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MEXICAN LABOR IN LOS ANGELES

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INTRODUCTION

The Los Angeles metropolitan area is becoming America's first Third World metropolis in the post-World War II era, an urban area heavily populated by people from throughout the Third World (Soja, Morales, and Wolff 1983, p. 219; Lockwood and Leinberger 1988, p.41). Increasing ethnic diversity driven by immigration from Asia and Latin America is an unmistakable hallmark of the evolving demographic and economic structure, but the Mexican population is the single most important factor in these transformations. During the last quarter century, their numbers in the Standard Metropolitan Statistical Area (SMSA), which is coterminous with Los Angeles County, have grown dramatically in absolute size and relative proportions. According to governmental statistics summarized in Table 1, the Mexican population grew throughout the period 1960 to 1986, but the greatest increase came after 1970. The population expanded by 276,000 in the sixties and by 844,000 in the seventies, and will grow by another 1.13 million in the eighties if current trends continue.[1] The accelerated growth of the seventies doubled the population from about eight hundred and twenty thousand to one and two-thirds million, making it the second largest Mexican urban settlement after Mexico City. Today, L.A. may house as many as two and one half million Mexicans out of a total of approximately eight and one half million persons.[2] The same trends can be seen in the percent of the total population comprised of Mexican descendants. The percentage gained only slightly during the sixties from 8.1% at the beginning of the decade to 11.8% at the end of the decade. But by 1980, the figure climbed to 22.1%, and six years later, it stood at 27.8%. The recent growth is both an economic and demographic phenomena: a mass migration of people from an underdeveloped country south of the border in search of work to an urban center in a highly developed country, and a high birth rate among the Mexican population.[3]

This paper examines the status of Mexican labor in Los Angeles since 1970, the period of extraordinary growth. Historically, Mexican workers were an integral but subordinate part of the Southwest in general (Briggs, Fogel and Schmidt 1977; Barrera 1987) and Los Angeles in particular (Romo 1983), but it is only recently that they have reemerged as a major component of the region's labor force. Approximately one in four workers in Los Angeles is now Mexican. This study analyzes both the immigrant workers, whose economic plight has been highly publicized, and the American-born Mexicans, the Chicanos, who had until recently constituted the majority of the Mexican labor force. Although the typical Mexican worker is at the bottom of the economy, the group as a whole is diverse in terms of economic status, as the data presented later in this paper will show.

This paper examines the issue of inequality, along with providing a general background on the Mexican labor force, and is divided into four parts. Part I examines the growth in the supply of Mexican labor. The major factor has been immigration; nonetheless, Chicano workers remain a significant proportion of the labor force. Part II examines the characteristics of Mexican labor, which on the average is younger and less educated than Anglo labor, and possess lower English language skills. Part III examines their economic position in Los Angeles' economy. On the whole, Mexicans can be characterized as low-wage workers situated in less stable parts of the economy. Part IV examines the determinants of labor market status. The low economic status of both immigrants and Chicanos is the product of inadequate education and on-the-job training, wage discrimination, and racial barriers that hinder the acquisition of human

capital. For immigrants and new entrants into the economy this is further compounded by a changing structure of employment opportunities.

THE GROWTH OF THE WORKING-AGE POPULATION

The growth of the Mexican labor force has been dominated by mass immigration, though the number of young Chicanos entering the labor force is significant. In this section, we estimate the magnitude of immigration and new entry among Chicanos by examining the components of growth among the working-age Mexican population -- those between the ages of 16 and 64. This group is being introduced as a proxy for the total Mexican labor force although the labor force and the 16-to-64 cohort are not exact equivalents. The reasons are because the cohort contains non-workers, such as students and non-paid full time home keepers, as well as younger and older workers who fall outside of the cohort. Despite the discrepancies, this age group comprises the overwhelming majority of the pool of potential labor. The changes affecting this age group parallel changes affecting the broader Mexican labor force.

Although totally reliable statistics on the source of growth of the Mexican population do not exist, we can derive reasonable estimates by analyzing the Public Use Microdata Samples (PUMS) from the Bureau of the Census. Tabulations from this source are used to determine both the size of the Mexican population in Los Angeles in 1970 and 1980, and to decompose the change between the two years into several components -- deaths, retirements, new entrants, and migration. Table 2 contains the relevant information. Potential biases are discussed later.

Between 1970 and 1980, twenty-eight percent of net growth came from the Chicano or American-born Mexican population. During the seventies, the number of Chicanos increased by fifty percent, from 292,000 to 437,000. Internal migration among American-born Mexicans played a minor but negative role in this growth. There was a net loss of about 12,000 Chicanos. As expected, the gross volume of migration was much larger. Among Chicanos in the working-age cohort in 1980, an estimated 40,000 migrated from other parts of the United States during the prior decade, while the gross outflow numbered over fifty thousand.[4] These flows, however, are small compared to the total population. New entrants more than accounted for all of the net increase in the Chicano population in the seventies, when 183,000 persons became of working age.

