Labor Market Structure and the Effects of Immigration on Poverty in 24 Upper- and Middle-Income Nations

Allen Hyde, Georgia Institute of Technology

Amie Bostic, University of Texas Rio Grande Valley

Todd Vachon, Rutgers University

Introduction and Motivation

- Poor title selection, less about the effects of immigration and more about the effects of labor market policies on immigrants and native-born workers (my apologies) using data from 24 countries and the Luxembourg Income Study (LIS)
- Still an initial draft of project so feedback or suggestions are very welcome
- We examine how national level labor market policies affect the likelihood of household poverty by immigrant vs native-born lead earner (will work on other measures of immigration later because we understand the problem here)
- 5 measures labor market structure at the national level:
  - Union Density (Reduce Risk of Poverty)
  - Minimum Wage Settings (Reduce Risk of Poverty)
  - Employment Protection Legislation (Reduce Risk of Poverty)
  - Wage Coordination (Increase Risk of Poverty as coordination becomes more decentralized)
  - Active labor market policies (models under revision)

Labor Market Structure, Immigration, and Poverty

- Several key theoretical perspectives on labor market structures, immigration, and poverty
  - Dualization: “an increasing separation in between insiders and outsiders” in the labor market (Rueda 2005:381)
    - “insiders”—those with full access to the benefits of the welfare state and labor market and who typically have stable and decent-paying jobs, “highly credentialed” may fit into this category despite being an immigrant
    - “outsiders”—those who do not have full access to the welfare state and labor market and who have lower wages, less stable jobs, and higher unemployment, many “low-credential” immigrants may fit into this category

Labor Market Structure, Immigration, and Poverty

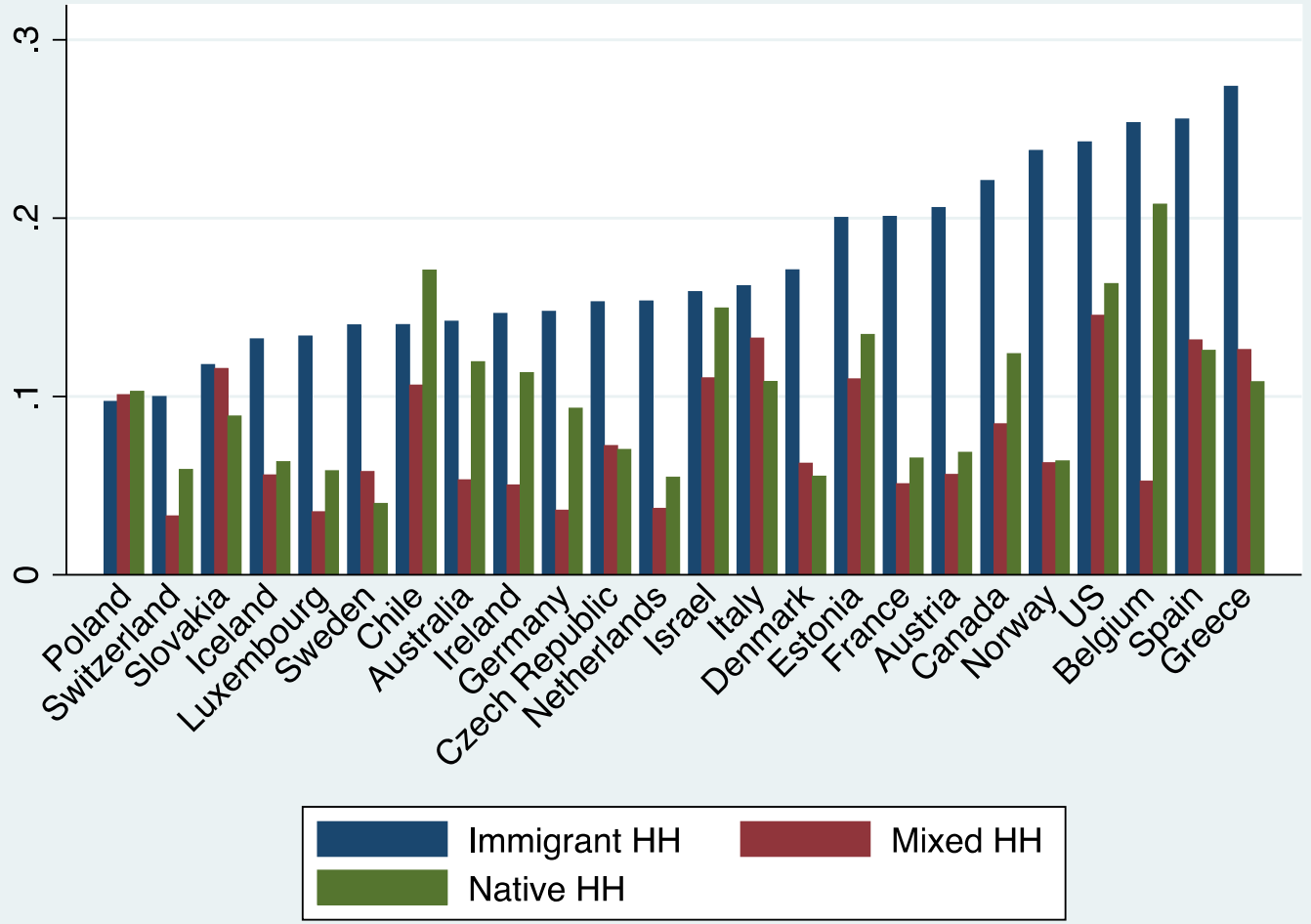
- Several key theoretical perspectives on labor market structures, immigration, and poverty
  - Labor (Market) Segmentation (Gordon, Edwards, and Reich and by many more around the world)
    - Focuses interaction of labor markets ("good" and "bad" job segments") and labor process (organization of work by capitalists) shape labor market outcomes and inequality
    - Immigrant workers used to fill demand for certain types of jobs (skilled and unskilled) and employers can use immigrant status and national immigrant policy as a way to undercut their wages

