

Illegal Immigrants in the U.S. Economy:
A Comparative Analysis of Mexican and Non-Mexican Undocumented Workers

By

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1. Introduction

The prevailing image of undocumented workers in the United States is that of a population with low levels of educational attainment, employed in sectors supplying low-skilled jobs. This stereotypical view is reinforced by the frequent images portrayed in the press of the millions of unskilled Mexican immigrants who illegally cross the border with the U.S. every year. It is a perception that is shared by most migration scholars. For example, in an analysis of a sample of illegal immigrants in Chicago, Illinois, Chiswick (1988: 143) concludes that “most illegal aliens have low levels of schooling.” Similarly, a recent report from the National Academy of Sciences (1997: 7) observes that, compared to legal immigrants: “illegal immigrants...are generally more poorly educated.” And in a recent book, Borjas refers to the employers of illegal immigrants in the U.S. as “large agricultural enterprises, sweatshops, and native households that hire illegal aliens as maids or nannies” [Borjas (1999: 206)]. This is a common perception, as reflected in the following statement by Ray Borane, the mayor of Douglas, Arizona in a bitter *New York Times* editorial condemning the employers of undocumented workers: “Do you have any idea what havoc you cause in our area and in other border towns, all because some of you hire illegal immigrants to make your beds, mow your lawns and cook your meals?”¹

Since most undocumented workers remain in the U.S. economy largely undetected, existing profiles of illegal immigrants emerge mostly from the accounts of journalists or from particular case studies (with small samples) carried out by social scientists. The study by Chiswick, for example, consisted of a sample of 292 illegal immigrants, most of them from Mexico. And the studies upon which the National Academy of Sciences based its earlier statement about illegal immigrants were predominantly of Mexican migrants.² The comments by Mayor Borane, as most surfacing in the press, are based on immigrants close to the U.S.-Mexico border. The fact is that the views currently displayed in public discussions of illegal immigration are subject to the limited data utilized to describe this population.

This paper provides an analysis of the labor market performance of illegal immigrants in

the United States through the use of a national sample of undocumented workers surveyed by the U.S. Department of Labor in 1989. The survey, released for public use in 1996, is the Legalized Population Survey (LPS), which includes a random sample of 4,012 illegal immigrants who were residing in the U.S. in 1987/88 when they sought legal permanent residence through the Immigration Reform and Control Act of 1986 (IRCA). This Act had as one of its major components an illegal immigrant amnesty program, through which illegals meeting certain requirements were able to obtain lawful permanent resident status.³ The sample of undocumented workers in the LPS was interviewed in 1987 and 1988, before they became legal permanent residents. Detailed information was collected from them relating to their labor market and general socioeconomic experience in the U.S. at the time that they applied for legalization. The LPS data provide the most extensive information available yet on the experiences of illegal immigrants in the United States.⁴

Despite the widespread perception of illegal immigrants as predominantly unskilled persons with low levels of schooling, our analysis of the LPS data provides a sharply different picture. Because close to half of all the undocumented in the U.S. come from Mexico, one must make a differentiation in the analysis between Mexican and non-Mexican illegals. This has a major impact, as the characteristics of the Mexican immigrants, who have been frequently studied in the previous literature, are quite different from those of the rest of the illegal immigrant population. The paper shows that the central image of the illegal immigrant in the U.S., presented on television and newspapers as well as on academic journals, as an unskilled, low-income worker surreptitiously crossing the Rio Grande is misleading and ignores the great diversity present in this population.

Section 2 provides an overview of illegal immigration in the United States. Section 3 presents a discussion of the characteristics of undocumented workers, as shown by the LPS, and compares them with those of the overall immigrant population, as determined from Census data. Section 4 proceeds to compare the socioeconomic status and labor market situation of Mexican and non-Mexican illegal immigrants. Section 5 focuses on the factors determining differences in

earnings between Mexican and non-Mexican undocumented workers, presenting the empirical human capital model utilized to analyze the role of education, age, location, and an array of other factors in explaining wages. Section 6 then presents the results of the empirical earnings functions and studies the differences in the estimated labor market rates of return to various individual characteristics among Mexican and non-Mexican illegal immigrants. Section 7 summarizes the conclusions of the paper.

2. Illegal immigration in the United States

The illegal immigrant population residing in the United States has been gradually rising over the last 15 years. Since by definition this population cannot be officially counted, one must rely on indirect methods to estimate its size. The most reliable estimates of undocumented workers in the U.S. have been obtained in recent years using the so-called residual methodology. This methodology calculates the number of illegal immigrants as the difference between the total number of immigrants who are counted in the U.S. at any given moment in time and the number of legal immigrants residing in the country. For instance, Warren and Passel (1987) found that there were 8.0 million immigrants counted in the 1980 U.S. Census of Population while there were 5.9 million legal immigrants residing in the U.S. at the time, as determined by INS data, leaving a residual of 2.1 million undocumented immigrants counted in the 1980 Census.

As Table 1 presents, studies using the residual methodology conclude that the number of undocumented immigrants in the U.S. rose to 4.8 million in 1987, going down to 2.2 million in 1988 after the legalization component of the 1986 Immigration Reform and Control Act went into effect. Since that time, the number of illegal immigrants has gradually climbed again. The most recent estimates of the U.S. Bureau of the Census place the number of undocumented immigrants at 3.7 million in 1994. Since the average net increase of the illegal population each year between 1988 and 1994 was 275,000, one can impute that the number of illegal immigrants in the year 1998 was about 4.7 million, about the same as it was in 1987.⁵

Among the population of illegal immigrants, the largest share comes from Mexico. Approximately one out of every two undocumented workers residing in the United States originates in Mexico. Table 2 presents the composition of undocumented workers residing in the U.S., by country of origin. As Table 2 depicts, Mexican immigrants are followed by migrants from El Salvador, Guatemala, Canada, Haiti, the Philippines, and Honduras.

