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Financial Access for Immigrants Conference
Federal Reserve Bank of Chicago
Chicago, Illinois
April 15, 2004

Thank you, Charles, and thank you also to all the institutions that have played a role in sponsoring this conference for giving me the opportunity to speak to you today. It's a special pleasure for me to be here in this room because I spend a lot of my time traveling around the country making the case for immigration reform, and mostly that means talking to audiences that don't understand why immigrants are good for the country: people who argue, often with smoke coming out of their ears, that we need to lower the number of immigrants we admit and restrict their rights and even deport those already here – I'm sure you know the kinds of audiences I'm talking about. And in contrast, it's a great pleasure to be in a room like this where everyone understands exactly why immigrants are good for the country and is willing, even eager, to spend some time thinking harder about how to integrate them more effectively.

Indeed, as I've learned this morning, many of you are on the front lines of immigrant integration. One way or another, you spend your days working to advance that cause – helping people put down roots in America by helping them interact, many of them for the first time, with the U.S. financial system. This is extremely interesting and impressive work, and I've been learning an enormous amount listening to your presentations. And what I'd like to do with my time is stand back a bit – because if you operate on the front lines, I operate at 30,000 feet – and put what you're all talking about in some context.

How does the kind of financial integration you're talking about fit into the larger process of immigrant absorption? How by and large is that absorption going in America today? How does the rest of the country – ordinary native-born Americans – think about the process? And what, if anything, should we be doing in addition to the kind of work you're doing to advance it? What should we as a nation be doing to encourage immigrant integration or assimilation?

Before I get started, let's me say a word about terminology. Let's not get hung up on terminology. I use the word assimilation, among other words, but please don't misunderstand me. I'm not talking about "melting" anyone. I don't mean obliterating the cultures that immigrants bring with them. Immigrant absorption isn't a one-way street; it's a two-way street – the American mainstream changes even as the immigrants do. I do believe that being an American means something. There's a non-negotiable core to the American identity, and we expect newcomers to buy into it. But that doesn't and needn't require anyone to forget who they are or what they brought with them. So please don't get hung-up on my vocabulary.

Because the point is that immigrants arrive, and what follows is a long, slow process – the process of becoming an American. It takes a lifetime and sometimes two. It's a many-tiered process, and it proceeds along what I like to think of as a hierarchy of needs. It starts with the very basics – finding your first apartment, getting your first job – then runs through opening a bank account and more complex steps like learning the language, all the way to the most amorphous and really miraculous change: coming to feel that you belong and identify as an American.

Now obviously, in some ways, these layers are independent. You get your bank account: that's one step or one layer – and it's sui generis. But the layers are also interconnected. Sometimes the connections are simple and obvious: you can't get a bank account until you have an address. But there's also a more complex and emotional triggering system that operates between the layers. For example, you don't generally become a citizen until you feel you belong here. I compare becoming a citizen to getting married when you're already living together. And not surprisingly when you become a citizen, a whole lot of other things also begin to change. You're much more likely to buy a home, for instance, once you've become a citizen.

So you as bankers may be saying you're not interested in the fuzzy, amorphous steps like identifying as an American. But I'm afraid at some level you have to be - it turns out you have a stake in those steps too. All the layers, all the tiers, are interconnected. And all of us, all Americans, have a stake in the entire, complex process.

Now, as I'm sure you all know, we're starting to see a fairly serious debate in this country about whether assimilation is happening or not. "Samuel P. Huntington" – need I say more? For those of you who don't know of him – in case there's anyone here who doesn't know him – Huntington is a highly regarded Harvard professor who has written a book, excerpted this spring in a widely read magazine article, saying that assimilation isn't happening, can't happen, won't happen. And he's not alone. A lot of other thinkers and writers are saying the same thing these days. A lot of other people are similarly worried about the future - and the debate is heating up.

But what's interesting about this debate is that the people who say that assimilation can't and won't happen are not generally citing hard evidence. Some are, but most are not. More often than not, what they're talking about are merely potential risk factors.

