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Immigrant Wage Differentials in the United States Labor Market

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Poster Presentation 25

IMMIGRANT WAGE DIFFERENTIALS
IN THE UNITED STATES LABOR MARKET

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Amidst the contemporary political and social debate over immigration levels in the United States, many have begun to inquire about the determinants of “successful” immigration. Current economic theory suggests the importance of human capital in determining the success of immigrant assimilation into the United States labor market. Based on the work of George Borjas and Barry Chiswick, this paper develops a model which not only analyzes the effects of traditional human capital investments such as education and work experience on immigrant wages, but also attempts to address cultural and ethnic differences among immigrants. The differences in these cultural “stocks” of human capital are hypothesized to be embodied in the immigrant’s language, race, political heritage and economic socialization. Using a large sample of immigrants from the National Longitudinal Survey of Youth and applying OLS regression methods to determine the relationship between human capital and immigrant wages, this paper attempts to answer the question of which personal investments and characteristics account for immigrant wage differentials. The results conclusively support existing economic theory regarding traditional human capital investments as significant factors in determining successful immigrant assimilation.