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English Language Proficiency and the Wage Rates of Mexican Immigrants

Jeremy Sandford, '02
Illinois Wesleyan University

Michael Seeborg, Faculty Advisor
Illinois Wesleyan University

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Since 1965, the US has seen increasingly large numbers of immigrants crossing its borders. A disturbing corollary to the recent explosion in immigration is the corresponding decline of immigrant wages relative to the wages of natives. As a prime example, Mexican immigrants outnumber any other national group while having one of the biggest relative wage gaps, earning on average 40% less than native workers do. Lack of English language ability may be the main barrier to Mexicans assimilating into mainstream US society. If this barrier is removed (or weakened), so to may be ethnic capital’s negative influence on Mexican earning power.

I examine the effects of English language deficiency on the earnings of Mexican immigrants. I find that for immigrants with little or no acquired human capital there is no cost to English language deficiency. For immigrants with some measured human capital, the cost is considerable, often enough to offset the gain associated with that human capital. Moreover, immigrants who rate themselves as speaking English very well are rewarded in similar magnitudes to natives for their human capital acquisitions. My study suggests wage convergence between immigrants who speak English very well and natives, while those immigrants who cannot speak as well lag behind.