

## Is the New Immigration Really So Bad?

David Card  
Department of Economics  
UC Berkeley

January 2005

### ABSTRACT

*This paper reviews the recent evidence on U.S. immigration, focusing on two key questions: (1) Does immigration reduce the labor market opportunities of less-skilled natives? (2) Have immigrants who arrived after the 1965 Immigration Reform Act successfully assimilated? Looking across major cities, differential immigrant inflows are strongly correlated with the relative supply of high school dropouts. Nevertheless, data from the 2000 Census shows that relative wages of native dropouts are uncorrelated with the relative supply of less-educated workers, as they were in earlier years. At the aggregate level, the wage gap between dropouts and high school graduates has remained nearly constant since 1980, despite supply pressure from immigration and the rise of other education-related wage gaps. Overall, evidence that immigrants have harmed the opportunities of less educated natives is scant. On the question of assimilation, the success of the U.S.-born children of immigrants is a key yardstick. By this metric, post-1965 immigrants are doing reasonably well: second generation sons and daughters have higher education and wages than the children of natives. Even children of the least-educated immigrant origin groups have closed most of the education gap with the children of natives.*

JEL: J61. Keywords: immigrant competition; assimilation.

Figure 1: Fraction of Immigrant Dropouts and Overall Fraction of Dropouts

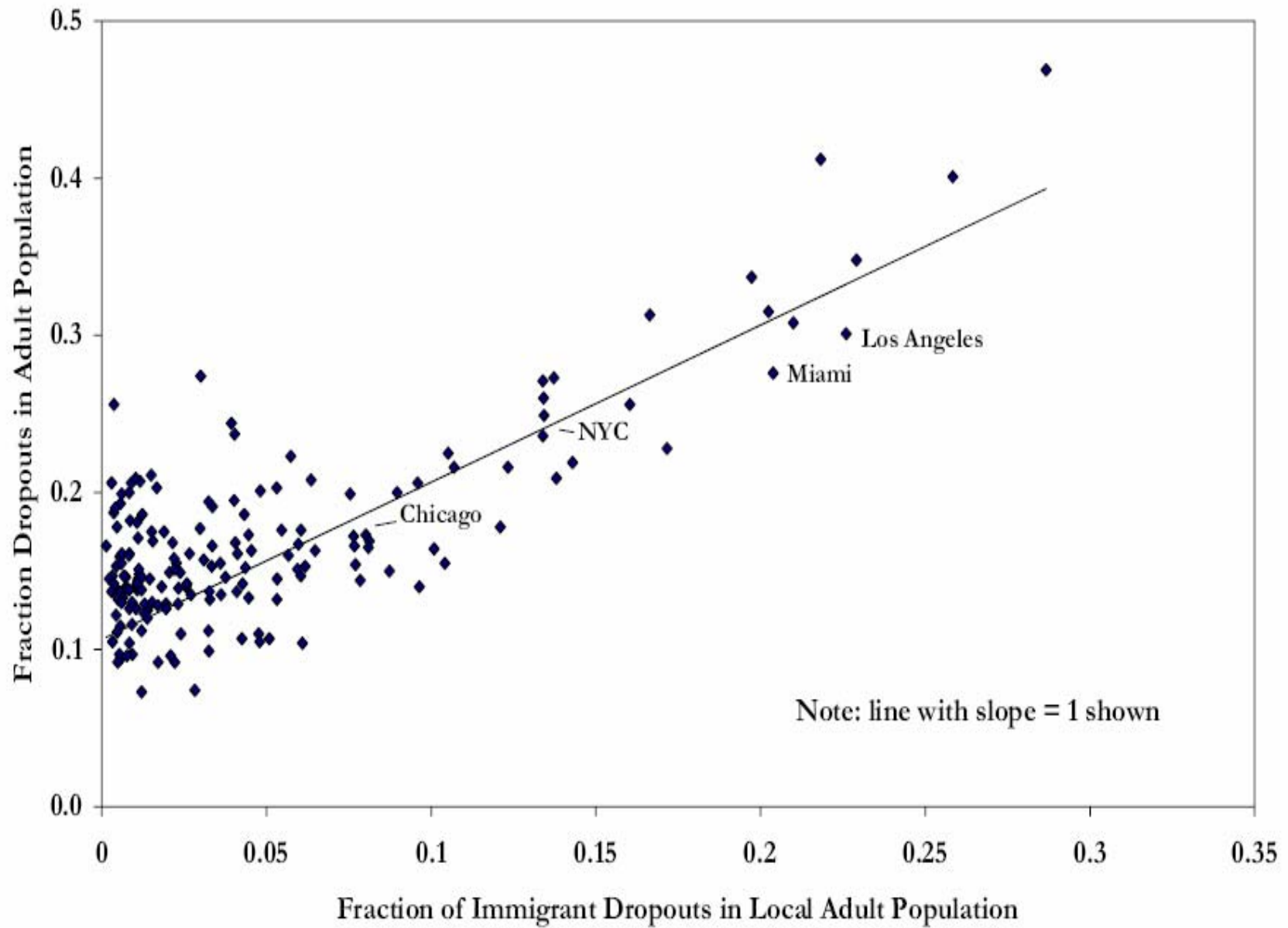


Figure 2: Relative Wage of High School Grads and Dropouts vs. Fraction Low Education Immigrants

