

Immigration in a segmented labor market: evidence from the United States (1994-2019)¹

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Resumo

A crescente parcela de trabalhadores imigrantes nas economias desenvolvidas suscita preocupações sobre possíveis efeitos adversos sobre os trabalhadores nativos, particularmente os menos qualificados. O debate sobre os impactos da imigração no mercado de trabalho é geralmente realizado dentro dos marcos da teoria econômica neoclássica, em que quantidades e preços são determinados simultaneamente. Incorporando as contribuições teóricas de economistas institucionais do trabalho, este artigo destaca elementos extra-mercado que influenciam a determinação do emprego e dos salários de trabalhadores nativos e imigrantes, como a organização coletiva dos trabalhadores e estratégias corporativas de gestão do trabalho. Tais pontos são praticamente ausentes do corpo principal da literatura recente. O artigo analisa dados da pesquisa da força de trabalho estadunidense dos últimos 25 anos. Os padrões de crescimento salarial e de emprego, complementados com considerações qualitativas da literatura, indicam que o emprego de mão-de-obra imigrante em ocupações de baixa qualificação desempenha um papel específico na segmentação em curso no mercado de trabalho americano.

Palavras-chave

Imigração; mão de obra não qualificada; mercados de trabalho segmentados; estrutura salarial.

Abstract

The growing share of immigrant workers in developed economies raises concerns over possible adverse effects for native workers, particularly the less skilled. The debate on labor market impacts of immigration is usually framed within the neoclassical economic theory, whereby quantities and prices are simultaneously determined. Incorporating theoretical contributions by institutional labor economists, this paper draws attention to extra-market elements that influence the employment and wage-setting of native and immigrant workers, like workers' organization movements and management strategies by corporations. These issues have been virtually absent from the main body of recent literature. The paper analyzes labor force survey data for the United States for the last 25 years. Patterns in wage and employment growth, along with qualitative considerations from literature, indicate that the employment of immigrant labor in unskilled occupations plays a specific role in the on-going segmentation of the American labor market.

Key-words

Immigration; unskilled labor; segmented labor markets; wage structure.

For the past three decades, the United States has been one of the leading destinations for international migrants (IOM, 2020). The share of immigrants in the American labor force has reached

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17.4% in 2018 (BLS, 2019). Out of around 36 million jobs created since 1994 (net growth), 16 million employed foreign-born workers³. Public apprehension about possible adverse effects of immigration for native workers, particularly the low-skilled, finds support on mainstream economic theory that predicts that an expansion of the labor supply should lower the wages of those workers that are more easily substituted by immigrant labor. However, this negative effect from theory has not been found significant in practice by most empirical studies, as found by a review of 27 articles (PERI, 2014).

We argue that the debate on immigration implications for the labor market should return on a key element of the wage-setting process: the bargaining power of workers. Unlike the automatic adjustment process in neoclassical models, classical economists understood that the channel from changes in population to changes in wages is mediated by the relative power of workers vis-à-vis their employers. Therefore, the evolution of wages depends not only on the relative conditions of supply and demand but also on the political and institutional factors that set up the arena of negotiation in labor markets (STIRATI, 1994). Labor economists in the institutional tradition have cast additional focus on the extra-market elements involved in the market for labor, distancing themselves from the marginalistic approach of neoclassical economics. They claim that in the labor market the norms – including a wide range of cultural and political factors – prevail over the mechanics of supply and demand in determining the wage rate so that labor cannot be analyzed as any other commodity (KAUFMAN, 2004; LAVOIE, 2015). This theoretical tradition was developed by later generations of institutional economists and is endorsed in the post-Keynesian microeconomic approach to the labor market (APPELBAUM, 1979; LAVOIE, 2015).

Following the latter tradition, this paper discusses some characteristics of the occupational labor markets where low-skilled immigrant workers concentrate and highlights elements that might complement supply-side perspectives on wage effects of immigration and are often absent in the more conventional literature on the matter. The present work is largely based on data from the Annual Social and Economic Supplement of the Current Social Population Survey (CPS) collected by the Bureau of Labor Statistics and extracted from the Integrated Public Use Microdata Series by Flood et al. (2019). Since 1994, CPS allows researchers to obtain labor market statistics according to individuals' place of birth and citizenship status. Following the Bureau of Labor Statistics (BLS, 2019), we consider 'immigrant workers' as those who were not US citizens at birth: born abroad from foreign parents. The category of foreign-born⁴ includes all foreigners residing in the United States at the time of the survey, including those under irregular migratory status, refugees and asylum seekers, international students, and other temporary immigrants. The survey does not allow, however, differentiating between these different groups.

³ Figures are estimated from the ASEC supplement to the Current Population Survey (FLOOD et al, 2019).

⁴ In the remainder of this work, "foreign-born" and "immigrant" are used interchangeably.

Characteristics of the immigrant labor force in the United States

Compared to the American population, adult immigrants are relatively less skilled, as shown in Table 1. Over a quarter of the foreign-born adult population does not hold a high school diploma or equivalent, compared to less than 10% of uneducated natives. Since education and professional qualification are crucial in determining what kind of jobs workers might aspire to, it is not surprising that the occupational distribution of the foreign labor force in the United States is skewed towards less-skilled occupations (see Table 2). Workers with less than a high school diploma or equivalent, either native or foreign-born, work mainly in construction, janitorial services, production lines, and food service.

