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*Advancing Liberty – From the Economy to Ecology*

June 16, 2010

No. 13

## **A Drought of Reason and Investigation**

### **An Examination and Critique of the Center for Immigration Studies' "A Drought of Summer Jobs"**

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The Center for Immigration Studies (CIS) produces a wide body of work intended to convince policy makers and the American public of the necessity of curtailing immigration, both legal and illegal. Their reports criticize immigration along cultural, economic, and political lines. On the economic front, their recent report, "A Drought of Summer Jobs: Immigration and the Long-Term Decline in Employment Among U.S.-Born Teenagers," concludes that low-skilled immigrants force native-born teenagers out of the labor market.<sup>1</sup> This claim is not supported by the facts. Fundamentally, the report is plagued by sloppy research, data misrepresentations, and a poor grasp of the scholarly literature on immigration and its effects on the labor market.

**Ignoring the Minimum Wage.** Nowhere does the CIS report even mention the deleterious effects of the minimum wage on teenage employment. Teenagers are markedly less skilled than their elders and therefore command much lower wages. An increase in the minimum wage forces more teenagers out of the job market by making it too expensive for some employers to hire them relative to their expected productivity.<sup>2</sup> It especially impacts those with lower skills who are disproportionately minorities.<sup>3</sup>

The economic literature that confirms the harmful effects of the minimum wage on teenage employment is quite extensive.<sup>4</sup> Not mentioning this fact anywhere in the report either reveals gross incompetence or intentional obfuscation.

**Amplifying LFPR Noise.** CIS' study arbitrarily starts its comparison of the teenage labor force participation rate (LFPR) in 1994.<sup>5</sup> That is a relative high point for teenage LFPR and it declines substantially from there. CIS' stated reason for starting at that date is that a change was made in the Current Population Survey (CPS), which tabulates teenage LFPR.<sup>6</sup> That change—the

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addition of a question concerning respondents' immigration status—is irrelevant to determining teenage LFPR for American teenagers.<sup>7</sup> Accordingly, looking at the data from 1948 onward reveals a much more interesting picture that undermines CIS' conclusion. For instance, teenage LFPR in the mid-1960s was as low as it was in the mid-2000s with wild fluctuations in the intervening 40 years, regardless of immigration levels.<sup>8</sup>

**Disregarding the Scholarly Literature.** The report also ignores a wealth of research that already substantially explains the decrease in teenage LFPR and employment. Daniel Aaronson, Kyung-Hong Park, and Daniel Sullivan, economists at the Federal Reserve Bank of Chicago, authored a Chicago Fed Letter, concluding:

We find no compelling evidence that associates the recent decline in teen participation with greater labor market competition due, for example, to larger cohorts of teens or an increase in the numbers of unskilled workers entering the market because of the 1996 welfare reform or change in immigration.<sup>9</sup>

CIS does not cite this work once.<sup>10</sup> Aaronson, Park, and Sullivan then go on to explain the real reasons why the LFPR of teenagers has fallen:

- The wage premium associated with a college educated is nearly twice what it was in the late 1970s, which gives teenagers a greater incentive to stay in and finish school.<sup>11</sup> Between 1985 and 2006, teenage school enrollment has increased by 25 percent.<sup>12</sup> Teenage school enrollment during the summer months measured 44.3 percent in 2005 versus 20.5 percent in 1992.<sup>13</sup> Teens in school are much less likely to enter the labor force.
- Teenage wages have fallen slightly compared to all adults, which disincentivizes work.<sup>14</sup>
- The least skilled in a workforce are often the first displaced by technological innovation. Rapid technological change has become an almost inescapable fact of modern life and, not surprisingly, teenage employment reflects that.<sup>15</sup>
- Many states have initiated merit-based scholarship programs that reduce or eliminate tuition costs for colleges and universities.<sup>16</sup> While the cost of post-secondary education has skyrocketed, the cost actually borne by students has not gone up nearly as much. In fact, community college fees have actually *fallen*.<sup>17</sup> The sums awarded by these grants are sizable and reduce the need for students to work in order to pay for their educations. Also, the scholarships have a minimum grade threshold that students must maintain to keep their benefits. This biases students toward studying as opposed to working. Twenty to 25 percent of youths now live in states where these grants and scholarships are available.<sup>18</sup>

The decrease in teen LFPR and employment is not new. The United States Department of Labor (DOL) investigated this topic in September 2002 and came to substantially the same conclusion as Aaronson, Park, and Sullivan.<sup>19</sup> The DOL report focused on the period from 1994 to 2000. It looked at the Current Population Survey, which is the same survey CIS supposedly examined, and concluded:

The increasing proportion of teens enrolled in school during the summer and a drop in students' labor force participation rates contributed to the overall decline in teen summer labor force participation . . . nonstudents were increasingly likely to participate in the labor force. Together, these facts suggest that, among teens, an increased emphasis was placed on school work during the summer and the school year.<sup>20</sup>

During 1994–2000 LFPR decreased for teens overall, but *increased* for the relatively small number of teens not enrolled in school.