Types of immigrants and risk of poverty

- The effects of labor market policies on household poverty may also vary by type of immigrant status
- Citizen/non-citizen is often very important for having full access to labor market benefits; also, where one comes from can also shape inequalities in the labor markets
- However, we are still working on the models for this important
- Types of immigration variation that we will consider: citizen v non-citizen, EU v non-EU, Western v non-Western, refugee v non-refugee

Data and Methods

- Dataset: Four-wave dataset with 24 upper- and middle-income democracies around 2004, 2007, 2010, and 2013.
- Two-Way Fixed Effects (country and year)
- Predicted probabilities (focus on controlling for characteristics likely to cause poverty)
- Dependent Variable: relative headcount measure of poverty; below 50% of the country's median income that year



Data and Methods

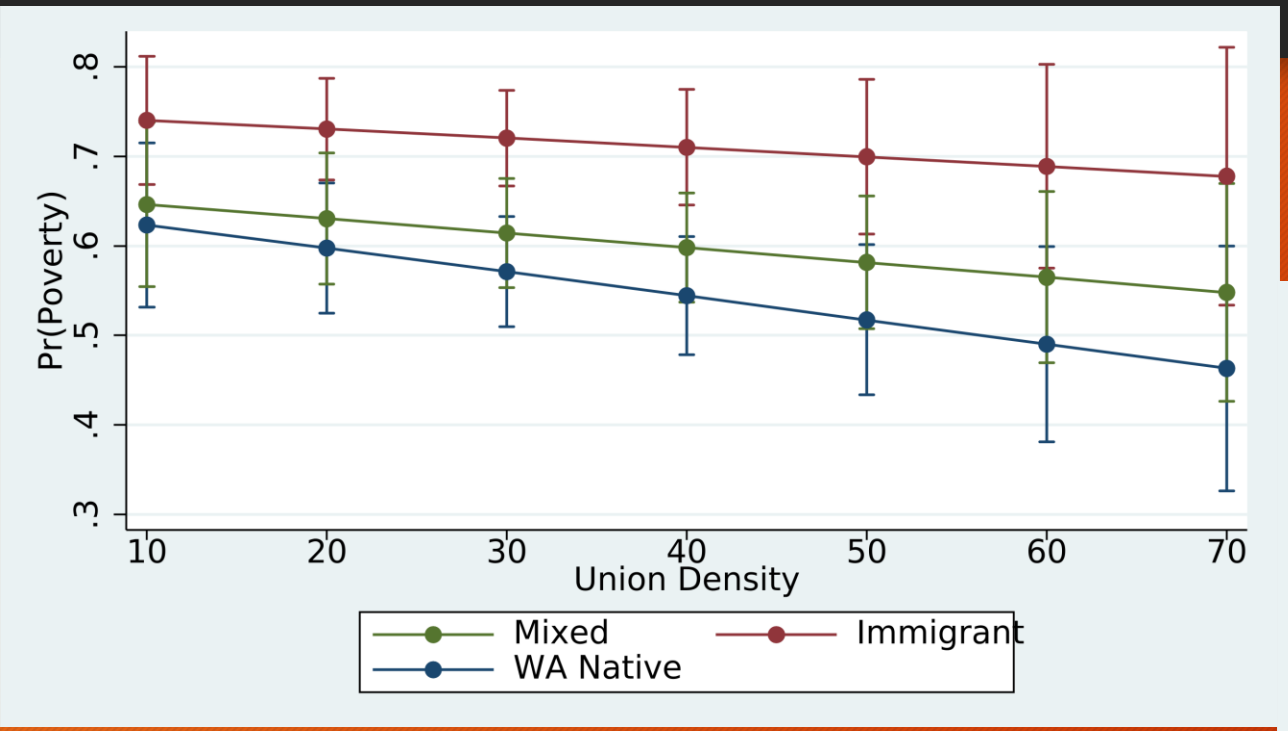
- Measurement:
- Key Predictors:
  - Native Working Age HH, Immigrant WA Household, Mixed WA HH
  - 5 measures of national labor market structure:
    - Union Density: union membership as a percent of all employed wage and salary earners.
    - Minimum Wage Settings: a scale from 1-9 with higher numbers reflecting increasing degrees of government discretion and involvement in setting the minimum wage.
    - Employment Protection Legislation: add definition
    - Wage Coordination: ranges from 1 (least centralized) to 5 (most centralized)
    - Active Labor Market Policy Spending: measured as a percent of GDP

