

# Culprit or Scapegoat?

## Immigration's Effect on Employment and Wages

Over the past several decades, native-born Americans have become increasingly detached from the labor force, with declining levels of employment and labor force participation. Many have attempted to blame these trends on immigration, under the notion that immigrants displace native-born workers and drive down their wages. Although superficially appealing, these arguments are ultimately overly simplistic and misguided, as they ignore several other factors driving these trends. **A new Bipartisan Policy Center report analyzes the wage and employment outcomes of the foreign- and native-born populations.**

### Key Findings

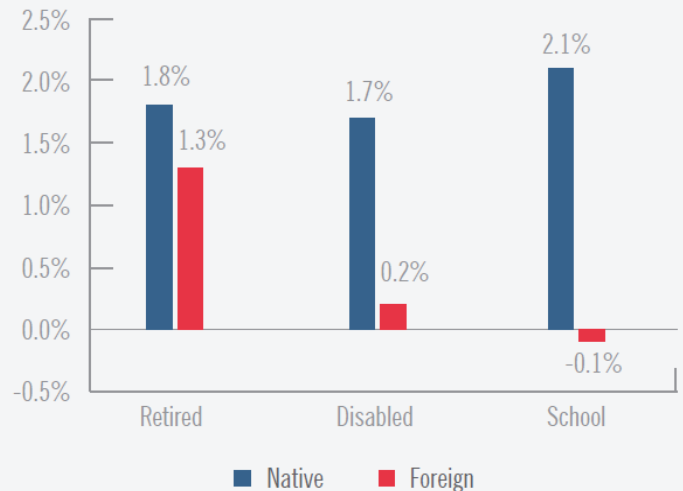
#### Increase in non-labor force activities explains majority of declining native-born employment.

Since 2000, employment has decreased by 6 percentage points among the native-born population but by just 2 percentage points among the foreign-born population. However, the unemployment rate—defined as the percent of the population out of work but actively looking for a job—has remained roughly equal for the two demographics. This is because native-born individuals have increasingly chosen to exit the labor force for other reasons—namely to retire, enroll in school or enter disability (fig. 1). If native-born individuals exhibited the same change in rates of retirement, school enrollment and disability as foreign-born persons over the last 15 years, the native-born employment rate would be almost identical to the foreign-born rate (see 'Native (Adjusted)' in fig. 2).

#### Native-born population more likely to work in higher-wage, higher-skill industries.

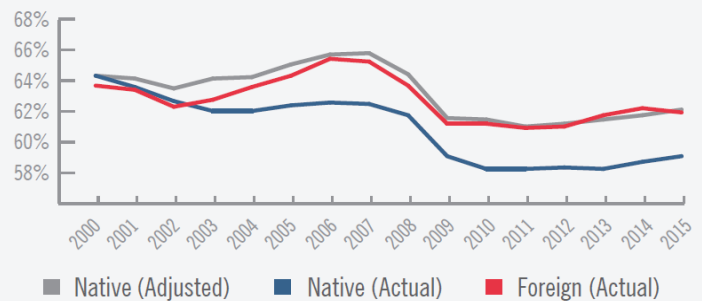
Around half of the total native- and foreign-born workforces are employed in different industries. The disproportionately native-born industries carry an average annual salary of \$50,000, compared to \$36,000 in the foreign-born industries. Though some may argue that the lower wages in foreign-born industries are due to immigration itself, the discrepancy is more likely a reflection of skill requirements. Native-born workers tend to have higher levels of education, which means that they are more likely to be qualified for higher-skill, higher-wage positions. Indeed, 54 percent of the occupations in native-born industries require at least a BA, compared to just 6 percent in the foreign-born industries.

**Figure 1. Percentage Point Change in Retirement, Disability and School Enrollment, Native- and Foreign-Born, 2000-2015**



Source: Current Population Survey, U.S. Census Bureau

**Figure 2. Foreign-Born and Native-Born Employment Rate**



Source: Current Population Survey, U.S. Census Bureau

This document reflects the key findings of the Bipartisan Policy Center's June 2016 report, *Culprit or Scapegoat? Immigration's Effect on Employment and Wages*. To read the full paper and learn more about key issues in the immigration debate, please visit [bipartisanpolicy.org/immigration](http://bipartisanpolicy.org/immigration).