

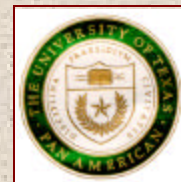
Alcohol Use and Earnings: Findings from a Community Based Study



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**Working Paper #2003-15
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Abstract: In this paper we examine whether moderate alcohol consumption is associated with higher wages. A population based sample of Mexican American workers, aged 37 years and older, in the Southwest region of the U.S. is employed. After controlling for variables such as age and gender, results from estimating a set of logistic regression models indicate a positive association between alcohol use and earnings for the entire sample. The findings for the U.S. born Mexican Americans are similar to those of other U.S. natives. However, we find mixed results for Mexican born participants. These results are consistent with the view that Mexican Americans born in the United States resemble other U.S. born populations (e.g. African Americans and Whites) in reported trends of alcohol consumption and its association to wages. However, in terms of such trends Mexican born participants exhibit different patterns than the native born, perhaps due to their ongoing assimilation to the society.

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Introduction

Repeatedly the annual waves of the National Household Survey on Drug Abuse have found alcohol to be the drug of preference in the United States (SAMHSA 1990-2000). For example, results from the last national survey estimated that in 2000, 62% of the non-institutionalized population age 12 and older have consumed alcohol at least once during the past year, and an estimated 53% of the adult population age 18 and older have used alcohol during the past month (SAMHSA, 2000). The literature on the prevalence and incidence of alcohol consumption is vast with recent epidemiological studies exploring the effect of alcohol use on the risk of contracting a particular disease (e.g., Ellison, Zhang, McLennan and Rothman, 2001; Flesch et al 2001; Gronbaek, 2001; Gutjahr and Gmel, 2001; Rimm 2001). Less is known, however, on how alcohol consumption relates to wages and particularly how moderate use of alcohol affects productivity and wages. Moreover, the literature on this topic has produced contrasting evidence. On the one hand, its adverse results are known (Ruhm, 1995; Jones-Webb, Hsiao, Hannan & Caetano, 1997; Bray et al 2000; Luchansky et al, 2001), while, concomitantly, there is also evidence indicating that moderate alcohol use may be beneficial (French and Zarkin 1995; Zarkin, French, Mroz, and Bray 1998).

We examine the postulated relationship between alcohol and earnings (French and Zarkin 1995; Zarkin et al 1998), using micro-data from a 1994-1999 population based study of Mexican Americans, 37 years and older, residing in the Southwest. We explore this relationship with an age cohort, previously ignored in studies on alcohol and wages, but, nonetheless, representing the most rapidly growing segment of the U.S. labor force.

In testing the relationship between alcohol consumption and wages with a sample vastly different from those employed by earlier studies, we address important empirical concerns understudied in previous research on this topic. As French and Zarkin suggest, it is important from both a theoretical and an empirical interest to locate findings on alcohol consumption and wages within diverse contexts and populations. They further point to the dearth of estimates available on the relationship between alcohol use and

wages for other populations making it difficult to locate findings on this relationship in the context of other economic studies (French and Zarkin, 1995).

This research is timely in addressing alcohol use and wages with an older cohort of the labor force than customarily undertaken. Moreover, in examining alcohol consumption as it relates to native born and foreign- born Mexican Americans, major demographic changes, i.e. the aging of the population and immigration, are addressed. Such changes have had a major impact on the labor force in the United States and other developed countries, which have had to adjust to the increasing age and diversity of their workers. For example, in the United States, as Hirschman, Kasinitz and DeWind observe in their introduction to *The Handbook of International Immigration Studies* (1999, 1), “the last decades of the twentieth century have witnessed a revival of large-scale immigration.” And, Schmidley and Alvarado (1998) indicate, at century’s end, the proportion of persons of foreign birth is inching closer to 10% of the total U.S. population. Since, by far, the largest number of the foreign born are Mexican born (U.S. Bureau of the Census, 2001), examining alcohol use and earnings for both foreign born and native born Mexican American workers can make a significant contribution toward the understanding of current and future work related issues for this increasingly important segment of the U.S. labor force.¹

Changing Demographics of the U.S. Labor Force

Rather than a limitation, the inclusion of an older sample of workers, 37 years and older, is consistent with demographic trends in the U.S. that have led to a much older workforce in 2000 than in the previous decades, a trend that will not be reversed in the years ahead. In the U.S., for example, the median age rose from 32.9 years in 1990 to 35.3 in 2000.² The median age of the labor force was 38 years in 1994 and it is predicted to reach 41 years of age by 2005. Moreover, it is expected that by 2005, 37 percent of the

¹ According to the latest U.S. Census figures for the year 2000, the Mexican born population is reported as 8,744,313. This is by far the highest for any one country in the world. For example, under P039: Place of Birth, the only specific country listed is Mexico, all other references are for world regions and/or continents. P038. Place of Birth By Citizenship Status for The Foreign Born Population. Data Set: Census 2000 Supplementary Survey Summary Tables.

