

Immigration and Labor Market Outcomes in the Native Elderly Population

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September 2008

Policy Abstract

This paper uses data drawn from the 1960-2000 U.S. decennial censuses and the post-1994 Current Population Surveys to examine the impact of immigration on various economic outcomes in the native-born population aged 50 to 74. The analysis suggests that immigration has a depressing effect on the wage of competing elderly native workers, and induced substantial reductions in labor supply and increases in retirement in this population. In fact, an important finding of the study is that the earnings of elderly workers show “excess sensitivity” to immigration-induced supply shifts, relative to the impact of immigration on other demographic groups. The quantitative estimates suggest that a 10-percent immigration-induced increase in the size of the workforce lowers the employment rate of elderly men by 7 percentage points and increases the probability of receiving Social Security benefits by 6 percentage points. These labor supply effects on older workers are about twice as large as the estimates of how immigration affects other demographic or skill groups in the labor market as a whole.

This research was supported by the U.S. Social Security Administration through grant #10-P-98363-1-05 to the National Bureau of Economic Research as part of the SSA Retirement Research Consortium. The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the Federal Government, or the NBER.