What are the characteristics of undocumented workers in the U.S.? Are the stereotypes mentioned in the introduction correct? The existing literature is not much help on this issue since it uses small samples consisting mostly of illegal immigrants who entered the country through the U.S.-Mexico border. But according to INS statistics, the majority of undocumented workers have not entered the U.S. unlawfully but instead have come in by legal means, with tourist, student or work visas that are later allowed to expire. The INS has estimated that slightly over half of the illegals residing in the U.S. in 1994 had first entered the country legally. With legitimate visas in their hands, prospective illegals can simply walk through the inspection booths at U.S. ports of entry. Once they overstay their visas, they blend quietly into American society, avoiding detection and any contacts with the INS.

The characteristics of visa overstayers appear to be quite different from those of illegal border crossers. For instance, the country of origin of illegal immigrants varies significantly according to the method used by the migrants to enter the U.S. As estimated by the INS, most migrants from Mexico have entered the country by crossing the border illegally. So do many from Central America (El Salvador and Guatemala). However, most illegals from Canada, Poland, the Philippines, Haiti, the Bahamas and Italy initially entered the country lawfully. In the case of Polish citizens, the INS estimates that, in 1994, only 1 percent had initially crossed the U.S. border unlawfully.

The geographical distribution of illegal immigrants in the U.S. also diverges by the method of entry into the country. Undocumented workers crossing the U.S.-Mexico border stay mostly in the U.S. southwest. By contrast, the majority of those who initially enter the country legally end up in the Northeastern United States, mostly in New York or New Jersey. Table 3

displays INS estimates showing that the illegal immigrant contingent residing in New York and New Jersey is dominated by countries such as Ecuador, Ireland, Israel, Italy, Egypt, Pakistan, Philippines, Poland, Portugal and Yugoslavia, the immense majority of whom entered the country with lawful visas at the international airports at Newark in New Jersey and Kennedy in New York.

The limited existing profiles of visa overstayers suggest that the characteristics of these immigrants differs greatly from the traditional picture of the illegal immigrant. They appear to have superior educational attainment and to have achieved greater socioeconomic progress when compared to illegal border crossers. For instance, consider the case of Nuccio R., a 24 year old Italian immigrant who came to the U.S. on a tourist visa but stayed after the visa expired. Interviewed by the New York Times after four years of illegal residence in the U.S., Nuccio, a high school graduate, had “a full-time job in a relative’s delicatessen, a car, a driver’s license, credit cards and his own apartment.”⁶

This vision of visa overstayers as a population with sharply different characteristics when compared to illegal border crossers is confirmed by the Legalized Population Survey (LPS). In contrast to other surveys of undocumented workers, the LPS includes a national cross-section of those illegal immigrants in the U.S. who applied for legalization in 1987 and 1988 under the provisions of the Immigration Reform and Control Act of 1986. Based on the public use LPS sample, Table 4 presents data on the characteristics of illegal border crossers and visa overstayers and compares them with those of the overall immigrant population as determined by the 1990 U.S. Census of Population and Housing.

One can notice, first of all, that illegal border crossers are on average younger than visa overstayers and have a greater concentration of men. On both of these accounts, visa overstayers have a profile that is closer to the average immigrant residing in the U.S. than to illegal border crossers. The same holds true of education. The average educational attainment of visa overstayers is much higher than that of illegal border crossers. According to the data in the LPS, the average years of schooling of adult visa overstayers in 1987-88 was 11.6, compared to 7.1

among illegal border crossers. In fact, the schooling of visa overstayers was closer to --and even exceeded-- that of the overall immigrant population, which had an average of 10.7 years of schooling in 1990. Furthermore, 41 percent of all visa overstayers had received at least one year of college education, compared to only 6.7 percent among illegal border crossers. Again, this compares favorably with the overall immigrant population, 37.5 percent of which had completed at least one year of college. These differences in educational attainment are reflected in the diverse occupational distributions of the visa overstayers and illegal border crossers. For instance, although only 8.3 percent of illegal border crossers 16 years of age or older were holding professional and technical occupations in 1987-88, as many as 28.2 percent of the visa overstayers were in this category. The latter is very close to the corresponding proportion among the overall immigrant population, which was 34.6 percent in 1990.

Despite the similar demographic characteristics of visa overstayers and the overall immigrant population in the U.S., there are also major differences. Both visa overstayers and illegal border crossers have been residing in the U.S. for a shorter period of time than immigrants in general. As Table 4 shows, close to 80 percent of both groups of illegal immigrants arrived in the U.S. in the ten years previous to the LPS survey interview, compared to 43.2 percent among the overall immigrant population. There are also significant income gaps. In 1989, the annual family income per person (measured by annual family income divided by the number of persons in the family) of the overall immigrant population in the U.S. was \$11,775. The annual family income per person of visa overstayers (in 1989 dollars) was substantially lower, equal to \$9,054. The latter, however, sharply exceeds the family income per worker prevailing among illegal border crossers, equal to \$6,218 (in 1989 dollars).

This discussion suggests that the stereotypical perception of illegal immigrants in the U.S. as unskilled Mexican workers crossing the Rio Grande is a severely distorted one since it represents only a fraction of the overall illegal immigrant population in the country. The almost exclusive attention paid by both the press and the academic literature on Mexican illegal immigrants means that we know very little on non-Mexican illegal immigrants, who are

estimated to constitute more than half of all undocumented workers residing in the U.S. Using data available from the LPS, the following section focuses on examining the comparative economic and labor market situation of Mexican and non-Mexican illegal immigrants in the U.S., showing the substantial differences that exist between these two groups of workers.

3. Mexican and non-Mexican illegal immigrants: a comparative profile

This section presents a comparative profile of the socioeconomic status of Mexican and non-Mexican illegal immigrants in the U.S. We start with a discussion of differences in basic demographic and socioeconomic variables, moving later to discuss labor market variables, including a breakdown of force participation rates, unemployment rates and wages. As noted before, the data are from the Legalized Population Survey and represent the situation of illegal immigrants when they applied for legalization in 1987 or 1988. The distribution of the countries of origin of non-Mexican immigrants is the following: Central America 48.6 percent, Asia and Pacific 15.2 percent, South America 13.5 percent, the Caribbean 9.8 percent, Europe 7.5 percent, and Africa and the Middle East 5.4 percent.

