

# Who benefits from the minimum wage—natives or migrants?

There is no evidence that increases in the minimum wage have hurt immigrants

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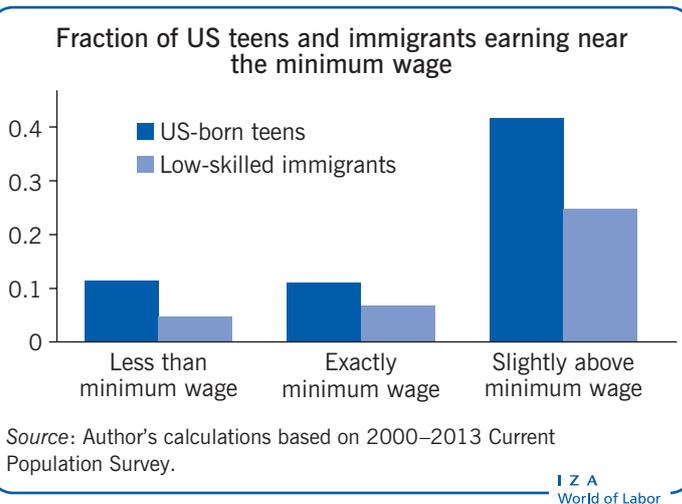
## ELEVATOR PITCH

According to economic theory, a minimum wage reduces the number of low-wage jobs and increases the number of available workers, allowing greater hiring selectivity. More competition for a smaller number of low-wage jobs will disadvantage immigrants if employers perceive them as less skilled than native-born workers—and vice versa. Studies indicate that a higher minimum wage does not hurt immigrants, but there is no consensus on whether immigrants benefit at the expense of natives. Studies also reach disparate conclusions on whether higher minimum wages attract or repel immigrants.

## KEY FINDINGS

### Pros

- + Although most evidence suggests that a minimum wage reduces employment among low-skilled workers, there has been no evidence of an adverse effect on immigrants.
- + A higher minimum wage increases average hourly earnings among low-skilled workers who remain employed, including immigrants.
- + Data suggest that employment of low-skilled immigrants increases when the minimum wage rises.
- + Several studies conclude that immigrants move away from areas with higher minimum wages, reducing adverse effects on native-born workers.
- + Compliance with minimum wage laws does not appear to be lower for immigrants than for natives.



### Cons

- No studies outside of the US have examined the effect of the minimum wage on immigrants and natives.
- Increased employment of low-skilled immigrants when the minimum wage rises may mean that employers substitute immigrants for native-born workers, to the detriment of natives.
- Unauthorized immigrants appear more likely to be paid below the minimum wage than other workers.
- Some evidence suggests that low-skilled immigrants are more likely to move to areas experiencing minimum wage increases, which could boost competition among immigrants and native-born workers at the same time that the number of jobs shrinks.

## AUTHOR'S MAIN MESSAGE

A higher minimum wage boosts average hourly earnings of low-skilled workers, including immigrants. Most evidence for the US indicates that a higher minimum wage has no appreciable effect on the employment of low-skilled immigrants, but the evidence is divided on whether it attracts or repels low-skilled immigrants. Little is known about the effects on unauthorized immigrants. The limited evidence to date does not give policymakers reason for concern that a higher minimum wage will attract more unauthorized immigrants, although it is unclear whether it will attract more low-skilled immigrants in general.