Table 1 - Educational attainment of the adult population (18y+) by nativity, 2010-2019

Educational attainment	Native-born	Foreign-born	Total
Less than High School	9.4	26.7	12.2
High school diploma	30.2	25.7	29.5
Some college, no degree	20.5	11.5	19.0
Associate degree	10.0	6.2	9.3
Bachelor's degree	19.5	18.1	19.3
Master's degree	7.7	8.2	7.8
Professional degree	1.3	1.4	1.3
Doctorate degree	1.4	2.2	1.5
Total	100.0	100.0	100.0

Source: Author's elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

Table 2 shows that foreign-born workers are overrepresented at the bottom of the job market hierarchy, particularly in low-skill, low-wage services. The broad category of service occupations, which employ almost a quarter of immigrant workers, encompasses activities as healthcare support, food preparation and serving, housekeeping and janitorial services, and personal care. At the same time, about a third of immigrant workers are employed in highly specialized occupations, particularly managers, business and financial operators, medical doctors and dentists, and math and computer scientists. However, when looking at the relative participation of immigrants and native workers, we note that immigrants are particularly relevant in occupations grouped in production and transportation, construction and natural resources, and low-skill services. In all of these categories, at least a fifth of the employed workers is foreign-born.

Table 2: Occupational profile of the civilian labor force by place of birth, 1994-2019⁵

Broad Occupational Groups	Distribution		Relative participation			Average Annual Salary (2019)
	Foreign	Native	Foreign	Native	Total workers	
Management and Business	11.0%	16.3%	10.4%	89.6%	100.0%	\$90 719
Professional Specialties	18.0%	21.8%	12.5%	87.5%	100.0%	\$70 889
Sales and Office Support	17.1%	25.6%	10.3%	89.7%	100.0%	\$43 242
Production and Transportation	17.3%	12.6%	19.1%	80.9%	100.0%	\$48 273
Natural Resources, Construction and Maintenance	13.4%	8.8%	20.7%	79.3%	100.0%	\$41 001
Service Occupations	23.2%	14.9%	21.2%	78.8%	100.0%	\$29 082
All civil occupations	100.0%	100.0%	14.7%	85.3%	100.0%	\$55 078

Source: Author's elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

Note: percentage shares are averages for the total period from 1994 to 2019; salary figures are categories' averages from the 2019 survey in current dollars.

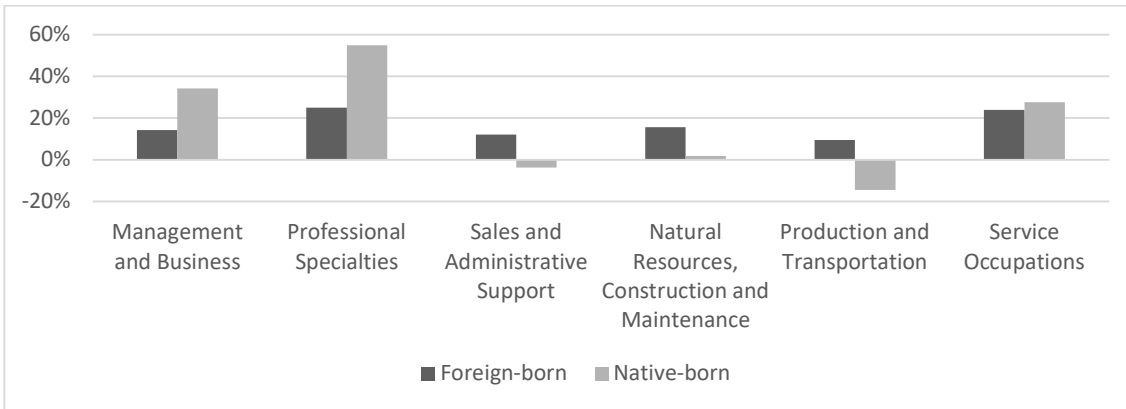
The fact that the current migrant cohorts in the United States are predominantly unskilled raises concerns over the possible impacts on the employability and remuneration of similarly educated native workers, once they would be competing for the same jobs. For instance, controlling for different levels of work experience, Borjas (2003) finds that the adverse effect of immigration on native wages is significant and more intense for high school dropouts than on average. By contrast, Card's (2001) comparison of 1985 and 1990 data found that low skilled immigration might have reduced employment opportunities for young and unskilled native workers in some U.S. cities, but had no significant impact on wages (CARD, 2001). But Peri and Sparber (2009) find evidence of task specialization between native and immigrant workers even in the low-skilled sectors, which should reduce the estimated wage losses from higher immigration.

According to Portes and Rumbaut (2014), the continuing flow of undocumented workers into the US demonstrates the strong match between migrants' aspirations and American employers' needs. Furthermore, the authors point out that the educational profile of the recent immigration flows to the U.S. overlaps the hourglass shape of the current structure in the American labor market (PORTES; RUMBAUT, 2014). Since the 1980s, job opportunities have grown in both high-wage, high-skill occupations and low-wage, low-skill positions, with a squeeze of both employment and wages in intermediary occupations. Particularly in the 2000s, the occupations that employ semiskilled workers and used to pay wages closer to the overall median wage have observed a relative decrease both in employment and pay level (AUTOR, 2010). Bean, Leach and Lowell (2004) show that, despite this coincidence, the polarization of jobs in the 1990s – defined as a relative growth of employment in both ends of the wage distribution – was a process that affected fundamentally native workers. The

⁵ The occupational structure of native and foreign-born employment is provided with more detail in the appendix A.

CPS data from 1994 to 2019 show that Bean, Leach and Lowell’s result continues to be true, since foreign employment continues to grow in all categories, unlike the native employment pattern.