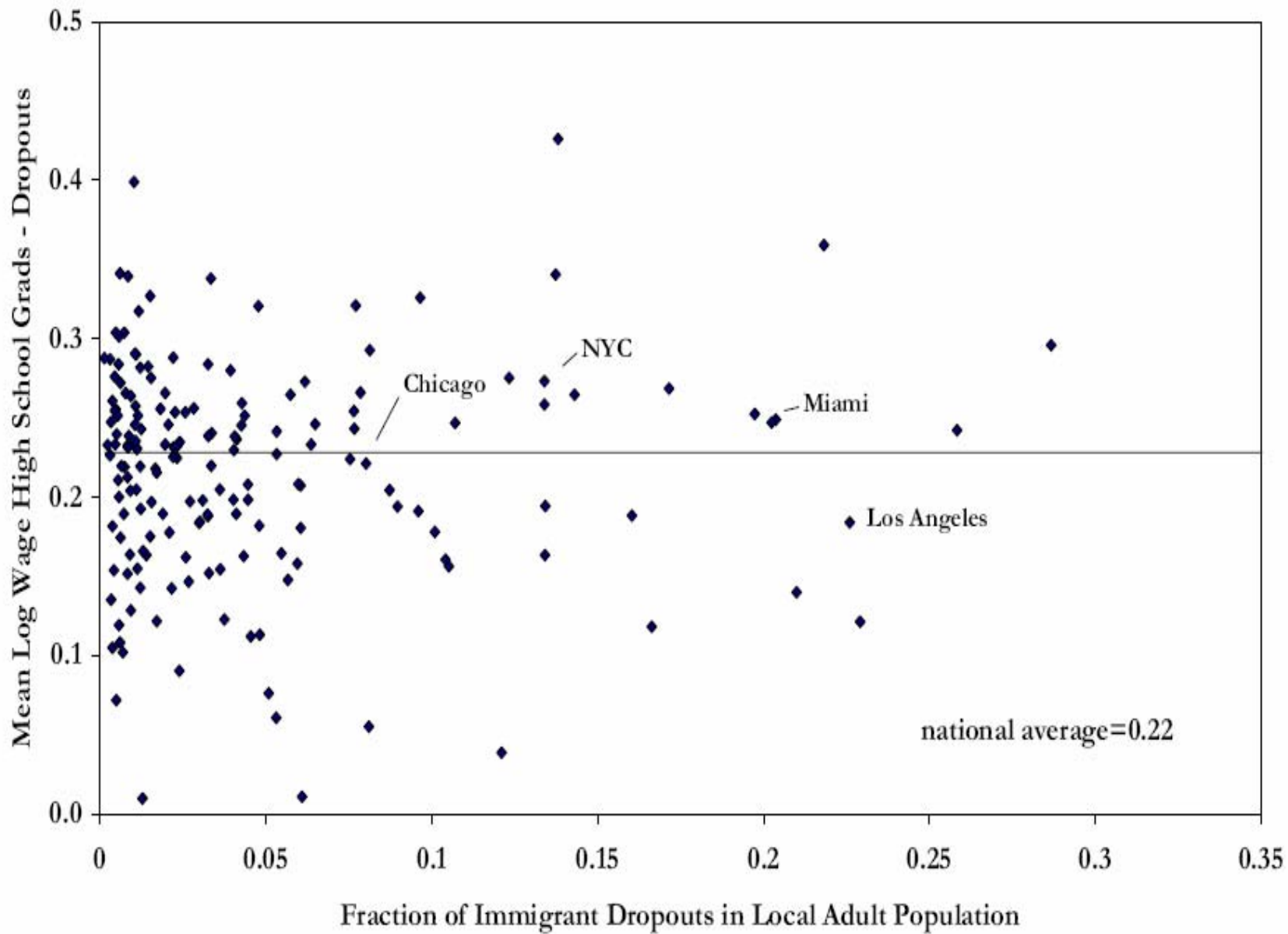


Figure 3: Relative Employment of High School Grads and Dropouts vs. Fraction Low Education Dropouts