While migration among Chicanos was insignificant, it was a major factor among immigrants. As shown in Table 2 seventy-two percent of the net growth of the working-age Mexican population came between 1970 and 1980 from the foreign-born population. Although immigration to Los Angeles from Mexico was constant throughout the post-World War II period, the flow increased dramatically in the seventies. During the fifties, the number of Mexican immigrants of all ages residing in Los Angeles grew by an average of about five thousand per year in the fifties, and then accelerated to an average of ten thousand per year in the sixties. In the seventies, however, the corresponding number more than quadrupled to over forty-seven thousand per year.

The rise in the working-age foreign-born population came from two sources. The first was an increase in the number of pre-1970 immigrants who moved to Los Angeles during the seventies. Our calculations indicate a net migration of 42,000 pre-1970 immigrants. This increase resulted from those who had initially lived in other parts of the United States and then moved to Los Angeles, and from those who had been a part of the circular Mexican labor.[5] A second and more important source of growth was new immigration during the seventies. By 1980, there were 344,000 recent immigrants living

Los Angeles, comprising two-thirds of the total net increase in the working-age population.

While the precision of these numbers can be questioned, the general results are robust. The problem with census data is that the proportion of population that is enumerated varies systematically across groups and over time. According to the Bureau of the Census, "The 1980 census reduced the undercount experienced in 1970 for the population as a whole and most notably for minority groups (U.S. Bureau of the Census 1986, p. 14)." The improved count should increase accuracy in counting Chicanos and pre-1970 Mexican immigrants who would have no reason to avoid being enumerated. Consequently, estimates of absolute growth of these two groups are probably overly optimistic. On the other hand, the estimated number of recent immigrants is probably low since a majority were undocumented immigrants who had greater reason to avoid being enumerated. Consequently, the contribution of these immigrants to population growth is most likely underestimated. Balancing the underestimated undocumented immigration with the overestimation of other components still favors the conclusion that immigration is the major source of new Mexican labor.

As shown in the numbers, the demographic momentum of the seventies carried into the eighties. Between 1980 and 1986, the number of working-age Mexicans grew by over 50%.^[6] While immigration continues to account for a large part of this growth, new entry by young Chicanos is rising in proportion. In 1980, the number of Chicanos between the ages of 6 and 15 was about 40% higher than the number of Chicanos between the ages of 16 and 25. The 16-to-25 cohort is the group that came of working age during the seventies, while the 6-to-15 cohort is the group that is coming of working age this decade. Since the latter group is substantially larger than the former, we expect the absolute growth of the Chicano labor supply to accelerate in the eighties. Despite this increase, new immigrants may continue to outnumber new Chicano entrants unless measures imposed by the Immigration Reform and Control Act of 1986 to curb illegal immigration prove effective, in which case, young Chicanos will become the major source of new labor for the rest of the decade.

CHARACTERISTICS OF THE LABOR FORCE

In this section, we examine some salient characteristics of Mexican workers. In general, we observe that this labor force is dominated by males, is younger than the Anglo labor force, and is generally undereducated, all characteristics that can be attributed to the large number of immigrants. With the large influx of immigrants, foreign-born Mexicans as a share of the working population between the ages of 16 and 64 grew from 36% in 1970 to 53% in 1980. According to our rough estimate, foreign-born workers comprised at least sixty percent of the Mexican labor force in 1986.^[7] A large majority of immigrants, particularly the more recent, are undocumented.^[8] While Chicanos comprise a minority of the Mexican labor force, their absolute size is nonetheless impressive, numbering about a third of a million in the mid-eighties.

Men have constituted a large majority of the Mexican labor force: 64% in 1970, 63% in 1980, and 67% in 1986. Women comprise a smaller percent, reflecting gender differences in the labor force participation rate (the proportion of a given population that is in the labor market, whether employed or unemployed but actively searching for work). Mexican males have a rate that is not only high absolutely, but is also higher than their Anglo counterparts. In 1980, 77% of all Mexican males between the ages of 16 and 64 were in the labor market, compared to 75% of Anglos. The difference is more pronounced after controlling for variations in age

structure.[9] If Anglo males had the same age structure as Mexican males, then the former's labor force participation rate would have been only 71%. Mexican women, on the other hand, had a lower participation rate than Anglo females in 1980 (48% vs. 54%), even adjusting for age structure (48% vs. 53%).

These aggregate figures mask important distinctions and trends within the Mexican female population. While immigrant women are less likely to be economically active than American-born women of Mexican descent (Chicanas), this was countered by Chicanas for whom the labor force participation increased significantly during the seventies, probably reaching close to parity with Anglo females in the mid-eighties. This increase in market activity caused the Chicana labor force to grow more rapidly than the Chicano labor force. The growth rates by gender can be seen in Table 4, which shows that during the seventies, the number of Chicana workers increased by 79%, 33 percentage points higher than for Chicano workers. Chicanas, then, have been experiencing a fundamental shift in their roles that parallels the revolutionary movement from homework to market work among women in general.[10] However, the increased market activity by Chicanas has been off-set by the large growth in the female immigrant population, thus keeping the overall participation rate for Mexican women low.

