

**Title:** *Why do Hispanic Men Have Such Low Earnings? Education? English? Enclaves?*

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The debate about immigration in the United States has been dominated by concerns about the economic impact of immigration on native workers.<sup>1</sup> There has been far less attention given to the labor market for immigrants themselves, particularly the Hispanic immigrants whose rising numbers have inspired the debate (we survey a few notable exceptions in the next section). Greater focus on the labor market for Hispanics in general, and immigrant Hispanics in particular, can be readily justified by appeal to poverty data: about 25% of the poor people in the United States are Hispanic and almost half of those were foreign-born.<sup>2</sup>

The purpose of this paper is to use microdata from Census 2000 to investigate the determinants of the earnings of prime-age Hispanic men living in metropolitan areas, both natives and immigrants. After a brief review of a few recent articles and a description of the data, our analysis begins with a basic regression model, extending the standard human capital specification by adding key variables that have proven useful for studying the earnings of immigrants. We show that this model can account for only a portion of the earnings differential between Hispanics and non-Hispanics, whether native or immigrant. We then undertake a detailed study of the effect of Hispanic enclaves on Hispanic earnings. We begin by following the lead of Chiswick and Miller (2003) in using a linguistic definition of an enclave, but then consider two alternative definitions drawn from the literature on residential segregation. Our results are consistent with the Chiswick/Miller hypothesis that linguistic concentrations are associated with lower earnings for immigrants, and for native Hispanics as well. However, we also find evidence that Hispanic earnings are often *higher* in metropolitan areas with greater residential segregation of Hispanics, especially if linguistic concentration is controlled.

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<sup>1</sup> Card (2001a) and Borjas (2003) are high-profile examples of this scholarly dispute.

<sup>2</sup> <[http://pubdb3.census.gov/macro/032005/pov/new29\\_100\\_01.htm](http://pubdb3.census.gov/macro/032005/pov/new29_100_01.htm)>