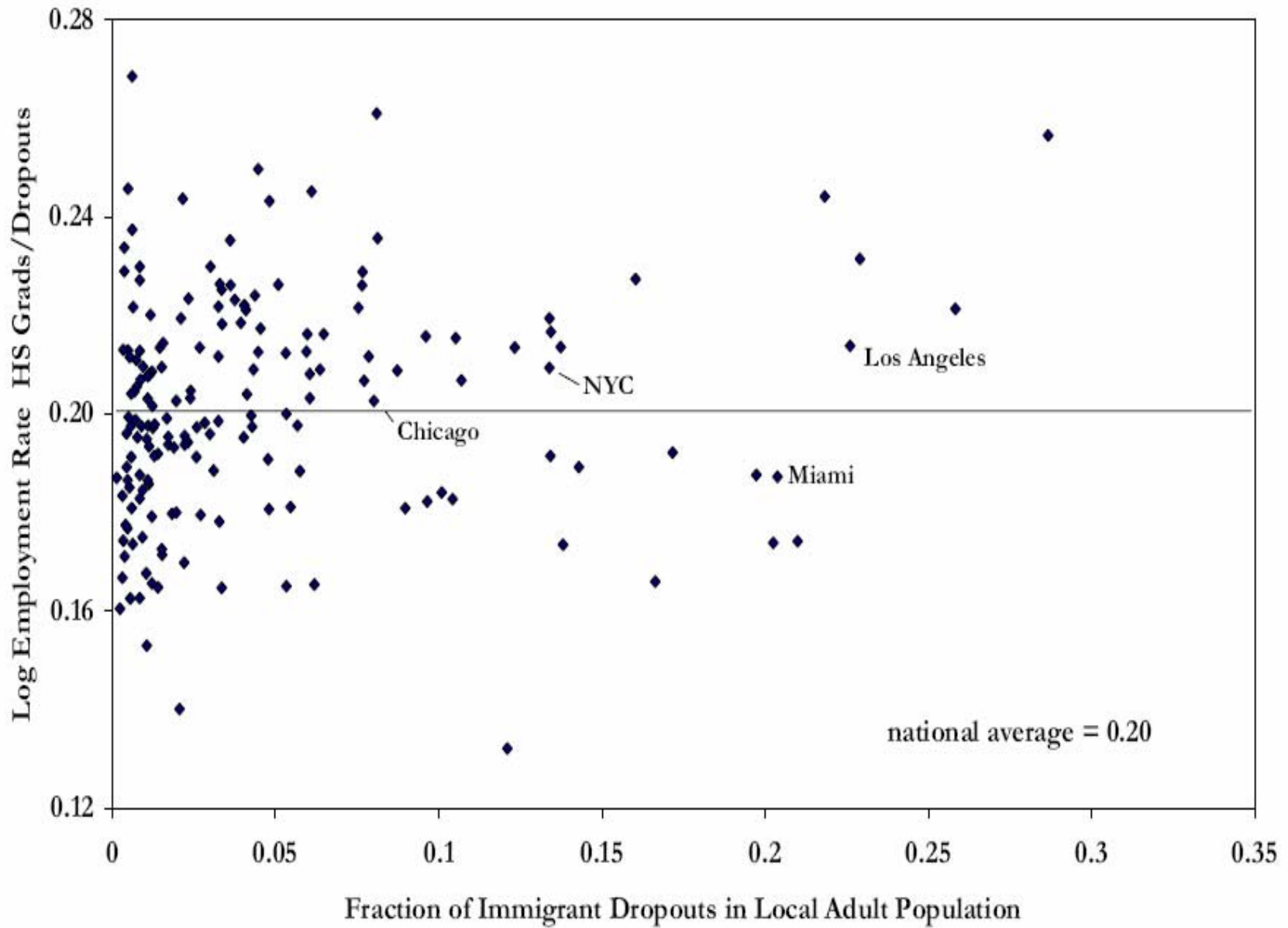


Figure 6: College/High School and High-School/Dropout Wage Gaps

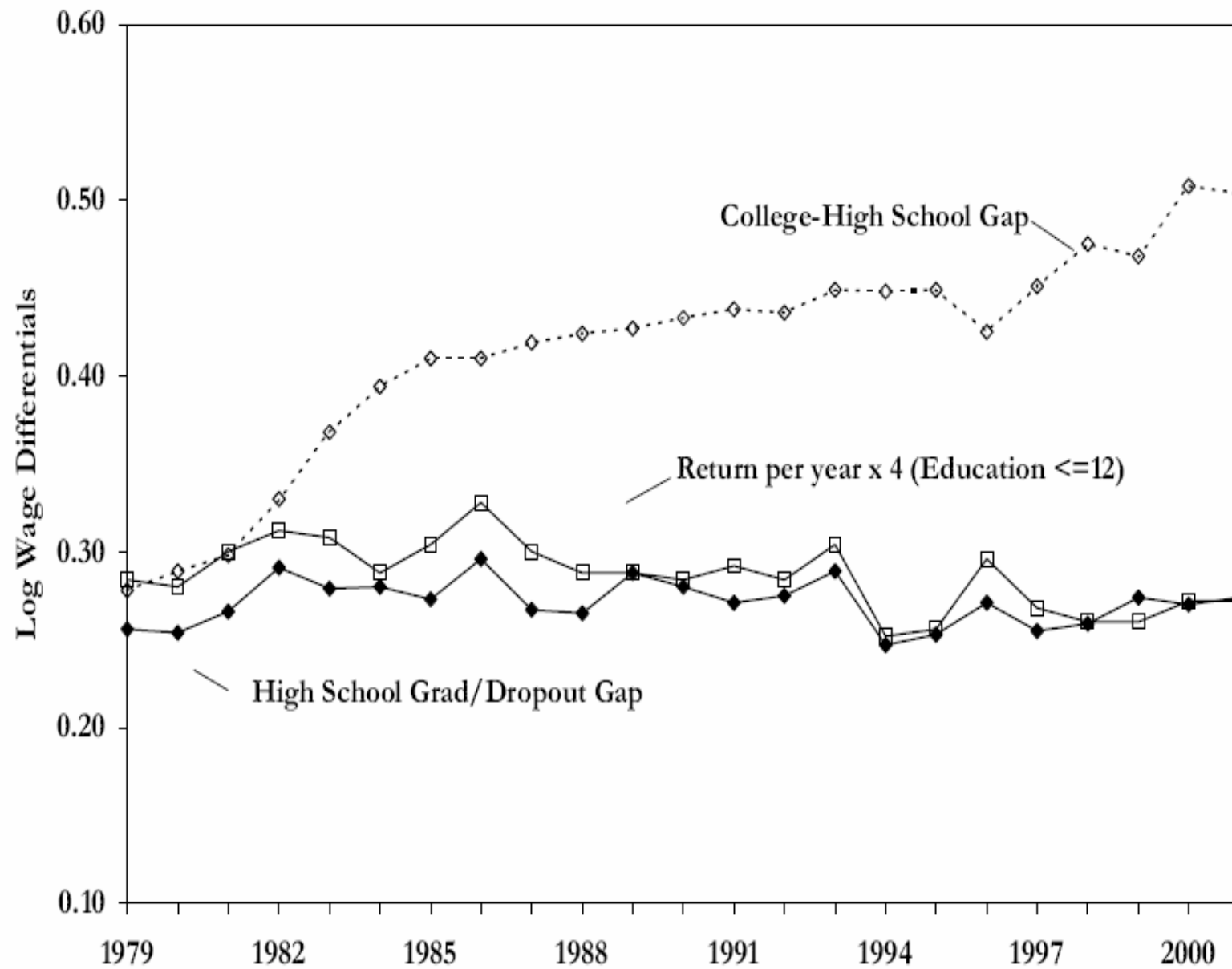


Table 2: Immigrant Densities and the Relative Fractions of Less Educated Workers, Selected Cities 1980 and 2000

	Percent Immigrants In City	Percent Dropouts:		Percent Dropouts In City	Percent Immigrants In City	Percent Dropouts:		Percent Dropouts In City
		Among Immigrants	Among Natives			Among Immigrants	Among Natives	
All Cities	9.5	38.9	23.0	24.3	18.0	37.8	13.0	17.7
New York	23.2	39.6	26.4	29.5	41.8	32.0	17.5	23.6
Los Angeles	25.3	49.2	19.5	27.0	47.8	47.2	14.4	30.1
Chicago	11.8	44.0	23.7	26.1	21.2	37.7	11.8	17.3
Philadelphia	4.9	31.1	25.2	25.5	8.3	21.9	13.3	14.0
Detroit	6.3	34.3	25.8	26.4	8.6	26.2	14.4	15.5
Houston	9.4	46.1	25.1	27.1	26.0	51.6	15.5	24.9
Dallas	5.1	43.7	24.3	25.3	19.7	54.2	13.6	21.6
Washington DC	9.6	18.3	16.8	16.9	20.6	25.8	9.9	13.2
Boston	10.3	35.6	15.6	17.6	17.8	24.0	7.9	10.7
San Francisco	17.0	28.4	14.3	16.7	36.4	26.6	6.9	14.0
Miami	41.1	38.5	23.3	29.6	61.2	33.3	18.6	27.6
Atlanta	3.1	14.8	24.9	24.6	12.1	34.0	13.6	16.1
Pittsburgh	2.6	28.1	21.5	21.7	2.6	12.5	10.4	10.5
Cleveland	5.8	34.5	24.0	24.6	5.6	19.7	14.2	14.5

Note: Based on tabulations of 1980 and 2000 Census public use files. "All cities" includes 272 Standard Metropolitan Areas in 1980 and 325 Metropolitan Statistical Areas in 2000. Boundaries of some cities change between 1980 and 2000. Samples include individuals age 18-64 only.

Table 3: Effects of Relative Supply on the Relative Wages and Employment of Native Male Dropouts

	Relative Outcomes of Native Male Dropouts:			
	Fraction Employed		Mean Log	
	Last Year		Hourly Wage	
	OLS	IV	OLS	IV
Log Relative Supply of Dropouts vs. High School Graduates	-0.013 (0.003)	-0.012 (0.003)	0.006 (0.009)	0.010 (0.010)
R-squared	0.056	0.035	0.001	0.003

Note: Standard errors in parentheses. All models fit to sample of 325 Metropolitan Statistical Areas using weighted least squares. City data are derived from the 2000 Census public use files and pertain individuals age 18-64. Outcomes are adjusted differences in employment-population or mean log wages between high school dropouts and high school graduates -- see text. Instrument is fraction of low education immigrants in city.

