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## The Truth About the Impact of Unskilled Immigrants in America

### Abstract

The question about the welfare of less skilled immigrants is the topic of this paper. This paper departs from previous work on immigrant cohorts and instead examines young native and legal immigrant adults (unskilled) who came to the U.S. with their parents. This paper will argue that for this sample, unskilled immigrants start off with very low wages compared to natives, but eventually pick up after acquiring U.S.-specific skills. This is probably due to positive selection of immigrants and other factors discussed later in the paper. Therefore, it can be argued that unskilled immigrants are not a drain on the economy.

# The Truth About the Impact of Unskilled Immigrants in America

Sam Kwainoe

## I. Introduction

Compared to most other industrialized countries, the U.S. has high levels of legal and illegal immigration. Recent talks between Mexico and the U.S. have stirred public debates on the impact of legalizing approximately 4 million illegal Mexicans in the U.S. as temporary workers. According to Steven Camarota (2001), these illegal immigrants will become “temporary workers” and eventually attain permanent residence after a period of indenture of about three to five years. In fact, immigrants — legal and illegal — now make up 13% of the nation’s workers, the highest percentage since the 1930s. They dominate job categories at both ends of the economic spectrum. Immigrants hold 35% of unskilled jobs, according to the Center for Immigration Studies, a think tank in Washington, D.C. Out of this large number of immigrants, a good proportion are unskilled, which spells out the danger of allowing less skilled immigrants into the U.S.

In 1996, foreign immigrants who entered the U.S. legally since 1980 made up roughly seven percent of the U.S. workforce, and more than 17 percent of those workers had less than a high school diploma (Deavers, 1999). This low level of education among immigrants raises questions about their survival in the new information economy as well as their assimilation process.

Numerous authors have expressed concerns about the declining level of education and skill level that recent immigrants possess and have spelled out the dangers of allowing such immigrants into the country. In their research, Edward Funkhouser and

Stephen Trejo state that because recent immigrant cohorts are less skilled than previous cohorts, later arrivals can expect to earn lower incomes over their working lives than earlier cohorts (1995). This is a frightening conclusion! Also, the declining wage level for immigrants increases the income inequality between the skilled and unskilled workers, thereby increasing the dependence of poor immigrants on social programs.

The question about the welfare of less skilled immigrants is the topic of this paper. This paper departs from previous work on immigrant cohorts and instead examines young native and legal immigrant adults

“...the declining wage level for immigrants increases the income inequality between the skilled and unskilled workers, thereby increasing the dependence of poor immigrants on social programs.”

(unskilled) who came to the U.S. with their parents. This paper will argue that for this sample, unskilled immigrants start off with very low wages compared to natives, but eventually pick up after acquiring U.S.-specific skills. This is probably due to positive selection of immigrants and other factors discussed later in the paper. Therefore, it can be argued that unskilled immigrants are not

a drain on the economy.

In order to test this hypothesis, data from the National Longitudinal Survey of Youth (NLSY, 1997), comprised of a select sample of native and immigrant children, will be used. Section II gives a brief background on immigration. Section III provides a theoretical foundation for the topic. Section IV lays out the hypotheses and explains the empirical model and the data. Finally, Section V discusses the results of the analysis, and Section VI draws conclusions from the results.

## **II. Brief U.S. Immigration History**

Workers immigrate to America for different reasons. Some come with the intention of tapping into the American dream, and others with the intention of acquiring some wealth and going back to their home country. U.S. immigration policy has changed over the years. In fact, for the first 140 years of its history as an independent country, the United States followed a policy of essential unrestricted immigration with the only restriction on Asians and convicts (Ehrenberg & Smith, 2000). However, this changed in 1921 when Congress adopted a Quota Law to base immigration on nationality. However, this system was abolished in 1965 upon the passage of the immigration and nationality act, which formally restricted immigration to 675,000 people a year. Out of this number, 480,000 were allocated for family-reunification purposes, 140,000 for immigrants with exceptional skills, and 55,000 for “diversity” immigrants (Ehrenberg & Smith, 2000). This allocation of quotas for family and diversity purposes has increased the number of unskilled immigrants. This is because the 1965 quota system makes it easy for a legal immigrant to bring their less educated family members to the U.S. and the diversity lottery allows anyone who wins to enter the country.

