

# The Impact of Immigration on Employment

Faculty Advisor: Aaron A. Elrod

Brigitta Viktória Kujbus

University of the South

## Introduction

This research examines the economic impact of Hispanic immigration on two major metropolitan areas: Miami and Los Angeles. Miami and Los Angeles have been facing Hispanic immigrant influx settling down for decades without major economic adjustments on the economy. Many researchers discuss that the reasons for immigrants focusing on certain areas are due to the language barriers being mitigated, which makes settling for them easier. (Mason, 2016). As reading the news and media these days, the adversity and at times hate that Hispanic immigrants are facing is in every news cycle making it hard for citizens to see the research that proves these outlets wrong.

I examine the effect of Hispanic immigrants on the employment of African - American citizens with similar backgrounds. This topic has been discussed, researched and highlighted just as much by economists as by the media and politics. The public perception towards Hispanic immigrants in the United States has been determined by these sources and have created the idea that these Hispanic immigrants are perfect substitutes for American citizens. However, many prominent economists disagree on how much Hispanic immigration has impacted the employment rates and argue against the claims of politicians and newspapers. I will synthesize various economic research in order to formulate a conclusion about the impact of Hispanic immigration on the economy.

Using pooled cross-sectional data, I find that the wages of Hispanic immigrants are lower than the African American citizens' in these areas, therefore they are not perfect substitutes for each other when looking at workers working all year round.

## Conceptual Framework

As previously, this research examines the substitutability of Hispanic immigrants with the African American population of two major metropolitan areas affected by Hispanic immigration. While I am using variables set up by the research done in the future, I am also combining and looking at other factors holistically. While education, age, sex and location are good indicators of wage differences, language barriers and crime rates might explain the behavior and wage status of Hispanic immigrants. They face difficulties that prevent them from perfectly assimilating.

Whereas Hispanic immigrants struggle to assimilate, African- English immigrants within 5 years of settling down assimilate in the community so ideally that they can be used as substitutes for African - American citizens. Therefore, we could argue that the Hispanic immigrants' largest obstacle with assimilation is the language barrier. Brown, Jones and Becker (2018) examine how Latinos assimilated into the white communities of the U.S. South. Their research finds that Latinos experience similar discrimination as African Americans. However, the cause of crime rates in these States cannot be associated with the Hispanic population, they are still perceived more negatively by white communities.

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## Model

I use cross-sectional data from the Current Population Survey with variables related to wages. As the research is expanding, I find that more and more variables are in fact correlated with the wages of Hispanic immigrant.

$$\text{wage} = \beta_0 + \beta_1\text{Hispanic} + \beta_2\text{gender} + \beta_3\text{age} + \beta_4\text{age}^2 + \beta_5\text{metropolitanarea}$$

This model serves as a very basic model to explain any potential difference in wages. The wage variable is in pre-tax form and adjusted to the value of the dollar amount of the last day surveyed. While the wage term is one variable, in reality there are 6 different groups of wage earners based on the regularity they worked during the year. Gender, race and age are variables explaining difference in wages in general, with age being limited to above 15-year-old individuals. Hispanic refers to whether a person is Hispanic or not and metropolitan area is where these individuals live.

**Table 1**

Variable	Obs	Mean	Std. Dev.	Min	Max
sex	32,522,986	1.4777	.4995015	1	2
age	32,522,986	41.8776	14.22435	16	97
hispanic	6,712,772	.554	.4971	0	1
hrwage1	2,383,973	31.38157	319.8865	0	85066.66
hrwage2	1,985,001	27.05864	81.27368	0	19384.62
hrwage3	2,089,424	27.58979	55.60467	0	21435.9
hrwage4	2,258,793	31.49228	54.47449	0	18253.32
hrwage5	1,102,635	35.49313	57.85556	0	17102.04
hrwage6	22,703,160	41.69564	54.80011	0	17962.26

The number of observations in this dataset is 32,522,986 observations for the above 15-year-old individuals. Males are assigned number 1 and females are number 2. The mean shows that we have about the same number of females and males in the sample. We can see that the average age of a person is around 41. The Hispanic population is around 6,712,772 and looking at all of the observations in the research, we can see that there is a fairly large number of Hispanic individuals in the dataset.

There are six different groups of hourly wages that are based in how many weeks an individual has worked. The way this variable has been calculated is that I took the average weeks an individual worked multiplied it by the hours they worked and divided the yearly wage by the number I get from the multiplication. We can see that most of the individuals work on average 52 weeks a year, however, there is a fair number of individuals working 14 weeks on average (hrwage1) or 47 weeks on average (hrwage4). Those 17,056,339 individuals who have not worked any number of weeks during the year were eliminated from this data to help with the large amount of data.

## Results

As many economists have looked at the extent to which Hispanic immigrants are substitutes for citizens in many different ways to dispute the allegations made in the media about Hispanic immigrants being perfect substitutes, the 6 regression equations used during this research yielded the same results with one slightly difference. However, all of them supported the hypothesis that Hispanic immigrants are not perfect substitutes for the African American citizens of the Los Angeles and Miami metropolitan areas.

Those individuals that on average worked 52 weeks are the best representatives of the results. The gender of an individual and whether the individual is Hispanic is very significant in the regression, therefore, it is not only a question whether an individual is Hispanic immigrant or African American citizens, but the gender also plays a role when we compare these two groups. Out of the 6 regressions based on the different number of weeks worked the lowest number of weeks worked shows that there is no significant difference between a Hispanic immigrant and an African American citizen. It might be due to the seasonal jobs offered in the two metropolitan regions, or other seasonal jobs like internship etc.

## Wage Group 6

Number of obs	564 602					
R-squared	0.0152					
Adj R-squared	0.0152					
hrwage6	Coef.	Std. Err.	t	P >  t	[95% Conf. Interval]	
sex	-4.424758	0.1368477	-32.33	0	-4.692975	-4.15654
age	1.868759	0.0309948	60.29	0	1.80801	1.929508
agesqr	-0.0177183	0.0003581	-49.48	0	-0.0184202	-0.0170165
hispanic	-3.147068	0.1783724	-17.64	0	-3.496672	-2.797464
met2013	0.0007338	0.0000723	10.14	0	0.000592	0.0008756
cons	-25.09088	2.405925	-10.43	0	-29.80642	-20.37535