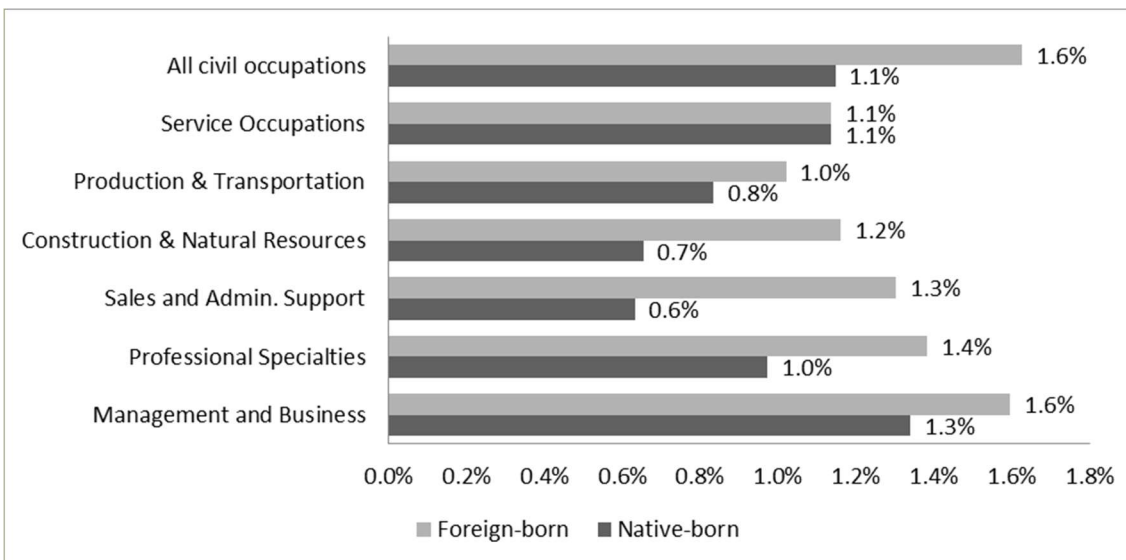
Figure 1: Relative share of employment growth for the civilian labor force, 1994-2019



Source: Author’s elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

Figure 1 shows that while native employment decreased in absolute terms in sales and office support, and production and transportation, these categories sum up 20% of the overall growth in foreign-born employment between 1994 and 2019. However, the wages for which immigrants work in these intermediary occupations are significantly lower than their native counterparts, as will be discussed in the following pages. At the same time, the real growth rates of native wages in these categories are well below the national average and are also lower than the respective foreign-born occupational rates, as can be inferred from Figure 2. This gives supporting elements to the claims of immigration as a piece of labor market segmentation.

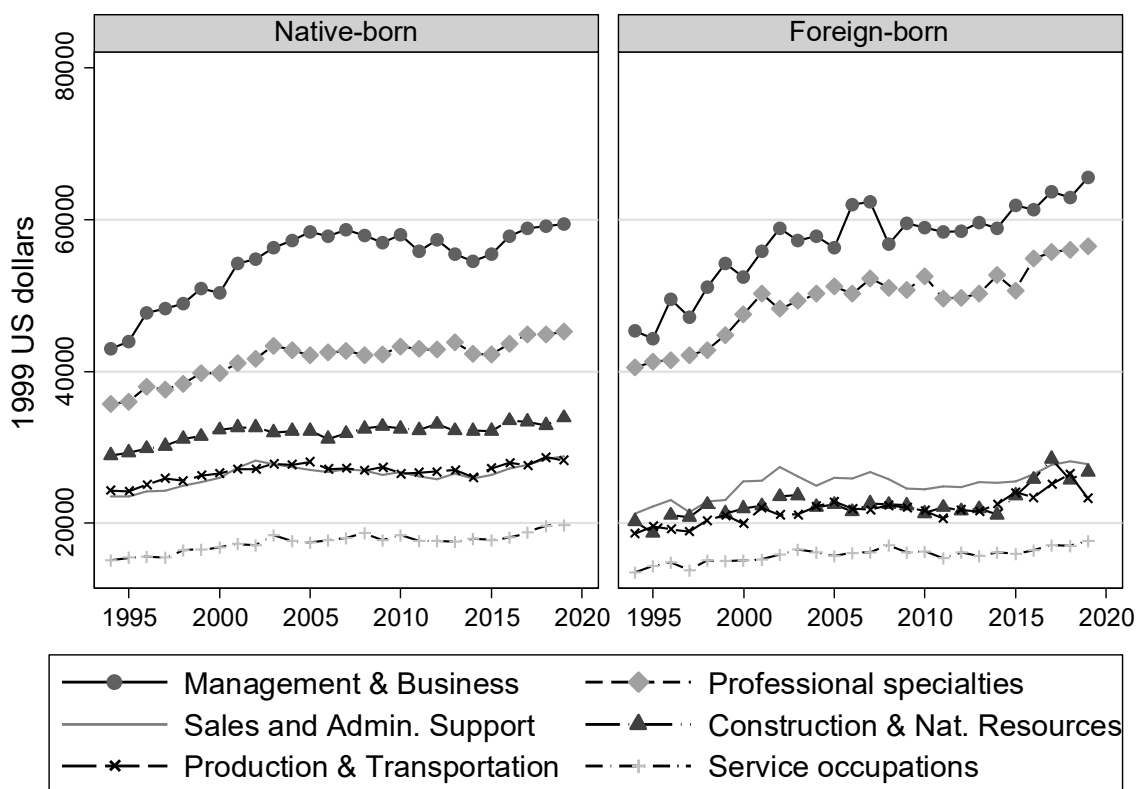
Figure 2: Average annual real growth rates of yearly wage income (1995-2019)



Source: Author’s elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

The graphs below show the evolution of the average annual salary of wage earners for each occupational category for native and foreign-born workers estimated from the Current Population Survey microdata and adjusted by the Consumer Price Index (CPI). The wages of foreign-born workers in the United States reflect the bifurcation in their pattern of specialization and employment. Wages at the top of the job market hierarchy have grown at faster rates than the rest, which remained nearly stagnant throughout the 2000 decade, especially for immigrant workers. Foreign-born managers and professionals appear to earn more than the average American counterpart, while the jobs in sales and office support show similar remuneration for both groups.