Despite the changes in immigration policy, an important issue that stands out is how immigrants perform after their arrival to the United States. Immigrant performances, according to studies, suggest that immigrant earnings start low initially because of less transferable skills, but eventually overtake natives with time. In his survey article, George Borjas analyzes an earlier study by Barry Chiswick on this trend. Chiswick finds that at the time of arrival, immigrants earn about 17 percent less than natives, but because immigrants experience faster wage growth, immigrant earnings “overtake” native earnings within 15 years after arrival (1994). Subsequently, after 30 years in the United States, the typical immigrant earns about 11 percent more than a comparable native worker (Borjas 1994, p. 1671). This finding is consistent with my hypothesis.

However, some economists have taken an exception with Chiswick’s optimistic theory. U.S. immigration and the composition of immigrants has changed over the decades. According to Harriet Duleep and Mark Regets, recent immigrants come

predominantly from Asian and Hispanic countries in marked contrast to earlier immigration dominated by European immigration (1997). This new flow of immigrants from Asia and Latin America will most likely lead to greater income inequality between skilled and unskilled workers in the United States. This is because a majority of immigrants from Latin America and Asia are less skilled compared to natives. As a result, there has been a dramatic decline in the skill composition of new arrivals. This increase in the number of unskilled immigrants will potentially depress wages for both unskilled natives and immigrants.

Adding to this development on immigration, Funkhouser (1995) argues that recent immigrant cohorts are less educated and are less successful in the labor market than their predecessors. Additionally, Funkhouser finds that there are strong links between the shifts in national origins and declining immigrant skills. National immigration statistics suggest that Mexican immigrants, for example, comprise 40 percent of all immigrants and yet have 5 years less education than natives. Inevitably, with less education, unskilled immigrants will be concentrated at the bottom of the wage spectrum and potentially increase the burden on social programs. Also, unskilled immigrants may contribute very little taxes, which is likely to shrink across cohorts. In short, immigrants -especially the unskilled types- are less favorable than they were in the past. The three models that explain the immigrant earnings progress are explained below.

## **III. Theory and Literature Review**

The purpose of this research is to analyze the progress of young immigrant and native adult earnings. The immigrants in my sample came to the U.S. in their teens; and since young adults generally respond much quicker to new environments than their parents, I expect the immigrants in my sample to earn more than their parents. Various immigration economists have used different theories to explain the earnings growth of recent immigrants. Three theories are analyzed in the ensuing sections. However, this paper focuses on the skills-transferability model and the human capital model because they are the best in explaining immigrant progress in the U.S. The reason is described below.

### ***A. Income distribution-immigrant ability model***

The income distribution-immigrant ability model suggests that there was a decline in the ability of immigrants as a result of immigration from countries

with less equal income distributions relative to the U.S. (Duleep, 1997). This decline, according to Duleep, was intensified by the 1965 Immigration and Naturalization Act, which emphasized family-based admissions (1997). Obviously, the admission of more unskilled immigrants leads to a decline in the education-adjusted entry earnings of immigrants. According to Duleep, countries that have dominated U.S. immigration in recent years have less equal income distributions relative to the U.S. than predominantly European source countries that dominated in the past. This unequal income distribution inevitably causes people at the bottom of the income distribution to migrate to developed countries in search of wealth. In fact, George Borjas (1994) theorizes that immigrants from countries with greater income inequality than the United States (like Mexico) will be selected from the lower tail of the ability distribution whereas immigrants from countries with less income inequality than U.S. will be selected from the upper tail of their country's ability distributions (Duleep 1997 p.1). In other words, some of the immigrants from less developed countries like Mexico have a large proportion of less skilled immigrants who may have less transferable skills. These skills may reduce productivity and question their ability. In addition, awareness of the generous government social programs makes economic conditions in the U.S. attractive to unskilled immigrants. Since the U.S. taxes the most able while subsidizing the least productive, taxes are transferred in the form of welfare to the less fortunate, who may be unqualified immigrants.

### ***B. Human Capital Theory***

On the other hand, in an empirical test, Borjas (1994) finds that the extent of income inequality of source countries is negatively associated with the relative quality of U.S. immigrants as measured by the wage differential between entering immigrants and natives of the same educational level (Duleep 1997). This shows the role of human capital in earnings. The human capital model by Gary Becker (1971) states that the "skills and qualifications enhance a worker's productivity and increases the value of that worker to the employer. These skills and qualifications, which contribute to one's productivity are referred to as human capital", (Van Dyke, 2000). Consequently, as the worker contributes to the employer through high profits, the employer in return rewards the worker through high wages. That is, a decline in the skills and

qualifications lowers entry earnings and vice versa. Thus, the human capital framework affects earnings positively. From the analyses, the income distribution-immigrant ability model is ambiguous and difficult to measure empirically so this paper will instead concentrate on the skills-transferability model by Duleep and the human capital framework described above.