Table 5 shows that both Mexican and non-Mexican illegal immigrants tend to have an over representation of men in their midst. Among the Mexican contingent, 58.7 percent are men while among non-Mexicans the corresponding percentage is 56.6 percent. The Mexican illegals are somewhat younger than non-Mexicans, with the average age among Mexicans equal to 31.6 years and among non-Mexicans equal to 35 years. Both groups consist mostly of migrants who moved to the United States in the ten years prior to interview, with over 80 percent in this category for both groups. However, the method of entry into the country diverges considerably among Mexican and non-Mexican migrants. For Mexican illegals, 84.8 percent entered the country by crossing the border illegally while for non-Mexicans only 53.2 percent entered through these means, the remainder crossing the border legally and later overstaying their visas.

The educational attainment of Mexican illegals is substantially lower than that of non-

Mexican migrants. As Table 5 shows, the average years of schooling of Mexican illegal immigrants with 25 years of age or older was 6.3 years, compared to 10.4 years among the non-Mexican group. This significant difference in schooling is also reflected in the proportion of persons 25 years of age or older who had completed more than 12 years of schooling (which, in the U.S., would correspond to having received some college education). For Mexican undocumented migrants, only 4.5 percent had completed more than 12 years of schooling, while for non-Mexican illegals, the corresponding proportion was 29.2 percent.

The divergence in educational attainment of the two groups of migrants is mirrored by the gap in family income. This is measured by annual family income in 1987 (expressed in 1989 dollars). To take into account the differences in the number of persons in a family existing in Mexican and non-Mexican groups, we compute per-capita family income, obtained by dividing family income by the number of persons in the family. Table 5 shows that family income per person among non-Mexican illegals exceeds the one among Mexican illegals by close to 50 percent. The average per-capita family income among Mexicans was \$5,662 while for non-Mexicans it was \$8,429.

Table 6 presents data on the major labor market indicators for Mexican and non-Mexican illegal immigrants. By definition, labor force participation rates represent the proportion of the economically active population who is either employed or actively seeking employment. The age group considered in our analysis ranges from 18 to 64 years of age, and the data are for 1987 and 1988, as obtained by the Legalized Population Survey. As can be seen in Table 6, the average labor force participation rate among men diverges very little between Mexican and non-Mexican immigrants. There are, however, significant differences among women. For Mexican women, illegal immigrants had a labor force participation rate of 62.4 percent, compared to 77.7 percent for the non-Mexican immigrant population.

The unemployment rates, including both Mexican and non-Mexican illegal immigrants, range between 3.2 percent and 4.1 percent depending on gender. These figures lie substantially below the unemployment rates of the overall American labor force. The national unemployment

rate in the U.S. in 1987 was 6.2 percent, and in 1988 it was 5.5 percent. Although differences in demographic and human capital characteristics may help explain the lower unemployment rates of undocumented workers, the very nature of the illegal immigration decision means that these workers are willing to take jobs at wages and working conditions below those accepted by other workers. With lower reservation wages when compared to other workers in the U.S. labor market, it is not surprising that their unemployment rate is lower.

Table 6 also presents the weekly wages earned by employed illegal immigrants. Gender patterns observed in the general working population are reproduced among immigrants. For example, male Mexican illegal immigrants earn close to 50 percent more than their female counterparts. And among the non-Mexican undocumented population, male workers earn 57.4 percent more than female workers. There are also substantial earnings differences between Mexican and non-Mexican illegal immigrants, with the latter receiving 37.8 percent higher wages among men and 22.4 percent higher wages among women.

What explains the differences in earnings between Mexican and non-Mexican illegal immigrants? Are the gaps in educational attainment specified earlier the major force or are other, yet unidentified factors more important? The following sections explore in detail the factors behind the differences in weekly wages among the various illegal immigrant groups just discussed.

4. The earnings of Mexican and non-Mexican illegal immigrants: the empirical model

The framework adopted here to examine the determinants of wages follows the standard empirical human capital literature in postulating that the natural logarithm of the wage rate of a worker i of sex j is given by:

$$\log W_{ij} = \beta'X_{ij} + U_{ij} \quad (1)$$

where W_{ij} is the hourly wage rate received by the worker, β is a vector of coefficients to be estimated, X_{ij} is a vector of individual human capital, occupational and demographic characteristics affecting wages, and U_{ij} is a stochastic disturbance term.

The human capital variables in the vector X_{ij} include, first of all, years of schooling, represented by the variable EDUCAT. In addition, to reflect the skills acquired by the person through seniority and aging in the labor market, we include years of on-the-job experience, proxied by the variable EXPER (measured as age minus years of schooling completed minus six). The variable EXPERSQ, equal to the square of years of on-the-job experience, is also introduced in the equation to reflect variable returns to experience. On the assumption of positive, but diminishing, returns to on-the-job experience, it is anticipated that the variable EXPER would have a positive coefficient and EXPERSQ a negative coefficient in the earnings equation.

English language proficiency has been found to be a key human capital variable influencing the earnings of immigrants. Employment opportunities may be severely limited if the immigrant's knowledge of the English language is not sufficient. On the other hand, ethnic enclaves can allow broad leeway for immigrants to find jobs even if their English proficiency is absent. The measure of English proficiency utilized in this paper is symbolized by the variable NOENGLISH, which is equal to one if the person does not know how to speak English at all, and zero otherwise. The existing research examining the role played by English language proficiency on labor market outcomes generally finds a positive impact of English proficiency on earnings [see, for example, Chiswick and Miller (1996), and Rivera-Batiz (1990, 1996)].

The presence of disequilibria in the labor market, as well as the existence of compensating wage differentials, implies that various occupations may be endowed with different wages, holding worker characteristics constant. As a result, our wage equations introduce a set of occupational dummy variables. These are: PROFTECH, equal to one if the person was employed in managerial, professional, technical, sales and administrative occupations, and zero otherwise; FARMING, equal to one if the immigrant was employed in

agricultural occupations, and zero otherwise; OPERAT, if the worker was an operator, fabricator or laborer, and zero otherwise; and PRODUCT, if the person was in precision production, craft and repair occupations, and zero otherwise. The excluded, baseline, occupations are service occupations. Since the baseline service jobs generally offer comparatively lower wages in the American economy, we expect the occupational dummy variables to be positively associated with earnings, perhaps with the exception of FARMING.

