

March 1, 2011

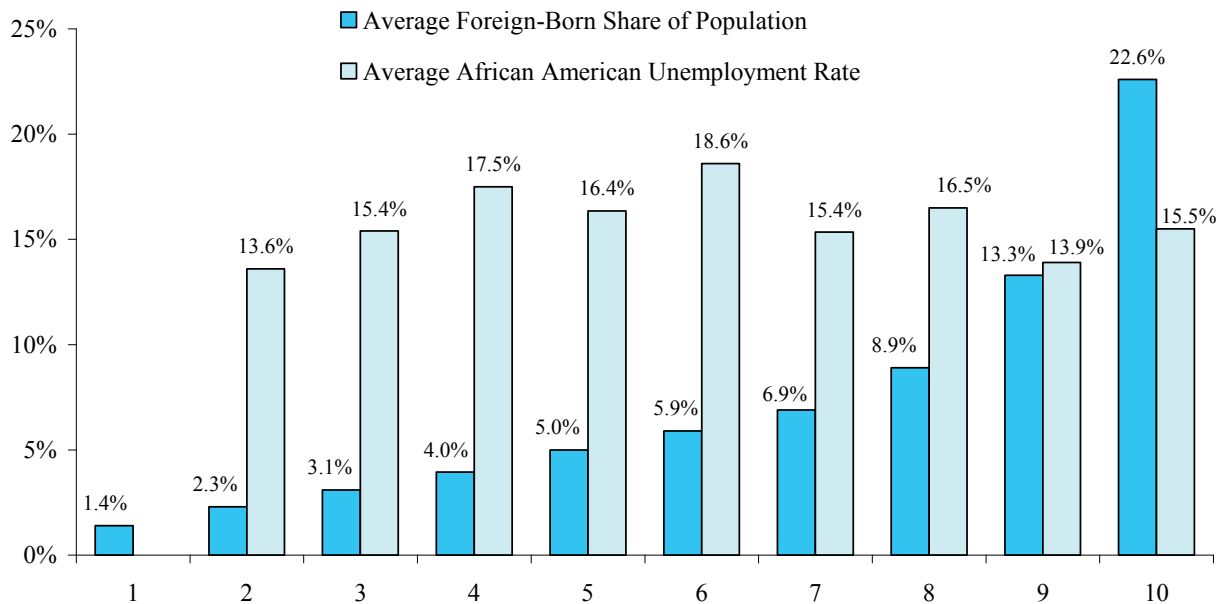
**THE RACIAL BLAME GAME:  
Immigrants Are Not the Cause of High Unemployment and Low Wages  
Among Minority Workers**

Some observers have suggested that immigrants are to blame for the high unemployment rates and low wages experienced by so many minority workers in the United States. However, the best available evidence suggests that immigration is not the cause of dismal employment prospects for American minorities. For instance, cities experiencing the highest levels of immigration tend to have relatively low or average unemployment rates for African Americans. This should come as no surprise; immigrants go where jobs are more plentiful. The grim job market which confronts many minority workers is the product of numerous economic and social factors: the decline of factory employment, the deindustrialization of inner cities, racial discrimination, etc. Immigration plays a very small role. However, that role is generally positive. Immigrant workers, consumers, and entrepreneurs help to create jobs and give a slight boost to the wages of the vast majority of native-born workers. Some unscrupulous employers do exploit undocumented immigrants to the detriment of wages and working conditions for both native-born workers and legal immigrants. But the most practical solution to this problem is an earned legalization program for undocumented immigrants and stronger worksite enforcement of wage and labor laws.

**Immigrants are not the cause of minority unemployment.**

- If immigrants took jobs away from large numbers of minority workers, one would expect to find higher minority unemployment rates in those parts of the country with larger numbers of immigrants. Yet data from the 2009 American Community Survey, analyzed for the IPC by Rob Paral and Associates, indicate that there is no correlation between the size of the foreign-born population and the African American unemployment rate in U.S. metropolitan areas {Figure 1}.<sup>1</sup>

**Figure 1: African American Unemployment & Foreign-Born Share of Population in U.S. Metropolitan Areas, 2009**



60 U.S. Metropolitan Areas Grouped by Average Size of Foreign-Born Population  
(Grouped by decile. African American unemployment rates not available for metro areas that are less than 1.4% foreign born.)

1 = cities with lowest foreign-born populations, 10 = cities with highest foreign-born population.

- African American unemployment rates in many low-immigration cities are far higher than in many high-immigration cities. For instance, immigrants were 17.6 percent of the population in Miami in 2009, but only 3.1 percent of the population in Toledo. Yet the unemployment rate for African Americans in Toledo (30.1 percent) was much higher than that of African Americans in Miami (17.6 percent).<sup>2</sup>
- According to Yale University economist [Gerald D. Jaynes](#), the impact on less-educated native-born workers of competition with immigrant workers “is swamped by a constellation of other factors (such as declining factory jobs and other blue-collar employment).”<sup>3</sup>
- [Manuel Pastor](#) of the University of California, Santa Cruz, concludes that “in the policymaking process, the small size of immigration’s impact on the labor market must be kept in perspective.” There are many other, far more significant factors contributing to unemployment and low wages among African American men in particular, such as “the rising level of skill requirements of jobs, racial discrimination, and spatial mismatch between the location of employment opportunities and residential locations of blacks.”<sup>4</sup>

