid rate of 7% in the Southeast.

Migration and Foreign Immigration

The cumulative number of births in the state exceeded the number of deaths over the decade, but migration out of state was nearly 300,000 persons. Between 1990 and 2000, the resident population of the state rose by 333,000 or 5.5%. The number of new immigrant arrivals between 1990 and 2000 from foreign nations was 307,000, and another 38,000 individuals arrived from Puerto Rico, Guam, the U.S. Virgin Islands and the other outlying territories of the U.S. The total number of new foreign-born immigrants over the decade was 345,000, which exceeded the entire net increase in the resident population of the state by 4%. Thus, all of the net increase in the resident population of the state over the 1990-2000 period was a consequence of new foreign arrivals. At no other time in the past 150 years, including the Great Wave of Immigration between 1890 and 1920, was the state completely dependent on foreign immigration for its population growth.

Figure 1: Male and Female Civilian Labor Force Growth Rates Across Massachusetts Regions, 1990-2000



Labor Force Growth

New foreign immigration played an even greater role in generating labor force growth in the state over the past decade. The vast majority of new immigrants were of working-age with new male immigrants being strongly attached to the labor force. Analysis of recently released Census data revealed that there were nearly 184,000 new foreign immigrants (i.e. those arriving in the U.S. from 1990 onward) participating in the civilian labor force of the state. Since the entire labor force increased by only 66,000 over the same time period, this implied that the

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native-born labor force (and older established immigrants) must have declined by 118,000.

In the absence of these new foreign immigrants, the state's resident labor force would have actually declined.

A majority (55%) of the new immigrant labor force participants was male. Over 102,000 new male immigrants were either working or actively looking for work

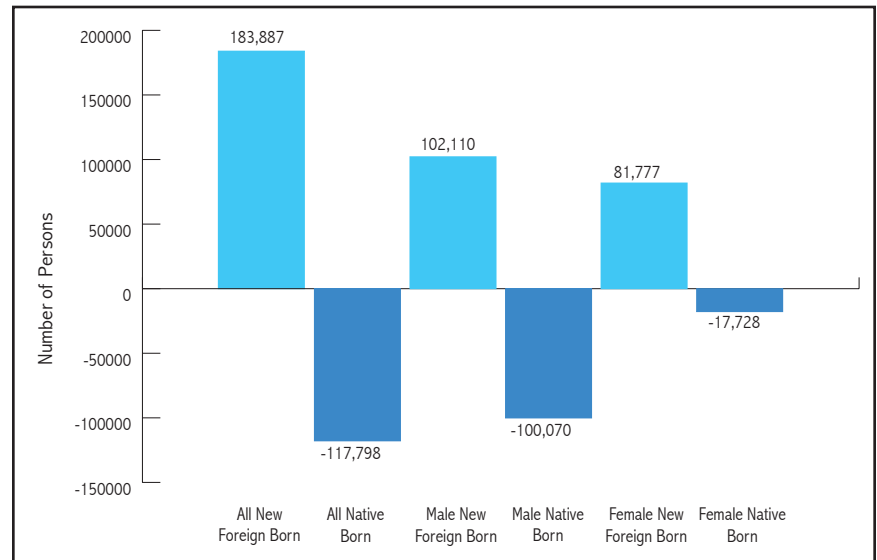
at the time of the 2000 Census. In contrast, there were 100,000 fewer native born males in the state's labor force at the time.

The state also experienced a major influx of new female foreign immigrants into its labor force over the 1990s. At the time of the 2000 Census, there were nearly 82,000 new female immigrants in the labor force. Over the decade, the number of female, native born

(and established immigrants) members of the labor force declined by nearly 18,000. New foreign immigrants, both male and female, accounted for all of the net growth in the state's resident labor force over the decade. The Massachusetts experience was shared by Connecticut, New Jersey, New York, and Rhode Island. Given this, it seems sensible to place a priority on retraining and education if our residents are going to have the skills they need, and businesses have the workers they need to succeed in today's economy.

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Figure 2 Growth of Massachusetts Civilian Labor Force by Gender and Nativity Status, 1990-2000



Origins of New Immigrant Workers

In the early spring of 2000, there were nearly 500,000 foreign-born members of the civilian labor force in Massachusetts, of whom 183,887 had arrived in the U.S. since 1990. All foreign born members of the Massachusetts labor force were classified into the following three groups based on the reported timing of their arrival into the United States: before 1980, 1980-89, and 1990 onward. For each of these three groups, the 20 countries that accounted for the greatest number of immigrant labor force participants were identified.

The country accounting for the largest number of new immigrant workers in Massachusetts during the 1990s was Brazil, with nearly 1 of every 10, or 10% of new immigrant workers having come from Brazil. Five of the top twenty sending countries in the 1990s were Mexico, two Central American nations (El Salvador, Guatemala) and two South American countries (Brazil, Columbia). All Central and South American countries and Mexico together represented nearly 21% of all new immigrant workers in the state in 2000. These countries have become a major new source of immigrant workers for the Commonwealth. Of the top 20 sending countries prior to 1980, only one Central or South American

country (Brazil) made the list, and it ranked 20th, tied with Trinidad, Tobago, and Vietnam. Until the 1990s, there were very few immigrant workers from Mexico.

The West Indies continue to play a key role in supplying the Commonwealth with immigrant workers. Four such countries (Dominican Republic, Haiti, Jamaica, Puerto Rico) made the top 20 list of new immigrants in 2000, and all countries of the West Indies accounted for 1 of every 6 new immigrant workers over the decade. Three Asian countries (China, India, and Vietnam) were among the top ten senders of new immigrants into the Massachusetts labor force during the 1990s. All Asian nations, including the Middle East, accounted for 26% of all new immigrant workers in the state during the 1990s.

Europe and Canada's role as a provider of new immigrant workers for the Commonwealth has diminished over the past few decades. While six European countries, including Russia and the Ukraine, were among the top 20 senders of immigrants, only one European country made the top 10 list, and only 22% of all new immigrant workers were from Europe. Among those immigrant workers who arrived prior to 1980, nearly one-half were from Europe. In comparison to the situation prior to 1990, Eastern Europe, including Russia and many of the former republics of the Soviet Union, has become a more important source of immigrant labor while Western Europe's contribution has diminished considerably.

Clearly, the national origins and race-ethnic backgrounds of these new immigrants into Massachusetts during the 1990s are markedly different from those of earlier decades. There is considerably more diversity in this group than in earlier decades. Their educational and occupational backgrounds and language skills also are quite varied.

Implications

The quantity and quality of our state's labor force have important implications for economic growth and development. Slow growth in the quantity and/or quality of the resident labor force can place important constraints on our ability to generate new jobs and attract new businesses. The findings on the 2000 Census on the size and demographic/socioeconomic characteristics of the state's resident labor force enable a careful examination on changes in the number, geographic locations, and demographic characteristics of the state's labor force over the past decade.

Given the emergence of new immigrants as an important source of labor, greater knowledge of their labor force behaviors, labor market problems, and earnings experiences is critical for effective workforce development planning in the Commonwealth.

For more information, contact Johan Uvin,
juvin@commcorp.org.
Please visit the Center for Research and
Evaluation's
web site at www.commcorp.org/wss/re
for additional workforce development findings.