### ***C. The Skills-Transferability Model***

The skills-transferability model provides an alternative hypothesis. It shows that the decline in the education-adjusted entry earnings of immigrants reflects the decline in the extent to which the country of origin skills are transferable to the United States (Duleep & Regets, 1997). This model emphasizes the importance of human capital accumulation for success in the U.S. economy. Immigrants coming from less economically developed countries may have less transferable skills because the formal education and work experience from their native countries may be less applicable to the U.S. In fact, "scholars have argued that the skills transferability is higher among economically developed countries because of the similarity of their industrial structures and in the types of skills that are rewarded in their labor markets", (Duleep 1997). However, Duleep adds that the skills acquired at given levels of schooling in other less developed countries are not necessarily inferior to those acquired in the U.S. and may in fact be superior (1997).

On the other hand, Chiswick's hypothesis provides a different view. Chiswick argues that immigrants initially earn significantly less than native-born Americans because their skills are less transferable to the U.S. economy. After acquiring U.S. - specific skills their earnings growth surpasses native-born Americans. The initial investment in acquiring U.S. - specific skills by immigrants reduces their initial earnings. However, after a substantial initial investment, greater earnings will be attained. Thus, it will just be a matter of time before less-skilled immigrants climb out of poverty to a middle class status, if they accumulate the necessary human capital.

In addition, Chiswick attributes this increase in immigrant earnings to positive selection of immigrants from source economies. Positive selection implies that only the most motivated individuals move in response to economic opportunities. In fact, in one of Chiswick's research papers, he finds lower



initial earnings but higher earnings growth for immigrants from non-English speaking countries as compared with immigrants from English-speaking countries (1978). This signals factors other than the ability to communicate in English at play in earnings. In another study, Chris Minns (2000) quotes Chiswick as saying that “second-generation immigrants outperform native -born Americans, possibly due to the transmission of positive characteristics from immigrant parents to their children.” Therefore, immigrant children also have positive characteristics that will enable them to outperform Americans. Moreover, the fact that immigrant children are better integrated into American society suggests that they will perform well in the economy. Minns (2000) also finds that new immigrant earnings convergence (using data from the 1900 and 1910 census files) achieved by foreign-born immigrant cohorts was attained by advancing from blue-collar jobs to white-collar jobs. This also supports the skills-transferability model since immigrants moved from blue to white-collar jobs after obtaining the necessary skills.

Chiswick’s self-selection argument is, however, challenged by George Borjas. Borjas claims that self-selection may be either positive or negative, depending on the relative wage dispersion in the source and host countries (Minns, 2000). Borjas argues that evidence supporting rapid wage growth among immigrants may be an illusion caused by declining labor-market quality between successive cohorts. That is, comparing earnings between immigrant cohorts without considering the level of human capital between the cohorts will make earnings seem to grow at a rapid rate, which is not necessarily accurate. Similarly, Robert Higgs (1971) found that there was little difference in earnings between native-born and immigrant workers after controlling for differences in literacy and English language ability (Minns, 2000). Higg’s finding parallels Chiswick’s convergence hypothesis.

More recently, Borjas concludes that the economic gap between immigrants and natives does not narrow substantially during the immigrants’ working lives (Borjas, 1999). That is, the wages of less skilled immigrants remain below native earnings. This view contradicts Chiswick’s analysis. One possible explanation may be the new Information Age, which requires at least a high school degree and some working computer knowledge. This paper’s hypothesis parallels the work of Chiswick and Minns

and argues that unskilled immigrants start off with very low wages, but eventually pick up after acquiring U.S.-specific skills. I will try to find out what factors cause this increased growth by looking at education variables and other factors.

#### **IV. Empirical Model and Data**

The purpose of this research is to analyze the earnings of a sample of young immigrants and natives adults drawn from the National Longitudinal Survey of Youth (NLSY, 1997). The immigrants in the sample migrated to the US with their parents. For the purpose of this study, unskilled natives and immigrants consist of NLSY sample members who had 12 or less years of education. Thus, the sample consists of only unskilled natives and immigrants. Their earnings are then studied over a 12-year period.

