



Immigration Advocates Are in Denial About the Plight of Low-Skill Americans

Jason Richwine

September 15, 2016

In a *CIS Backgrounder* released last week, I showed that low-skill Americans have been dropping out of the labor force even as low-skill immigrants have been finding plenty of work. For example, while natives fell from 56 percent of the nation's high school dropouts to 52 percent, their share of the labor performed by all dropouts declined much faster from 50 percent in the 2003-2005 period to 40 percent in 2012-2015.

The point is not necessarily that immigrants are pushing natives out of the labor force the data cannot address causation here but that immigration has been a crutch, or band-aid, that allows politicians and businessmen to ignore the growing problem of idleness among low-skill Americans.

In response, the Cato Institute's David Bier has raised the issue of whether high school dropouts are really comparable over time. Since high school graduation rates are going up, he says, the observed decline in work among dropouts is not due to any changing labor market fortunes, but rather simply a matter of what some call "creaming": The harder-working dropouts move up to the graduate category over time, while the least industrious remain dropouts.\

There is certainly some truth to that theory over the long term. In 1962, about 45 percent of prime-age men were high school dropouts. Those dropouts were obviously much closer to the average American in terms of skills than dropouts are today. That's why I elected not to divide the labor force trends by education in the study's Figure 1, which covers the 1962-2015 period. I started doing the education breakdowns in 1994 for labor-force participation, and in 2003 for total work time. Has creaming had a major influence on the dropout category over these much shorter time periods? That's less plausible, and Bier offers little evidence for it. He argues only that high school graduation rates have increased in response to immigration, leaving the rest of the theory untested.

To explore further, let's do a little analysis of what happened to prime-age, native-born men between 2000 and 2015. Among high school dropouts in that group, the percentage not in the labor force (NILF) increased from 26 percent to 35 percent. However, by 2015 there were about 800,000 fewer dropouts presumably people who graduated high school instead. What would happen to the NILF rate of dropouts in 2015 if we somehow added those 800,000 ex-dropouts back into the dropout category? Let's call that combined group the "original dropouts".

If we assume (generously) that the 800,000 ex-dropouts had the same work rates as other high school graduates, then adding them back would produce a NILF rate for "original dropouts" of 31 percent in 2015 not as bad as the 35 percent that we previously observed, but still a clear increase from 26 percent in 2000. If we instead assume (more plausibly) that the NILF rate of the ex-dropouts fell halfway between dropouts and graduates in 2015, then adding them back would make the NILF rate for "original dropouts" equal to 33 percent in 2015, just two percentage points shy of the 35 percent we observe without those ex-dropouts. In other words, creaming of the best workers out of the dropout category does not appear to have much influence on the observed decline in work.

In any case, the whole question of creaming misses the forest for the trees. Native-born men have been gradually working less for decades now, and the declines get steeper as we move down the educational ladder. Inevitably, no matter how we divide up the skill categories, and no matter how many stories we tell about movement between categories, the picture is getting worse rather than better.

Organizations as varied as the Obama White House and the American Enterprise Institute have been calling attention to this undeniable problem, but Cato's Bier glosses over it. He implies that the least skilled Americans are actually doing better now because high school graduation rates are going up. However, political pressure on "failing" schools has resulted in relaxed graduation standards, and it is unclear that graduation actually imparts additional skills to the people who would have been dropouts 15 years ago. Fordham's Robert Pondiscio calls the rise in high school graduation "the phoniest statistic in education" not because the trend is made up, but because the diplomas are so meaningless for marginal graduates:

Regarding the recent spike in graduation rates, good luck figuring out what it stands for. Not improved student proficiency, certainly. There has been no equally dramatic spike in SAT scores. Don't look for a parallel uptick on seventeen-year-old NAEP, better performance on AP tests, or the ACT, either. You won't find it. The only thing that appears to be rising is the number of students in need of remedial math and English in college. And the number of press releases bragging about huge increases in graduation rates.

To illustrate the low significance of higher graduation rates, consider the experience of black Americans, who are often the chief competitors of low-skill immigrants. High school completion for native-born, prime-age, black men increased from 87 percent to 91 percent from 2000 to 2015, but the black NILF rate rose from 16 percent to 22 percent over the same period. So after black Americans "upgraded their skills", they also worked much less. That's not what progress looks like.

More broadly, why should we assume that natives can increase their skills in response to immigration? As I stated in the original study, the power of education is limited. Not everyone can become a skilled worker just because there is growing competition for unskilled jobs. Our challenge is to find a valued place in society for those who are not academically oriented, for those whom the knowledge economy has left behind. Whatever the solution is, it cannot be to bring in more immigrants to compete with them.