Some of their arguments are put forth in good faith: some are people trying seriously to diagnose the potential risk factors. Others are not in such good faith, put forward mainly by people who want to stop immigration and cite these potential risk factors to alarm us. Nevertheless, I think these arguments about risk factors have to be taken seriously. Imagine if you were a doctor - a physician. If you're a responsible doctor, you want to look as hard as you can at your patient's risk factors. You can't just shrug them off – can't say they sound alarmist, so you're going to ignore them. And we

wouldn't be doing our job as social scientists if we were just to shrug off Huntington's arguments – if we didn't think seriously about the risk factors facing today's immigrants.

So what are the risk factors? You've probably heard many of the arguments. A lot of people are concerned that many immigrants today, more immigrants than ever before in our history, are coming from a single region and speaking a single language other than English. People who are concerned about this look at the immigrant population and the proportion of it that's Hispanic, and they're right: it's a high percentage – more than half. And they worry that these migrants are clustering in enclaves where the primary language is Spanish and the culture is Hispanic – enclaves where young people don't have to learn English to get a job and where there's not much incentive to look outward or participate in mainstream society.

A second risk factor: people talk about contiguity. Mexico, Latin America, many of the countries where the bulk of today's immigrants come from are right next door. And certainly, it's true: people travel back and forth very easily. And the argument is that this will get in the way of their putting down roots in this country. After all, why would you put down roots here if you can go home for \$250? And many people do travel back and forth in a circular, seasonal way – living between two countries for decades, if not most of their adult lives.

A third risk factor: people talk about the fact that today's immigrant wave hasn't and isn't going to benefit from a "time out", a period when we close the door and give the immigrants already here time to adjust and assimilate. After all, this argument goes in the last century; we did close the doors, closed them in 1924 and didn't open them again until 1965. And it was that period, people argue, that gave the Ellis Island wave time to assimilate.

Still another risk factor: people talk about cultural characteristics that may make it harder for today's immigrants to assimilate. There are more reasonable versions of this argument and less reasonable versions. But many people make the case that a large number of today's immigrants come from cultures that don't put a premium on education, and surely if true, that could be an enormous obstacle to assimilating in a knowledge economy.

Still another risk factor: the missing rungs in the economic ladder. A hundred years ago this argument goes the route into the middle class was easier. You came as an unskilled laborer, but before long you were working in a factory, making what were then astronomical wages, and you used those wages to buy a house and build a life that became a springboard for your children. Then, before you knew it, they or your grandchildren were in college and on their way into the middle class. But today, the argument goes that path into the middle class no longer exists. Industrial jobs are disappearing, service-sector jobs don't pay the kind of wages industrial jobs used to pay, and there's no way for new immigrants working service-sector jobs to accumulate the wealth that earlier immigrant families accumulated.

Still another risk factor: illegality. And there's no question about it, undocumented status is very much a risk factor. It creates concrete barriers but also psychological ones. If you have trouble opening bank account, if you don't get in-state tuition breaks that allow you to send your kids to college, if you don't feel you belong and so don't invest in settling or succeeding here – obviously all of those things can be serious impediments to assimilating.

And finally, there are the cultural factors generated here in the United States. People worry about multiculturalism and identity politics – and they're not entirely wrong. We do put more emphasis on difference in America today. And yes, we're much less clear – there's much less consensus – about what it means to be American. And it isn't hard to see how that could make it harder for immigrants to identify with the mainstream and assimilate.

So those are risk factors, and let's be honest, some of them are serious potential problems. If even a few of them - just one of them – turned out to be the obstacle people think it could be, we could face a difficult future.

But the good news is that these are only risk factors – no one has actually proved that they're producing the kind of problems the alarmists worry about. And I don't see that it makes any sense to go through them and refute them theoretically – because they're just risk factors.

Far more useful, I think, let's get beyond the theoretical and look at the evidence. Are today's immigrants succeeding or not? Are they assimilating or not? Does the evidence suggest that the risk factors are taking the toll that alarmists say they'll take – or not? Let's look at a couple of concrete areas.

