

S U M M A R Y

Whether immigrants depress wages or displace US-born workers has been a long-standing concern of government officials and the public. In the past decade, as the immigrant share of the workforce has grown, researchers have contributed new scholarship concerning this “competition question.”

However, recent research is divergent as to whether immigrants lower US-born workers’ wages, even those of the most vulnerable groups. While some researchers have found no wage effects or even positive ones as a result of immigration, others have found significantly negative impacts. The field has devoted new attention to the specific wage impact of highly skilled immigrants, but these findings have also been mixed. Researchers have more consistently found that there is some job displacement, or at least growing exclusion, of native workers in industries or areas with many immigrants. Scholars also continue to explore a variety of ways in which labor markets might absorb immigrants without negative wage or displacement impacts on native workers.

Despite the addition of recent research to an already large body of literature, the “competition question” is still up for debate. Thus, policy options to reform immigration cannot and will not be based on reliable predictions of their impacts on native workers. However, the “competition question,” for all of its importance, should be viewed as only one of many ways to look at a complex picture of immigrants, their contributions, and their costs in the United States.

The Impact of Immigration on Native Workers: A Fresh Look at the Evidence

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Introduction

Immigrant workers have long contributed to the strength of the US economy. However, concerns that immigrants compete with native workers to the latter’s detriment persist in a period of high, sustained immigration.

Recent gauges of public opinion suggest that a significant portion of the public — though not a majority — thinks immigrants take native jobs. In one recent poll, 28 percent of Americans said that immigration had a negative impact on the availability of jobs in their communities.¹ In a series of other polls, between 29 and 36 percent of respondents thought unauthorized immigrants in particular took jobs away from Americans.²

This Insight examines the debate over this “competition question” by providing an overview of research since the mid-1990s about immigration’s impact on native wages and job displacement, when perhaps the best known consolidation of evidence on immigration’s impact on native workers was gathered by the National Academy of Sciences.³ It also reviews the most recent scholarship regarding other factors that may allow labor markets to adjust to immigrant flows — factors that could mitigate any wage or employment impacts on natives.

Caveats of This Review

Immigrants affect the US economy in ways that are not reflected by wage and job displacement studies. Immigrant entrepreneurship creates jobs; immigrants are increasingly associated with further openings to trade and other forms of exchange; high-skilled immigrants innovate in key sectors of the economy; immigrants make tax contributions and receive public services; the presence of significant numbers of immigrants in a sector helps make that sector’s products and services cheaper — and thus more affordable to all consumers; and immigrant workers and their families both produce and, in turn, consume goods and services — thus having much wider ripple economic effects. As a result, the effects of immigration expand beyond the specific places and sectors of immigrant employment.

The discussion here, however, is limited to the impact of immigrants on native wages and job opportunities because the “competition question” raises important social equity issues and it continues to be central to the political preoccupation over immigrants’ impact on the economy.

The discussion generally focuses on the short- and medium-term impacts of immigration.

When immigrant workers initially enter a labor market, they may force difficult adjustments that induce natives to move or spur the creation of additional low-wage jobs. However, in the long-term, the impact of an immigrant cohort depends on the degree to which immigrants integrate into US society (i.e., the degree to which they come to resemble native workers in terms of their skills and other attributes).⁴

The New US Labor Force

Immigrants are an important and growing part of the US labor force. Estimates indicate that one of every two new workers in the 1990s was foreign-born.⁵ As a result of these flows, from 1990 to 2002, the immigrant share of the workforce rose from 9.4 to 14 percent.⁶ Immigrants are also disproportionately low-wage workers, composing 20 percent of the low-wage population, though they make up much higher proportions in several high-skill occupations and sectors.⁷

Since immigrant workers are drawn from the immigrant pool at large, what can recent trends in immigration flows tell us about the new immigrant worker?

First, recent US immigration flows and characteristics are dramatically different from previous waves. The number of new immigrants coming to the United States in the 1990s was larger than it had ever been at any time in history. Male immigrants (the story is more difficult to tell for women) were less educated when compared to native men in 1990 than they were in 1970, one of many factors that account for the overall wage gap between the average native and immigrant worker.⁸

Once here, the foreign-born arriving in the 1990s were more likely than immigrants arriving in previous decades to pass over traditional

immigrant “gateway” destinations and settle instead in areas (and labor markets) without a recent immigration history, such as North Carolina, Tennessee, or Arkansas.⁹ In essence, the new flows supplied a large number of low-skilled workers to a growing list of local labor markets, industries, and occupational sectors that demanded and/or quickly accommodated them.