Compared to Anglo workers, Mexican workers are younger. In 1980, Chicano workers were 4 to 5 years younger than Anglo workers, and Mexican immigrant workers were about seven years younger. The age difference held for both males and females. Three factors contribute to this age gap. In the first place, immigration has been dominated by younger workers. Of the newly arrived who are of working age (16 to 64), over half are under the age of 24.[11] Secondly, American-born Mexicans have a younger age pyramid. Roughly one third of the working-age Chicanos in 1980 were under the age of 24, while only a fifth of the Anglos were. And third, Mexicans are more likely to enter the labor market at an earlier age, a pattern that is evident in the labor force participation rates of young adults (16-23). While the 1980 rates for Mexican and Anglo females were equivalent (37% for both), the rate for Mexican males was 13 percentage points higher than that for Anglo males (55% vs. 42%). Thus, the overall participation rate of young Mexicans is higher than that for Anglos.

Despite significant participation in the labor force, occupational mobility by Mexican workers is moderated by low educational attainment. Table 5 provides some relevant statistics for Anglos and three groups of Mexican workers (Chicanos, pre-1970 immigrants, and immigrants who entered between 1970 and 1980). On average, Anglos had two years more schooling than Chicanos, a disparity also apparent among those without a high school education. While less than one in seven Anglos did not finish high school, about four in ten Chicanos did not. Similarly, although Chicanas are about as active in the labor market as Anglo females, the former still have a lower rate of school attendance. At the other end of the educational spectrum, Anglos were five times more likely to have a college education than Chicanos.

The educational gap is even greater between Anglos and immigrants. On the average, Anglos had five years more schooling than the earlier cohort of immigrants and six to seven years more than recent immigrants. Recent immigrants were six times more likely to not have a high school degree as Anglos, and only one-tenth as likely to have had a college education. Along with low educational attainment, two-thirds of the recent immigrants possess limited English language skills.[12] This is not surprising since they are from a country where Spanish is the mother tongue. The situation is improved for more established immigrants, but even among this group,

four out of ten have poor English language skills. The lack of education and inadequate English language skills make immigrants ill-equipped to fully participate in the American economy.

ECONOMIC STATUS OF MEXICAN LABOR

In light of their disparate backgrounds and due to recent changes in the structure of industrial employment, Mexican labor has been unevenly integrated into Los Angeles' economy. Previous studies have documented the shift from manufacturing to service sectors and rise of low wage employment both within the U.S. and in Los Angeles (cf. Bluestone and Harrison 1986; Muller 1986; Soja, Morales, and Wolff 1983). Subsequent to the change in employment structure, the economic status of Mexican workers was characterized by several distinctive features: 1) low manufacturing wages; 2) unstable employment; and 3) overrepresentation in the declining sector of the American economy. They are, in a phrase, concentrated in secondary labor market employment. Concentration, however, is not equivalent to being exclusively confined to this sector. We also find a small, though significant number of Mexican workers in better positions, often distinguished by citizenship status.

On the whole, Mexican workers are more likely to experience greater instability of employment, evidenced by high unemployment. Table 6 includes two measures of unemployment: the rate for the first week of April 1980, the reference week for the 1980 census; and the number of weeks unemployed in 1979. Both indices show that Mexican workers were more likely to be unemployed in a given week, and that over a year's time, they were both less likely to have escaped unemployment (zero weeks of unemployment), and more likely to have suffered four or more weeks of unemployment. The one exception is pre-1970 male Mexican immigrants who experienced proportionately less unemployment. While the unemployment rate of Mexicans is relatively high, they are not simply a reserve of unemployed, rather they are employed in jobs that have high turnover rates, seasonal or cyclical fluctuations, and extensive part-time work and therefore display greater uncertainty.

Mexicans are also low-wage workers. The disparity in hourly wages can be seen in the hourly wages listed in Table 7. Compared to Anglo males, Chicanos, in the aggregate, received 31% less in wages, while for established immigrants this figure was 39% less, and for recent immigrants it was 56% less. The proportion that earned four dollars or less per hour, or low wage workers, also varied across groups. While only one in eight Anglo males fell into this category, four in eight recent Mexican immigrants did. The gaps in annual earnings followed a similar pattern but were slightly larger because Mexican workers had fewer hours and weeks of employment. For example, recent Mexican immigrants earned only 36% of what Anglos earned, a difference of over fourteen thousand dollars.

There are also systematic differences among female workers, but the gaps between groups are smaller because sexism compresses the distribution of earnings of all females. From the data in Table 7, we see that Chicanas, on an hourly basis, received only 81% of what Anglo females received. The gap was, not too surprisingly, even greater between Anglos and Mexican immigrants. Three quarters of recent immigrants could be considered low wage workers, those who received four dollars or less per hour for their labor. The dismally low earnings of Mexican women is the product of the double burden of being a member of an ethnic minority and being female.

