Trends in Immigrant Earnings in the 1990s

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This paper uses the newly-released 2000 PUMS to study changes in immigrant labor market performance in the United States. Immigrants who came to the U.S. in the 1990s experienced greater labor market success than did earlier cohorts upon arrival. While data from the 1960-1990 PUMS show a continuous decline in the earnings of new immigrants, the trend reversed in the 1990s, with newcomers doing as well today relative to natives as they did 20 years ago. This improvement in immigrant performance is not explained by changes in educational attainment or origin-country composition. We explore alternative explanations, including changes in immigration policy affecting the types of immigrants admitted; changes in labor market conditions that differentially affect new arrivals; changes in immigrant selectivity; and the contribution of recent high-skill immigration to California. We also examine the extent and implications of attenuation bias caused by imputation in the PUMS.