However, a significant portion of immigrants who arrived in the 1990s were highly educated and highly skilled. The 1990 Immigration Act, which responded to concerns of a severe shortage of skilled workers in the United States, more than doubled — from 54,000 to 140,000 — the annual number of employment-based permanent immigrant visas, all but a few of them dedicated to well-educated and highly skilled workers. It also created an H-1B temporary visa program that initially allowed employers to hire 65,000 foreign, skilled workers each year, including computer programmers, scientists, engineers, and doctors.¹⁰ That number has grown geometrically since then.

College-educated immigrants constitute about one-third of all US immigrants, up from one-quarter of those who arrived in the 1980s.¹¹ Of all skilled immigrants living within the thirty mostly developed countries that comprise the Organization for Economic Co-operation and Development (OECD), half lived in the United States in 2000.¹²

Point of Departure: The 1997 National Academy Report

Perhaps the most widely known evaluative summation of the literature on the impact of immigration on native workers is *The New Americans* (more commonly known as the National Academy Report), produced in 1997 by the National Research Council. This report was a

comprehensive overview of the economic, demographic, and fiscal impacts of immigrants.

The National Academy Report concluded that immigration had a small effect on the wages of native workers. Authors cited evidence that immigration reduced the wages of competing natives by only 1 or 2 percent. Impacts were also weak for native African-American workers, a group often assumed to be in competition with immigrant workers. Earlier immigrant cohorts were more significantly affected: they could expect a 2 to 4 percent or more wage decline for every 10 percent increase in the number of immigrant workers.¹³

The National Academy Report authors did note that immigration had contributed to a loss of jobs in the native African-American community when African Americans lived in places with large immigrant inflows. Authors said that these losses were small overall, though, since most African Americans did not live in high-immigrant concentration areas. (Note that once areas from the Deep South, where many African Americans have been historically concentrated, were removed, immigrant and African-American populations generally did not live in different parts of the country. Thus, the reasoning of the National Academy Report did not hold for most of the United States.)¹⁴

The report did not address whether high-skilled immigrants had any impact on native wages or employment.

The report pointed out that immigration, as a whole, resulted in a net benefit to the economy of between \$1 and \$10 billion annually, a small but still significant positive impact. It emphasized that certain groups within the economy, such as those with capital or high-level skills or those consuming immigrants’ goods or services,

would benefit from immigration, even if low-skilled natives stood to lose in the process.

The literature that has emerged since the National Academy Report points to several notable changes. First, the general consensus that existed ten years ago on the comparatively limited impact of immigration on natives' wages and employment, particularly on the most vulnerable of those workers, appears to have fractured. The assertion that immigrants do not significantly affect natives' wages is now more broadly contested. (With few exceptions, there is still general agreement that some native groups, particularly the high-skilled or those with capital, as well as consumers, benefit from immigration.)

The general consensus that existed ten years ago on the comparatively limited impact of immigration on natives' wages and employment, particularly on the most vulnerable of those workers, appears to have fractured.

Second, there is an additional focus in the field on the impact of high-skilled immigrants, a topic largely unexamined in the early 1990s. The interest in low-skilled immigrants and natives has continued.

Finally, new research relies on a wider range of analytical tools to determine the impact of immigration on native workers, which may account for recent divergent findings. In our review of research on wage effects, we touch on ways in which the shifts in methodological approaches are shaping the debate.

In the following sections, we first address the effect of immigration on wages and employment, the two impacts most commonly explored in the literature. We follow this with a brief discussion of possible factors that might mitigate negative impacts, such as natives' move-

ment away from regions with heavy immigrant concentrations.

Wage Depression

Effects on the low-skilled. While the effects of immigration on low-skilled native workers are contested, many studies continue to find no effect or only weak negative effects of immigration on low-skilled workers or workers in general. One study of immigrants arriving between 1985 and 1990 found little evidence to suggest that immigrant inflows had negative impacts on low-skilled native workers in major US cities.¹⁵ Another study using 2000 Census data reaffirmed this finding: a strong relationship between immigration and the wages of low-skilled workers was not substantiated.¹⁶ Card and Lewis found that Mexican immigrants in particular, who account for approximately 30 percent of all immigrants in the United States, had little effect on the relative wages of native men who did not finish high school.¹⁷