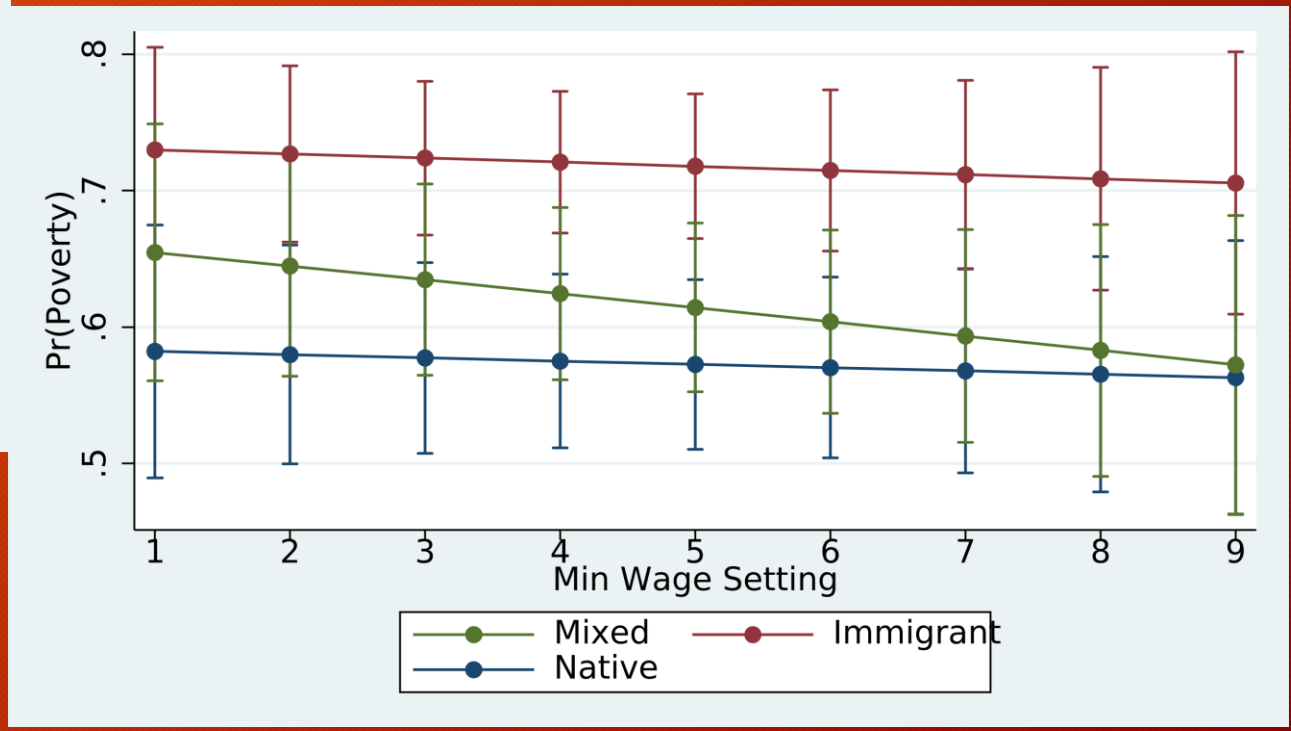
Odds ratios two-way fixed effects base model (individual-level variables only) logistic regression on poverty

Individual-Level Variables	
WA Immigrant HH	1.885***
	(7.17)
WA Mixed HH	1.1679**
	(3.03)
High Education HH	.5361***
	(-7.91)
Low Education HH	1.7483***
	(6.53)
Multiple Earners in HH	.1692***
	(-26.65)
No Earners in HH	6.0989***
	(16.01)
Lead Earner Age 25-34	1.2302**
	(2.82)
Lead Earner Age 55-64	.6995***
	(-6.09)
# of children in HH	1.3202***
	(10.95)
# over 64 in HH	.3746***
	(-10.23)
Single Mom	1.4889***
	(5.13)
Female Head No Kids	1.2935***
	(4.11)
Male Head No Kids	1.2063**
	(2.96)

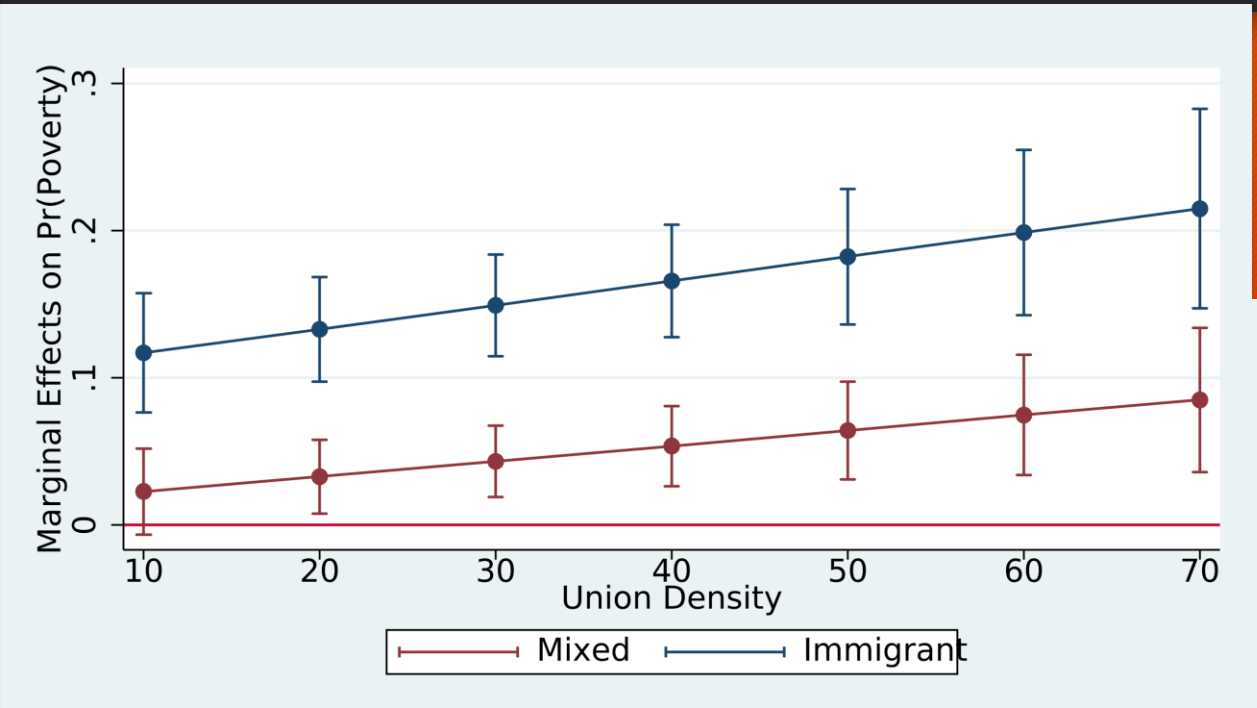
Note: *p<0.05, **p<0.01, ***p<0.001, two-tailed test.