## From David Card's Conclusion:

As the evidence has accumulated over the past two decades that local labor market outcomes are only weakly correlated with immigrant densities, some analysts have argued that the cross-city research design is inherently compromised by intercity mobility of people, goods, and services. Underlying this argument is the belief that labor market competition posed by immigration *has* to affect native opportunities, so if we don't find an impact, the research design *must* be flawed. The leading alternative to a local labor market approach is a time series analysis of aggregate relative wages. Surprisingly, such an analysis shows that the wages of native dropouts (people with less than a high school diploma) relative to native high school graduates have remained nearly constant since 1980, despite pressures from immigrant inflows that have increased the relative supply of dropout labor, and despite the rise in the wage gap between other education groups in the U.S. economy. While the counterfactual is unknown, it is hard to argue that the aggregate time series evidence points to a negative impact of immigration unless one starts from that position *a priori*.



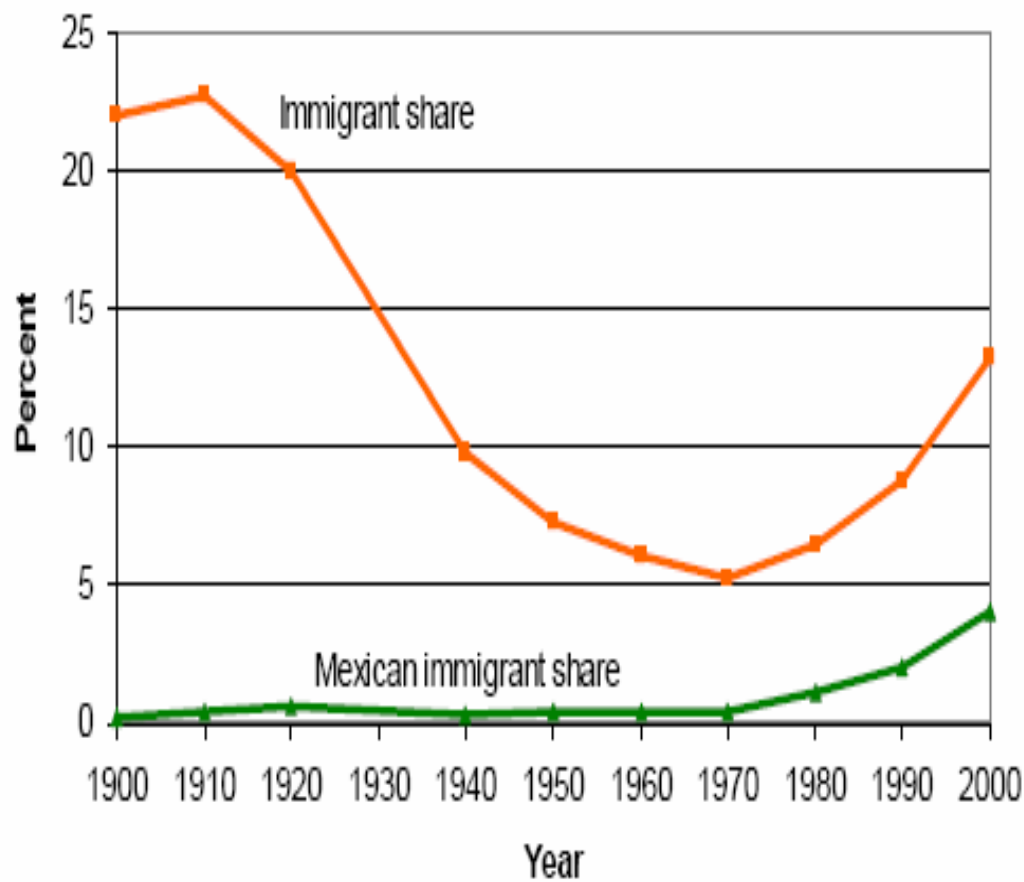
The Evolution of the Mexican-Born Workforce in the United States  
George J. Borjas and Lawrence F. Katz  
NBER Working Paper No. 11281  
April 2005  
JEL No. J1, J6