## **Immigrants are not the cause of low wages for minority workers.**

- The most recent economic research indicates that immigration produces a slight *increase* in wages for the majority of native-born workers. This occurs in [two ways](#). First, immigrants and natives tend to have different levels of education, work in different occupations, and possess different skills. The jobs which immigrants and natives perform are frequently interdependent. This increases the productivity of natives, which increases their wages. Second, the addition of immigrant workers to the labor force stimulates investment as new restaurants and stores open, new homes are built, etc. This increases the demand for labor, which exerts upward pressure on wages.<sup>5</sup>
- The wage increase which native-born workers experience as a result of immigration is very small, but it is an increase. A 2010 [report](#) from the Economic Policy Institute estimated that, from 1994 to 2007, immigration increased the wages of native-born workers by 0.4 percent.<sup>6</sup> The impact of recent immigration on native-born wages varied slightly by the race, educational attainment, and gender of the worker.
  - Native-born African Americans experienced an average wage increase of 0.4 percent, nearly the same as the 0.5 percent increase among native-born whites.<sup>7</sup>
  - College graduates saw an increase of 0.4 percent; workers with some college 0.7 percent; high-school graduates 0.3 percent; and workers without a high-school diploma 0.3 percent.<sup>8</sup>
  - Native-born men with only a high-school education or less experienced a 0.2 percent wage decline, while native-born women with the same level of education saw an increase of 1.1 percent.<sup>9</sup>
  - Only foreign-born workers experienced significant wage declines as a result of new immigration.<sup>10</sup>
- A 2008 [study](#) by Giovanni Peri estimated that, from 1990 to 2006, immigration increased the wages of native-born workers by 0.6 percent. College graduates experienced an increase of 0.5 percent, workers with some college 0.9 percent, high-school graduates 0.4 percent, and workers without a high-school diploma 0.3 percent.<sup>11</sup>
- Economist [Gerald D. Jaynes](#) concludes that “the best statistical studies of the effects of immigration on the wages and employment of the native-born conclude that such effects are relatively small—and in any event secondary to other causes of low wages and unemployment.” Jaynes and a colleague “launched a large-scale statistical analysis to measure immigration’s effects on wages and employment of natives nationwide. To our surprise, no matter how we approached the data, our results showed either no effects or very modest effects for the least-educated black men.”<sup>12</sup>

## Immigration does not cause unemployment.

- Immigrants and native-born workers fill different kinds of jobs that require different skills. Even among less-educated workers, immigrants and native-born workers tend to work in different occupations and industries. If they do work in the same occupation or industry—or even the same business—they usually specialize in different tasks, with native-born workers taking higher-paid jobs that require better English-language skills than many immigrant workers possess.<sup>13</sup> In other words, immigrants and native-born workers usually *complement* each other rather than compete.<sup>14</sup>
- Immigrants create jobs as consumers and entrepreneurs. Immigrant workers spend their wages in U.S. businesses—buying food, clothes, appliances, cars, etc.<sup>15</sup> Businesses respond to the presence of these new workers and consumers by investing in new restaurants, stores, and production facilities.<sup>16</sup> And immigrants are 30 percent more likely than the native-born to start their own business.<sup>17</sup> The end result is more jobs for more workers.
- Economist Giovanni Peri of the University of California, Davis, concludes that “immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity,” and “there is no evidence that these effects take place at the expense of jobs for workers born in the United States.”<sup>18</sup>

## Endnotes

<sup>1</sup> Data provided to the IPC by Rob Paral and Associates.

<sup>2</sup> Ibid.

<sup>3</sup> Gerald Jaynes, *A Conversation about the Economic Effects of Immigration on African Americans* (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, July 2010), p. 4.

<sup>4</sup> Manuel Pastor, “Somewhere over the Rainbow? Immigration and African Americans,” *Focus Magazine* 34, no. 5 (September/October 2006): 5.

<sup>5</sup> Giovanni Peri, *Rethinking the Effects of Immigration on Wages: New Data and Analysis from 1990-2004* (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, October 2006), p. 1.

<sup>6</sup> Heidi Shierholz, *Immigration and Wages: Methodological advancements confirm modest gains for native workers* (Washington, DC: Economic Policy Institute, February 4, 2010), p. 12.

<sup>7</sup> Ibid., p. 2.

<sup>8</sup> Ibid., p. 12.

<sup>9</sup> Ibid., p. 13.

<sup>10</sup> Ibid., pp. 1-2.

<sup>11</sup> Gianmarco I.P. Ottaviano and Giovanni Peri, *Immigration and National Wages: Clarifying the Theory and the Empirics*, NBER Working Paper No. 14188 (Cambridge, MA: National Bureau of Economic Research, July 2008), p. 58.

<sup>12</sup> Gerald Jaynes, *A Conversation about the Economic Effects of Immigration on African Americans* (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, July 2010), p. 3.

<sup>13</sup> Giovanni Peri, “The Effect of Immigrants on U.S. Employment and Productivity,” FRBSF Economic Letter 2010-26 (San Francisco, CA: Federal Reserve Bank of San Francisco, August 30, 2010).

<sup>14</sup> Michael Greenstone and Adam Looney, *Ten Economic Facts About Immigration* (Washington, DC: The Hamilton Project, Brookings Institution, September 2010), p. 5.

<sup>15</sup> Heidi Shierholz, *Immigration and Wages: Methodological advancements confirm modest gains for native workers* (Washington, DC: Economic Policy Institute, February 4, 2010), p. 22.

<sup>16</sup> Michael Greenstone and Adam Looney, *Ten Economic Facts About Immigration* (Washington, DC: The Hamilton Project, Brookings Institution, September 2010), p. 5.

<sup>17</sup> Ibid., p. 11.

---

<sup>18</sup> Giovanni Peri, "[The Effect of Immigrants on U.S. Employment and Productivity](#)," FRBSF Economic Letter 2010-26 (San Francisco, CA: Federal Reserve Bank of San Francisco, August 30, 2010).