Several studies have examined the impact of specific immigrant groups on native wages. A study of US–Mexican border communities found that increased border enforcement (which theoretically limits the number of unauthorized immigrants in the United States) did not lead to higher wages for low-educated native men along the US border. The authors noted that increased enforcement did lead to a decline in wages in Mexican border city Tijuana, where most illegal entry attempts occurred. They interpreted the findings as evidence that enforcement did apply pressures to local labor markets but that the US border markets somehow adjusted without wage changes, whereas Tijuana did not.¹⁸

Researchers have also tested the wage effects of three groups of immigrants: all immigrants,

immigrants transitioning from nonimmigrant to permanent status, and newly arrived legal permanent immigrants.¹⁹ Immigration inflows resulted in only small wage declines for low-skilled manual laborers — less than one-quarter of a percent for every 10 percent increase in the low-skilled immigrant share. “All immigrants” had a more negative impact on low-skilled natives’ wages than those immigrants adjusting from nonimmigrant status. Newly arriving immigrants did not have a statistically significant impact on the wages of low-skilled natives. The authors suggest that the degree to which immigrants substitute for natives — and therefore compete with them — increases with time spent in the United States.

Other research continues to find only small negative effects of immigration on African-American workers’ wages. In their compilation of a series of studies, Hamermesh and Bean determined that immigration has had “a negative impact, not especially large overall, but clearly identifiable” for African Americans.²⁰ They noted, though, that low-skilled African-American natives felt the biggest negative effects. One study found that although immigration had no overall effect on the wages of African-American men, it had a small effect on low-skilled African Americans.²¹

However, some recent scholarship, associated primarily with the work of economist George Borjas, has diverged from the conventional wisdom that immigration has little to no impact on the wages of natives. This research has found that wage effects are negative and larger than described by earlier research.²² Borjas has found a 3 or 4 percent wage decline for competing native workers for every 10 percent increase in immigrants with similar skills.²³ Another study found that Mexican immigrant flows from 1980 to 2000 lowered native wages by over 3

percent, with an 8 percent decline for high school dropouts.²⁴ This study also found that highly skilled natives had the next largest wage decline as a result of Mexican immigration (3.9 percent). (Importantly, however, once the researchers accounted for a presumed increase over time in capital investment as a result of Mexican immigration, they found that high school dropouts experienced only a 4.8 percent wage decline, and the decline for college graduates disappeared altogether.)

Studies of specific occupations have also found more substantial negative effects. One researcher found that native workers (and immigrants) pay a wage penalty for working in occupations with large shares of newcomer Latino immigrants, the so-called “brown-collar occupations.”²⁵ These wage penalties result in substantially lower pay in those occupations for both native and immigrant Latinos who arrived more than five years ago.

Some research has also shown particularly negative effects for African-American workers. One study examining 1980 to 2000 wage effects found a 4.5 percent wage decline for African-American workers as a result of immigration, compared to 3.5 percent for whites.²⁶ A Los Angeles study found that wage penalties in high-Latino immigrant occupations were larger for native African Americans and Latinos than they were for whites.²⁷ The same researcher noted, though, that the occupations in which Latino immigrants concentrated in Los Angeles typically did not employ large shares of African-American workers.²⁸

And finally, some research has shown that immigration actually had positive impacts on native wages. One recent study found that immigration had a slightly positive and statistically significant effect on all natives’ self-employment earn-

ings.²⁹ Its authors noted, though, that there may have been driving factors for this finding that could not be confirmed in the study, such as the disproportionate displacement of self-employed natives with low earnings.

Effects on the high-skilled. Early research on immigration's wage effects did not disaggregate competition effects by immigrants' skill levels, as a number of recent studies do.

The findings regarding immigrants' wage effects on highly skilled native workers are contested, as well. In addition to negative wage effects on low-skilled male workers, Borjas also estimated that immigration during the last two decades depressed wages by 4.9 percent for native college graduates.³⁰ His empirical analysis of foreign-born doctorates finds that a 10 percent increase in the doctorate supply as a result of immigrants causes a wage reduction of about 3 percent for competing new doctorates.³¹

In sharp contrast, other researchers have found that high-skilled immigrants actually raise native wages. One study based on data from the 1990s to 2001 found that a 10 percent increase in high-skilled immigrants raised native skilled workers' earnings by 2.6 percent.³² Orrenius and Zavodny published similar findings and noted that the slightly positive wage impacts hinted that high-skilled immigrants may uniquely complement similarly skilled natives.³³ Batalova also examined the relationship between increases in the proportion of highly skilled immigrants in a skilled job and the earnings of native skilled workers.³⁴ She found that for the overwhelming majority of skilled native men and women, a larger share of immigrants in the same job is positively associated with higher earnings. However, Batalova found a tipping point after which working in jobs with

more immigrants was associated with an earnings decline for all workers.