Figure 3: Yearly earnings from wage and salary, by occupational categories and nativity



Source: Author's elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

Note: Earnings are deflated to 1999 dollars using the CPI series.

What is striking in the graphs above is the absence of a middle-ground for the remuneration of immigrant workers. While blue-collar occupations, like those in construction, production and transportation, are known for paying low to medium-skilled native workers wages close to the national median, immigrants employed in these categories do not appear to receive similar opportunities. There is a significant gap between the earnings of Americans and those of immigrants working in construction, transportation, and production. The disparity has persisted over the last decades, even though the wages in these occupations have grown faster for foreign-workers, as shown

in Figure 2. Service occupations, on another note, also appear to have a wage differential between native and foreign-born workers but constitute the bottom of the wage hierarchy for both groups.

Similar patterns are detectable in the relative frequency of low pay in occupation-specific markets. International literature defines low wages as those below two-thirds of the median national wage (ILO, 2010). Most low-paid workers in the United States are young (between 16 and 25 years old) and female. Blacks and Native Americans have a higher propensity to be low-paid than average. Interestingly, foreign-born status is not a significant factor in explaining low wages in aggregate-level analysis, but it is a relevant factor in specific occupational markets. Table 3 shows the average incidence of low wages among workers paid hourly rates for different occupational categories. Figures differ dramatically depending on specific occupation groups. For instance, both nativity groups observe similar figures in transportation. But while immigrants working in production and construction are more likely to receive low wages than their native counterparts, they are *less* likely to do so in service occupations.

Table 3: Share of workers below the low-wage threshold in percentage points, period averages

	1994-2000		2001-2010		2011-2019	
	Native	Foreign	Native	Foreign	Native	Foreign
Management and Business	4.9%	9.2%	3.2%	4.5%	3.9%	3.7%
Professionals	9.2%	7.7%	5.6%	4.4%	4.4%	3.3%
Sales and Administrative Support	19.3%	19.0%	18.6%	20.1%	15.4%	13.6%
Sales and related	35.1%	29.6%	34.3%	32.6%	27.1%	20.6%
Construction, Maintenance & Natural Resources	5.3%	16.3%	4.6%	13.1%	3.0%	9.2%
Construction	4.1%	10.5%	3.1%	8.0%	1.7%	7.7%
Production and Transportation	13.1%	21.3%	11.5%	18.0%	9.7%	12.0%
Production	8.2%	20.7%	7.1%	17.0%	6.0%	10.9%
Transportation and Material Moving	19.1%	22.4%	16.4%	19.6%	13.5%	13.5%
Service Occupations	40.9%	33.6%	35.9%	30.5%	29.2%	23.4%
Building, Grounds Cleaning and Maintenance	30.0%	29.7%	25.7%	25.1%	18.3%	22.3%
Food Preparation and Serving	61.8%	45.5%	57.4%	41.6%	47.1%	30.5%
Healthcare Support	21.9%	16.8%	15.3%	18.6%	14.7%	9.9%
Personal Care and Service	44.4%	32.0%	33.6%	30.3%	25.5%	24.3%
All civil occupations	17.8%	21.4%	16.5%	19.3%	13.7%	14.1%

Source: Author's elaboration based on IPUMS-CPS data (FLOOD et al., 2019).

Note: percentages are calculated over wage workers who are paid hourly rates (paid by the hour).

The disparity of wages *among foreign-born workers* is frequently explained by their uneven distribution in terms of education and qualification (CARD, 2009). However, the persistence of wage differentials between native and foreign-born workers within some occupational groups suggests that

there might be additional factors operating in the process of wage determination. Constant (2014) highlights country-specific components of human capital, like language skills and professional networks, that make immigrants and native workers imperfect substitutes. She adds that “Whether high- or low-skilled, migrants rarely substitute directly for native workers. Instead, migrants often complement native workers or accept jobs that natives don’t want or can’t do.” (Constant, 2014, p.1). Along the same lines, one possible explanation for the difference in the wages of natives and immigrants in the same broad occupational group could be the native’s specialization in communication-intensive tasks, which are usually better paid, as documented by Peri and Sparber (2009). Cultural discrimination is yet another reason that explains immigrant income gaps, but neither of these factors can explain the different patterns *across occupational categories* described above in a satisfactory manner.

To ensure that the wage gaps evidenced in Figure 3 cannot be exclusively explained by differences in observable human capital attributes or by task specialization, we developed an exercise to obtain regression-corrected averages for occupational wages. Table 4 reports the results for simple OLS regressions of log hourly wages on foreign-born status for each of the six broad occupational categories using CPS microdata. The coefficients indicate the percentage difference in average hourly wages for foreign-born workers compared to the native average.