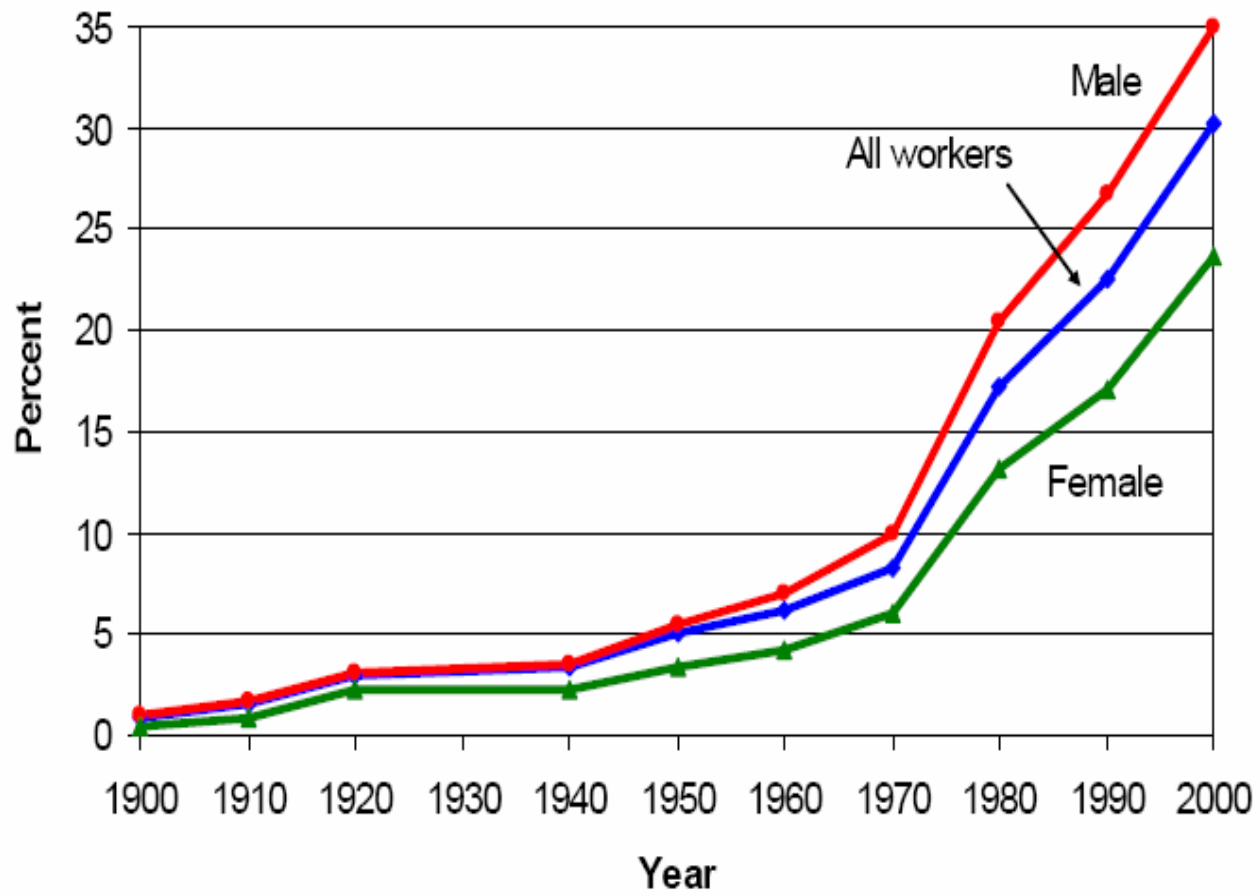
### **ABSTRACT**

This paper examines the evolution of the Mexican-born workforce in the United States using data drawn from the decennial U.S. Census throughout the entire 20th century. It is well known that there has been a rapid rise in Mexican immigration to the United States in recent years. Interestingly, the share of Mexican immigrants in the U.S. workforce declined steadily beginning in the 1920s before beginning to rise in the 1960s. It was not until 1980 that the relative number of Mexican immigrants in the U.S. workforce was at the 1920 level. The paper examines the trends in the relative skills and economic performance of Mexican immigrants, and contrasts this evolution with that experienced by other immigrants arriving in the United States during the period. The paper also examines the costs and benefits of this influx by examining how the Mexican influx has altered economic opportunities in the most affected labor markets and by discussing how the relative prices of goods and services produced by Mexican immigrants may have changed over time.

**Figure 1. Growth of Mexican Immigrants in the U.S. workforce, 1900-2000**

A. All workers



**Figure 2. Mexican Immigrants as a Share of U.S. Immigrant Work-Force**

Notes: All statistics are calculated using the sample of workers aged 18-64.