To test the change in earnings of unskilled immigrants and natives, I test the hypothesis that the unskilled immigrants eventually earn more than natives. To test this hypothesis, four independent regressions are run for 1986, 1990, 1994, and 1998. Due to data incompleteness, the regressions can not be run for the entire 12-year period. Simple OLS regressions are used to capture the earnings of both immigrant children and natives in the years chosen. The regressions are run with data from the National Longitudinal Survey of Youth (NLSY, 1997). The NLSY is a database that is derived from in-person interviews with 12,686 people from 1979 through 1998.

Two empirical models are used to test the earnings change of unskilled immigrants and natives. The first model analyzes the earnings of both skilled and unskilled natives and immigrants for each of the four years. Even though this model does not accurately measure the effect of being an immigrant on earnings, it gives an idea of immigrants earnings relative to natives during the regression years. The model is as follows:

$$E = a + b_1 IM + u \quad (\text{Model 1})$$

In the second model, the growth in immigrant earnings (E) is the dependent variable and it is tested against factors like age (AGE), gender (MALE), parent’s education (MED & FED), and a dummy variable, immigrant (IM). This model consists of individuals with twelve or less years of education. Please refer to Table 1 for a summary of the variables.

All the regressions are run in each of the four years to find the variables that have significant coefficients, to explain the change in earnings. The regression equation and model take the form:

$$E = a + b_1 IM + b_2 MED + b_3 FED + b_4 MALE + b_5 AGE + u \quad (\text{Model 2})$$

The Earnings (E) variable refers to the total annual earnings of each individual in the sample. The higher the earnings, the better off the person is. It symbolizes the economic well being of the individual. It is hypothesized that this variable will increase with more education, experience, and age.

The immigrant (IM) variable is a dummy variable that assumes the value of one for immigrants and zero for Americans. Immigrants consist of individuals born outside the U.S. and had foreign parents. This effectively removes the probability of selecting Americans born outside the U.S. from the sample. This variable will allow the regression to test the convergence hypothesis. By looking at the coefficients between 1986 and 1998, the earnings of natives and immigrants can be compared to see if they increase, decrease or remain the same. If the coefficients are similar or the coefficient for immigrants is positive, then the convergence hypothesis holds. In addition, if an immigrant earns more than a native, the coefficient will be positive and significant and vice versa.

The parent's level of education was included into this research to study the impact of parents' education on children's earnings. It is made up of father's education (FED) and mother's education (MED). It is assumed that, *ceteris paribus*, native parents will have more education than immigrant parents, which will enhance their children's economic performance. That is, parents with high levels of education will help their children with schoolwork, encourage them to read, and use their work-related connections to help their children find good jobs. These things enhance the human capital of native children and allow their earnings to increase. Therefore, the coefficient for the immigrant's parent's level of education will be positive.

The older the immigrant (AGE), the higher his or her wage is expected to be. This is because human capital increases with age, which increases productivity. Therefore, an increase in age will increase earnings by a significant amount. This paper tries to

capture this effect with this variable. Thus, the coefficient for age is expected to be positive.

The gender variable (MALE) is also a dummy variable assuming a value of one for males and zero for females. It is expected that males will earn more than females because males normally work more and can have multiple jobs. Also, since women may be discriminated against because they are perceived to be less productive than men, women will experience less earnings with time compared to males. The error term is (u). A summary of the variables are given in Table 1.

Before running the OLS regressions, descriptive statistics were run to get the average earnings for the individuals, as well as the mean years of education for the individual and their parents. The sample used in this analysis consists of both skilled unskilled natives and immigrants. The results are shown in Tables 2 and 3. This is done to see the effect of parent's education on the earnings of their children.

As shown in Table 2, immigrant parents in the sample have almost four years less education than native parents. Perhaps this explains why the mean earnings of immigrants are less than natives in Table 3. Table 3 provides the mean earnings of individuals and the difference in means between natives and immigrants in the sample. In all of the years analyzed in table C, natives earn more than immigrants. Also, immigrants have one year less education than natives. This could contribute to the lower earnings. Since low levels of education decrease the level of human capital accumulation, it is inevitable that immigrants would earn less than natives. Therefore, in order to analyze the effect of immigrants' and their parents' education on earnings, model 2 is used to control for education. The results of the regression are discussed in the ensuing section.