Table 4: OLS estimations for foreign-born status effect on log hourly wages at constant 1999 dollars, 1994-2019

	Management and Business	Professional Specialties	Sales and Office Support	Construction and Natural Resources	Production and Transportation	Service Occupations
Independent variable						
Foreign-born	-0.0051 (-0.0137)	-0.0086 (-0.008)	-0.0054 (-0.0048)	-0.0557*** (-0.0069)	-0.0681*** (-0.0052)	0.0308*** (-0.0048)
Control						
Detailed occupations	Yes	Yes	Yes	Yes	Yes	Yes
Education	Yes	Yes	Yes	Yes	Yes	Yes
Age	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R ²	0.257	0.406	0.324	0.328	0.277	0.344
N	13585	33001	60182	25881	42048	47781

Note: * p<0.05, ** p<0.01, *** p<0.001. Standard errors are in parenthesis.

Using hourly wage rates is essential to avoid confusion between differences in workers’ remuneration that are explained by direct pay level and those attributable to differences in the amounts of hours worked by individuals. This problem is particularly pertinent in the low-wage sector of the labor market, marked by higher frequencies of part-time jobs and workers with a marginal attachment to the labor force (PIORE, 1979a). The series for the hourly wage rate as well as the independent variables were extracted from the Public Use Microdata Series of the Current Population Survey

(FLOOD et al., 2019)⁶. The differences in individuals' human capital attributes are controlled by adding factor variables for six age groups and eight educational attainment levels. The models also control for the detailed occupation to avoid comparison between workers at different hierarchical positions within the same broad occupation group.

It is interesting to note that the regression analysis shows significant disparities only for the occupational categories at the bottom of the market hierarchy. Wages in production and transportation are more than 5% lower for immigrant workers compared to natives at the same occupation, educational level, and age group. The wage gap is a little higher for workers in production and transportation: almost 7%. Service workers observe the inverse relationship: the average immigrant wages are 3% higher than natives'. These results are robust to different specifications of time periods and additional controls like union membership, gender, and race.

While natives maintain relatively higher wages despite the rising participation of immigrants in the workforce in blue-collar occupations and sluggish real wage growth, American service workers appear to be in even worse circumstances than low-skilled immigrants. These elements suggest the existence of different patterns of wage-setting in each occupational market. The hypothesis of labor market segmentation provides a valuable tool to address this phenomenon. Since the segmentation of labor markets derives from the action of both employers and organized workers, how these two actors engage with the foreign labor force is critical to understanding the implications of immigration in the low-skilled labor market. The next sections focus on precisely this matter.

Segmentation and immigrant labor in the low-wage market

As early as in the 1970 decade, Piore (1979b) noted the paradox between the *expected* effect of technical progress – a shift in labor demand towards more skilled workers – and the absorption of continuous flows of unskilled migrant workers. He argued that these workers, mostly undocumented, played a fundamental role in filling vacancies in the sort of jobs that were by then refused by the social groups that once occupied them: youth, black workers and women. These jobs, described as pertaining to the *secondary labor market*, offered no career prospects, had high turnover rates and were often considered demeaning. Technological change had not erased the need for such jobs, which remained functional to the economic system, either in manufacturing and related services by absorbing volatility of aggregate demand, or in personal services by providing the American households with a certain standard of living for relatively low costs (PIORE, 1979b, 1979c).

Hudson (2007) finds that jobs in the American market can be currently clustered in three segments based on whether or not they (i) pay wages above the federal poverty level, (ii) offer pension

⁶ The hourly wage rate series is provided only for workers paid by the hour, who amount to approximately 60% of total employed workers and at least three-quarters of workers in less-skilled occupational categories, see appendix B.

plans and (iii) include healthcare plans. The secondary market is defined by the jobs that do not meet any of these criteria. The relative share of this segment is growing at the expense of the intermediary segment and of the “primary” market, which concentrates secure and well-paid jobs. Beyond occupational specific variables, the main factors allocating workers in each segment are citizenship status and the kind of work arrangement. Hudson (2007) concludes that along with the implementation of non-standard forms of employment, hiring immigrant labor is now a fundamental part of this segmentation process carried out by US employers.

The significant rise in non-standard work arrangements (e.g., agency work, part-time arrangements, temporary or seasonal work) is part of a more general shift in employment relations. Other symptoms are the decrease in average job tenure and an increase in perceived job insecurity (KALLEBERG, 2009). Kalleberg (2009) argues that since the mid-1970s, in order to cope with market pressure following an increased international competition and a new production paradigm, employers developed strategies aimed to pass on the economic risk and volatility from the company to its employees, with layoffs as a central piece. The decline in unionization and government deregulation of both goods and labor markets have mediated this process, leaving workers with few tools with which to resist corporate attacks on labor (HUDSON, 2007; KALLEBERG, 2009).

Employing foreign workers and imposing contingent work contracts both function as exit options to circumvent labor regulations and to avoid expenses with employment benefits and seniority premiums. The consequence is a deepening of the disparities in the labor market, not only regarding remuneration but also job quality:

The substitution of nonstandard work for traditional wage and salary employment in full time jobs and restrictions on worker mobility due their citizenship status serve as important mechanisms for creating and channeling workers into bad jobs. By creating two-tiered labor markets within the same firm, industry, or occupation, these mechanisms enable employers to provide some workers good wages, benefits, and working conditions while denying them to others (HUDSON, 2007, p. 307).