Workers supply various amounts of hours per week on their jobs. Labor supply can influence earnings, not only because more hours worked per week, at a given hourly wage rate, will increase weekly earnings, but also because the hourly rate for overtime work may be higher than for the regular workday. To incorporate variable labor supply into our earnings analysis, we include a variable denoted by HOURS, equal to the number of hours per week that the person supplies in the labor market. It can be expected that, holding other things constant, increased hours of work per week will be associated with higher weekly wages.

Migratory and work decisions are most of the time made on the basis of family considerations. A more intense level of effort, and higher earnings, may be associated with marriage, especially if the family has children. In addition, if spouses and children are residing in source countries, married immigrants will have an incentive to increase their effort levels, and therefore will receive higher weekly earnings, in order to increase the amount of remittances that they can send to their spouses abroad. A dummy variable, SINGLE, is included in the analysis to reflect possible differences in earnings between single and married persons. The variable is equal to one if the person is single and zero otherwise.

The longer immigrants reside in a country, the higher their earnings. There are two explanations for this connection. Firstly, as postulated by Chiswick (1978) and Duleep and Regets (1999), immigrants make a wide range of investments over time after they arrive in a country. These investments may be in the form of increased schooling or on-the-job training, which would be proxied by variables already included in our analysis. However, immigrants also make other types of productive investments, such as developing employment networks that can

assist them in finding employment opportunities, and acquiring greater information on local, host-country labor market institutions, which can improve job search efficiency and lead to higher-paying job offers. Alternatively, Borjas (1994, 1987) has suggested that more recent immigrant cohorts in the U.S. have lower "quality" than previous ones, thus also receiving lower wages, holding everything else constant. Therefore, the longer an immigrant has been in the U.S., the older the immigrant cohort with which he or she is associated, and the lower the earnings. To incorporate the impact of recency of immigration into the analysis, we define a dummy variable RECENT to be equal to one if the immigrant moved to stay as a resident of the U.S. in the ten years previous to interview, and zero otherwise. Note that, whether because of labor market assimilation or because of "lower quality" recent cohorts, one expects the variable RECENT to have a negative impact on immigrant earnings.

Another explanatory variable utilized in the wage equations is geography, which is represented by the variable CALIF, a dummy variable equal to one if the migrant resided in California and zero otherwise. Since the largest share of both Mexican and non-Mexican immigrants locates in California, the agglomeration of these migrants can be expected to generate ethnic enclaves and networks that could exert a positive impact on earnings. In addition, the extent of the labor market for undocumented workers may also be greater in California, as illegal immigrant employers seek to locate near their employees. On this basis, it can be expected that, holding other things constant, illegal immigrants will be more likely to find higher-paying employment opportunities in California than elsewhere. This may be particularly the case for Mexican illegal immigrants since California represents the prime location of both legal and illegal Mexican immigrants. Portes and Bach (1985) have explained the superior economic performance of the Mariel Cuban immigrants relative to that of Haitian immigrants in the 1980s as deriving from the employment opportunities available to the Cuban immigrants in the Cuban-American ethnic enclave of the Miami area. A similar case can be made regarding the employment of Mexican illegal immigrants in Mexican ethnic enclaves in California.

The discussion so far suggests that the wage equation to be estimated should be given by:

$$\begin{aligned}
\log W_{ij} = & \beta_0 + \beta_1 \text{SOMEHIGH}_{ij} + \beta_2 \text{HIGHCOM}_{ij} + \beta_3 \text{COLLEGE}_{ij} + \beta_4 \text{EXPER}_{ij} \\
& + \beta_5 \text{EXBERSQ}_{ij} + \beta_6 \text{NOENGLISH}_{ij} + \beta_7 \text{PROFTC}_{ij} + \beta_8 \text{FARMING}_{ij} \\
& + \beta_9 \text{OPERAT}_{ij} + \beta_{10} \text{PRODUCT}_{ij} + \beta_{11} \text{HOURS}_{ij} + \beta_{12} \text{SINGLE}_{ij} + \beta_{13} \text{RECENT}_{ij} \\
& + \beta_{14} \text{CALIF}_{ij} + U_{ij}
\end{aligned}$$

(2)

where all the variables are as defined above.

5. The earnings of Mexican and non-Mexican illegal immigrants: results

The empirical model discussed in the last section is applied here to examine the weekly wages of Mexican and non-Mexican illegal immigrants in the United States using the LPS data.⁷ Individuals with no responses on the relevant questions used to determine individual characteristics (such as earnings, educational attainment, etc.) were eliminated from the analysis. In addition, following the custom in the literature, the sample was circumscribed to persons 18 to 64 years of age, the age group most likely to be fully-involved in the labor market. Only employed workers were considered. With these restrictions, the samples utilized in the wage equations estimated in this paper include 2,171 Mexican and 2,569 non-Mexican immigrants.

The LPS sample provides information on the weekly wages of illegal immigrants in the week before they applied for legalization. Since the window for applications was from May 5, 1987 to May 4, 1988, the data available on wages for illegal immigrants corresponds to either 1987 or 1988. In order to convert them to a common denominator, both the 1987 and 1988 data were adjusted for inflation and expressed in 1989 dollars. It is these adjusted, real wages (expressed in 1989 dollars) that are discussed throughout the following analysis.

Table 7 presents the sample means for the variables introduced in the wage equations, by Mexican/non-Mexican origin (place of birth) and gender. The first row shows the average values

for the dependent variable, the logarithm of the weekly wage. As noted earlier, the average weekly wages for men are substantially higher than for women and this is reflected in the data presented in Table 7, for both Mexican and non-Mexican immigrants. At the same time, the wages of Mexican immigrants are significantly lower than those of non-Mexican immigrants. This gap holds for both men and women.

The lower wages of Mexican illegals compared to non-Mexican workers may be the reflection of mean differences in the characteristics of the two groups. Table 7 documents some of these key differences. Mexican illegal immigrants have substantially lower levels of education than non-Mexican undocumented workers. The sample means for the variable EDUCAT show that the average years of schooling of male Mexican illegal immigrant workers in the LPS sample was equal to 6.8 years, compared to 10.7 years among their non-Mexican counterparts. There is a similar educational gap among women. For female Mexican illegal immigrant workers, the mean years of schooling was 6.8 years, compared to 10.0 years among non-Mexicans.