Let's start with language – the sine qua non of assimilation. And sure, it's easy to see why people are concerned that immigrants - and Hispanic immigrants in particular, aren't learning English. It's hard to learn a new language as an adult, especially if you come here without much education. And much of the time you can get by without it – many people do. Many people, particularly Hispanics, get by in today's immigrant's enclaves without much English. Our schools don't do as good a job as they should at teaching English: it's widely recognized that bilingual education has not fulfilled its promise. And yes, we hear a lot of Spanish all around us in America today: among first-generation Latinos, 72 percent are Spanish-dominant. That's a lot of people speaking Spanish and having trouble with English.

But the point is that first generation has never learned English well. They didn't a hundred years ago and they don't today. It's always the children who learn the new language and who, within months if not weeks, are translating for their parents. And that's no different today. Among Latinos, in the second generation, everyone is proficient in English. If you grow up here in America, you learn English. Even if you don't learn it in school, you learn it from TV or on the street. Survey after survey bears this out: among the second-generation Latinos, 93 percent are fully bilingual or English-

dominant. They understand that English is the language of their future; they prefer it even if they don't speak it as well. And by the third generation, almost all Latinos are English-dominant, so much so that two-thirds of the third generation speaks only English.

A second concrete measure of assimilation thinks about economic and educational progress. Most immigrants to America today fill niches at the top or the bottom of the job pyramid. And I don't think we have to worry very much about those who plug in at the top end – the nurses and engineers and Silicon Valley entrepreneurs. During the 90s boom, Asians accounted for one-third of the scientific workforce and ran roughly a quarter of the high-tech companies in Silicon Valley. And I don't really think we have to say much more about them.

But unskilled manual laborers who come here with a seventh-grade education are a different matter. And certainly in that case, there are a number of factors that are cause for concern. These newcomers often settle in bad neighborhoods. Their kids go to the worst of our failing public schools. They often catch a bad attitude toward schooling from their classmates in those failing schools. And even in the best of cases, the ethos in many Latino communities is to drop out of school as soon as possible, either to get a job or have a family. And there's no question, in today's knowledge economy, all of this can create problems – serious problems.

But there's good news here too. Second-generation immigrants work very hard in school, including second-generation kids from families of the kind I've just described. The best and so far biggest and most important study of the second generation followed 5000 kids over more than a decade, 5000 kids from inner-city schools in San Diego and Miami. And what the survey found was that on every dimension you could imagine immigrant kids do better than native-born kids. They do four times as much homework, two hours a night instead of the usual half-hour. They aspire to higher achievement, they get better grades, and they drop out far less often – between a third and half as often. So if school achievement is any guide, I think it's clear we're looking at a pretty rosy future.

Now, of course, the big question is what kind of jobs these kids end up getting. How will they plug into the economy? It's a particularly acute question in a knowledge economy, and there's cause for concern because of the disproportionately low college attendance rates we see among Mexican-Americans and other Hispanics. But I think it tells you a lot about what kind of problem we are and aren't talking about when you consider the divide between pessimists and optimists on this question. The debate isn't between people who say the second generation is going to do terribly and people who say they're going to do well. Everybody recognizes that they're making progress. The question is what the benchmark should be, should we be measuring the second generation against their parents, or should we be measuring them against their native-born peers? And the point is that however you measure it, even among the least successful ethnic and national groups, the immigrant trajectory is upward. Each generation does better than the one before. Among Latinos, for example, the second

generation makes 50 percent more than their parents – not quite as much as native-born whites, but still 50 percent more than their parents.

And frankly what I think we're seeing among this Latino working class is a kind of alternative path into the mainstream. Not the conventional Horatio Alger immigrant path, where you go from ghetto to college in one generation, but something more like the Italian-American path. I don't know if any of you have spent any time in Latino working-class neighborhoods in California, but everyone in those neighborhoods owns their own home. Every house has an American flag flying from it. And every house has a truck out front, because the owner is a contractor of some kind. And if this doesn't seem remarkable to you, just think about it for a minute. Most of these are people who came here to work in the fields, certainly their parents came to work in the fields, just 20 years ago, they were the men who were pushing the lawnmowers, and today they own the company – they own the lawnmowers and the truck and they keep the books and they hire other, more recent immigrants to walk behind the mowers. You see the same kind of pattern in New York City, Mexican Americans who start out as dishwashers or busboys and end up, after just 20 or 25 years, owning the coffee shop - and all of this without going to college.