**Table 1. Regional concentration of the Mexican-born workforce, selected states**

	<u>1900</u>	<u>1910</u>	<u>1920</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Percent of Mexican immigrants residing in:</u>										
Arizona	17.2	10.7	12.5	7.6	5.4	4.1	4.0	3.0	3.3	4.4
California	7.8	19.9	17.9	40.4	40.3	44.6	55.1	58.7	57.4	42.1
Colorado	0.0	1.3	3.1	1.9	1.0	0.9	0.4	0.8	0.8	2.0
Florida	0.0	0.2	0.1	0.0	0.0	0.2	0.4	0.5	1.4	2.2
Georgia	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.5	2.2
Illinois	1.6	0.2	1.4	3.0	2.5	6.6	8.2	8.6	7.3	7.3
Kansas	0.0	12.2	2.9	2.2	1.5	0.7	0.3	0.3	0.4	0.7
New Jersey	0.0	0.0	0.0	0.0	0.2	0.0	0.3	0.1	0.3	0.8
New Mexico	10.9	5.3	4.2	2.8	1.7	1.4	1.0	1.0	1.1	1.1
New York	0.0	0.7	0.6	1.5	0.7	1.7	0.5	0.5	1.1	1.7
North Carolina	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.2	2.0
Texas	62.5	46.2	50.6	35.3	39.1	33.2	23.4	21.2	20.0	19.9
<u>Mexican immigrants as percent of state's workforce:</u>										
Arizona	19.3	17.1	23.6	7.8	4.3	2.3	2.2	2.9	4.8	10.2
California	0.7	2.3	2.9	2.2	2.0	1.8	2.4	6.2	9.8	14.8
Colorado	0.0	0.5	2.0	0.9	0.4	0.4	0.2	0.6	1.1	4.8
Florida	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.5	1.6
Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	2.8
Illinois	0.1	0.0	0.1	0.1	0.1	0.4	0.6	1.8	3.1	6.5
Kansas	0.0	2.7	1.2	0.7	0.5	0.2	0.1	0.3	0.7	2.9
New Jersey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.0
New Mexico	10.6	6.0	8.6	3.2	1.8	1.2	1.0	2.1	4.0	7.3
New York	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.3	1.1
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	2.6
Texas	3.4	4.3	7.7	3.1	3.0	2.4	1.9	3.7	6.0	10.9

Notes: All statistics are calculated using the sample of workers aged 18-64.

**Table 2. Percent distribution of educational attainment**

	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Male workers</u>							
Native-born							
High school dropouts	67.3%	61.3%	52.0%	38.4%	23.8%	12.9%	8.7%
High school graduates	20.0	24.2	27.8	35.2	39.1	36	34.5
Some college	6.4	7.4	9.4	11.9	16.8	26.6	29.4
College graduates	6.3	7.1	10.8	14.5	20.3	24.5	27.4
Mexican immigrants							
High school dropouts	94.6	91.2	88.3	82.6	77.2	70.4	63.0
High school graduates	3.0	6.7	6.7	11.7	14.3	19.0	25.1
Some college	1.0	1.5	2.7	3.6	5.7	7.8	8.5
College graduates	1.4	0.6	2.4	2.2	2.9	2.8	3.4
Non-Mexican immigrants							
High school dropouts	84.4	76.4	64.5	45.5	30.2	21.0	17.0
High school graduates	9.2	14.5	16.8	23.9	26.7	26.0	25.8
Some college	2.8	4.0	8.3	11.7	15.2	21.3	20.9
College graduates	3.7	5.1	10.4	18.9	27.9	31.7	36.3
<u>Female workers</u>							
Native-born							
High school dropouts	50.6	46.3	42.4	31.2	19.2	9.8	6.5
High school graduates	32.1	35.3	37.6	45.3	47.3	38.7	32.8
Some college	9.5	10.1	11.0	12.6	17.9	29.9	33.5
College graduates	7.8	8.3	9.0	11	15.6	21.6	27.3
Mexican immigrants							
High school dropouts	84.5	82.4	83.9	77.3	72.9	64.7	57.0
High school graduates	12.5	10.3	11.4	16.9	17.7	21.9	26.6
Some college	2.1	4.4	2.7	4.5	7.0	10.5	11.8
College graduates	0.9	2.9	2	1.4	2.4	3.0	4.5
Non-Mexican immigrants							
High school dropouts	79.2	68.5	59.3	43.9	30.1	20.0	15.5
High school graduates	15.8	22.3	25.5	33.7	35.2	31.1	27.6
Some college	2.8	5.0	9.6	12.6	16.8	24.0	24.4
College graduates	2.2	4.2	5.7	9.9	17.9	24.9	32.6

**Table 3. Percent of Mexican immigrants employed in “Top 10” occupations  
(occupations ranked according to their 2000 share of employment of Mexican immigrants)**