## V. Results

### A. Model 1

The results from Table 4 indicate that immigrants earned less than natives except in 1990 when they earned approximately \$126 more than natives. This supports Borjas' argument that the wages of less skilled immigrants remain below native earnings, approach native earnings, but never cross. However, the significance levels for all the regressions were low, which leads me to question Borjas' claim. To better

**TABLE 1**  
Variable Descriptions

Variable	Description	Expected Sign
E	The Earnings variable refers to the total annual earnings of each individual in the sample.	+
IM	The immigrant variable assumes the value of one for immigrants and zero for native-Americans.	+
FED	Fathers education	+
MED	Mothers education	+
AGE	The age of the individual in the sample	+
Male	Gender of the individual in the sample. It assumes a value of 1 for males and 0 for females.	+

understand the immigrant earnings question, several variables are added to model 1 to obtain model 2.

### **B. Model 2**

The regression for model 2 produces some rather astonishing results as shown in Table 5. The results run contrary to Borjas' argument that unskilled immigrants earn less than natives and can never catch up to them. The regression produced results that show that unskilled immigrants earn more than natives, after controlling for education and age!

In 1986 immigrant adults earned about \$458 more than natives, *ceteris paribus*. After controlling for other factors in the regression, the high wage for the unskilled immigrants was also observed in 1990, 1994, and 1998. Unskilled immigrants earned \$3,061, \$2892, and \$4,999 more than unskilled natives respectively. In fact, immigrants in 1998 saw a ten times increase in earnings compared to natives in 1986. Does this mean that unskilled immigrants can survive in the new information economy? From the significant increase in earnings between 1986 and 1998, unskilled immigrants may be complements to skilled labor in the new information economy. Skilled immigrants need unskilled immigrants to perform jobs that they would not necessarily perform and would rather provide supervision for. Furthermore, the dramatic increase in earnings could also be due to the booming economy in the 1990s.

The literature explains the growth in earnings with different reasons. Chiswick's argument that immigrants are positively selected is one explanation. What this means is that immigrants are more motivated

and hard-working than natives. In addition, immigrant children are as hungry as their parents, who may or may not have a high level education. Therefore, they are inspired by the poor economic status of their parents to work harder to earn more than their parents. Also, in some cultures children are expected to take care of their parents and extended family, so immigrant children are under more pressure to succeed. This, perhaps, explains the rapid change in the young immigrant adult earnings.

The regressions for 1986, 1990, 1994, and 1998 accounted for approximately 13 percent of the variation in earnings and were highly significant. Obviously other factors like experience, language skills, discrimination, and quality of education that were omitted could have explained the variation in earnings more. This explains the low coefficient of variation values (R square).

The male coefficient experienced tremendous growth from 1986 to 1998. The effect of being a male as compared to being a female on earnings caused earnings to double, looking at earnings in 1998 and 1986. The effect of being male on earnings increased rapidly between 1986 and 1990 (from \$4528 to \$16086). The significance level was also very high. Some explanations for this observation may be that males tend to work more because of family responsibilities and perhaps employers view males as being more productive than females.

The parent's education on the other hand showed the impact of parents' education on the individual's earnings. A one-year increase in parents' education (MED & FED) in 1986 increased earnings by \$423. However, in 1998 an increase in education



**TABLE 2**  
Descriptive Statistics for Mean Years of Education

	<b>N (size)</b>	<b>MEAN (1986)</b>	<b>MEAN (1990)</b>	<b>MEAN (1994)</b>	<b>MEAN (1998)</b>
<b>Mothers education</b>					
Immigrant	597	7.2	7.2	7.2	7.2
Native	8526	11	11	11	11
<b>Fathers education</b>					
Immigrant	555	7.9	7.9	7.9	7.9
Native	7739	11	11	11	11
<b>Respondent's Education</b>					
Immigrant	577	11.5	11.8	12	12.2
Native	8343	12.7	12.9	13	13.2

*Source: National Longitudinal Survey of Youth (NLSY, 1997)*

**TABLE 3**  
Mean Earnings for Natives and Immigrants and t-tests for equality of means of samples

	<b>Sample size</b>	<b>Mean earnings</b>	<b>Sig.</b>		<b>Sample size</b>	<b>Mean earnings</b>	<b>Sig.</b>
<b>1986</b>				<b>1994</b>			
Immigrant	8856	886	0.245		583	18523	0.181
Native	8273	9329			7777	19720	
Difference in means		443				1197	
<b>1990</b>				<b>1998</b>			
Immigrant	553	15751	0.851		503	24847	0.6
Native	8018	18624			7252	25488	
Difference in means		2873				641	