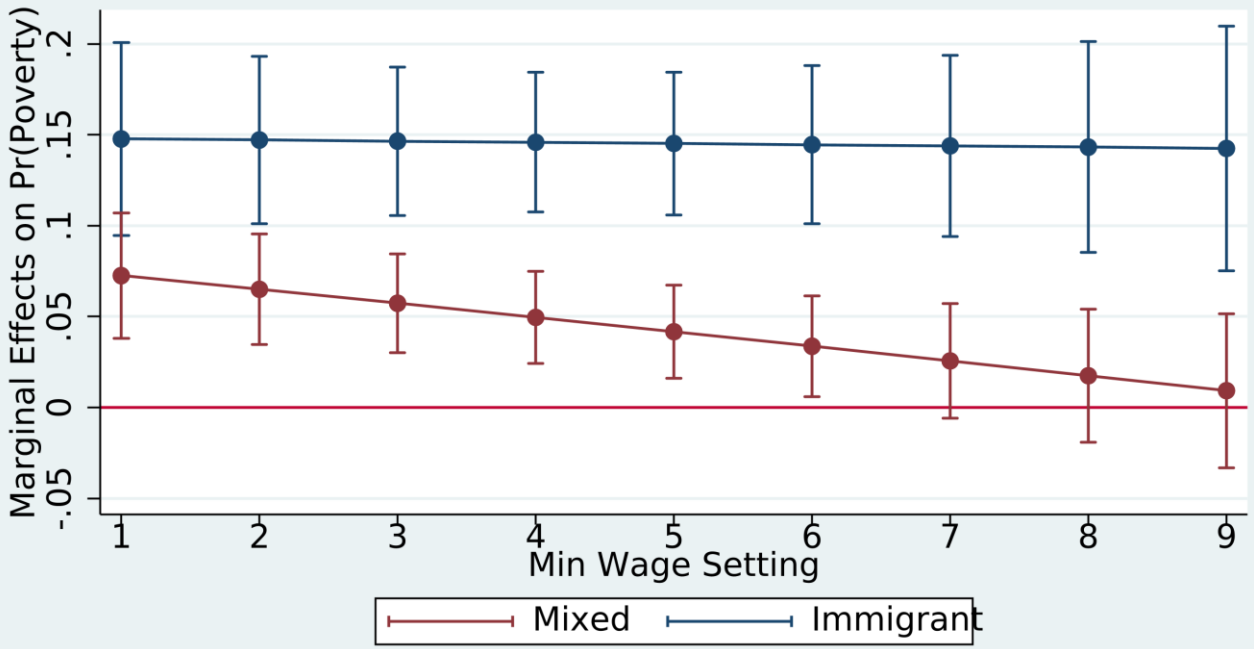
Key Findings





Key Findings





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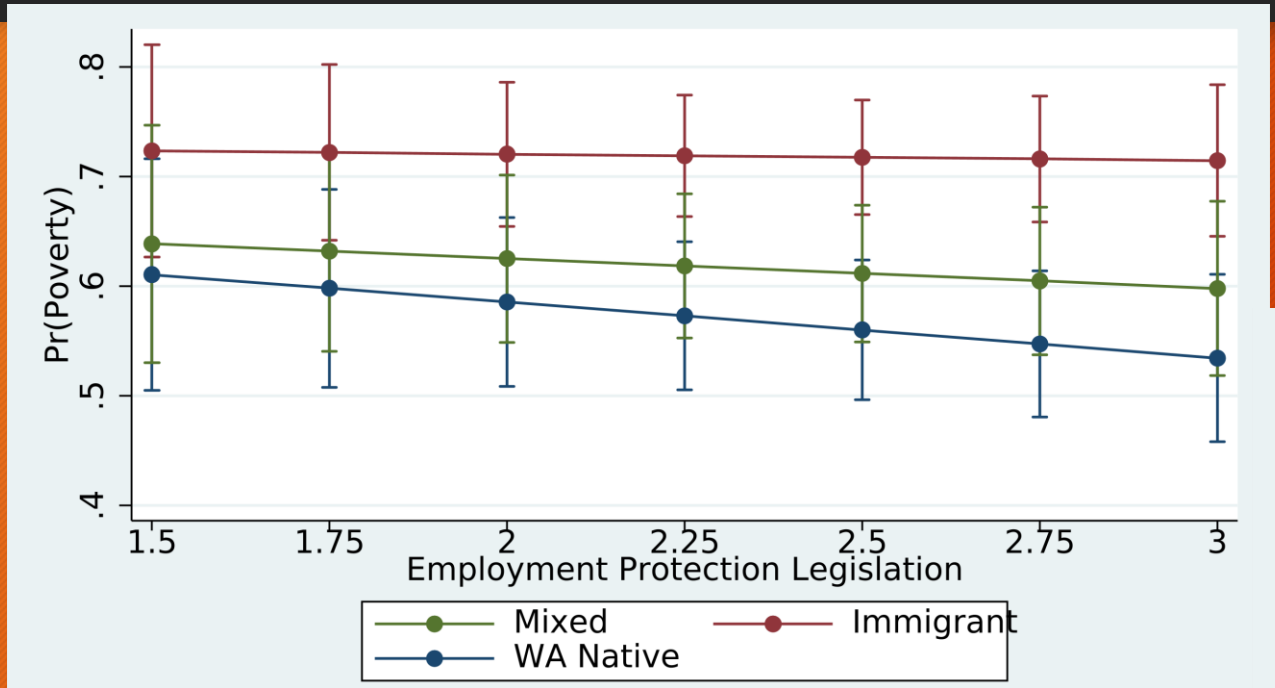