² The changes in the median age from 1965 to 2000 around the world were the following; Africa 17.7 to 18.2, Asia 20.1 to 25.9, Latin America 18.6 to 24.9, Europe 30.9 to 37.4.

labor force will be 45 years and older, with much of this increase occurring in the 50 to 60 year old category. This demographic trend reflects a 4 percent population decline for the 18 to 34 year old cohort and a concomitant 28 percent increase in the 35 to 64 year old cohort. The most striking population change is reflected by the 49 percent increase in the 45 to 54 years old category, fueled by the entry of the earliest baby boom cohort (those born between 1946 to 1954). The aging of the population is not a demographic phenomenon solely affecting the United States and the rest of the developed world, but also a significant number of developing societies are beginning to experience the aging of their populations, as is the situation for many Latin American countries (e.g., Argentina, Uruguay, Chile, Costa Rica, Cuba).³

It is plausible to expect that as the age of the workforce increases a stronger association between alcohol consumption and earnings in later life would be found, particularly as it affects workers' health and productivity. Thus we expect the effects of drinking to be more pronounced and costly for mid life and older adult workers than for their younger counterpart.⁴

This paper contributes to existing literature in several ways. First it examines the effect of alcohol use on earnings in a widely different socio-economic context than previously employed (e.g. French and Zarkin, 1995; Jones-Webb, et al 1998; Wechsler, et al, 1995; Zarkin et al, 1998).⁵ Moreover, this study also provides benchmark information on the impact of alcohol on earnings for a Mexican origin population, that is about equally divided between foreign born (45%) and native born (55%), along the U.S. Mexico border. While alcohol and wage studies have documented a relationship between these two variables for non-Hispanic whites and African Americans, little attention has been given to the Mexican American and Mexican segment of the workforce. This omission is even more noticeable when considering current figures and demographic projections for this ethnic group, which underscore the important contribution that this

³ U.S. Census Bureau. 1987. *An Aging World*, Washington, D.C.: U.S. Government Printing Office.

⁴ "Nation's Median Age Highest Ever, But 65 and Over Population's Growth Lags, Census 200 Shows, *U.S. Census Bureau, Economics and Statistics Administration Press Release*, May 15, 2001.

⁵ As it applies to data from the BESA study, we prefer to use earnings rather than wages, since data were reported as monthly and annual earnings resulting from wages.

population will make to the U.S. workforce in the years ahead.⁶ Third, given the dearth of studies examining patterns of alcohol consumption among older workers, this study addresses the much needed and yet understudied dimension of the postulated relationship between alcohol use and earnings.

In the following section, we provide a brief review of the pertinent literature on alcohol use and wages. Next, we summarize data and sample characteristics and describe the empirical methodology used in the study. Finally, the last two sections report the estimated results and offer some concluding remarks.

Alcohol Use and Wages

Recent research on the link between alcohol consumption and wages has found varied multidimensional aspects of alcohol consumption for wage outcomes (Chatters, 2000). Although some studies have found that alcoholism is associated with greater unemployment and lower earnings, other studies, examining differential effects of drinking levels on earnings, have obtained opposite results. That is, alcohol use appears to be unrelated to lower wages even at high levels of use. Specifically Berger and Leigh (1988), using national level data, find a positive relationship between drinking and wages. French and Zarkin (1995) find an inverse U-shaped relationship between alcohol consumption and wages. This relationship peaks at approximately 1.5 to 2.5 drinks per day on average; and hence, the authors concluded that alcohol use, while not beneficial, might have less of a detrimental impact than previously supposed. There is also evidence in the literature (Zarkin, French, Mroz and Bray, 1998) that does not support the U-shaped finding in the earlier French and Zarkin's study (1995). Unlike the earlier study, the 1998 study finds no evidence that alcohol use is associated with lower wages even at high levels of use; this is also true for women but at a weaker level. In fact, researchers have often entertained differences in gender patterns that might exist between alcohol use and wages. Among the most salient is the major difference that exists in labor market

⁶ The median age for the Latino population in the U.S. is the youngest of any ethnic group; therefore, in the decades to come, very large numbers of Mexican American and other Latinos will be incorporating themselves to the U.S. labor market. This is evident when considering figures from the 2000 U.S. Census that report Hispanic/Latinos in the U.S. to have a median age of 25 years, when compared to 35.3 years for the U.S. as a whole and 37.7 for whites, 30.2 for African Americans, 32.7 for Asians and 28 years for American Indians (U.S. Bureau of the Census, 2001).

behavior between men and women (Wilsnack et al., 1984; Wilsnack and Wilsnack, 1992).