Indeed, the data on figures 1, 2 and 3 suggest that low-paid immigrant employment might have been substituting for secure and relatively well-paid jobs in blue-collar occupations. The meatpacking industry, for example, has become increasingly dependent on a large contingent of unskilled workers, as explained by Champlin to Hake (2006). The strategy adopted by companies in the sector included closing old unionized plants and opening large plants in rural regions, despite the low availability of labor in those localities. To meet their labor demand, companies actively recruited Latino workers, especially Mexican immigrants. By 2006, studies estimated that between 20% to 50% of the workforce in American meatpacking plants were unauthorized workers (CHAMPLIN; HAKE, 2006). According to the CPS data, foreign-born workers currently sum up to around 40% of the labor force in the meat products industry.

The absence of unions as institutional actors in the market weakens the position of workers to negotiate wages and to control workplace conditions in the sector that has the highest rate of accidents in the workplace. Also, although undocumented workers are technically entitled to the same labor rights as US citizens (MILKMAN, 2011), their effective bargaining position is weakened by the constant threat of deportation and the legal inability to sue employers (CHAMPLIN; HAKE, 2006). Thus, while making it difficult for individual migrants but failing to reduce the number of immigrants in the American territory, the restrictive US migratory policy supplies the meatpacking industry with a growing pool of vulnerable workers willing to accept low paid and insecure jobs without any prospects of upward mobility (CHAMPLIN; HAKE, 2006).

Another factor behind the rise of immigrant shares in rural, predominantly white areas of the United States is the recruitment of Latino workers to work in construction sites and amenity services associated with the rise of upper-class homeownership in gentrified country-side areas underway since the 1990s (NELSON; TRAUTMAN; NELSON, 2015). Case studies showed the conformation of new labor relations, including the substitution of immigrant Latino labor for white, native-born labor in less qualified tasks. According to Nelson, Trautman and Nelson (2015), the vulnerability of Latino workers that derives from class, race, and citizenship status ensures a disciplined, non-unionized, and flexible labor force. This so-called “just-in-case workforce” accepts both long working hours and few or no work, depending on the highly volatile demand faced by employers in the area (NELSON; TRAUTMAN; NELSON, 2015).

Theodore (2016) tells a similar tale on the residential construction national market. Despite a tight market in the 1990s and early 2000s with frequent labor shortages, workers were not able to take part in the gains. Workers were pushed to the informal economy, acting as day laborers in precarious conditions. Contractors operating small margins came to prefer hiring immigrant workers, frequently undocumented. This process was enabled as the state removed itself from the scene by promoting the deregulation of markets (THEODORE, 2016).

Records of the active role of employer recruitment of migrant workers shift the discussion on the responsibility for ‘illegal’ immigration from migrant individuals to the structure of labor demand by US firms (KRISSMAN, 2001; PIORE, 1979c). Relative to the purpose of this work, it also highlights the relevance of looking into dynamics in the demand side when interpreting the economic consequences of immigration. The workers’ response to employer precarization strategies is also a relevant matter.

Union coverage of foreign-born workers

As was mentioned in the beginning of this paper, occupations in service, construction, production, and transportation have all witnessed high shares of immigrant workers in the last two

decades. The literature indicates that the rise in immigrant employment in low-skilled occupations has been anchored in low wages, poor working conditions and flexible work arrangements. However, the comparison between natives' and immigrants' outcomes in terms of average earnings and the frequency of low pay reveals different patterns for each occupational market. The differences in wage patterns coincide with different profiles of workers' organization in each occupation group, as we describe below. We argue that different relationships of immigrant and native workers toward the labor movements can at least partially explain why blue-collar workers appear to be shielded from low-wage immigrant labor when compared to service workers.

Research on low wage markets in the United States and other five European states has found that the inclusiveness of collective bargaining schemes is key to explaining national outcomes in the low-wage market, along with the level and coverage of the statutory minimum wage and other labor market regulations. The local and strict character of collective bargaining in the United States is associated with a higher incidence of low pay and a lower level of benefits granted to American workers when compared to the European (BOSCH; GAUTIÉ, 2011). Another study found that, among the fifteen occupations paying the lowest median wages, unionization raised workers' wages by 16 percent and increased the likelihood of accessing employer-sponsored healthcare insurance and retirement plans in about 25 percentage points (SCHMITT et al., 2008)

According to Piore (1979), even migrant jobs in the menial, low-wage labor market might be subject to moral considerations on the *fair pay* owed to workers. This happens either because of social perceptions of a decent wage floor, either because these jobs are part of a larger wage structure and, thus, should fluctuate accordingly following the movement of wages paid to stable, native employees. From this reasoning, the author goes on to suggest that "the behavior of wages in migrant labor markets is critically influenced by the relative isolation of the migrants from other workers, specially with respect to the wage floor" (PIORE, 1979b, p. 101).