Another major difference between Mexican and non-Mexican workers is their English language proficiency. Table 7 shows that the proportion of Mexicans who expressed that they could not speak English at all was 46.3 percent among men and 56.1 percent among women. By comparison, the equivalent percentages for non-Mexican workers was 23.3 percent for men and 34.5 percent for women.

The distribution of employment by sector also varies between Mexican and non-Mexican workers. The latter have a substantially greater proportion of employment in professional, technical, managerial and administrative occupations. Among men, 24.2 percent of non-Mexican illegals were employed in these occupations, compared to only 6.9 percent among Mexicans. For women, 26.3 percent of non-Mexican workers were employed in this sector, compared to 12.6 percent among Mexicans. On the other hand, Mexican undocumented workers are over-represented in agricultural occupations.

There are also some differences in the length of time that immigrants have been in the

United States. Mexican illegal immigrants have resided in the U.S. for a longer period of time than non-Mexicans. Indeed, among Mexican illegal immigrants, 84 percent of all men and 76.4 percent of all women arrived in the U.S. during the decade before their interview in 1987 or 1988. But for the non-Mexican group, 86.5 percent of all men and 86.2 percent of all women declared that they had arrived in the U.S. in the decade before their interview in 1987 and 1988.

The majority of Mexican immigrants in the data, over 60 percent, resided in California. Given the geographical proximity to Mexico, and the fact that the comparatively large Mexican ethnic enclave in Los Angeles and other parts of California provides a comparative advantage for the employment of legal and illegal immigrants, it is not surprising that most Mexican immigrants locate in that state.

In terms of the remaining variables, Table 6 shows that there are no major differences between Mexican and non-Mexican workers in terms of marital status or years of on-the-job experience. The average value of these variables is similar among the two groups of illegal immigrants.

Tables 8 and 9 present the key results of our empirical analysis. Table 8 shows the coefficients of the estimated wage equations for men while Table 9 depicts the results for women. Note that the signs of the regression coefficients on the explanatory variables are all identical in the four equations. Furthermore, the signs are all in line with our expectations, as stated earlier. On the other hand, there are some significant differences in the magnitude of the coefficients across equations.

Tables 8 and 9 show that rates of return to education are significantly higher among non-Mexican illegal workers. For instance, holding other things constant, an additional year of schooling provides a 1.5 percent increase in the weekly earnings of male Mexican workers, but for non-Mexican illegals the corresponding increase is more than twice, 3.2 percent. Among Mexican women, an additional year of schooling increases earnings by approximately 2 percent, but for non-Mexicans, the rate of return is much higher, equal to 3.5 percent. The higher rate of return to education among non-Mexican immigrants may be due to several factors. One

possibility is that the non-Mexican immigrants moving to the U.S. may be self-selected on the basis of having a greater transferrability of their schooling to the American labor market. If non-Mexican immigrants perceive their move to the U.S. as permanent, then prospective migrants with human capital skills easily-transferable to the U.S. will have a stronger incentive to migrate. Once in the U.S., they will benefit from this by obtaining higher-paying jobs. If Mexican immigrants, on the other hand, perceive their move as temporary, then the transferability of their skills to the American labor market is not as significant in their migratory decision and the immigrant contingent will not be positively self-selected on the basis of human capital characteristics (see Chiswick 1999 and Taylor 1985). The lower mean level of schooling among Mexican illegal immigrants may also explain the lower rates of return to education. With U.S. rates of return to education and employment opportunities expanding rapidly at the top of the distribution (for college graduates), non-Mexican illegals may find more profitable job opportunities than the collapsing low-wage labor markets facing Mexican undocumented workers.

The economic returns to labor market experience also vary across the various groups considered, although the major differences are on the basis of gender. As with the rate of return to education, the rate of return to experience among both men and women is somewhat higher for non-Mexican immigrants. To understand this result, note that the variable RECENT, associated with years of residence in the U.S., is being held constant while we consider changes in EXPER. Given the number of years that an immigrant has been residing in the U.S., changes in the EXPER variable are directly related to changes in the number of years of experience the worker has had abroad. One way to interpret the higher EXPER coefficient in the non-Mexican worker equation is that it shows that the returns in the U.S. labor market of an increase in years of experience abroad are proportionally higher for the non-Mexican worker than for the Mexican immigrant.

This pattern, in turn, may be determined by the relative success of non-Mexican illegal immigrants in matching their occupational experience abroad with that in the United States. The

LPS data set does include information on the occupations held by undocumented workers in their countries of origin just before moving to the U.S. When one compares the occupations held by illegals in the U.S. with those they held abroad, 22.5 percent of the non-Mexican workers had jobs in the same occupational category while only 14.2 percent of Mexicans had matching jobs. For many non-Mexican undocumented workers, then, their labor market experience abroad is more valuable in the U.S. because they are more likely to find jobs in the U.S. labor market similar to those they held in their own countries. This, in turn, may be due to the greater stability provided by legal entry into the country, which, at least for a certain period of time, allows non-Mexican immigrants, who have a greater concentration of visa overstayers, to seek and obtain jobs that more closely match their experience.

Lack of ability to speak English, as reflected by the variable NOENGLISH, has a consistently negative influence on earnings, for both Mexican and non-Mexican migrants. The impact, however, appears to be much more significant for women. Among Mexican and non-Mexican men, the inability to speak English lowers earnings by approximately 10 percent, holding other things constant. But among women, the corresponding drop is approximately 19 percent, almost twice as high. This result, however, reproduces previous research on the impact of English proficiency on earnings [see Rivera-Batiz (1990, 1996)]. Women may be penalized more heavily for lower English proficiency due to the types of jobs they tend to hold (such as clerical or service sector jobs), which require more frequent usage of English.