Other studies show that the relationship between socioeconomic status and drinking problems varies by race and ethnicity. For example, Jones-Webb, Hsiao, Hannan and Caetano (1997) examine the relationship between socioeconomic status and drinking problems within the African American and white male populations and find that less affluent African American men report more drinking consequences and a higher number of drinking problems than less affluent white men. The reverse is true for affluent African American and white men. As with alcohol and wages, there are also gender differences in alcohol consumption and its effects (Ferrence, 1980; Wechsler et al., 1995; Mullahy and Sindelar, 1991).

Building on the above earlier work, we examine the postulated relationship between alcohol consumption and wages for a rapidly growing population, not previously included in studies of this type. Like Zarkin et al (1998), we estimate the models using our entire sample and then repeat this process for men and women to better capture possible gender differences. Moreover, we test the hypothesis that alcohol use is associated with lower earnings by taking into account differential effects of drinking levels on earnings. Finally, we test the U-shaped pattern found in the 1995 French and Zarkin study by hypothesizing that there exists an inverse U-shaped pattern between alcohol use and earnings for this population.

Data and Sample Characteristics

We use micro-data from an ongoing population based epidemiologic study of health and functional status of community dwelling Mexican Americans on the U.S. Mexico border, known as the Border Epidemiologic Study of Aging (BESA). Using proportionate representation based on census tracts, randomly drawn households are used in selecting the sample. The BESA study is an ongoing longitudinal three-wave design that examines patterns of disablement, the onset of disease and the trajectory of work among adult Mexican Americans. The baseline wave of the panel study is conducted during 1996 and 1997. The area probability sampling method yielded a final sample of

1381 Mexican Americans aged 37 and older. The response rate was 92%; that is, of those contacted who met the selection criteria, 92% agreed to complete in-home face-to-face interviews in either Spanish or English. For purposes of this study, however, only findings from the first data wave are analyzed and discussed.

Moreover, given the thrust of the analyses reported here, the age limit was set at 62 years. Since studies on Mexican Americans in the labor force usually report higher participation at later ages (Markides, 1978; 1987), our age limit was set slightly higher than in the earlier French and Zarkin study (1995), where age was set at 59, or the later Zarkin and French (1998), where it was set at 54 years.

Table 1 reports descriptive statistics for demographic variables, alcohol use, and earnings using the BESA complete database. For the complete sample, the average age of respondents is approximately 60 years. Forty percent of respondents are male, and 58 percent of the total sample is married. The mean years of schooling is seven, and average annual earnings, limited to wages only, are slightly over \$13,000. There are additional questions in the BESA requesting information on other sources of income, but, for our purposes, only the question on earnings, to include all reported wages, is used in the analysis presented here. Eight percent of the respondents indicated that, on average, they consume one drink of alcohol *socially*⁷, about ten percent of respondents report that on these occasions they had two to three drinks, whereas seven percent report that they drank more than three drinks on these occasions. Respondents indicating that they did not drink comprised seventy-six percent of the sample.

⁷“Social” refers to drinking at home or when out with friends, family or co-workers. “Social” drinking questions specifically asked whether drinking had occurred with others.

Table 1
Descriptive statistics for demographics, earnings and alcohol (N=1381)

	Mean	Standard Error	Minimum	Maximum
Females	.611	.455	0.00	1.00
Age	60.81	11.34	37.00	94.00
Education	6.92	5.145	0.00	20.00
Married	.584	.499	0.00	1.00
Annual earnings*	13,562	27,489	132.00	600,000
1 drink	.079	.232	0.00	1.00
2 to 3 drinks	.096	.281	0.00	1.00
4 or more drinks	.067	.219	0.00	1.00
Does not drink	.758	.428	0.00	1.00

* In this study, consistent with the earlier study by Bastida and Pagan (forthcoming), annual earnings are used.

Specific descriptive statistics for the 62 years of age and younger group indicate little difference in terms of major demographic variables (other than age, of course). For this younger group, the median age is 52, and 58% are female. For this sub-sample, the median years of school completed remains at seven.

The survey asks respondents for the number of drinks they drink socially (refer to footnote 7). The response options limit the high-end response to four drinks or more. The follow-up question on alcohol consumption asks if their pattern of consumption when drinking alone differs from their social drinking practice. Specifically it asks whether respondents increase or decrease consumption when drinking alone. We realize that the format of these questions limits the analytical possibilities of the data, however, these limitations, as revealed by the analyses that follow, do not preclude capturing embedded patterns of consumption. Furthermore, it is noted that data presented here were obtained through self-reported information in face-to-face interviews. As such, some biasing is likely to have occurred in under-reporting, particularly when taking into account cultural norms that urge caution when disclosing personal information with strangers.