Mexican labor is overrepresented in manufacturing, the sector of the American economy that has been most exposed to direct international competition in recent years. While America is shifting away from this

sector toward a service-based economy, Mexican workers have been disproportionately drawn into industrial production. This is true in both durable and nondurable industries, although the overrepresentation is greater in nondurable goods. The extent of this phenomenon, which is common to all of the subgroups of Mexicans, can be seen in Table 8. Recent immigrants are most concentrated in this sector. About half of male immigrants and over two-thirds of female immigrants worked in manufacturing in 1980. The concentration in manufacturing is also reflected in the occupational patterns: a large majority of all Mexican males were in blue-collar occupations, and nearly a half of the females also were. Again, immigrants were more likely to fall into these categories than Chicanos. The concentration in manufacturing is not independent of the two phenomena discussed above. That is, employment instability and low wages are the products of being integrated into secondary labor market jobs in manufacturing industries.

The patterns observed in the 1980 census data are also apparent in Los Angeles sample of the 1986 Current Population Survey. The latter sample is too small to provide reasonable estimates by subgroups of Mexicans, nevertheless, the statistics for all Mexicans are revealing. The unemployment rate for Mexicans was more than twice as high as that for Anglos (9% vs. 4%). While over half of Mexican workers earned less than eight thousand dollars (in 1979 dollars) the previous year, this was true for only one quarter of Anglo workers.[13] And finally, Mexican workers were nearly twice as likely to be in manufacturing than Anglo workers (39% vs. 20%).

Among Mexicans, there is a further stratification of the labor force based on nativity and time of entry into the U.S. Though ethnically and racially defined, Mexican workers cut across boundaries of a dual labor market comprised of a primary sector containing good jobs with high pay and stability and a secondary sector containing jobs with low pay and high employment instability. While the Mexican labor force does not perfectly coincide with other forms of labor market segmentation, the vast majority of immigrant workers and new entrant Chicanos are trapped within the secondary sector, in contrast to a small number of predominantly Chicanos holding better jobs.

DETERMINANTS OF LABOR MARKET STATUS

There is no one simple explanation for the low economic status of Mexican workers. It is the product of limited education and training, discrimination, and barriers to the acquisition of human capital intersecting with a changing structure of job opportunities. Some of these factors can be quantified, while others must be discussed in a qualitative fashion.

Wage discrimination is defined as a difference in the rewards to labor based on race, *ceteris paribus*. For empirical reasons, it is more difficult to measure the extent of discrimination toward immigrants and minority women than toward U.S. born minority men. The economic status of the first two groups is not only affected by racial discrimination but also by immigrant and gender status, making it difficult to pull apart these effects statistically. Consequently, we analyzed the extent of racial discrimination by comparing annual earnings for Anglo males and Chicano males.

The analysis relies on multiple regression to control for the influence of human-capital variables. We employed the standard human-capital model, which uses the log of annual earnings as the dependent variable.[14] The independent variables are years of schooling, years of labor market

experience and the square of this measure, the log of total hours worked, and a dummy variable denoting limited English speaking ability. The extent of discrimination is estimated two ways. The first is through a single equation using a dummy variable to denote whether an individual in the sample is Chicano. In this approach, the estimated coefficient for the dummy variable can be interpreted as the cost of being Chicano, *ceteris paribus*, measured as a percentage loss in earnings relative to white workers. The limitation of this approach is that it is based on the assumption that the returns to schooling and labor market experience are identical for both groups. The second approach does not depend on the assumption of equal returns. There are reasons to believe that this assumption is unwarranted. For example, Chicanos may have less access to training while on the job, therefore, earnings would not increase as rapidly with years of labor market experience. The economic reward to schooling for many Chicanos may be lower due to lower quality education, coupled with Anglo employers who unfairly discount the value of education for Chicanos.[15] Consequently, the second approach estimates separate equations for each group, permitting the extent of discrimination to be estimated through simulations. These two methods were run for comparative purposes.

The results from both approaches show a sizable degree of racial discrimination. The estimated models are listed in Table 9. The first model yields estimated parameters in line with other studies of earnings (Reimers 1985; Chiswick 1978). For each year of education, earnings increased by 7 to 8 percent. Earnings also increase with years of experience, although at a declining rate. That the coefficient for the log of hours is less than unity and statistically different from 1 is consistent with the assumption that unstable employment is compensated at a premium. Although limited English speaking ability show the expected negative sign, the coefficient is not statistically different from zero and therefore of questionable importance. Our immediate interest is in the estimated parameter for the Chicano variable. According to the single-equation approach, Chicano workers earn 13% less than Anglo workers, *ceteris paribus*.

Simulation from the two-equations method, or the second approach, yields a similar estimate. As expected, Chicanos receive lower rewards for schooling and years of labor market experience. A Chow-test for homogeneity of the two racial groups resulted in a rejection of the single equation model. From these findings, we conclude that Chicanos face a different, and lower, structure of rewards than Anglos. The disparities in rewards generate a racial gap, even for individuals with the same level of human capital and total hours of employment. Using the mean values for the Chicano sample, we simulate what a typical Chicano worker would earn given the structure of rewards for his group, and what he would earn if given the structure of rewards for Anglos. The calculations indicate that the typical Chicano worker earned 12% less because of racial differences, a figure nearly identical to that estimated using a single equation. The lower returns to education detected in the two-equation approach indicates that the earnings gap between a highly educated Chicano and highly educated Anglo is greater than that between a minimally educated Chicano and minimally educated Anglo. Thus, higher education does not make Chicanos immune to wage discrimination.