Not only that, but the numbers bear out these vignettes. The statistical evidence we have suggests there's something to this Italian-American parallel that I and other commentators like journalist Michael Barone have noticed. Despite all the obstacles they face in terms of language, education, difficulty navigating U.S. credit markets and so forth, business ownership among Latino immigrants is roughly equivalent to that of native-born Americans. And so, over time, are their rates of homeownership. The education bell curves are quite different than they are for the native-born. Obviously, Latino newcomers are way behind when it comes to accumulating wealth. But they gravitate very quickly to entrepreneurship and homeownership.

True enough, we've heard a good deal about homeownership this morning, and most of it hasn't been encouraging. But most of the numbers we've heard are aggregate numbers: no one has broken them down according to the number of years that immigrants have been in this country. And it's true - it takes a while for newcomers to settle in. Relatively few buy homes within five or ten years of arrival. But I haven't heard anybody talk today about what happens over time. And the fact is, according to the 1990 census, which are unfortunately the most recent numbers I have for this but I doubt the pattern has changed, within 20 years more than 60 percent of Latinos live in owner-occupied housing. And by the time they have been here 25 years, their homeownership rates have passed those of the native-born.

I could go on and on with numbers of this kind – statistics about improving educational attainment, naturalization, most astoundingly of all, intermarriage rates. And we can talk more about that later if you like, but the point is that for both Latinos and Asian Americans, the trajectory points upward. People are learning how to play the game here. They're making good, their children are getting on the economic ladder, often at the very bottom, but they're getting on and starting to move up.

And this absorption isn't just external. It's internal or subjective to – and the evidence on that score comes from opinion research. My favorite example was some terrific work done recently by the Pew Hispanic Center, which grouped Latinos according to how long they had been here and how well they spoke English, and then asked them how they felt about a number of personal issues, including – and this is the question I found the most striking – a question about fate, fate and free will. The question read, “Can you control your future enough to make plans for it – or is it better to accept whatever happens fatalistically?” Very deep, personal stuff – at the core of who one is and one's outlook on life, it seems to me. And amazingly, when you look at the way immigrants answered the question, you can literally see their attitudes shifting over time - it's like watching a time-lapse movie of people assimilating.

A full 60 percent of Hispanics who were still Spanish-dominant said you should accept life fatalistically. Sixty percent - that's compared to 15 percent of native-born whites. But when the pollsters put the same question to second-generation Hispanics or those who had been here long enough to become English-dominant and absorb American culture, 75 percent said they felt they were in charge of their lives. Not quite as many as the native-born 85 percent, but getting close. Their inherited Hispanic fatalism had given way to an American can-do spirit in the space of just 10 or 15 or 20 years. They weren't just going through the motions of assimilating – they were changing internally too. They were becoming Americans – and many of them before they'd been here even a full generation.

So that's the snapshot, that's a quick picture of how assimilation is and isn't working today. And by and large, it's an encouraging snapshot. But even so, I think it raises the question: what can and should we as a nation do to encourage assimilation? I think it's obvious enough this is an extremely complex, personal process – and I don't believe we can or should be trying force it. I'm not sure we can even hurry it when it comes to change as deep and personal as this, coercive means usually backfire. But personally I believe there's quite a bit we can do to assist and encourage immigrant absorption, and what I'd like to do with the time I have left is throw out two ideas for you to consider – two big clusters of ideas about what we as a host nation can do to encourage this process.

Number one: I think we need to change how we think and talk about assimilation. We need to come up with a definition we really believe in – a definition we can get behind and work on selling to newcomers. That sounds simple enough, I know, but the truth is we don't have a definition like that. As most of you know, as recently as the mid-90s and still today in many circles, assimilation is a taboo subject. Many people won't use the word. They don't see it as something we as a nation should be encouraging. And the result is that we don't encourage it – and I think both the right and the left are responsible for this failure.