<u>Occupation</u> <u>(1950 coding)</u>	<u>1900</u>	<u>1910</u>	<u>1920</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Male workers</u>										
Operatives, nec (690)	0.0	1.0	1.7	7.2	10.8	10.6	18.2	20.1	16.0	15.5
Laborers, nec (970)	43.3	44.4	42.8	24.9	22.6	17.1	11.1	11.7	11.9	11.7
Farm Laborers (820)	15.0	26.4	21.1	32.2	24.3	17.7	14.9	10.5	9.5	6.3
Gardeners (930)	0.0	0.0	0.0	1.2	0.6	1.5	2.9	2.6	4.8	5.8
Cooks (754)	0.0	0.0	0.2	1.3	0.9	1.4	1.7	3.3	4.9	5.4
Truck Drivers (683)	0.0	2.2	0.2	1.9	3.5	4.4	2.8	2.2	3.5	4.2
Managers, Proprietors nec (290)	1.7	1.4	1.5	1.6	1.2	3.1	2.2	3.4	3.9	3.9
Carpenters (510)	0.0	1.2	1.4	1.3	1.5	1.5	1.8	2.3	2.5	3.6
Janitors (770)	0.0	0.0	0.2	1.0	1.2	1.8	3.4	4.0	4.4	3.5
Foremen, nec (523)	0.0	0.0	0.4	0.7	1.5	1.4	1.6	2.4	1.9	3.2
<u>Female workers</u>										
Operatives, nec (690)	0.0	5.0	10.1	31.5	30.9	29.8	34.9	35.8	26.9	21.2
Private household (720)	50.0	25.0	16.0	14.7	10.3	13.6	5.4	2.8	4.2	9.0
Clerical workers (390)	0.0	0.0	0.8	1.8	2.9	3.2	2.8	5.1	5.4	7.6
Farm Laborers (820)	0.0	30.0	13.9	5.6	2.9	4.7	7.4	8.7	7.7	5.0
Cooks (754)	0.0	0.0	1.3	0.9	1.5	2.7	1.8	2.4	3.7	4.9
Janitors (770)	0.0	0.0	0.0	0.7	0.0	0.5	0.9	2.7	5.0	4.5
Service, except private household, nec (790)	25.0	0.0	1.3	1.8	2.9	4.0	4.3	1.9	2.3	4.3
Cashiers (320)	0.0	0.0	0.0	0.0	1.5	0.5	2.0	2.1	3.3	3.7
Managers, officials, proprietors, nec Attendants, nec (731)	0.0	0.0	3.8	0.0	4.4	2.0	1.2	1.7	2.7	3.3
	0.0	0.0	0.0	0.0	0.0	0.2	0.1	1.7	2.1	2.9

Notes: All statistics are calculated using the sample of workers aged 18-64.

**Table 4. Trends in immigrant wages relative to native-born workers**

	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
<u>Male workers</u>							
A. Unadjusted wage gap							
Mexican immigrants	- .475 (.022)	- .385 (.030)	- .365 (.016)	- .390 (.014)	- .408 (.004)	- .544 (.003)	- .533 (.002)
Non-Mexican immigrants	.175 (.005)	.131 (.007)	.104 (.005)	.072 (.005)	-.022 (.002)	-.004 (.002)	-.034 (.002)
B. Adjusted wage gap, adjusts for education, age							
Mexican immigrants	- .453 (.020)	- .352 (.028)	- .249 (.015)	- .205 (.013)	- .148 (.003)	- .149 (.003)	- .144 (.002)
Non-Mexican immigrants	.092 (.004)	.093 (.007)	.102 (.004)	.035 (.004)	-.048 (.002)	-.042 (.002)	-.073 (.001)
C. Adjusted wage gap, adjusts for education, age, state of residence							
Mexican immigrants	- .444 (.019)	- .377 (.027)	- .304 (.014)	- .255 (.013)	- .202 (.003)	- .208 (.003)	- .176 (.002)
Non-Mexican immigrants	-.016 (.004)	.019 (.007)	.016 (.004)	-.027 (.004)	-.062 (.002)	-.104 (.002)	-.106 (.001)

## From Borjas-Katz's Conclusion:

Khananuskul (2004) finds using U.S. Census data from 1970 to 2000 that a one percentage point increase in the share of low-skill female immigrants in a metropolitan area increases the proportion of private household workers by 6 percentage points and lowers the wages in the private household sector by 3 percent. This evidence indicates a direct supply expansion in the low-skill female intensive sector when more low-skill female immigrants are available in a labor market. Cortes (2004) examines the impacts on prices and consumer expenditures on some non-traded services of changes in the ratio of low-skill Mexican immigrants to native workers across U.S. metropolitan areas and states from 1980 to 2000. She presents suggestive (but quite imprecise) preliminary estimates indicating an increase in low-skill Mexican immigrants to an area reduces the price of food away from home and increases the share of household reporting expenditures on housekeeping, gardening, and food away from home.



## Borjas-Katz's Conclusion (cont'd)

The large growth and predominantly low-skilled nature of Mexican immigration to the United States over the past two decades appears to have played a modest role in the widening of the U.S. wage structure by adversely affecting the earnings of less-educated native workers and improving the earnings of college graduates. U.S. natives (particularly high-skill natives) are likely to benefit from greater availability and reduced prices of non-traded goods and services that are intensive in low-skill labor.

## Borjas-Katz's Conclusion (cont'd):

1. Mexican immigrants have much less educational attainment than either native-born workers or non-Mexican immigrants. These differences in human capital account for nearly three-quarters of the very large wage disadvantage suffered by Mexican immigrants in recent decades.

2. Although the earnings of non-Mexican immigrants converge to those of their native-born counterparts as the immigrants accumulate work experience in the U.S. labor market, this type of wage convergence has been much weaker on average for Mexican immigrants than for other immigrant groups.

3. Although native-born workers of Mexican ancestry have levels of human capital and earnings that far exceed those of Mexican immigrants, the economic performance of these native-born workers lags behind that of native workers who are not of Mexican ancestry. Much of the wage gap between the two groups of native-born workers can be explained by the large difference in educational attainment between the two groups.