In addition, Ottaviano and Peri found that immigration contributed to higher wages for natives with a high school degree or more.³⁵ The researchers suggested that these wage increases were the result of large complementarities between immigrants, many of whom were low-skilled, and more highly skilled native workers. Later research by Peri found that immigration during the 1990s led to wage increases of 1.5 percent among native workers with a college degree or more.³⁶

Changing analytic methods. The impact of immigration on native workers' wages is thus contested. But why have recent research findings been so different?

One factor is a widening divergence in the type of methodological approaches used to measure wage effects. Many, though not all, of the studies that rely on an approach called an *area or spatial analysis* have found that immigration causes little to no wage effect. Area analyses measure the impact of immigration by comparing wage changes across local labor markets with different shares or different rates of growth in the shares of immigrants. This approach used to be the primary method to measure impact, but its precision has been questioned since the mid-1990s. Borjas claims that area analyses mask two-thirds of immigration-related native wage depression.³⁷

A more recent approach measures or estimates wage effects at the national rather than local level.³⁸ The most recent of these studies exploit national variations in the type of workers (i.e., levels of education and work experience) and the occupations in which they work to estimate

the effect of immigrant labor market entry on native wages. National estimates have yielded divergent findings, alternately suggesting positive and negative effects of immigration on native workers' wages.³⁹

While area analyses may not adequately address mitigating changes in local labor markets, national-level analyses may also ignore changes in the overall labor market that occur as a result of immigration pressures. For example, natives may decide to stay in school longer, or new capital may enter the US market in response to new immigrant workers.⁴⁰

Job Displacement

A corollary of wage depression is job displacement. Most studies of displacement have focused on individual cities or particular industries, such as cleaning services or factories. We do not know of any published studies that have focused on job displacement among the highly skilled.

The recent literature on job displacement is fairly convergent: immigration has displaced some low-skilled workers and/or African-American natives. But one criticism notes that findings may be skewed because researchers have traditionally focused where they expect to find impacts.⁴¹ Additionally, some researchers have raised the possibility that displacement may not be a bad thing if natives get better jobs as a result.⁴² Nonetheless, recent scholarship suggests that there is some job displacement among natives, or at least growing exclusion, from certain industries as a result of immigration.

Several job displacement studies in the last decade focused on one or several cities, particularly the Los Angeles area. Some have meas-

ured impacts for African-American native workers. One found that immigration to Los Angeles did increase joblessness among African-American men, particularly as a result of low-skilled Latino immigrants rather than Asian or other immigrants.⁴³ Another study based on in-depth interviews with Los Angeles employers — spanning 170 businesses that included restaurants, printers, hotels, and furniture manufacturers — found evidence of network recruiting among Latino immigrants, negative employer perceptions of native African-American workers, and workplace tension between African-American and immigrant workers. All worked to exclude African-American workers.⁴⁴ Rosenfeld and Tienda reported that Mexican immigrants displaced or succeeded low-skilled African-American natives in several industries in Los Angeles, Chicago, and Atlanta, but noted that African Americans' concentration in public sector jobs like teaching or the postal service helped protect these workplace niches from immigrants.⁴⁵

Other studies taking a wider-ranging focus have also found displacement effects. While acknowledging that immigrants who arrived in 175 cities between 1985 and 1990 did little to depress wages, Card found that they lowered both native employment rates and those of earlier immigrant cohorts.⁴⁶ While overall employment rates of low-skilled native men declined by 1 to 2 percent, they fell between 5 and 10 percent in cities that received many new immigrants, such as Los Angeles or Miami. Another study of the self-employed in 132 cities also found that immigrants displace native non-African-American entrepreneurs, although the same researchers did not find sig-

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nificant self-employment displacement effects among African-Americans.⁴⁷

And another recent analysis indicated that new immigrants employed in the United States between 2000 and 2005 accounted for all of the net growth in civilian employment during that period. The same research suggested that flows between 2000 and 2003 reduced the likelihood of employment for native-born 16 to 24 year olds, particularly men and those without postsecondary experience.⁴⁸

Factors Mitigating Wage and Employment Impacts

Changes in labor or capital can lessen the impact of immigration on native wages or employment or spread the effects throughout a larger market. Labor adjustments would include native out-migration, which would spread immigration’s adverse wage or employment impacts across larger geographic regions, and natives receiving an upward push as a result of immigrants occupying the bottom rung of the economic ladder. Changes in capital would include the entry of new industries into a region or changes in an industry’s products. They would also include changes in production methods.