The occupational dummies are generally positive in Tables 2 and 3 suggesting that the various categories, including professional and technical, managerial, sales and administrative support workers, operators, fabricators and laborers, all tend to have higher earnings than service sector occupations. This positive association of certain occupational categories with higher earnings is quantitatively important. For instance, non-Mexican male and female undocumented workers employed in professional, technical, managerial or administrative support occupations can earn on average of 22 and 34 percent higher earnings, respectively. The occupational wage premium received by white collar workers is lower, but still positive, for Mexican illegals.

Hours worked are significantly related to weekly earnings for all groups considered. In addition, single workers earn substantially less than married workers, and residence in California is generally linked to greater earnings, everything else held constant, especially among Mexican immigrants.

6. Conclusions

The results of this paper contradict many of the prevailing views held by both the public and academics alike on undocumented workers in the United States. Using the 1989 Legalized Population Survey (LPS), the research presented here provides data that are based on a national sample of illegal immigrants, instead of relying on the small samples of predominantly Mexican undocumented workers utilized in the existing literature.

The analysis first shows that the perception of illegal immigrants as unskilled workers with low levels of schooling is incorrect since it only characterizes Mexican immigrants. Among non-Mexican illegals, the paper shows that the mean years of schooling for persons aged 25 years of age or older was 10.4 years, which is about the same as the average years of schooling of the overall immigrant population counted in the 1990 U.S. Census of Population. By contrast, Mexican illegal immigrants were found to have an average of 6.3 years of schooling.

The schooling differences between Mexican and non-Mexican undocumented workers are even stronger when one looks at the proportion of the population 25 years of age or older who had completed at least one year of college (13 or more years of schooling). Among Mexican illegals, the proportion was 4.5 percent but among non-Mexican undocumented workers the proportion was equal to 29.2 percent. For comparison purposes, 37.5 percent of all adult immigrants in the 1990 Census had completed at least one year of college education.

These figures coincide with data on the proportion of the workforce employed in professional, technical, managerial and administrative occupations, which was equal to approximately 9 percent among Mexican illegals and 25 percent among non-Mexican illegals,

compared to 35 percent for the overall immigrant population residing in the U.S. in 1990.

The paper shows not only that educational attainment among non-Mexican illegal immigrants was sharply higher than among Mexican undocumented workers but also that the rates of return to education were significantly greater for the former. Estimating empirical human capital earnings equations, the paper shows that the average rate of return to education among Mexican undocumented male workers was 1.5 percent per additional year of schooling while for non-Mexican male workers, the corresponding figure was 3.2 percent, more than twice. Among women, the Mexican rate of return to education was 2 percent, compared to 3.5 percent among non-Mexican female workers. Returns to experience are also greater for non-Mexican immigrants.

The higher rates of return to human capital among non-Mexican illegal immigrants are consistent with the view that non-Mexicans moving to the U.S. may be self-selected on the basis of a greater transferrability of their schooling to the American labor market. If, for instance, non-Mexican immigrants perceive their move to the U.S. as permanent, then prospective migrants with human capital skills that are more productive in the U.S. will have a stronger incentive to migrate. Once in the U.S., they will benefit from their “special” skills by obtaining higher-paying jobs. If Mexican immigrants, on the other hand, perceive their migratory move as temporary, then the transferability of their skills to the American labor market is not as significant for their future economic progress and the Mexican immigrant cohort will not be positively self-selected on the basis of human capital characteristics. In any case, the lower mean level of schooling among Mexican illegal immigrants may also explain their lower rates of return to education. With U.S. rates of return to education and employment opportunities expanding rapidly at the top of the distribution (especially for college graduates), non-Mexican illegals may find more profitable job opportunities than Mexican undocumented workers facing collapsing low-wage labor markets. Finally, the fact that a large share of non-Mexican illegal immigrants are visa overstayers means that their initial entry into the country is legal and, for a certain period of time, allows the workers the stability to seek higher-paying employment opportunities. Among

Mexican illegal immigrants, the great majority of whom enter the U.S. by crossing the border illegally, the situation may not be as propitious.

Despite the substantially higher earnings that non-Mexican illegal immigrants display compared to Mexican illegals, one must not forget that both groups of workers earn substantially less than the overall immigrant population. Non-Mexican male illegal workers earned 73 percent less than their counterparts in the general immigrant population; among women, the shortfall was 71 percent. For Mexican workers, male illegals earned 35 percent less than the overall immigrant population, with the gap equal to 39 percent among women.⁸ Although a fraction of these wage gaps are due to differences in educational attainment and other demographic characteristics, a substantial share is due to the presence of discrimination and exploitation of undocumented workers in U.S. labor markets.⁹

This paper has shown the great heterogeneity present among undocumented workers in the United States. Unfortunately, public policy discussions regarding illegal immigrants in the U.S. too often rely on stereotypical images of these workers that do not adequately represent the totality of this population. It is hoped that, by presenting a more comprehensive profile of illegal immigrants, this paper will help in generating more informed debate on undocumented workers in the future.

Notes

1. Borane (1999), p. A10.

2. The major studies upon which most profiles of illegals are based include a 1975 sample of 793 illegal Mexican immigrants apprehended by the INS at the border [see North and Houston (1976)], and another sample of 232 Mexican illegal immigrants interviewed in their region of origin in Mexico [see Massey (1987)].

3. For more details on IRCA's amnesty and its implementation, see Gonzalez Baker (1990, 1997) and Rivera-Batiz (1991).

4. IRCA allowed undocumented immigrants who had been continuously residing in the U.S. since January 1, 1982 to be eligible for temporary resident status. Once a person applied for temporary resident status, he or she was also eligible for permanent resident status, so long as the application was filed on or before November 6, 1990. The LPS sample is representative of all illegal immigrants in the U.S. who came forward with the necessary documentation to seek legalization. Although most observers agree that a large portion of the illegal alien population residing in the U.S. in 1987 and 1988 was reached by IRCA's amnesty program, it is also likely that short-term, temporary workers were not as widely reached by the program. IRCA did make a special provision for the amnesty of illegals working in agriculture (the Special Agricultural Worker or SAW program, but the LPS survey did not include this population in its sample. Because of these caveats, it may be useful to think of the LPS data (and the analysis in this paper) as representing those illegal immigrants who intend to remain permanently in the United States, and not to temporary migrants. For more details on the LPS data, see Smith, Kramer and Singer (1996). See also Tienda et. al. (1991).