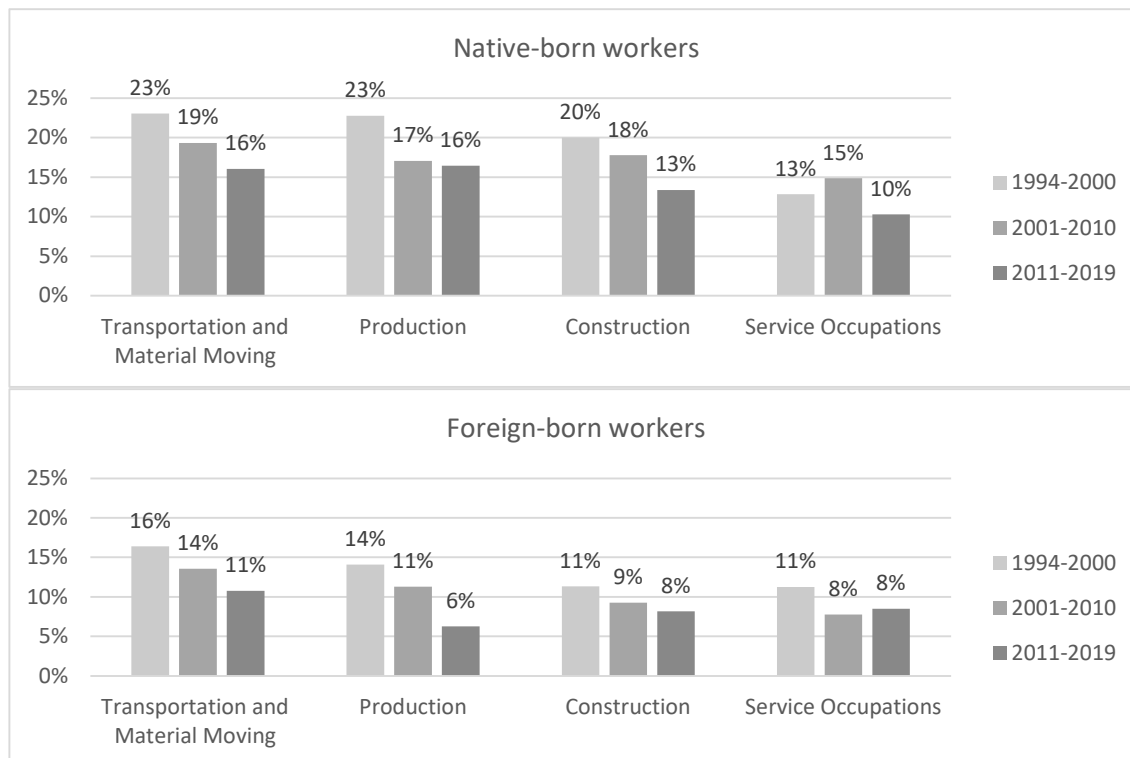
The literature highlights an ambiguous relationship between foreign-born workers and the labor movement in the United States. The immigrant communities were pivotal to the development of trade unions at the beginning of the 20th century (PIORE, 1979c; TAFT, 1983). Nevertheless, immigration policy used to be a controversial topic in American labor movement organizations (MILKMAN, 2011; TAFT, 1983). Following the labor market segmentation hypothesis, there is a paradoxical conflict of interest between stable, unionized native workers and immigrants working in precarious jobs. As Piore (1979b, p. 109) recalls,

The very structure of the demand for migrants in the first place results from the organization of certain groups of workers to secure their employment opportunities and the attempt of employers to escape the rigidities that these groups impose.

Since there are limited positions for which employers are willing to offer better pay and benefits, the provision of the worst job positions to migrants would be functional to native, stable workers (PIORE, 1979b). At the same time, as employers are pressed to reduce costs and the regulations in the labor market are dismantled, the possibility of replacing union workers by unorganized immigrants to reduce the share of primary jobs poses a threat to the job opportunities for natives alike. This is why some authors argue that immigration hurts the bargaining power of native workers (PIVETTI; BARBA, 2016; REICH; GORDON; EDWARDS, 1973). However, as Milkman (2011) notes, low-wage immigrants are themselves in the front lines facing employer strategies that worsen remuneration and workplace conditions. Recently, immigrant workers in the United States have been regularly engaging in collective struggles to improve their circumstances – either inside traditional union organizations or in worker centers and immigration advocacy groups (MILKMAN, 2011).

In recent years, there has been a shift in unions’ view of the immigration agenda, and some leading organizations have increased recruitment efforts towards foreign-born workers, especially in sales, janitorial, and hospitality services (MILKMAN, 2011). However, immigrant workers still observe lower records of union membership and coverage than American workers in blue-collar occupations. The graphs below show average coverage rates for workers in selected occupational categories.

Figure 4: Wage and salary workers covered by union representation (%)



Source: Author’s elaboration based on IPUMS-CPS data.

Union coverage rates show a downward trend for both natives and immigrants in transportation, production, and construction. Nevertheless, natives maintain considerably higher coverage rates compared to foreign-born workers in these occupational categories. For the last decade, the average coverage rate for native workers was 16% in transportation and production and 13% in construction. Production occupations observe the highest gap between foreign and native-born rates, reaching 10 percentage points in the last decade.

The data presented in the first section of this chapter show that native workers have been able to maintain a considerable income gap relative to immigrant workers. When contrasted to the union coverage data above, this fact suggests that union representation might be securing the quality of at least a portion of native jobs. However, both wages and employment growth in these occupations (production, transportation, and construction) show a structural decline. The latter compels one to reconsider whatever degree of privilege is asserted to native blue-collar workers by collective bargain in a very limited frame bound by corporate strategies to outsource and de-scale production facilities. In light of this result, de-unionization associated with the employment of immigrant workers appears particularly problematic for the living standards of medium and low-skilled workers in the United States.

By contrast, service workers traditionally have lower rates of union coverage, and Figure 4 shows a much less clear trajectory since the 1990s. Service occupations have seen relative growth both in employment shares and real wages. However, wages in this category still represent the wage floor of the American labor market, as shown in Figure 3. It appears that service jobs concentrate the most vulnerable share of American workers, which could explain why some labor market indicators are worse for natives than for immigrants.