**TABLE 4**  
Effect of Being an Immigrant on Earnings (Regression Results for Model 1)

	1986	1990	1994	1998
IM	-462	126	-1197	-641
Sig	0.25	0.85	0.18	0.6
Sample size	8859	8571	6737	6420

*Source: National Longitudinal Survey of Youth (NLSY, 1997)*

TABLE 5

Effect on earnings after controlling for certain variables (Regression results for model 2)

Variable	1986	sig	1990	sig	1994	sig	1998	sig
IM	458.73*	0.298	3061.8***	0.000	2892.27***	0.000	4999.38**	0.004
MALE	4528.01***	0.000	8673.8***	0.000	11231.3***	0.000	16086.35***	0.000
MED	219.2***	0.000	486.7***	0.000	653.64***	0.000	1019.42***	0.000
FED	204.71***	0.000	538.77***	0.000	767.49***	0.000	920.67***	0.000
AGE	1042.03***	0.000	766.66***	0.000	668.01***	0.000	616.73***	0.000
Sample size	7293		7058		6842		6441	
R <sup>2</sup>	0.134		0.13		0.13		0.14	

NOTES: \*significant at the .1 level \*\*significant at the .01 level \*\*\*significant at the .001 level

Source: National Longitudinal Survey of Youth (NLSY, 1997)

combined to increase earnings by \$1,939. Clearly, more education increases earnings and children with educated parents will earn more. In addition, having educated parents as role models inspires children to acquire some form of higher education. This variable is highly significant.

On the contrary, the age variable exhibits a decline in earnings as the years progress and runs contrary to what was predicted. In 1998, an increase in age caused earnings to increase by a mere \$616, which is low compared to \$1,042 in 1986. Since many of the individuals in the sample were in their late teens, with an increase in their ages the individuals in the sample eventually had comparable levels of experience. This made the earnings gap that existed initially to decline. The earnings are higher initially because the individuals in the sample had wide age differences and little experience, but as experience increases with age, the gap in earnings fell.

## VI. Conclusions

As noted earlier, this study about the earnings of immigrant children differs from earlier findings by Borjas about the total immigrant population. Analyzing the educational attainment differences, immigrants had comparable levels of education to natives. The young immigrant adults had a one-year difference in educational levels as shown in Table 3. However, after controlling for education, the immigrants in the sample earned more than natives. This finding is contrary to Borjas' finding that immigrant wages never reach that of natives for the entire working life of the immigrant. On the contrary, it

supports Chiswick's convergence hypothesis.

In fact, the surprise finding highlights Chiswick's argument about selectivity. Immigrant children, due to selectivity factors like the willingness to work hard, higher motivation, pressure from family to succeed, and the desire to make an impact in their new environment, work harder and earn more than their native counterparts. Thus, immigrants are likely positively selected, which helps in their survival. This research also highlights the importance of parent's education in raising children. With high levels of education, parents are able to provide good role models for their children and also assist them with schoolwork.

Before suggesting policies, it is worth mentioning how this paper is different from earlier work. This research is different from other research in that it looks at a short period (12 years) of the immigrant's working life. Other researchers use data that measures earnings progress for the entire working life of the immigrant. In addition, previous research uses data on actual immigrants who migrated to the U.S. while my research looks at the children of immigrants and natives from the NLSY within a 12-year period. These two differences between my work and that of other authors could explain the startling results found.

This paper could not explore all the variables that affect immigrant earnings and it will be interesting to see how immigrants perform in other countries. For example, do immigrants in Europe face the same challenges as immigrants in America? Furthermore, individuals interested in this topic can look at how

native community affects earnings. That is, whether help from existing immigrants from a particular country is able to increase earnings of new arrivals.

As a result of the findings of this research, various policy implications can be formulated. Clearly, policymakers have to reevaluate the immigration policy to see what kind of immigrant is best for the U.S. economy. Comparisons should be made between skilled and unskilled immigrants to figure out the benefits of each group to the U.S. economy. The group with the highest benefit should then have their immigration quota increased. Lastly, social programs should also be reevaluated to ensure that only those citizens who really need it get assistance. This will prevent abuse that may result from social programs. Also, education should also be stressed so that both natives and immigrants can acquire the needed education to get better paying jobs.

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