Native out-migration. One of the most contentious issues regarding immigration’s labor market impacts is whether immigrant entry pushes competing natives to other labor markets and discourages natives from moving to places where immigrants are concentrated.

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from moving to places where immigrants are concentrated. The National Academy Report said there was not a consensus as to whether native out-migration was a response to immigration.⁴⁹ This lack of consensus persists today.

Based on 1990 Census data, William Frey argued that natives, particularly whites, were leaving high-immigration areas.⁵⁰ Frey argued that this pattern of migration would lead to a “demographic Balkanization” of the United States, with different areas composed of differing, concentrated racial and ethnic groups.

However, Frey’s more recent work using 2000 Census data has shown that US migration patterns are more complex than his earlier hypothesis of “white flight” from immigrants. Frey found that out-migration from high immigration areas was *not* just occurring among whites in the 1990s, but among Hispanics and Asians as well.⁵¹ Many new immigrants chose to go to places with high domestic migration, too, meaning that immigrant and internal migrants are increasingly choosing the same new places to settle. High-skilled immigrants, in particular, began to go to areas with high levels of native out-migration, perhaps as a result of selective employer recruitment rather than family reunification.⁵²

Some research has asserted that these patterns represent a causal relationship: native out-migration is a direct response to immigration. Borjas, using 1960-2000 Census data, estimates that “for every 10 immigrants who enter a particular state, two fewer natives will choose to live there.”⁵³ He further estimates that for every ten new immigrants in metropolitan areas where immigrants are more concentrated, three to six fewer natives will choose to live there.

In contrast, others have argued that natives are not moving out as a result of new immigrant neighbors in their geographic areas.⁵⁴ Card and DiNardo found that if immigration had any effect, increases in a certain skill level of Mexican immigrants actually led to increases in the native population with similar skill levels in a given area.⁵⁵

Other factors, rather than immigrant flows, may also be at work in native out-migration. Wright, Ellis, and Reibel argued that native outflows were a response to industrial restructuring rather than immigration.⁵⁶ In the case of California, for instance, the largest immigrant-receiving state, defense industry cutbacks and an economic downturn in the 1990s led to native out-migration and the retirement of many white workers.⁵⁷ Natives may also move out as a result of life-course patterns (i.e., as the native population ages, people may decide to move away from cities or be drawn to other states). Or they may see the cost of living in certain cities rise with an influx of immigrants. One study found that increases in legal immigration led to higher rent and housing prices, which had a larger effect on natives' purchasing power than the wage depression effects of immigration.⁵⁸

Native upgrades. Although very limited, some research has addressed the possibility that high immigration flows, at least over time, give natives an employment boost. In his case study of New York and the ethnic division of labor, Waldinger developed this theory to argue that new immigrants followed African-Americans in low-level positions, effectively pushing the latter up the economic chain.⁵⁹ We are not aware of any research that has examined this effect with the highly skilled.

Changes in the sectors of production.

The types of sectors and goods produced in local labor markets may change as a result of immigrant flows. Research by Hanson and Slaughter in fifteen large states indicated a correlation between high immigration flows and a shift toward sectors that relied heavily on the skills of new immigrants.⁶⁰ For example, the authors noted that California, which had a bimodal flow of high- and low-skilled immigrants, saw the most growth in sectors that relied on workers at these educational extremes. While not assigning causality, the authors asserted that the findings were consistent with the theory that local markets could absorb immigrant workers by changing what they produce without causing wages to fall. (The growth of labor- versus capital-intensive sectors leads to increased overall demand for workers, thereby maintaining initial wage levels in the face of growing supply.)

Changes in use of immigrant labor. Similar research does not find changes in the types of sectors in a given area, but does find changes in given industries' use of immigrant labor.⁶¹ For example, evidence indicates that Miami accommodated the Mariel immigrants in the 1980s by employing means of production that used low-skilled labor more intensively, rather than relying on technology.⁶² This would help explain why Card found no decline in native wages in Miami following the arrival of this large immigrant cohort.⁶³ Using plant-level data, Lewis also found that plants in areas with high immigrant flows adopted "automation technology" more slowly than otherwise anticipated, and were even known to "de-adopt" these technologies when immigrant labor became more readily available because of high flows.⁶⁴

The “Competition” Compass: Is it Pointing Somewhere?