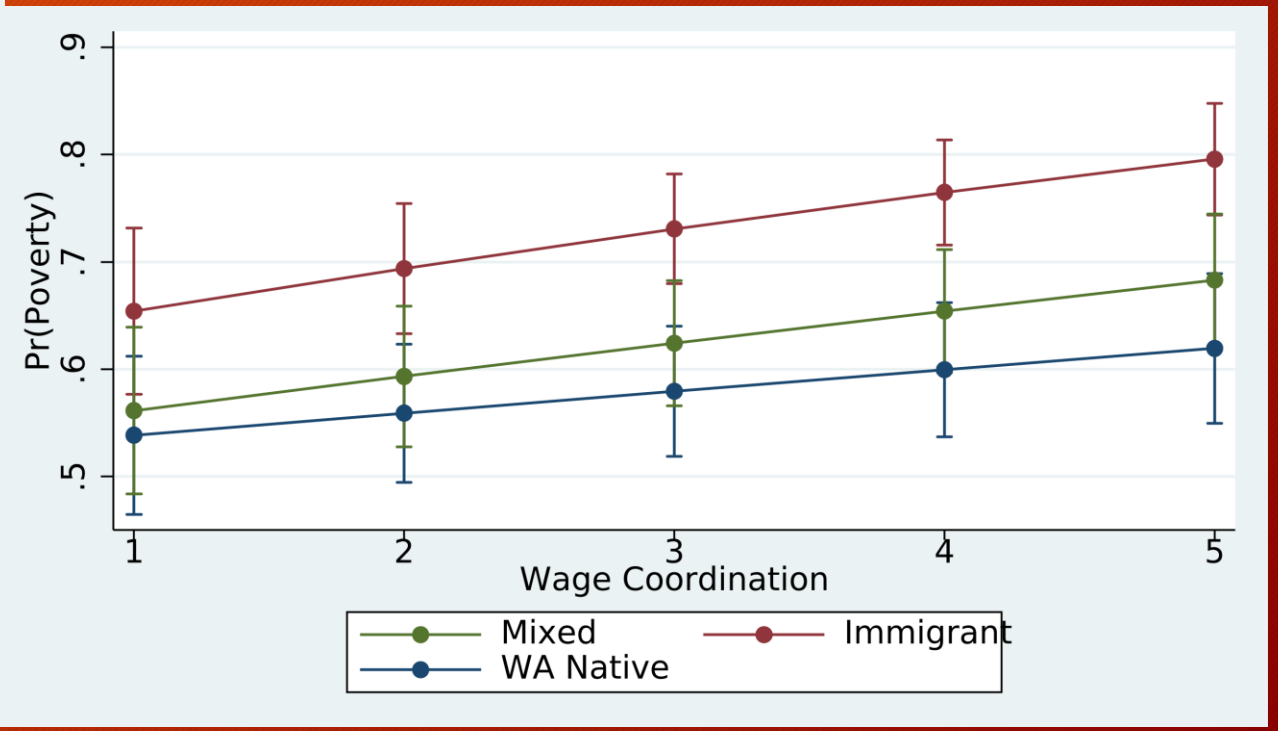

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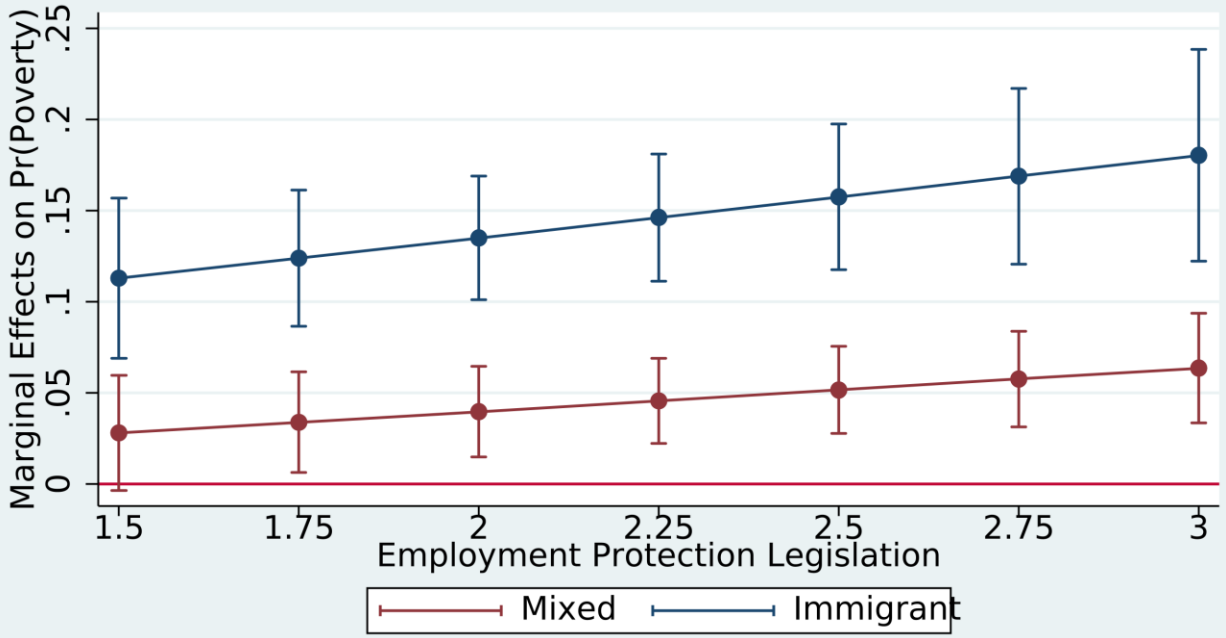