Service workers are difficult to organize following the traditional trade union model. Many occupations in the service category are marked by casual work arrangements, especially domestic work, agency work or day labor, or have a decentralized workplace. Hudson (2007) highlights the interplay between the rise in service employment and contingent work and the employment of unskilled immigrants as factors that all lead to an adverse environment for unionization. However, Milkman (2011) argues that workers in traditionally unorganized jobs, and particularly low-wage Latino workers, have been the target of a new form of labor organization in the US: worker centers.

Worker centers are labor-oriented NGOs that operate in the local sphere (MILKMAN, 2011). Differently from day labor agencies, they set standards and minimum wage levels for laborers in informal work settings without charging a share of the payment (THEODORE, 2016). They also promote educational programs and activities to enhance low-wage workers' sense of collectivity (THEODORE, 2016). One of the advocacy themes in these organizations is the claim for a path for the legalization of unauthorized workers (MILKMAN, 2011; THEODORE, 2016). Despite positive

achievements, the range of action of worker centers is still constricted by an unstable constituency and lack of material and human resources on the one hand and to a limited agenda-setting approach on the other. They seem more fit for preventing workers' losses rather than struggling for actual improvements in pay or working conditions (MILKMAN, 2011).

Final remarks

This paper contributes to the literature debate on the labor market implications of the rise in immigration into the United States. Although it is usually interpreted as an exogenous supply-side phenomenon, institutional approaches suggest that immigrant labor is not exogenous but an actual functional part of the current economic system. The easy availability of laborers for construction and manufacture facilities provided by unskilled immigration is coherent with corporate strategies employed since the 1980s to increase the flexibility of the workforce and reduce labor costs in production. Despite the growing weakness of unions, they are still instruments to fight wage and benefit losses for workers in traditionally unionized sectors. The result is a disparity of wages for immigrants relative to native workers in blue-collar occupations.

Throughout this paper, we tried to show how the rise of immigrant shares in low-skilled occupations can be interpreted as a part of a larger process of labor market segmentation, as employers reduce decent work opportunities and workers find their bargaining position weakened. On the one side, operatives in manufacturing and construction see their real wage growth rates lag behind the national average amidst lower union coverage rates and higher shares of non-standard work that are concurrent with higher shares of immigrant employment. On the other side, service workers depart from a much more fragile position, detectable in both immigrant and native-born populations.

As low-skilled, frequently unauthorized immigration remains functional to the American companies, restrictive immigration policies are bound to failure. Policy prescriptions for protecting both groups of workers from poverty-line wages should address the systemic position of labor in the bargaining table. Further research should analyze the benefits of labor market regulations in this scenario. The statutory minimum wage, as a form of "compulsory collective bargain" (MEDEIROS, 2015), might be a valuable tool for assuring wage gains for workers in the most vulnerable positions in the American labor market. It can also set a floor for how much lower can be immigrant wages in production and construction when compared to native workers.

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Appendix A – Occupational structure of US employment, by birthplace categories

Occupational groups by the Bureau of Labor Statistics	1994-2019		2015-2019	
	Foreign-born	Native-born	Foreign-born	Native-born
Management and Business	11.00%	16.34%	12.15%	17.51%
Management Occupations	7.80%	11.77%	8.45%	12.21%
Business and Financial Op Spec	3.20%	4.57%	3.70%	5.29%
Professional Specialties	18.02%	21.78%	20.21%	24.17%
Computer and Math	3.56%	2.16%	4.83%	2.76%
Architecture and Engineering	2.16%	1.98%	2.22%	2.01%
Life Physical & Social Science	1.23%	1.06%	1.27%	0.91%
Community and Social services	0.88%	1.64%	0.94%	1.92%
Legal	0.45%	1.22%	0.47%	1.32%
Education, Training, and Library	3.56%	6.54%	3.72%	6.91%
Arts, Design, Entertainment, Sports, and Media	1.42%	2.00%	1.45%	2.23%
Healthcare Practitioners and Technicians	4.76%	5.19%	5.29%	6.10%
Sales and Administrative Support	17.13%	25.55%	15.53%	23.23%
Sales and Related	8.80%	11.74%	7.95%	10.80%
Office and Administrative Support	8.33%	13.82%	7.58%	12.44%
Production and Transportation	17.30%	12.61%	15.32%	11.14%
Production	9.98%	6.31%	7.73%	5.16%
Transportation and Material Moving	7.32%	6.30%	7.59%	5.98%
Natural Resources, Construction and Maintenance	13.38%	8.84%	13.54%	7.99%
Farming, Fisheries, and Forestry	1.78%	0.51%	1.69%	0.52%
Extraction	0.08%	0.14%	0.08%	0.13%
Construction	8.60%	4.63%	9.01%	4.10%
Installation, Maintenance, and Repair	2.93%	3.57%	2.76%	3.24%
Service Occupations	23.17%	14.87%	23.26%	15.96%
Healthcare Support	2.64%	2.13%	2.69%	2.28%
Protective Service	0.91%	2.15%	0.90%	2.18%
Personal Care and Service	3.80%	2.92%	4.71%	3.55%
Building, Grounds Cleaning and Maintenance	8.10%	2.85%	8.01%	2.75%
Food Preparation and Serving	7.71%	4.82%	6.96%	5.20%
	100.00%	100.00%	100.00%	100.00%

Appendix B – Share of wage and salary workers paid hourly wage rates (paid by the hour), averages for the 1994-2019 period

	Native-born	Foreign-born
Management and Business	25%	22%
Professional Specialties	40%	34%
Sales and Administrative Support	64%	60%
Construction, Maintenance & Natural Resources	76%	73%
Production and Transportation	80%	79%
Service Occupations	79%	75%
All civil occupations	58%	60%