Percent (%) of 16–19 Year Olds Enrolled in School and Labor Force Participation Rate by Age, Not Seasonally Adjusted, July 1994–2000.						
Year	Percent Enrolled in School			Labor Force Participation Rate		
	16 to 19 Years	16 to 17 Years	18 to 19 Years	16 to 19 Years	16 to 17 Years	18 to 19 Years
1994	19.5	21.4	17.5	65.4	57	74
1995	21.9	24.4	19.4	66.6	57.3	76.3
1996	22	24.8	19	64.8	55.9	74.3
1997	23.9	25.7	22.1	63.6	53.3	74.3
1998	24.8	27.8	21.8	63.9	53.3	74.8
1999	26.8	31.3	22.3	62.9	53.4	72.4
2000	27	31.3	22.7	62.3	51.2	73.3

Source: Katie Kirkland, “Declining Teen Labor Force Participation,” *Issues in Labor Statistics, Bureau of Labor Statistics, September 2002*, p. 2, <http://www.bls.gov/opub/ils/pdf/opbils49.pdf>.

The CIS report also claims that declining LFPR for teenagers adversely affects their labor market outcomes,<sup>21</sup> because it prevents them from gaining the experience and discipline they require to command higher wages later in life.<sup>22</sup> But CIS ignores the increases in human capital that result from further education. Increases in human capital—both from on-the-job training and schooling—lead to greater compensation. Any discussion about the potentially harmful effects of decreasing teenage employment is incomplete without a discussion of education’s ability to create human capital. Teens spending more time advancing their education is not a cause for worry—nor is it a reason to further restrict immigration. In fact, it is a trend to be celebrated.

For the reasons highlighted above, the CIS report is a fatally flawed and grossly incomplete examination of teen labor force participation and employment fluctuations.

## Notes

<sup>1</sup> Steven A. Camarota and Karen Jensenius, “A Drought of Summer Jobs: Immigration and the Long-Term Decline in Employment Among U.S.-Born Teenagers,” *CIS Backgrounder*, Washington, D.C.: Center for Immigration Studies, May 2010, p. 1, <http://www.cis.org/articles/2010/teen-study.pdf>.

<sup>2</sup> Daniel S. Hammermesh, “Minimum Wages and the Demand for Labor,” *Economic Inquiry* Vol. 20 No. 3, July 1982, pp. 365-380.

<sup>3</sup> Belton M. Fleisher, “Minimum Wage Regulation in Retail Trade,” *Eastern Economic Journal* Vol. 7 No. 2, April 1981, pp. 75-77.

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<sup>4</sup> See, for example, David Neumark and William L. Wascher, *Minimum Wages*, Cambridge, Mass.: The MIT Press, December 2008.

<sup>5</sup> Camarota and Jensenius, p. 1.

<sup>6</sup> *Ibid.*, p. 5.

<sup>7</sup> It is worth noting that CIS did not necessarily need to start at 1948 to determine illegal immigration numbers. Other surveys, such as those conducted by the Department of Homeland Security and private groups like the Pew Hispanic Center provide illegal immigration numbers.

<sup>8</sup> Daniel Aaronson, Kyung-Hong Park, and Daniel Sullivan, "Explaining the decline in teen labor force participation," *Chicago Fed Letter* No. 234, Chicago: Federal Reserve Bank of Chicago, January 2007, p. 2, [http://www.chicagofed.org/webpages/publications/chicago\\_fed\\_letter/2007/january\\_234.cfm](http://www.chicagofed.org/webpages/publications/chicago_fed_letter/2007/january_234.cfm).

<sup>9</sup> *Ibid.*

<sup>10</sup> Camarota and Jensenius, pp. 29-31.

<sup>11</sup> Aaronson, et al., p. 2.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*, p. 3.

<sup>14</sup> *Ibid.*, p. 2.

<sup>15</sup> *Ibid.*, pp. 2-3.

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*, p. 4.

<sup>19</sup> Katie Kirkland, "Declining Teen Labor Force Participation," *Issues in Labor Statistics*, Washington, D.C.: Bureau of Labor Statistics, September 2002, p. 2, <http://www.bls.gov/opub/ils/pdf/opbils49.pdf>.

<sup>20</sup> *Ibid.*

<sup>21</sup> Camarota and Jensenius, pp. 4-5.

<sup>22</sup> *Ibid.*