Wage discrimination is just one mechanism that lowers the economic status of Mexican workers. One also needs to analyze the barriers to factors that could improve mobility, specifically barriers to acquiring human capital. Within human-capital theory, training that contributes to a worker's productivity garners higher remuneration. We have already seen that Mexican workers have less schooling, which is a crucial form of pre-

labor market human capital. Systematic variations in education between Anglos and Mexicans, and among subgroups within the Mexican labor force were reflected in the observed patterns in hourly wages and annual earnings. As predicted by the human-capital theory, the group with the least schooling, recent immigrants, have fared worst, and the group with the most schooling have fared best.

While human capital is important in explaining economic status, the acquisition of human capital is not simply a function of individual, rational decisions. Group differences in human capital are generated by broader social and economic forces that create disparate opportunities to acquire formal education and training. Unequal access is rooted in discrimination outside the labor market in the very institutions that prepare people for careers, further exacerbated by unequal development at the international level.

The educational gap between Anglos and Chicanos is, in part, a product of racial disparities in educational opportunities within the United States. Mexicans in Los Angeles have suffered from a history of racial segregation and low quality education. In the early part of this century, the Los Angeles School District maintained separate schools for Mexicans, and adopted an objective of "Americanizing" Mexicans rather than providing an education for upward mobility (Romo 1983). This pattern has continued into modern times. In the early seventies, two-thirds of the Mexican pupils were consigned to predominantly Mexican schools (Caughey 1973, p. 11). C. Wayne Gordon, in a study of Mexican students in the Los Angeles schools, identified segregation as "a substantial depressant of motivation to learn" (Ibid. p. 76). This depressant, along with poor facilities and fewer resources, contributes to substandard academic performance and a high dropout rate. In the last two decades, there has been literally no improvement; the reading scores for high schools in the Eastside, which houses most Mexican students, have consistently ranked at the bottom quarter of the nation, and dropout rates have averaged over forty percent (Woo 1988). Access to higher education has been equally dismal. In 1967, there were only 70 Chicano students at UCLA, the major university in the region (Acuna 1984, p. 142). Although the number of Chicanos at UCLA has increased, enrollment remains disproportionately low relative to their population.[16]

There are also racial barriers to the acquisition of human capital within the labor market, which can be best seen in disparate access to on-the-job training (OJT). A rough measure of the acquisition of OJT is the rate at which earnings increase with years of experience in the labor market. The group with greater access to OJT should show a greater increase in earnings, while the group with less access to OJT should show a smaller increase. Table 10 lists the average earnings in constant dollars of these two groups in 1970 and 1980[17], with each group disaggregated by decades of experience. We can roughly follow the careers of cohorts by comparing average earnings of one cohort in 1970 with that of a more experienced cohort a decade later (e.g., Chicanos with 1-10 years of experience in 1970 with Chicanos with 11-20 years of experience in 1980). The data reveal that earnings in real terms grew more rapidly for Anglos than for Chicanos, with a difference ranging from 34 percentage points to 53 percentage points. Clearly, Chicanos have had limited access to the type of OJT that translates into better pay.

There are also barriers to internal promotions. As just one illustration, Mexican employees in the public sector, particularly in local governments, have been reported to experience limited upward mobility. In the County government, Mexicans have received a less than equitable share of the jobs, and those who are employed are less likely to move up in rank

(County of Los Angeles 1988). Mexican underrepresentation in upper-level jobs reflects apparent on-the-job discrimination.

Immigrant Mexicans suffer additional burdens created by international inequalities. The educational gap between Anglos and Mexican immigrants is rooted in the disparity in educational opportunities within the United States relative to those in Mexico. During the early eighties, when high oil prices boosted Mexico's economy, per capita income was less than one seventh of the per capita income here. As an underdeveloped nation, education in Mexico has been the province of a select minority. In 1980, thirty-eight percent of the adults over the age of 25 had no schooling, and only 6.6% completed a secondary education (UNESCO 1986, pp. 1-33). Immigrant Mexicans face further obstacles because of their limited English language ability, limited knowledge of how the American labor market functions, and because skills acquired abroad may not be appropriate for or transferrable to the U.S.

Within the Los Angeles economy, immigrants encounter other problems. It is safe to assume that the discrimination encountered by Chicanos also adversely affects Mexican immigrants. Over time, immigrants may overcome some of these deficiencies through acculturation, however, they are not likely to close the educational gap nor make up the loss of OJT.[18] Undocumented persons are at a particular disadvantage because their illegal status not only makes them targets for exploitation but also discourages them from enrolling in adult education and shortens their job tenure, thus the amount of OJT acquired.[19]

CONCLUSION

As a growing supply of largely low wage labor, Mexicans, and immigrants in particular, have played a decisive role in the economic restructuring of Los Angeles. During the recent period of internationalization of the world economy, the Los Angeles metropolitan area has been transformed like no other place in the United States due to the coincidence of changes in the employment structure coupled with an expansion of low wage labor. Whereas previous immigrant waves resulted in labor ultimately absorbed into economy and realizing upward mobility, the nature of opportunities has changed. At the national level, many are calling attention to the increase in income inequality apparent in the last decade (Thurow 1987; Levy and Michel 1986). Locally, this inequality is apparent within the Mexican labor force. By applying the same method employed previously to study differences in education and experience across races and cohorts, we can estimate changes in the extent of economic discrimination over time. After controlling for education and years of experience, the earnings gap increased by 3%. If we follow the careers of cohorts, the gap increased by 7%. In other words, racial inequality increased during the seventies, *ceteris paribus*.