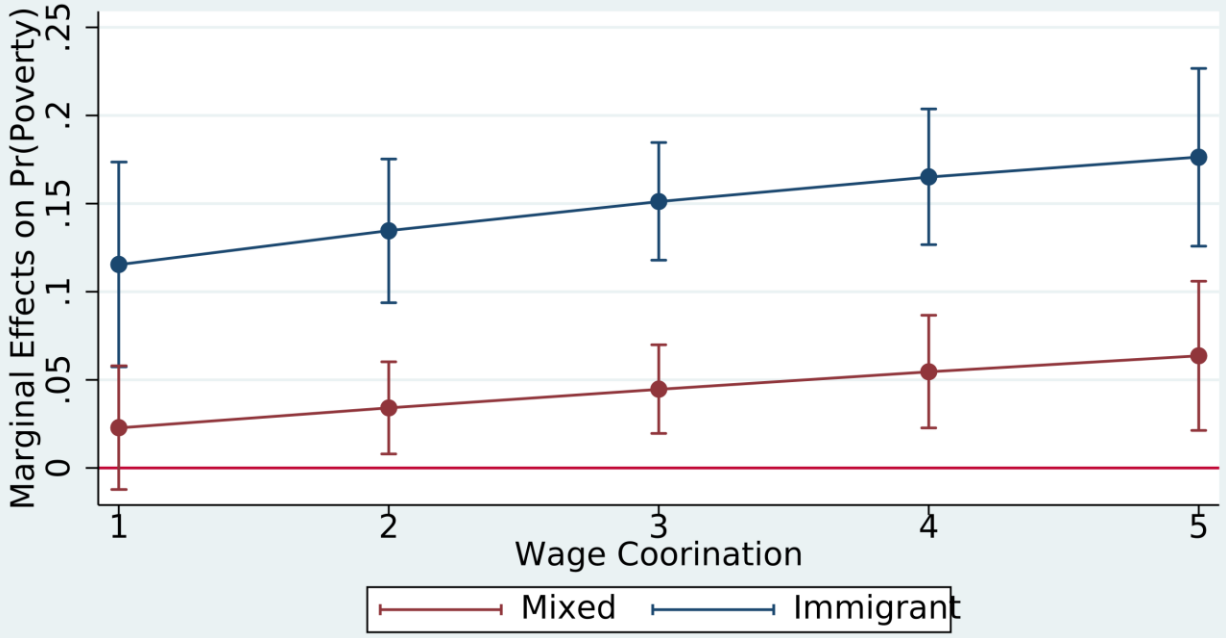

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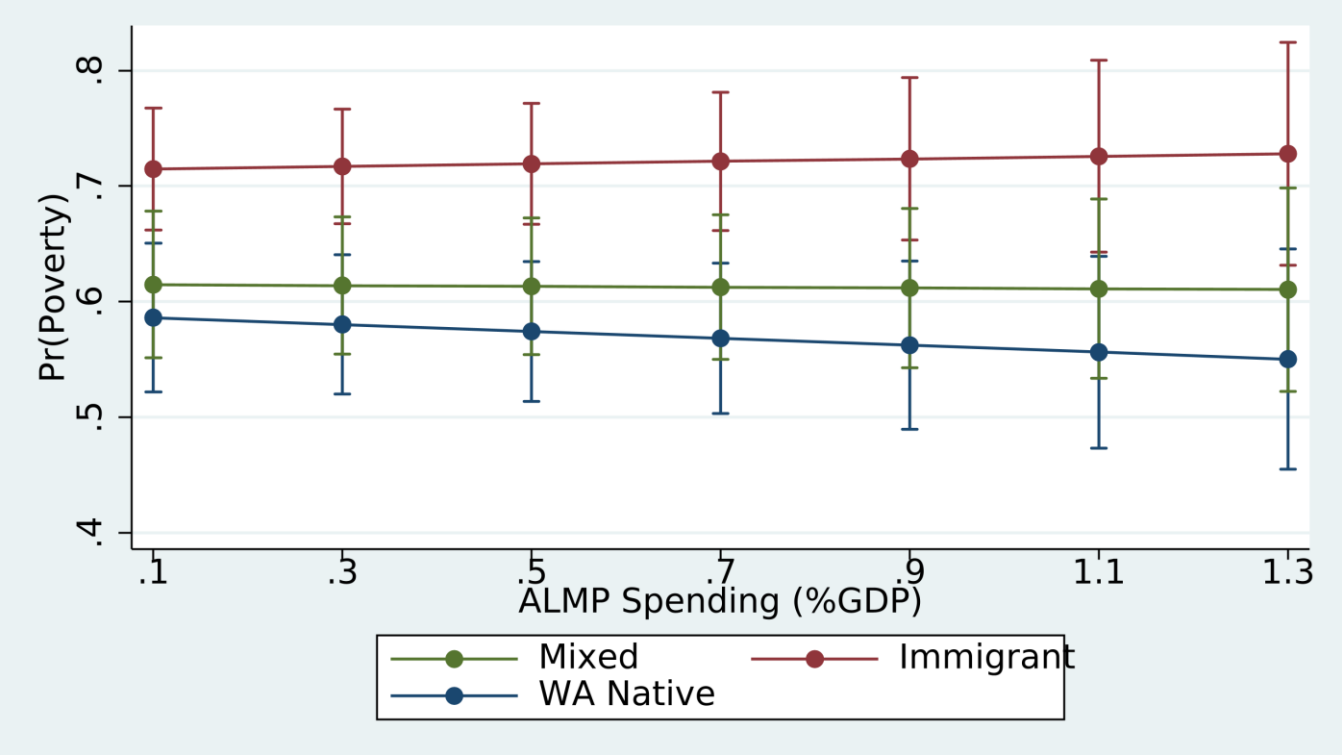