5. Insofar as the residual methodology estimates represent a count of illegal immigrants responding to Census surveys, they may suffer from an undercount problem. Recently, the INS has estimated the illegal immigrant population in 1996 to be 5 million [see Immigration and Naturalization Service (1999)].

6. New York Times (1995), "In the U.S. for a Visit, many Stay Illegally," *The New York Times*, pp. A1,B5.

7. Previous analysis of the LPS data set has examined the earnings of the overall illegal immigrant population, the Mexican sub-group, and Latin American workers, but it has not focused on studying the differences between Mexican and non-Mexican workers; see Chiswick (1996), Cobb Clark and Kossoudji (1995, 1996), and Rivera-Batiz (1999).

8. These figures are based on weekly wages earned by each group, expressed in 1989 dollars.

9. See Rivera-Batiz (1999,2000) for an analysis of the shortfall in the earnings of illegal Mexican workers relative to legal workers.

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Table 1. Estimates of the illegal immigrant population in the United States, 1980-1998

| Year | Number of undocumented Immigrants |
|------|-----------------------------------|
| 1980 | 2,100,000 |
| 1986 | 3,200,000 |
| 1987 | 4,800,000 |
| 1988 | 2,200,000 |
| 1990 | 2,600,000 |
| 1992 | 3,400,000 |
| 1994 | 3,750,000 |
| 1998 | 4,700,000 |

Sources: Warren and Passel (1987), Woodrow and Passel (1990) and Fernandez and Robinson (1994). The 1998 estimate is an extrapolation of the growth for 1994-1998 based on the 1988-1994 average annual increase.

Table 2. Undocumented immigrants in the U.S., by country of origin, 1998

| Country of Origin | Total Number of Undocumented Immigrants | Percentage of Total Undocumented Population |
|--------------------|---|---|
| Total, U.S. | 4,700,000 | 100.0% |
| Mexico | 2,538,000 | 54.0 |
| El Salvador | 315,000 | 6.7 |
| Guatemala | 155,000 | 3.3 |
| Canada | 113,000 | 2.4 |
| Haiti | 99,000 | 2.1 |
| Philippines | 89,000 | 1.9 |
| Honduras | 85,000 | 1.8 |
| The Bahamas | 66,000 | 1.4 |
| Nicaragua | 66,000 | 1.4 |
| Poland | 66,000 | 1.4 |
| Colombia | 61,000 | 1.3 |
| Other | 1,047,000 | 22.3 |

Source: The distribution of illegals is based on INS estimates for October 1996. The total number of illegals by country for 1998 is based on the 1996 distribution multiplied by the total number of illegals estimated for 1998.

Table 3. Illegal immigrants in New York and New Jersey, 1994

| Country of Origin | Number of Illegal Immigrants |
|--------------------------|-------------------------------------|
| A. New York | |
| Italy | 31,000 |
| Poland | 27,000 |
| Ecuador | 27,000 |
| Dominican Republic | 24,000 |
| Trinidad & Tobago | 24,000 |
| Colombia | 22,000 |
| Jamaica | 21,000 |
| El Salvador | 20,000 |
| Ireland | 20,000 |
| Israel | 15,000 |
| Pakistan | 15,000 |
| New York total | 529,000 |
| B. New Jersey | |
| Portugal | 17,000 |
| Poland | 11,000 |
| Italy | 9,000 |
| Colombia | 9,000 |
| Ecuador | 7,000 |
| Philippines | 7,000 |
| Haiti | 6,000 |
| El Salvador | 6,000 |
| Yugoslavia | 4,000 |
| Egypt | 4,000 |
| Mexico | 4,000 |
| New Jersey total | 137,000 |

Source: The data is for 1994, from the Immigration and Naturalization Service.

Table 4. Characteristics of illegal border crossers, visa overstayers and all immigrants

| | IllegalBorder Crossers | Visa Overstayers | All immigrants in 1990 Census |
|--|---------------------------|---------------------|----------------------------------|
| Sex (% male) | 60.3% | 51.9% | 50.6% |
| Age (average, in years) | 31.9 | 36.6 | 37.5 |
| Recent Migrant (% who moved to the US in the last ten years) | 84.5% | 80.0% | 43.2% |
| Educational Attainment (Average years of schooling completed by persons aged 25 or older) | 7.1 | 11.6 | 10.7 |
| College attendance (% of persons 25 years of age or older who completed at least one year of college) | 6.7% | 41.0% | 37.5% |
| Professional and technical occupations (% of all persons 16 years of age or older in these occupational categories) | 8.3% | 28.2% | 34.6% |
| Family income (annual, 1989) | \$18,808 | \$21,372 | \$42,241 |
| Family income per person (Family income divided by number of persons in the family) | \$6,218 | \$9,054 | \$11,775 |
| Residence in California (%) | 54.5% | 31.4% | 12.9 |

Source: Legalized Population Survey and 1990 U.S. Census of Population and Housing; authors' computations.

Table 5. Characteristics of Mexican and Non-Mexican Illegal Immigrants

| | Mexican Immigrants | Non-Mexican Immigrants |
|---|-----------------------|---------------------------|
| Sex (% male) | 58.7% | 56.6% |
| Age (average, in years) | 31.6 | 35.0 |
| Educational Attainment (Average years of schooling completed by persons aged 25 or older) | 6.3 | 10.4 |
| Family income per person (Family income divided by number of persons in the family) | \$5,662 | \$8,429 |

Source: Legalized Population Survey and 1990 U.S. Census of Population and Housing; authors' computations.

Table 6. Comparative labor market indicators: Mexican and Non-Mexican Illegal Immigrants

| | Mexican immigrants | | Non-Mexican immigrants | |
|--------------------------------|--------------------|--------|------------------------|--------|
| | Male | Female | Male | Female |
| Labor force participation rate | 96.2% | 62.4% | 95.8% | 77.8% |
| Unemployment rate | 3.6% | 4.1% | 3.2% | 3.3% |
| Weekly wage (1989 dollars) | 287.8 | 191.9 | 369.6 | 234.8 |

Data for illegal immigrants are for 1987 and 1988 (wages adjusted to 1989 dollars).