Furthermore, the effects of inequality are particularly evident among new immigrants. Modern mass migration has been highly unevenly distributed geographically, and nowhere else in the United States has immigration, legal and undocumented, played a more crucial role in reshaping a local economy than the Los Angeles metropolitan area. One fourth of recent immigrants reside in California, and nearly one-half of these live in the Los Angeles SMSA. Seventy percent of new employment growth can be attributed to immigrants (Espanshade and Goodis 1985). While Los Angeles is undergoing an unique transformation, it is nonetheless suggestive of the integral role of immigrant workers -- or workers who display immigrant characteristics -- in the process of economic restructuring nationwide. While the country as a whole has been marked by a loss of industrial capacity, Los Angeles has experienced a growth in manufacturing employment,

driven in large part by the expansion of industries utilizing Mexican labor.[20] The question we are ultimately left with is whether the trend toward racial inequality will be exacerbated over time as a product of the new industrial landscape.

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1. We use a linear extrapolation to forecast the total growth for the eighties. Using a compounded annual growth rate would produce a higher estimate. The average compounded annual growth rates for these three time periods are 4.2% for the sixties, 7.3% for the seventies, and 5.8% for the first half of the eighties.

2. The estimate from the 1986 Current Population Survey places the Mexican population at two and one-third million for that year. Given past growth rates, the figure of two and one-half million for 1988 is a conservative estimate.

3. The infant to women ratios for Mexicans in Los Angeles in 1970 and 1980 are nearly identical. In the former year, there were 29.6 infants under one year old per 100,000 persons and 133 infants under the age of one per 100,000 females between the ages of 16 and 44. In the latter year, there were 30.0 infants per 100,000 persons and 128 infants per 100,000 females.

4. This estimate is based on place of residence in 1975. Our tabulation indicates that slightly over 20,000 Chicanos had lived outside L.A. County that year. By extrapolating, we estimate that the total volume of immigration during the seventies numbered close to 40,000. Gross out-migration is just the sum of gross in-migration and net migration.

5. The stages of migration are discussed in McCarthy and Valdez (1986). Portes and Bach (1985) provide some evidence of Mexicans who initially entered through Texas but later settled in California.

6. The 1986 Current Population Survey indicates that there were 1.42 million Mexicans in working-age range.

7. Estimate of labor force by nativity for 1986.

8. Bean and his associates (1988) estimate that in 1980 Los Angeles had 386,000 undocumented Mexicans between the ages of 15 and 64.

9. The adjusted rate for group j based on the age structure of group k is calculated using the following formula:

$$LFPR = \sum r(j,i) * w(k,i) \text{ for } i = 1 \dots n \text{ age cohorts,}$$

where $r(j,i)$ is the labor force participation rate for group in the age-cohort i, and $w(k,i)$ is the percentage of group i that is the age-cohort i.

10. For a general discussion on the women's revolution in the labor market, see volume edited by Mott (1982).

11. This is based on information from the 1980 census. Of those who entered within the last five years and were of working age, 46% were under

the age of 24. Since this covers a five-year period, this statistic underestimates the percentage at the time of entry. Some of those who were 24 or older in 1980 had been 23 or younger at the time of entry.

12. Our measure of English language skills comes from a question in the 1980 census which asked the respondents how well they speak English. Those who did not speak English or spoke it "not well" are categorized as persons with poor English language skills. Less than 1% of the Anglo workers fell into this category, and a larger but still small percentage of the Chicano workers (4%) fell into this category.

13. Unfortunately, the CPS data also includes self-employment income. It appears that some self-employed individuals reported negative or very small earnings; consequently, the CPS data is biased by such reporting. To minimize this effect, we tabulated our data only for those who reported incomes (in 1979 dollars) of at least \$500.

14. For general discussion of this econometric model, see Mincer (1974). In our analysis, we use an estimated mean income for those in the highest income range. For these individuals, the 1970 census only asked if they had earned more than \$50,000, and the 1980 census only asked if they had earned more than \$75,000. We estimate a mean income for this group in two steps: (1) we fit a Pareto function to the income distribution, and (2) we use the estimated parameters to calculate the mean. This was done for each year and racial group.

15. One explanation for this is that it is too costly for employers to test for differences in quality. In this situation, employers use race as an imperfect signal for quality, thus practice what is known as statistical discrimination.