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findings on wage impacts have been divergent: large and negative, small and negative to non-existent, or positive. Thus, at least in the near-term, policy choices to reform immigration cannot and will not be based on reliable predictions of immigration’s impact on native wages. Furthermore, while

most research with which we are familiar has found some job displacement or native exclusion within given sectors or cities as a result of immigration, the criticism that many of these studies have looked where one would expect to find impacts is a valid one to consider when reviewing this literature.

The study of other factors besides wage fluctuations or displacement that might help markets adjust to immigration has been spotty. Native out-migration from high-immigration areas, for example, has received much attention, but there is still no consensus as to whether immigration is the driver for native migration. Researchers are just beginning to explore other factors, such as ways businesses absorb abundant immigrant workers. The literature is certainly incomplete with regard to these other market adjustments.

One linkage between findings of the 1990s and today is that researchers still generally agree that some natives benefit from immigration, as the National Academy Report held in

1997. In fact one recent study found that a 10 percent increase in employment as a result of immigration would raise average native wages by 3 to 4 percent.⁶⁵ While the authors noted that immigration reduced low-skilled natives’ relative wages significantly, they found that most — 92 percent — of US workers benefited from immigration through wage increases.

Immigration’s impact on native workers in increasingly contested ground, but even a consensus in the field could only hint at future impacts on native workers. The temporary worker programs that have been proposed in the US Senate are unprecedented in scope and size. As some have proposed, regularizing unauthorized immigrants now in the United States, who number over eleven million, would change the legal status of more than seven million workers with far-reaching implications for their mobility and for the labor market.⁶⁶ It could dramatically change the rate at which newly legal residents integrate into US society and its labor force.

Asking the Right Questions

Current policy proposals try to address the concern that immigrants compete with native workers. For example, President Bush and his Cabinet have justified plans for a temporary worker program by asserting that the workers would take jobs US natives do not want. And legislative proposals for this program include provisions that require jobs for temporary workers to be posted to the American public before immigrants can apply for them.

However, the answer to the “competition question” cannot be meaningful for policy decisions when taken out of the context of other social and economic considerations. Immigration policy has never been driven pu-

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rely by economics, especially not the narrow focus on wages and employment. Immigration policy has been used as an economic tool, for sure, but it has been created by political and social forces as well as aspirations.

In the end, whether or not immigrants actually depress wages or displace some workers is only one consideration within a larger policy-making context. Whether the effects are slightly

negative, somewhat positive, or tend toward zero, they may be far outweighed by other impacts, both positive and negative, that immigrants have on the United States. This broad look at immigrants, their contributions, and their costs is another way to look at competing interests and impacts. It raises a “competition question” that is more useful, albeit even more difficult, to answer as we look toward the future.

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- 26 George Borjas (2004), “Increasing the Supply of Labor through Immigration: Measuring the Impact on Native-born Workers.” Center for Immigration Studies Backgrounder, May 2004. (Washington, DC: Center for Immigration Studies).
- 27 Lisa Catanzarite (1998), “Immigrant Latino Representation and Earnings Penalties in Occupations,” *Research in Social Stratification and Mobility* 16:147-179.
- 28 Lisa Catanzarite (2002), “Dynamics of Segregation and Earnings in Brown-Collar Occupations,” *Work and Occupations* 29(3): 300-345.
- 29 Robert Fairlie and Bruce Meyer (2003), “The Effect of Immigration on Native Self-Employment,” *Journal of Labor Economics* 21(3): 619-650. While we examine “earnings” within the context of wages in this discussion for simplicity, the two are not interchangeable. Wages are typically measured weekly in the literature. Earnings, on the other hand, are often measured annually, meaning that they account for how much a worker is paid and how much time the worker works in a given period. For this reason, earnings can account for both wage and employment changes (i.e. earnings would be reduced if a worker’s wages declined or a worker were laid off for half the year as a result of immigrant competition).