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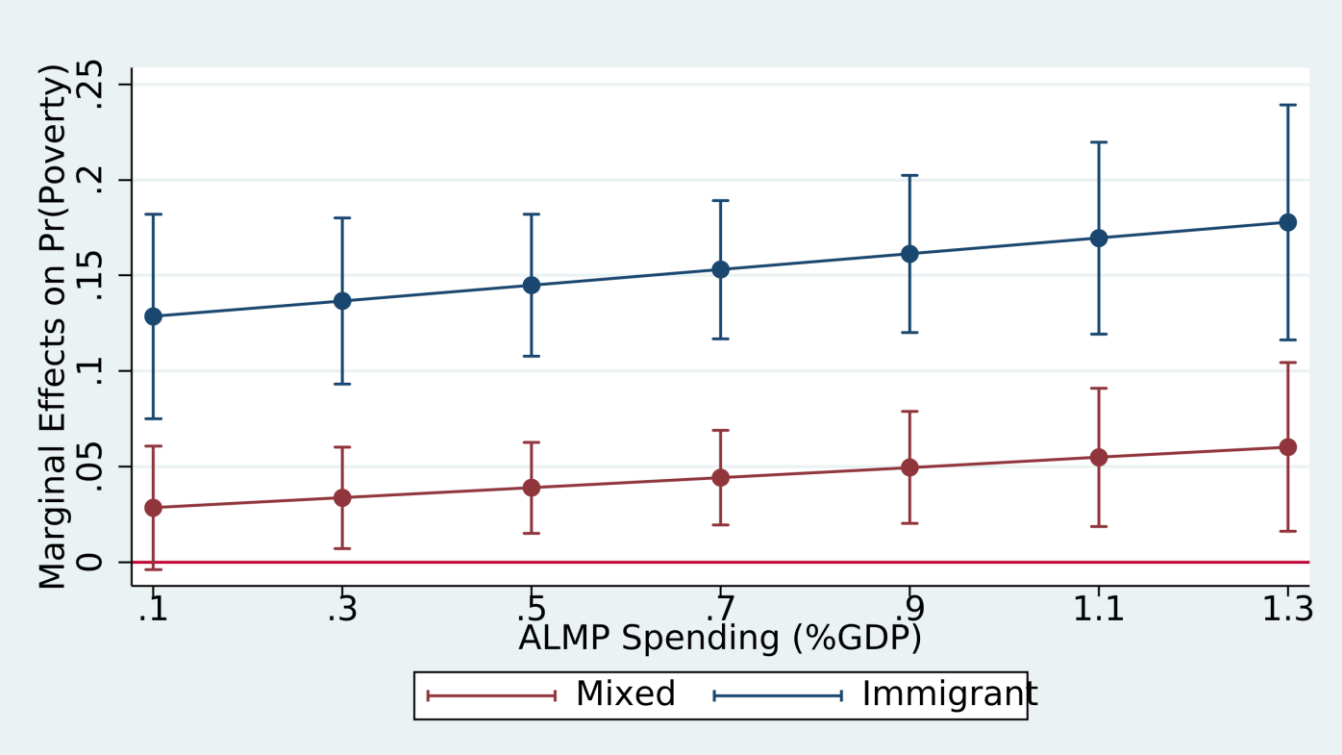

Conclusions and Next Steps

- While some of the labor market policies observed reduce risk of poverty for households, the effects of many labor market polices do not differ on average by the immigrant status of households. While WA immigrant households face a clear disadvantage, labor market policies do not seem to be making things better or worse except for union density
- Sensitivity Tests:
  - Types of immigration: citizen v non-citizen, EU v non-EU, Western v non-Western, refugee v non-refugee
  - Working age: 25-65*
  - Hybrid (Between-Within) Random-Intercept Models*