16. This is based on figures in an unpublished report prepared by UCLA's Student Affirmative Action Office in 1988.

17. The income reported for the two censuses refer to earnings from the previous year.

18. Chiswick (1978) argues that "Americanization" tends to increase earnings for immigrants. We also observe a return to acculturation in an analysis of the Mexican sample in Los Angeles. After about 15 years in the country, the earnings of immigrants converge with that of Chicano workers, after controlling for human capital. However, the disparity in educational attainment, for example, does not appear, so that differences by nativity in earnings in absolute dollars persist.

19. Undocumented aliens are in general less likely to use public services because they fear detection. The shorter tenure on the job has been documented by Morales (1983-84) and Massey (1987).

20. Manufacturing is also being expanded at the top end, the high-tech industries that are directly or indirectly dependent on defense spending.

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TABLE 1

	Population in Los Angeles SMSA Thousands of Persons			
	1960	1970	1980	1986
Total	6,743	7,024	7,476	8,422
Anglo	5,519	4,993	3,943	3,767
Mexican	546	822	1,666	2,342
U.S. Born	438	610	942	1,261
Foreign Born	107	211	713	1,081
Others	678	1,209	1,867	2,313

1960 figures estimated from published census reports.

1970 and 1980 figures estimated from 1% Public Use Microdata Sets.
 1986 Total and 1986 estimated from 1986 Current Population Survey.
 1986 Estimates by nativity by authors.
 1970 and 1980 figures differ slightly from published census numbers but are used to maintain comparability of figures.
 Some totals may not equal the sum of the components because of rounding.

TABLE 2

Estimated Components of Growth (x1,000)
 L.A. Mexican Population, 16-64 Age Cohort

	April 1970	April 1980	Change	Component
Total Mexican	456	978	522	Net Increase
U.S. Born (Chicano)	292	437	146	Net Increase
16-54 in 1970	276	267	-9	Deaths
55-64 in 1970	16	00	-16	Retirements
6-15 in 1970	184	182	182	New Entrants
Net migration			-12	Net migration
Foreign Born	164	540	376	Net Increase
Pre-1970 Immigrants	160	197	37	Net Increase
16-54 in 1970	141	130	-11	Deaths
55-64 in 1970	19	00	-19	Retirements
6-15 in 1970	25	24	24	New Entrants
Net migration			42	Net Migration
1970-80 Immigrants	4	344	340	Immigration

Source: 1970 and 1980 1% Public Use Microdata Samples.
 Estimates of subgroups based on age-specific death rates for California in 1981.
 Numbers of pre-1970 immigrants in 1970 estimated as .975 of the immigrants in the 1970 Census.

TABLE 3

Ethnic Composition of the Labor Force in L.A. SMSA

	1970	1980	1986
Total Labor Force	2,636.9	3,089.1	3,798.9
Anglo	1,939.0	1,752.1	1,869.0
Mexican	263.3	613.8	912.2
Other Hispanic	85.0	162.6	333.3
All Others	349.6	560.6	684.4
Percent Distribution			
Anglo	73.4%	56.7%	49.2%

Mexican	10.0%	19.9%	24.0%
Other Hispanic	3.2%	5.3%	8.8%
All Others	13.3%	18.1%	18.0%

1970 and 1980 figures estimated from 1% Public Use Microdata Sets.
 1986 Total and 1986 estimated from 1986 Current Population Survey.
 All figures are for those in the 16-64 age cohort and not attending school.
 1970 and 1980 figures differ slightly from published census numbers but are used to maintain comparability of figures.

TABLE 4

Gender Composition of the Labor Force

	1970	1980	% Growth
Anglos			
Males	1,174.8	1,016.4	-14%
Females	764.2	735.7	-4%
% Female	39.4%	42.0%	
Chicanos			
Males	101.9	149.0	46%
Females	60.3	107.8	79%
% Female	37.2%	42.0%	
Mex. Immigrants			
Males	66.6	235.3	253%
Females	34.5	121.7	253%
% Female	34.1%	34.1%	

1970 and 1980 figures estimated from 1% Public Use Microdata Sets.
 1986 Total and 1986 estimated from 1986 Current Population Survey.
 All figures are for those in the 16-64 age cohort and not attending school.

TABLE 5

Characteristics of the Labor Force, 1980

	Anglo All	Chicanos	Mexican Immigrants Established	Recent
Mean Years of Schooling				
Males	13.7	11.3	7.9	6.8
Females	13.1	11.3	8.3	6.8
Percent Without High School Degree				
Males	14.2%	40.6%	70.5%	83.9%
Females	12.3%	36.3%	64.5%	83.8%
Percent With				

College Education				
Males	30.0%	6.8%	2.6%	1.7%
Females	19.4%	4.8%	2.0%	1.7%

Number of Obs.				
Males	10,164	1,490	809	1,544
Females	7,357	1,078	456	761

Established immigrants entered prior to 1970
Recent immigrants entered in 1970 or later

