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Gordon Hall
418 North Pleasant Street
Amherst, MA 01002

Phone: 413.545.6355
Fax: 413.577.0261
peri@econs.umass.edu
www.umass.edu/peri/



Did Immigrants in the U.S. Labor Market Make Conditions Worse for Native Workers During the Great Recession?

Robert Pollin and Jeannette Wicks-Lim
Department of Economics and Political Economy Research Institute (PERI)
University of Massachusetts, Amherst

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Abstract: *Did the presence of immigrant workers in the United States labor market—including both documented and undocumented workers—significantly affect conditions for low-wage native workers during the Great Recession of 2008-09? Building from the methodology developed by Card (2005), our basic finding is straightforward: the presence of immigrants in the U.S. labor market did not contribute in any significant way to the severe labor market problems faced by native workers during the recession. We do emphasize that our conclusion remains provisional until a broader set of data are brought to bear in investigating the question.*

JEL Codes: J61, J31

Introduction

This short research note considers this question: did the presence of immigrant workers in the United States labor market—including both documented and undocumented workers—significantly affect conditions for low-wage native workers during the Great Recession of 2008-09? Of course, native U.S. workers, especially those in the lower-paying scales within the overall U.S. market, experienced severe distress due to the recession, with the official unemployment rate having averaged more than 9.5 percent between Barack Obama's inauguration in January 2009 until the end of 2010. At the same time, our findings show that the presence of immigrants in the U.S. labor market *did not* contribute in any significant way to these negative conditions.

We wish to emphasize at the outset that we consider our findings here to be only provisional. More research is needed to confirm our basic results with full confidence. At the same time, these provisional results are consistent with the weight of evidence in the literature, which had focused on labor market conditions prior to the recession.

Review of Methodology and Literature

We undertook the research for this note as an accompaniment to Robert Pollin's column "Can We Please Stop Blaming Immigrants?" in the Winter 2011 issue of *New Labor Forum*. In that column, Pollin

focuses on an issue that has gained increasing prominence during the current recession. That is, to what extent have immigrant workers within the U.S. labor market, including undocumented workers, contributed to unemployment, underemployment and stagnating wages among native U.S. workers? The column also addresses whether immigrants are a drain on the U.S. Treasury, through receiving government benefits without having to pay their fair share of taxes. But we do not address that issue in this note.

Pollin's column does not primarily present new research in addressing these topics, but rather draws on the existing literature to reach the basic conclusion that immigrants have not contributed in any significant way, if at all, to the employment problems faced by native U.S. workers in the recent past. Among other sources, Pollin draws on the innovative work of UC Berkeley economist David Card. Focusing on data from the 2000 census, Card (2007) compared local labor market conditions in the 17 largest metropolitan areas throughout the U.S. There were two reasons for making this comparison. First, the immigrant population for these cities is very high, at nearly 27 percent of the total population, which is roughly twice that for the country as a whole. So if we are going to observe the effects of immigration on jobs anywhere in the U.S., it will be in these large cities. In addition, the percentage of immigrants varies dramatically *between* these different cities, with Philadelphia and Detroit at a low of between 8 and 9 percent of the total population while the figure more than 35 percent in Los Angeles and Miami.

If immigrants are indeed making conditions more difficult for native workers, we would therefore expect that native workers will be relatively worse off in places like Los Angeles than Philadelphia, after we control for other factors affecting the labor markets in these cities, such as the relative levels of business investment, or changes in population, or the city's overall unemployment rate. In particular, we would expect such problems to show up especially with jobs available to people with low educational credentials, such as restaurant workers, hotel workers, taxi drivers, cleaning people, practical nurses, and gardeners. This is because immigrants tend to have less formal education than native workers and would therefore be relatively more active in competing for these types of jobs. However, Card showed, in his 2007 paper and in earlier work from 2005, that there are no significant differences from city to city in terms of either numbers of jobs available or wage levels for native workers, regardless of the proportion of immigrant living in the city. Other researchers have reached basically the same conclusion, using different methodologies and data.

Pollin's column summarizes the reasons as to why this result holds up under a variety of empirical tests. At the same time, one especially pertinent question for the present historical juncture could not have been answered in the existing literature—whether the results of Card and others have held up during the Great Recession. This is why we have focused on this particular question in this research note.

Research Findings

Working from Card's approach, our basic strategy is to compare the employment and earnings of low-credentialed native-born workers in cities with a high immigrant population to their counterparts in cities with low immigrant populations. Differences in the economic situation for native-born workers with less than a high school degree between these two sets of cities would suggest that immigrant densities do impact their employment and earnings. In our analysis we compare the situation between low-

credentialed native-born workers in three high-immigrant cities: Los Angeles, Miami, and New York, and three low-immigrant cities: Atlanta, Boston, and Philadelphia. The situation in these six cities should indicate whether large immigrant populations have a strong negative impact on the economic situation of low-credentialed native-born workers. In 2009, nearly one-third (31 percent) of the entire U.S. immigrant population resides in the Los Angeles, Miami, and New York metropolitan areas.¹

We first establish that having a high proportion of immigrants corresponds with a high proportion of less-credentialed workers in a city. In Table 1, we provide these proportions by city during 2008-09, the years of the Great Recession.² Among the high immigrant cities, immigrants make up 44 to 57 percent of the adult population (ages 18-65). This is substantially higher than what is the case in low immigrant cities—between 11 percent and 24 percent. We can also see in Table 1, that the percent of workers with less than a high school degree is much higher among immigrants (columns 3 and 4). Therefore, the percentage of low-credentialed workers is much higher among high-immigrant cities, ranging between 17 and 25, compared to 10 and 12 in low-immigrant cities (column 2). As a result, among the six cities on which we focus, a strong correlation does indeed hold between the proportions of immigrants and low-credentialed workers.