Thank you!
EMAIL: allen.hyde@hsoc.gatech.edu

Allen Hyde, Georgia Institute of Technology

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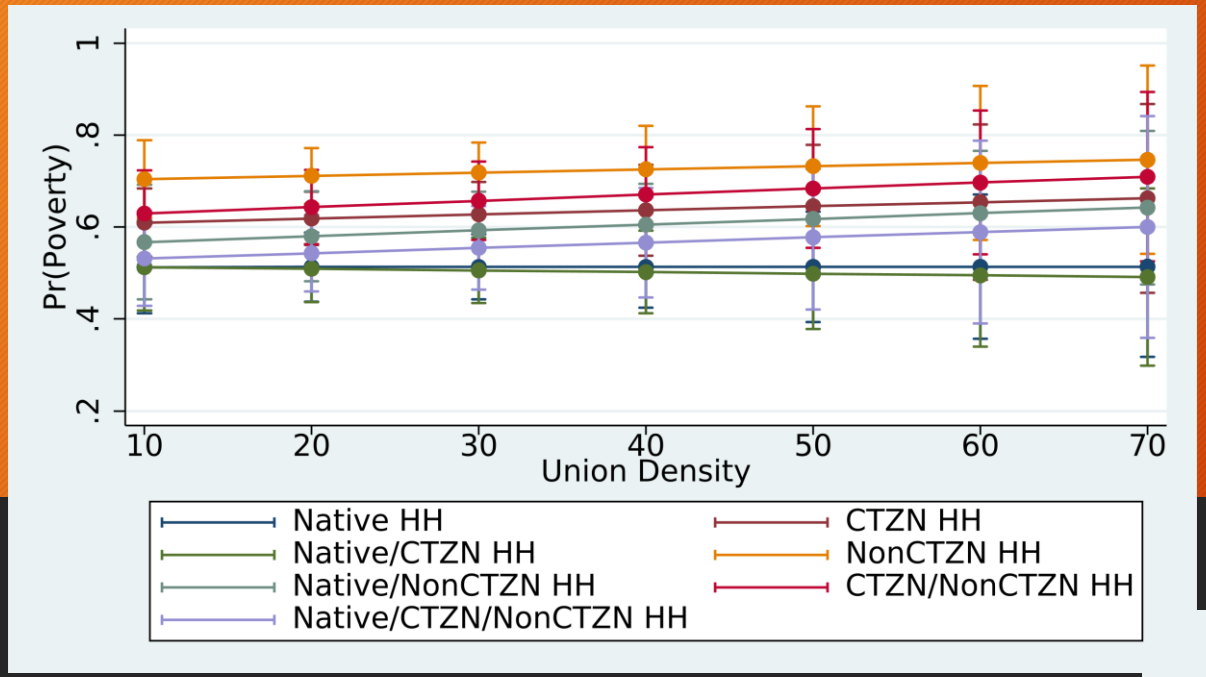
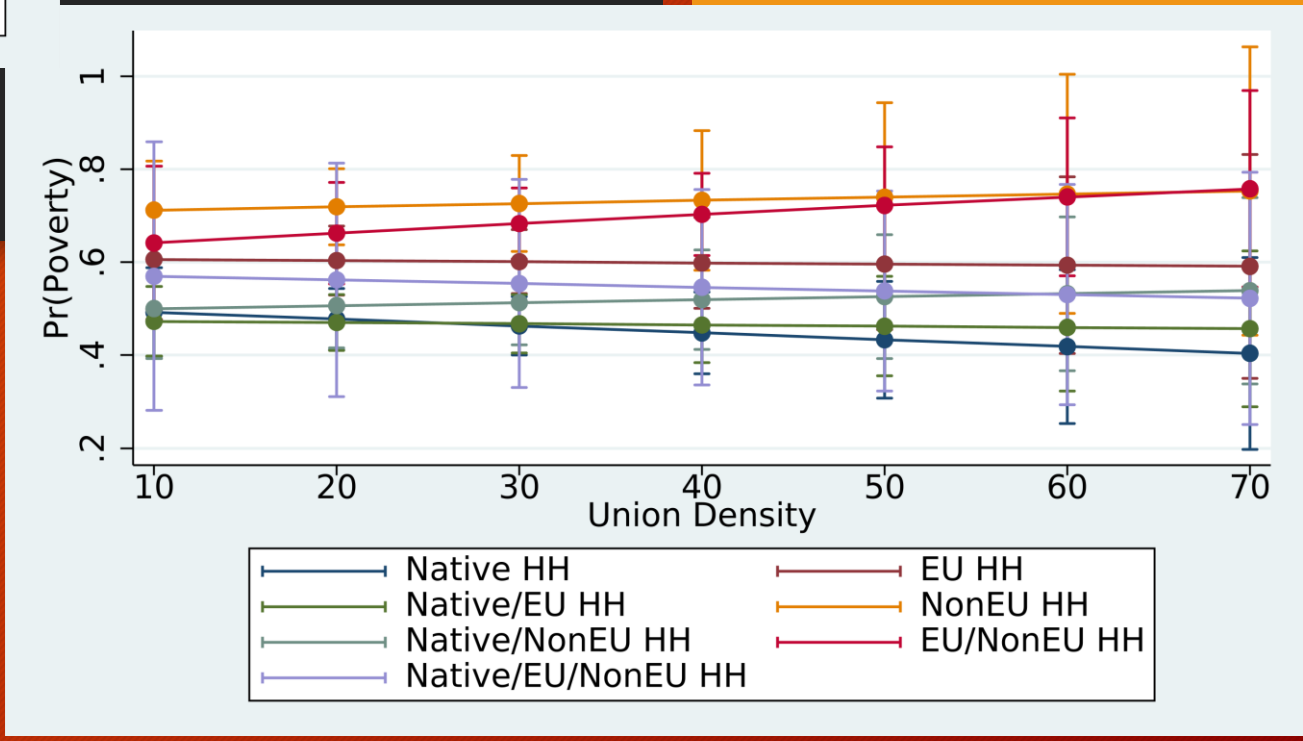

Pr(Poverty)
.2
.4
.6
.8
1
10
20
30
40
50
60
70
Union Density
Native HH
Native/CTZN HH
Native/NonCTZN HH
Native/CTZN/NonCTZN HH
CTZN HH
NonCTZN HH
CTZN/NonCTZN HH


Pr(Poverty)
.2
.4
.6
.8
1
10
20
30
40
50
60
70
Union Density
Native HH
Native/EU HH
Native/NonEU HH
Native/EU/NonEU HH
EU HH
NonEU HH
EU/NonEU HH