The left's contribution is a little more obvious, in my view. They're the ones who don't want to talk about assimilation. They claim it's a dirty word. They've told

immigrants that it's unnecessary and worse, to want to be incorporated into America – that it can be a form of oppression. Left-leaning scholars champion transnationalism, and pooh-pooh the idea of identifying as an American. They warn people of color that they will never be accepted as full members of the American body politic and urge them to question why they would want to belong in the first place. I don't want to tip over into stereotype here, but I'm sure you've all heard the arguments - assimilation is cultural genocide, or as James Baldwin famously put it, "Who would want to be integrated into a burning house?"

But don't get me wrong, the right has been as remiss as the left on this – albeit in a different way. Conservatives have jumped on the assimilation bandwagon with a vengeance in last ten years or so, but the assimilation they've been promoting has been an impossible, coercive kind of Anglo-conformity. Angry right-wingers have scolded immigrants and spread alarm about them among the general public. They warn newcomers that they shouldn't cling too hard to the cultures they brought with them, that they shouldn't live among their countrymen or speak their mother tongue or identify too strongly with other people who look like them. It has even been suggested that immigrants need to make a choice – either their past or becoming an American.

And I don't think it's hard to see how both sides – both left and right – are failing the newcomers and their children. Remember – we're talking about people who are still struggling to make it onto the ladder. Perhaps they've managed to get a hold of the very first rung, or climbed a few rungs up, and they're looking around and asking, "How do I fit in here?" And one group of Americans is answering, "You'll never fully fit in and shouldn't want to," while another group scolds them, "Well, in order to fit in, you have to give up your heritage and everything you brought with you, even who and what you think you are."

So both sides are failing the immigrant community. There's vacuum where there ought to be a billboard, or at least a signpost. And so the first thing I think we have to do as a nation is fill this vacuum. We have to come up with a definition of what it means to become an American. It has to be a definition that's consistent with the realities of the twenty-first century – with globalization and multiculturalism and ethnic niche advertising and all the rest. I have my own ideas about what that definition should be, and I'm sure you do too. But the point is that we as a nation have to come up with a definition we can stand by. We have to get to the point where people are comfortable using the term "assimilation" or some term like it. We have to be willing to say we want people to fit in and put down roots. We have to be willing to ask them to become Americans.

But that's only step number one. Step number two has to be more concrete, and this brings me back full circle to some of the important work you all are doing. Obviously, you, or many of you, are in the trenches helping people make these concrete steps toward integration: opening their first bank account, getting a mortgage, getting a business loan – critical steps up the ladder of assimilation. But my point is that I think even this important work could be more effective if the nation as a whole could connect the dots a little better. And what I mean by that is that I would like to see the public and

private sectors and civil society making much more of a deliberate and coordinated effort to welcome immigrants and invite them in. How? Well, two ways: first, by setting some goals for integration – laying out what we think it means to become an American – and then by providing people with the tools to reach those goals.

Just think about it for a minute – think about how it works today. You arrive as an immigrant. Maybe your local community organization helps you find an apartment. Maybe a bank reaches out to you and offers a product. But these are scattered, ad hoc efforts, and basically you're on your own to sink or swim. We as a nation do not say, "Welcome. We're glad you're here. We want you to prosper." We don't offer people any kind of roadmap outlining what their journey is going to be like. And we never suggest that we could help – that behind our seeming indifference, we actually want them to do well here. Essentially, we leave it to the market and assume that the rest will take care of itself. Now, don't get me wrong, I'm not pooh-poohing the market. I'm glad all of you are making a living helping people open bank accounts and get mortgages and that sort of thing. But I think we as a nation can and should be doing much more to talk about the process and guide people through it – guide them through the opportunities that are open to them.

So the first step is setting the goals – essentially drawing the roadmap. Of course, most immigrants figure these steps out for themselves over time, if not immediately. But wouldn't it make it easier for them if part of what we did in welcoming them was foreshadow some of the steps that are inevitably going to be part of their future? They grasp early on that they need to learn English, or their kids do. But how long does it take them to figure out, "Well gee, maybe becoming a citizen would be a good idea." Or "having a credit card might help me function here." Or "if I voted, it could really make a difference for my life and my kids' future." Sometimes it takes a long, long time for people to figure these things out – to recognize the opportunities that await them. And why should we leave that recognition to the vagaries of the market or the random accidents in their lives? Why couldn't we as a nation set out a series of steps or goals and popularize them?

