

Steve Trejo: Economic Effects of Immigration

Three Key Questions

(1) How do immigrants affect the labor market opportunities of U.S.-born workers?

No consensus yet on the answer.

Comparing outcomes between low- and high-immigration cities suggests little impact (e.g., Card's study of the impact of the Mariel wave of Cuban immigrants on the Miami labor market).

Borjas finds larger effects by looking, at the national level, across skill groups defined by age and education.

Even Borjas's estimates are fairly small, however.

Difficult to blame immigration for changes in the wage structure since 1980: relatively stable wage gap between H.S. grads and dropouts, and rising wage gap between college grads and H.S. grads.

Promising Topics for Further Study

- a. Why does immigration show little impact across U.S. cities?
 - Movement of native workers (Frey, Card, Borjas)
 - Movement of capital
 - Production technique adapts to skill mix (Lewis)
- b. How comparable are immigrant and U.S.-born workers within age/education groups? (Ottaviano and Peri)
- c. Does immigration play a role in the declining employment and rising incarceration rates of black men?
(Raphael and Ronconi; Borjas, Grogger, and Hanson)
- d. What is the labor market impact of immigration in the “new” destination cities (e.g., Atlanta, Raleigh-Durham)?

(2) How rapid is the economic integration of immigrants?

Answer depends on the source country.

Three main patterns (Schoeni):

Europeans—similar earnings as U.S. natives upon arrival and throughout their working lives.

Asians—low initial earnings, but rapid convergence.

Hispanics (except Cubans)—low initial earnings, with little catch-up.

For all immigrant groups, any wage gaps relative to natives are accounted for by observable skill deficits (especially with respect to education and English proficiency).

Promising Topics for Further Study

- a. What drives immigrant earnings growth?
Post-migration schooling (Betts and Lofstrom)
Language (Bleakley and Chin)
Naturalization (Bratsberg et al; Mazzolari)
Legal status (Kossoudji and Cobb-Clark)
- b. Does the availability of longitudinal data change what we believe about immigrant earnings growth? (Hu, Lubotsky)
- c. What can we learn by using data from both the source and destination countries? (Chiquiar and Hanson)
- d. Why did the long-term trend of declining wages (relative to natives) for new immigrant arrivals reverse in the 1990s? (Borjas; Jasso, Rosenzweig, and Smith)
- e. How can undocumented immigration be controlled? (Hanson)
Currently, U.S. immigration policy exerts only a limited direct influence on the skill content of the immigrant flow.

(3) How rapid is the intergenerational economic integration of the children, grandchildren, and later descendants of immigrants?

Except for those originating in parts of Latin America, intergenerational convergence in education and earnings is complete by the second generation.

Promising Topics for Further Study

- a. What factors shape the success of the U.S.-born children of immigrants?
 - Having undocumented parents
 - Having parents who speak limited English (Bleakley and Chin)
 - Bilingual education programs (Lopez; Matsudaira; Gordon and Hoxby)

- b. Do selective intermarriage and ethnic identification bias estimates of intergenerational progress? (See tables that follow)

Table 2: Hispanic Identification of Individuals with Ancestors from a Spanish-Speaking Country, as Reported in the 1970 Census Content Reinterview Study

Hispanic Ancestry Classification in Reinterview	Percent Who Identified as Hispanic in the Census	Sample Size
Most recent ancestor from a Spanish-speaking country:		
Respondent (1 st gen.)	98.7	77
Parent(s) (2 nd gen.)	83.3	90
Grandparent(s) (3 rd gen.)	73.0	89
Great grandparent(s) (4 th gen.)	44.4	27
Further back (5 th + gen.)	5.6	18
Hispanic ancestry on both sides of family	97.0	266
Hispanic ancestry on one side of family only	21.4	103
Father's side	20.5	44
Mother's side	22.0	59
All individuals with Hispanic ancestry	75.9	369

Source: Table C of U.S. Bureau of the Census (1974, p. 8).

Note: Information regarding the generation of the most recent ancestor from a Spanish-speaking country was missing for 68 respondents who nonetheless indicated that they had Hispanic ancestry on one or both sides of their family.

Table 9: Dropout Rates of U.S.-Born Youth Ages 16-17,
by Mexican Identification

Parents' and Grandparents' Countries of Birth	Sample Size	Identified as Mexican	Dropout Rate	
			All Youth	Identified as Mexican
Both parents born in Mexico	549	98.54 (.51)	6.74 (1.07)	6.65 (1.07)
One parent born in Mexico	281	81.14 (2.34)	6.05 (1.42)	7.02 (1.70)
Neither parent born in Mexico, but at least one Mexican-born grandparent	206	69.90 (3.20)	3.40 (1.27)	4.17 (1.67)
No grandparents born in Mexico and both parents are:				
U.S.-born, non-Hispanic white	17,377	0.16 (.03)	2.82 (.13)	
U.S.-born, non-Hispanic black	1,351	0.00	2.89 (.46)	

Source: 1996-2004 CPS data.

Note: Standard errors are shown in parentheses. The samples include U.S.-born youth ages 16 and 17 living in intact families. Suspected stepchildren are excluded. "Identified as Mexican" represents the percentage of youth who are identified as Mexican by the CPS question regarding Hispanic origin. The "dropout rate" represents the percentage of youth who are not attending school and have not yet completed high school (either through classes or by exam).