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- 31 George Borjas (2005), “The Labor Market Impact of High-Skill Immigration.” NBER Working Paper 11217. (Cambridge, MA: National Bureau of Economic Research).
- 32 Mary Jane Lopez (2003), “High-Skill Immigrants in the United States Economy: Do High-Skill Immigrants Substitute or Complement Native-Born Workers?” (Economics, University of Notre Dame).
- 33 See note 19 above.
- 34 Jeanne Batalova (forthcoming 2006), *Skilled Immigrant and Native Workers in the United States: The Economic Competition Debate and Beyond* (LFB Scholarly Publishing).
- 35 Gianmarco I.P. Ottaviano and Giovanni Peri (2005), “Rethinking the Gains from Immigration: Theory and Evidence from the U.S.” NBER Working Paper 11672. (Cambridge, MA: National Bureau of Economic Research).
- 36 Giovanni Peri (2006). “Immigrants, Skills, and Wages: Measuring the Economic Gains from Immigration.” *Immigration Policy in Focus* 5(3), (Washington, DC: Immigration Policy Center).
- 37 See note 23 above.
- 38 The earliest of these national estimates used what is called the factor proportions approach, which was developed by Borjas, Freeman, and Katz (See George J. Borjas, Richard B. Freeman, and Lawrence F. Katz (1992), “On the Labor Market Effects of Immigration and Trade,” In *Immigration and the Work Force: Economic Consequences for the United States and Source Areas*, edited by George Borjas, Richard Freeman, and Lawrence Katz. Chicago, IL: University of Chicago Press.) This approach essentially uses actual wage changes at the national level and compares them to an estimated counterfactual scenario in which there is no immigration to measure the “impact” of immigration on natives’ wages. More recently, this approach has also been criticized for its heavy reliance on assumptions used to estimate the counterfactual. In response, new approaches use national data to make comparisons across occupations, education levels, and/or worker experience to measure immigration’s impact on native wages. For a more detailed discussion of the latter approach, see Borjas (2003).
- 39 See note 36 above.
- 40 Congressional Budget Office (2005), “The Role of Immigrants in the U.S. Labor Market.” (Washington, DC: Congressional Budget Office).
- 41 See note 3 above.
- 42 Michael J. Rosenfeld and Marta Tienda (1999), “Mexican Immigration, Occupational Niches, and Labor-Market Competition: Evidence from Los Angeles, Chicago, and Atlanta, 1970-1990.” In *Immigration and Opportunity: Race, Ethnicity, and Employment in the United States*, edited by Frank D. Bean and Stephanie Bell-Rose. (New York: Russell Sage Foundation).
- 43 Paul Ong and Abel Valenzuela, Jr. (1996), “The Labor Market: Immigrant Effects and Racial Disparities. In *Ethnic Los Angeles*, edited by Roger Waldinger and Mehdi Bozorgmehr. (New York: Russell Sage Foundation Press).
- 44 Roger Waldinger (1997), “Black/Immigrant Competition Re-Assessed: New Evidence from Los Angeles,” *Sociological Perspectives* 40(3): 365-386.
- 45 See note 42 above.
- 46 See note 15 above.
- 47 Robert Fairlie and Bruce Meyer (1998), “Does Immigration Hurt African American Self-Employment?” In *Help or Hindrance: The Economic Implications of Immigration for African Americans*, edited by Daniel S. Hamermesh and Frank D. Bean. (New York: Russell Sage Foundation); Robert Fairlie and Bruce Meyer (2003), “The Effect of Immigration on Native Self-Employment,” *Journal of Labor Economics* 21(3): 619-650.
- 48 Ishwar Khatiwada, Andrew Sum, and Tim Barnicle (2006) “New Foreign Immigrant Workers and the Labor Market in the U.S.: The Contributions of New Immigrants to Labor Force and Employment Growth and Their Impact on Native Born Workers, 2000-2005.” (Washington, DC: National Center on Education and the Economy).
- 49 See note 3 above.
- 50 William H. Frey (1995), “Immigration and Internal Migration ‘Flight’ from US Metropolitan Areas: Toward a New Demographic Balkanisation,” *Urban Studies* 32 (4-5), 733-757.
- 51 William H. Frey (2005), “Immigration and Domestic Migration in U.S. Metro Areas: 2000 and 1990 Census Findings by Education and Race.” Research Report 05-572. (Ann Arbor, MI: Population Studies Center).
- 52 Ibid.