Source: 1980 1% Public Use Microdata Set

TABLE 6

Unemployment Statistics

	Anglo All	Chicanos	Mexican Immigrants Established	Recent
1980 Unemployment Rates				
Males	4.7%	8.9%	5.7%	8.6%
Females	4.6%	8.8%	9.4%	11.4%
Observations				
Males	10,164	1,490	809	1,544
Females	7,357	1,078	456	761
Weeks Unemployed, 1979				
Males				
0 weeks	84.1%	79.1%	83.0%	77.1%
4 or more weeks	12.9%	18.0%	12.3%	17.9%
Females				
0 weeks	82.7%	80.1%	79.2%	76.3%
4 or more weeks	12.4%	15.2%	16.7%	19.0%
Observations				
Males	9,336	1,437	774	1,411
Females	7,419	1,093	442	735

Established immigrants entered prior to 1970
Recent immigrants entered in 1970 or later

Source: 1980 1% PUMS

TABLE 7

Wages and Earnings in 1979

	Anglo All	Chicanos	Mexican Immigrants
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			Established	Recent
Males				
Means				
Hourly pay	\$12.15	\$8.36	\$7.46	\$5.32
Annual earnings	\$22,840	\$13,830	\$12,460	\$8,180
Distributions				
\$4 or less per hr	12.5%	21.5%	23.0%	50.8%
Over \$11 per hr	34.3%	15.9%	9.0	4.7%
Less than \$8k/year	16.1%	27.6%	25.8%	53.9%
Over \$24k per year	32.6%	11.6%	5.1%	0.9%
Observations	9,336	1,437	774	1,411
Females				
Means				
Hourly pay	\$7.27	\$5.88	\$5.52	\$4.90
Annual earnings	\$10,330	\$7,700	\$6,640	\$5,540
Distributions				
\$4 or less per hr	26.8%	43.4%	52.0%	74.3%
Over \$11 per hr	10.6%	5.1%	5.4%	4.2%
Less than \$8k/year	43.3%	55.4%	64.0%	82.8%
Over \$24k per year	4.4%	0.8%	0.4%	0.3%
Observations	7,419	1,093	442	735
Established immigrants entered prior to 1970				
Recent immigrants entered in 1970 or later				

Source: 1980 1% PUMS

TABLE 8

Distribution by Industry and Occupation

	Anglo All	Chicanos	Mexican Immigrants Established	Recent
Males				
% Durable Mfg	20.2%	25.4%	34.3%	33.0%
% Nondurable Mfg	6.7%	11.1%	14.4%	17.3%
% Craft Occupations	20.2%	24.7%	24.9%	18.8%
% Operatives/Laborer	14.5%	34.9%	45.7%	51.2%
Observations	9,685	1,357	763	1,411
Females				
% Durable Mfg	11.0%	17.7%	20.1%	24.8%
% Nondurable Mfg	5.5%	11.0%	23.7%	39.2%
% Craft Occupations	2.5%	5.3%	7.0%	7.7%
% Operatives/Laborer	5.4%	19.7%	37.5%	59.9%

Observations	7,015	983	413	674
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Established immigrants entered prior to 1970
Recent immigrants entered in 1970 or later

Source: 1980 1% PUMS

TABLE 9
Regression Analysis of 1979 Earnings
Dependent Variable: Log of Annual Earnings

Ind. Variables	Estimated Coefficients			
	Total (1)	(2)	Anglos (3)	Chicanos (4)
Constant	1.637	7.725	1.498	2.383
Years of Education	0.077	0.090	0.081	0.055
Years of Experience	0.057	0.070	0.059	0.040
Experience squared	-0.093	-0.115	-0.094	-0.068
Log of Tot. Hours	.846	--	0.855	0.793
Limited English	-0.058*	--	-0.222*	-0.087*
Chicano	-0.133	-0.169	--	--
Observations	6,897	6,897	5,902	995
Adj. R-Sq.	.362	.134	.368	.250
F-ratio	652.39	268.47	685.73	67.36

* Coefficient is not significant at .05 level.
All other coefficients significant at the .01 or lower level.
Coefficients for years of experience squared is scaled by 100.
Chow-test for homogeneity of Anglos and Chicanos yield a F-ratio of 8.62
and a p<.001.

TABLE 10
Earnings Gap Between Anglo and Chicano Workers

Cohorts By Years of Experience	Mean Earnings		Percent Difference
	Anglos	Chicanos	
1970.A (1-10 yrs)	\$13,400	\$10,900	-18%
1970.B (11-20 yrs)	\$23,100	\$15,700	-32%
1970.C (21-30 yrs)	\$26,000	\$16,500	-36%
1970.D (31 plus yrs)	\$21,900	\$14,800	-33%
1980.A (1-10 yrs)	\$14,700	\$10,600	-28%
1980.B (11-20 yrs)	\$25,500	\$16,100	-37%
1980.C (21-30 yrs)	\$30,400	\$17,200	-43%
1980.D (31 plus yrs)	\$25,600	\$15,200	-41%

% Growth			
1980.B/1970.A	90%	48%	n.a.
1980.C/1970.B	32%	10%	n.a.
1980.D/1970.C	-1%	-8%	n.a.
Growth in Gap			
1970.A-1980.B	n.a.	n.a.	19%
1970.B-1980.C	n.a.	n.a.	11%
1970.C-1980.0	n.a.	n.a.	5%

Percentage gap is defined as (Avg. Chicano -- Avg. Anglo)/(Avg. Anglo)

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