Now of course this has to be done in the right way. We can't seem coercive or scolding. We can't seem as if we're trying to rush people. And it can't be polarizing figures like Sam Huntington leading the charge. It should be community-based organizations and ethnic leaders and Spanish-language media and, yes, corporate marketers and appropriate government agencies. All of these different kinds of players should be working together to popularize a series of steps that assimilating immigrants can expect to take over time.

Think of the campaign that was mounted in the year 2000 to get minorities to participate in the U.S. Census – only on a much bigger scale. What would the goals be? Well, I think they're obvious: learn English, plug into the financial system, eventually become a citizen, vote, make sure that your kids finish high school. Now we can quibble about how exactly to frame those goals, but why couldn't we as a nation go so far as to suggest that we think it makes sense for most people to do most of this within, say,

fifteen to twenty years of arriving? That's not a deadline - we're not going to kick you out if you don't achieve all of them. But that's the timeframe within which most newcomers naturally meet these goals, so why not say we think these are goals and we think you should try to achieve them in roughly that period of time?

So that's the first part of the process – the first part of what I think we, as a nation, should be doing. But that's only the first prong of the two-pronged effort – because if we're going to set goals, surely we also have a responsibility to provide the tools for people to meet them. Many of you are already doing just this – giving people tools to meet the goal of financial participation. But I think the nation could mobilize in a much more concerted and coordinated way to provide those tools and others.

If the first, most important goal is learning English, we ought to be providing English classes. The government ought to be spending much more than it currently does on English-as-a-second language instruction, and the business community ought to be doing its part. If the goal is getting into the financial system, then one tool is financial literacy classes and outreach of the kind many of you are doing. If the goal is encouraging citizenship, we ought to be providing a more meaningful naturalization process. We ought to be offering instruction not just in English, but also in history and civics, and we ought to be providing volunteer mentoring by native-born individuals or families to help new immigrants get through the citizenship process.

There's a long, long list of things that I think we could be doing – I'm sure you get the idea. But in closing, I'd like to come back full circle – come back to where I started – to the critical work you all are doing. You in the financial business are on the cutting edge of something very significant – and it's important for two reasons.

The first is simply the services you're providing. You're not just giving immigrants their first lesson in financial management or helping them open their first bank account or get their first mortgage. You're walking them through a step or series of steps that are part of a much larger process – a process in which every step builds momentum and eventually leads to another step and another and another step. That's how assimilation works. It's like an escalator where one thing has a way of leading, almost automatically, to another. Learning the language means getting a better job means making more money means opening a bank account. Or watching your kids thrive means feeling more at home here means becoming a citizen means not just voting but also buying a home or starting a business. So every time you help someone – every time you do something as simple as help them open a checking account – you're also performing a much bigger service by helping them get on that escalator, and that in itself is critically important.

But even that's not the end of the story – because the reasons that have led your industry to do this are critical too. Nobody here, nobody who has spoken this morning has been bashful about this. You've been completely candid – few, if any of you, come to this out of sheer altruism. On the contrary, you've been telling us in no uncertain terms, your industry is driven by self-interest. And my point is that that's good – that's a

virtue because this is America after all, not statist Europe or Canada. And the only way anything like the movement I've been talking about – the movement to encourage immigrant absorption – is going to take off in America is if it's driven by self-interest, and the corporate world takes up the lion's share of the burden.

Sure, the government can and should jumpstart the effort by drawing up the first roadmap. But I suspect that even publicizing the roadmap will be beyond the government's power – beyond its ability and beyond the political will of anybody I've met in Washington. If this movement is going to take off on any scale that matters or that's useful, it's going to have to have a momentum of its own. It's going to have to get out of control – get out of control in a good way. And the only way that's going to happen is if other economic sectors - many others do what you've done - step up to the plate and start to play a role. And they're only going to do that out of self-interest, so in that regard too, you and what you're doing are a model.

So really, in closing, I'm back to where I started. I'm just glad to be here and be learning from all of you. Glad to have a chance to hear how you're doing well by doing good, glad to learn a little bit about how you're helping immigrants put down roots and become Americans by – of all things – drawing them into a productive relationship with the banking system.

Thank you very much.