

Assignment 1: Immigration

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The Mariel Boat-Lift was a large immigration of Cubans into Miami in 1980, and represented the perfect opportunity for economists to understand how immigration affects the local economy. Two articles released in 2017 sought to understand this effect by studying the wages of low-skill workers using census data. One, by Giovanni Peri and Vasil Yassenov, found that there was no noticeable change in the overall trend of wages after the boatlift. The other, by George Borjas, concluded that the boatlift caused a clear reduction in the income of low skill workers. These studies arrived at different conclusions due to the differences in the specific subset of census data each chose to examine.

The census data was filtered in an attempt to remove any bias, but the specific groups Borjas excluded introduced some into his study. Both studies focused on people between the ages of 24 and 60 as well as removing any workers that had education above a high school degree. Borjas' study additionally removed women, non-Cuban Hispanics, and anybody with a high school degree or above. This represented a vast majority of the people in the original data set, and such a small sample size means that there is going to be a large uncertainty on any observations he makes.

In 1980 the census bureau changed their policy to include a large number of black people that were previously excluded. During the same time period a large number of Black Haitian immigrants came to Miami, and the census

bureau simply grouped them together with black Americans. Both these groups of people were low-income, and very few of them had high school degrees or above. This shift in the CPS data would have shown itself as a significant drop in the average wage of workers with no education after 1980. This would have been seen in Borjas' data even if no individual's income actually went down specifically because he made the choice to exclude those with an education level of high school or greater.

Another factor that skewed Borjas' analysis was the specific exclusion of non-Cuban Hispanics from his data set. The average wage of low-skill non-Cuban Hispanic workers in Miami started to show a positive trend after 1980 (Clemens, 2017). His reasoning for excluding this group was that they may cause wage drops in other cities Miami is being compared to, but the primary focus of the study is in Miami itself so that would have little to no effect on local changes. This gives us another situation where, all else being equal, wages would have decreased in Borjas' study after 1980 just by virtue of the set of data he chose to examine.

The choices Borjas made in determining his data set led directly to a large uncertainty due to low sample size, and also a conclusion based on data that showed a clear bias. These are the reasons the two studies diverged, and why you should be cautious accepting Borjas' conclusions.

References

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| [Clemens, 2017] | There's no evidence that immigrants hurt any American workers by Michael Clemens (2017) |
| [Peri & Yasenov, 2017] | The Labor Market Effects of a Refugee Wave by Giovanni Peri and Vasil Yasenov (2017) |
| [Borjas, 2017] | The Wage Impact of hte Marielitos by George Borjas (2017) |