Source: Legalized Population Survey.

Table 7. Sample means, Mexican and non-Mexican illegal immigrants

| Variable | Mexican | | Non-Mexican | |
|---|---------|--------|-------------|--------|
| | Male | Female | Male | Female |
| Log Weekly Wage | 5.569 | 5.138 | 5.730 | 5.323 |
| EDUCAT (Average years of schooling completed) | 6.8 | 6.8 | 10.7 | 10.0 |
| EXPER (Years of Experience) | 18.7 | 19.1 | 17.7 | 19.5 |
| EXPERSQ (Experience Squared) | 466.0 | 486.3 | 411.9 | 490.6 |
| ENGLISH (Proportion who does not speak English) | 0.463 | 0.561 | 0.233 | 0.345 |
| PROFTC (Proportion employed in professional, technical, sales and managerial occupations) | 0.069 | 0.126 | 0.242 | 0.263 |
| FARMING (Proportion employed in agricultural occ.) | 0.125 | 0.037 | 0.022 | 0.004 |
| OPERAT (Proportion employed as operators, fabricators and laborers) | 0.391 | 0.377 | 0.294 | 0.201 |
| PRODUCT (Percentage employed as precision production, craft and repair workers) | 0.195 | 0.051 | 0.186 | 0.024 |
| SERVICE (Percentage employed in services) | 0.220 | 0.409 | 0.254 | 0.508 |
| HOURS (Number of hours worked per week) | 42.6 | 39.0 | 42.9 | 39.0 |
| SINGLE (Proportion never married) | 0.313 | 0.318 | 0.355 | 0.320 |
| RECENT (Proportion who migrated to the U.S. ten years or less before survey) | 0.840 | 0.764 | 0.865 | 0.862 |
| CALIF (Proportion residing in state of) | 0.612 | 0.656 | 0.380 | 0.457 |
| Number of observations | 1,494 | 677 | 1,569 | 1,000 |

Table 8. Regression estimates, Mexican and Non-Mexican illegal immigrants, male wage equation

| Independent Variable | Mexican Illegal Immigrants | | Non-Mexican Illegal Immigrants | |
|----------------------|----------------------------|-------------|--------------------------------|-------------|
| | Parameter Estimate (s.e.) | T-Statistic | Parameter Estimate (s.e.) | T-Statistic |
| INTERCEPT | 4.4495* (0.0886) | 50.23 | 4.2961* (0.0933) | 46.03 |
| EDUCAT | 0.0145* (0.0036) | 4.01 | 0.0317* (0.0036) | 8.77 |
| EXPER | 0.0205* (0.0036) | 5.71 | 0.0220* (0.0043) | 5.12 |
| EXPERSQ | -0.0004* (0.0001) | -6.10 | -0.0004* (0.0001) | -4.02 |
| NOENGLISH | -0.0997* (0.0209) | -4.76 | -0.1084* (0.0320) | -3.39 |
| PROFTECH | 0.1164* (0.0425) | 2.74 | 0.2168* (0.0357) | 6.08 |
| FARMING | 0.0097 (0.0347) | 0.28 | -0.0344 (0.0823) | -0.42 |
| OPERAT | 0.0994* (0.0256) | 3.88 | 0.0551 (0.0319) | 1.73 |
| PRODUCT | 0.2713* (0.0298) | 9.10 | 0.2679* (0.0358) | 7.47 |
| HOURS | 0.0161* (0.0011) | 14.21 | 0.0167* (0.0011) | 14.82 |
| SINGLE | -0.1114* (0.0237) | -4.72 | -0.0731* (0.0270) | -2.71 |
| RECENT | -0.0517 (0.0271) | -1.91 | -0.0503 (0.0353) | -1.43 |
| CALIF | 0.1009* (0.0200) | 5.05 | 0.0243 (0.0245) | 0.99 |
| Adjusted R-SQ | 0.26 | -- | 0.28 | -- |

* = Statistically significant at a 99 percent confidence level.

** = Statistically significant at a 95 percent confidence level.

Table 9. Regression estimates, Mexican and Non-Mexican illegal immigrants, female wage equation

| Independent Variable | Mexican Illegal Immigrants | | Non-Mexican Illegal Immigrants | |
|----------------------|----------------------------|-------------|--------------------------------|-------------|
| | Parameter Estimate (s.e.) | T-Statistic | Parameter Estimate (s.e.) | T-Statistic |
| INTERCEPT | 3.9641* (0.1316) | 30.11 | 3.9526* (0.0957) | 41.31 |
| EDUCAT | 0.0197* (0.0067) | 2.94 | 0.0354* (0.0418) | 8.50 |
| EXPER | 0.0113 (0.0059) | 1.91 | 0.0158* (0.0047) | 3.37 |
| EXPERSQ | -0.0002 (0.0001) | -1.87 | -0.0002** (0.0001) | -2.34 |
| NOENGLISH | -0.1868* (0.0392) | -4.77 | -0.1850* (0.0319) | -5.79 |
| PROFTECH | 0.2833* (0.0574) | 4.93 | 0.3418* (0.0347) | 9.85 |
| FARMING | 0.2554* (0.0947) | 2.70 | 0.3721 (0.2060) | 1.81 |
| OPERAT | 0.2990* (0.0407) | 7.35 | 0.1580* (0.0349) | 4.53 |
| PRODUCT | 0.3679* (0.0789) | 4.66 | 0.0726 (0.0854) | 0.85 |
| HOURS | 0.0170* (0.0018) | 9.49 | 0.0158* (0.0012) | 13.36 |
| SINGLE | -0.0855** (0.0389) | -2.20 | -0.0893* (0.0291) | -3.07 |
| RECENT | -0.0936** (0.0407) | -2.30 | -0.0503 (0.0385) | -1.31 |
| CALIF | 0.1528* (0.0368) | 4.16 | 0.0568** (0.0266) | 2.14 |
| Adjusted R-SQ | 0.32 | -- | 0.40 | -- |

* = Statistically significant at a 99 percent confidence level.

** = Statistically significant at a 95 percent confidence level.