Table 1. Comparing proportions of immigrants and low-credentialed workers by city during the Great Recession, 2008-2009

City	% immigrants in city	% of adult workers with less than a high school degree in city	% of adult workers with less than a high school degree in city	
			among immigrants	among native-born
<i>Cities with high-immigrant populations</i>				
Los Angeles	47.5%	25.0%	40.4%	10.4%
Miami	57.4%	16.8%	20.5%	12.7%
New York City	43.5%	18.0%	25.8%	11.6%
<i>Average</i>	<i>49.5%</i>	<i>19.9%</i>	<i>28.9%</i>	<i>11.6%</i>
<i>Cities with low-immigrant populations</i>				
Atlanta	17.5%	12.2%	26.5%	9.1%
Boston	23.5%	9.6%	20.8%	5.6%
Philadelphia	11.4%	10.2%	17.4%	8.9%
<i>Average</i>	<i>17.5%</i>	<i>10.7%</i>	<i>21.6%</i>	<i>7.8%</i>

Source: 2008 and 2009 1-Year American Community Survey Public Use Micro-data Sample.

¹ This figure is based on the 2005-2009 American Community Survey 5-Year estimates See: http://factfinder.census.gov/servlet/ACSSAFFacts?_submenuId=factsheet_0&_sse=on

² All of our figures are based on the 1-Year American Community Survey (ACS) Public Use Micro Sample (PUMS) data sets from the U.S. Census Bureau for 2008 and 2009. Cities are defined by the Census Bureau-defined Public Use Micro Areas (PUMAs) that most closely coincide with the counties that contain each city.

We now consider whether, during 2008-09, a higher density of immigrants in a local labor market worsens the economic situation for native-born low-credentialed workers. In addressing this question, we first need to control as carefully as possible for other factors that may be affecting conditions in these local labor markets unrelated to the proportion of immigrants in each city. We control for these other factors by looking at the *relative* employment and wage rates of low-credentialed native-born male workers. Specifically, for native-born male workers in each city, we examine the employment and wage rates among those with less than a high school degree to those with a high school degree but no time in college. These relative employment and wage rates should eliminate differences across high and low immigrant cities that are due to broader economic forces affecting all workers.

In Table 2, we present these relative employment and wage rates for native-born low-credentialed male workers by their city of residence. Overall, these figures support the view that there is no significant negative impact of immigrants on employment or wage rates of native-born workers. In the first column of Table 2 we see that the relative employment rate—the employment rate for natives without high school diplomas versus those with degrees but no college experience—is about the same during 2008-09 in high immigrant cities versus—(-25.0 percent) compared to among low immigrant cities (-24.9 percent). In other words, the employment rate among less-credentialed native-born workers is about 25 percentage points lower than among native-born high school graduates *regardless* of the proportion of immigrants in their communities. In the second column of Table 2, we also see basically no difference in relative wages. The average hourly wage of native-born workers with less than a high school degree is about 27 percent lower than native-born high school graduates in both high- *and* low-immigrant cities.

Table 2. Comparing relative employment and wage rates of native-born male workers with less than a high school degree between high and low immigrant cities, 2008-2009

	Employment rates: Differences between workers without high school degrees and those with degrees	Wage rates: Differences between workers without high school degrees and those with degrees
Cities with high-immigrant populations		
Los Angeles	-19.6%	-28.7%
Miami	-29.4%	-24.8%
New York City	-26.1%	-26.2%
<i>Average</i>	-25.0%	-26.6%
Cities with low-immigrant populations		
Atlanta	-25.0%	-26.4%
Boston	-22.9%	-27.4%
Philadelphia	-26.8%	-25.5%
<i>Average</i>	-24.9%	-26.5%

Source: 2008 and 2009 1-Year American Community Survey Public Use Micro-data Sample.

These findings closely match the conclusion reported by Card in 2005. Working with the 2000 Census data, Card found that:

As in most of the previous work looking at local labor market impact of immigration, there is a surprisingly weak relationship between immigration and less-skilled [i.e., less-credentialed] native wages. This pattern has persisted despite steady inflows of relatively unskilled immigrants that have created ever greater differences across cities in the relative supply of dropouts over the past two decades (p.12).

A more systematic analysis would include observations from the more than 300 cities around the U.S. But these findings from six important U.S. cities—including the three areas where immigrant populations are most heavily concentrated—offer an important set of initial evidence, strongly suggesting, consistent with earlier research, that the presence of immigrants in the U.S. labor market has not significantly affected conditions for native low-credentialed workers.

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