- 53 George Borjas (2005), "Native Internal Migration and the Labor Market Impact of Immigration." NBER Working Paper 11610. (Cambridge, MA: National Bureau of Economic Research).
- 54 David Card (1997), "Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration." NBER Working Paper 5927. (Cambridge, MA: National Bureau of Economic Research); Richard A. Wright, Mark Ellis, and Michael Reibel (1997), "The Linkage between Immigration and Internal Migration in Large Metropolitan Areas in the United States," *Economic Geography* 73(2), 234-254; David Card and John DiNardo (2000), "Do Immigrant Inflows Lead to Native Outflows?" *The American Economic Review* 90(2): 360-367; Mary M. Kritz and Douglas T. Gurak (2001), "The Impact of Immigration on the Internal Migration of Natives and Immigrants," *Demography* 38(1), 133-145.
- 55 David Card and John DiNardo (2000), "Do Immigrant Inflows Lead to Native Outflows?" *The American Economic Review* 90(2): 360-367.
- 56 Richard A. Wright, Mark Ellis, and Michael Reibel (1997), "The Linkage between Immigration and Internal Migration in Large Metropolitan Areas in the United States," *Economic Geography* 73(2), 234-254.
- 57 Mark Ellis, Richard Wright, and Jamie Goodwin-White (forthcoming), "From Growth to Stagnation: Immigration and Labor Market Restructuring in Los Angeles, 1980-2000." In *The Immigrant Metropolis*, edited by Frank Bean, Ruben Rumbaut and Susan Wierzbicki. (New York: Russell Sage Foundation).
- 58 Albert Saiz (2003), "Immigration and Housing Rents in American Cities." Working Paper No. 03-12. (Philadelphia, PA: Federal Reserve Bank of Philadelphia).
- 59 Roger Waldinger (1996), *Still the Promised City? New Immigrants and African-Americans in Post-Industrial New York* (Cambridge, MA: Harvard University Press).
- 60 Gordon Hanson and Matthew Slaughter (1999), "The Rybczynski Theorem, Factor-Price Equalization, and Immigration: Evidence from U.S. States." NBER Working Paper 7074. (Cambridge, MA: National Bureau of Economic Research).
- 61 See, e.g., Ethan Lewis (2003), "Local Open Economies within the U.S.: How Do Industries Respond to Immigration?" Working Paper No. 04-1. (Philadelphia, PA: Federal Reserve Bank of Philadelphia); David Card and Ethan G. Lewis (2005), "The Diffusion of Mexican Immigrants During the 1990s: Explanations and Impacts." NBER Working Paper 11552. (Cambridge, MA: National Bureau of Economic Research).
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- 63 David Card (1990), "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review* 43: 245-257.
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- 65 See note 35 above.
- 66 Jeffrey S. Passel and Robert Suro (2005), "Rise, Peak, and Decline: Trends in US Immigration 1992-2004." (Washington, DC: Pew Hispanic Center).

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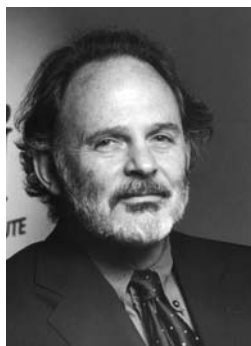
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The Migration Policy Institute (MPI) is an independent, non-partisan, non-profit think tank dedicated to the study of the movement of people worldwide. The institute provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic responses to the challenges and opportunities that migration presents in an ever more integrated world. MPI produces the Migration Information Source website, at www.migrationinformation.org.

This report was commissioned as part of MPI's Independent Task Force on Immigration and America's Future. The task force is a bipartisan panel of prominent leaders from key sectors concerned with immigration, which aims to generate sound information and workable policy ideas.

The task force's work focuses on four major policy challenges:

- The growing unauthorized immigrant population
- Immigration enforcement and security requirements
- Labor markets and the legal immigration system
- Integrating immigrants into American society

The panel's series of reports and policy briefs will lead to a comprehensive set of recommendations in 2006.

Former Senator Spencer Abraham (R-MI) and former Congressman Lee Hamilton (D-IN) serve as co-chairs, and the task force's work is directed by MPI Senior Fellow Doris Meissner, the former Commissioner of the Immigration and Naturalization Service.

The approximately 25 task force members include high-ranking members of Congress who are involved in shaping legislation; leaders from key business, labor and immigrant groups; and public policy and immigration experts. MPI, a nonpartisan think tank dedicated to the analysis of the movement of people worldwide, is partnering with Manhattan Institute and the Woodrow Wilson International Center for Scholars for this project.

For more information on the Independent Task Force on Immigration and America's Future, please visit:

www.migrationpolicy.org