Estimation Results

In order to assess the relative magnitudes of the effects of alcohol use on earnings, we first consider baseline semi log-earnings regressions in which potentially important correlates of alcohol are omitted. The alcohol coefficient, therefore, may absorb the impact of correlates to the extent such correlation is present. Table 2 (col. 1) reports the benchmark estimation results. We find that, with the exception of DRNK1 (one drink), the alcohol use constructs, DRNK2 (2 to 3 drinks) and DRNKPL (4 or more drinks), are significant at the one percent significance level. Upon observation of the results, we find the coefficient estimate of DRNK1 is smaller in magnitude and significance than that of DRNK2 and DRNKPL. These results do not support the inverse U-shaped pattern between alcohol use and wages reported in the study by French and Zarkin (1995). This difference may be partly explained by the BESA protocol, which, when measuring the number of drinks, does not distinguish beyond four drinks or more. Our results parallel those of Zarkin, French, Mroz and Bray (1998), since we find a positive association between alcohol use and wages.

In the remaining columns of Table 2, we estimate augmented models to determine whether there are meaningful estimates of structural effects, or merely the confounding indirect effects of omitted human capital covariates. The age variable in column two is statistically significant but carries the wrong sign, whereas the age squared variable in the remaining columns carry the right sign but is only weakly significant in column three. Even though the magnitude of the alcohol use coefficients decrease uniformly as we add more variables, the DRNKPL and DRNK2 estimates remain higher than the DRNK1 coefficient estimates in all columns. However, the statistical significance of DRNK2 and DRNKPL estimates appear to decline as more control variables are added. In particular, none of the alcohol use constructs are significant in column four and only DRNKPL is weakly significant in column five. Among the remaining control variables education is highly significant and carries the expected sign consistent with the view in the literature that education leads to higher earnings (Becker and Chiswick, 1966; Mincer, 1974). The estimate for marital status has the expected sign but is not statistically significant, indicating that being married is positively correlated with the log of earnings.

Table 2
Dependent Variable: Log of Earnings^a

	(1)	(2)	(3)	(4)	(5)
Constant	9.133*** (.056) ^b	11.439*** (.446)	5.358 (3.726)	4.436 (3.532)	4.313 (3.588)
DRNK1	.162 (.201)	.132** (.192)	.127 (.190)	-.112 (.156)	-.118 (.157)
DRNK2	.428*** (.156)	.368*** (.153)	.376*** (.151)	.133 (.118)	.134 (.118)
DRNKPL	.468*** (.188)	.445*** (.185)	.416*** (.187)	.215 (.133)	.219* (.132)
Age ^c		-.044*** (.008)	.194 (.144)	.154 (.137)	.157 (.139)
Age squared			-.231* (.138)	-.160 (.132)	-.163 (.134)
Education				.121*** (.008)	.121*** (.008)
Married					.050 (.086)
Adj-R2	.042	.074	.078	.398	.399
F-STAT;	4.18; .006	9.17;.0001	9.09;.0001	50.14;.000	43.62;.001
p>f				1	
N	489	489	489	489	489

* p < .1; ** p < .01; ***p<.001

a N = 489

b Robust standard errors are obtained using the Huber (1967), and White (1980, 1982) estimator of variance.

c Unstandardized regression coefficient

Because evidence from the literature suggests that women exhibit mixed results in alcohol consumption and earnings, estimations are separately conducted for men and women. Following this approach, in Table 3, we report men's results only. This time, the coefficient estimate of DRNK2 becomes the highest in terms of statistical significance and magnitude relative to that of the DRNK1 and DRNKPL coefficient estimates in all columns, which are statistically insignificant. When regressions results are examined for men only, there appears to be stronger evidence in favor of moderate alcohol use and

higher earnings and evidence of the inverse U-shape pattern consistent with the earlier French and Zarkin's findings (1995).

Table 3
Dependent Variable: Log of Male Earnings^a

	(1)	(2)	(3)	(4)	(5)
Constant	9.546*** (.112) ^b	11.826*** (.779)	-3.225 (4.868)	2.016 (4.892)	.801 (.4852)
DRNK1	.200 (.311)	.106 (.304)	.408 (.173)	-.090 (.266)	-.096 (.264)
DRNK2	.450*** (.187)	.356*** (.184)	.146*** (.212)	.214* (.124)	.232** (.121)
DRNKPL	.211 (.208)	.187 (.207)	.549 (.193)	.150 (.154)	.205 (.157)
Age ^c		-.043*** (.014)	-.577*** (.189)	.256 (.191)	.285 (.188)
Age squared			.099*** (.020)	-.257 (.186)	-.281 (.183)
Education				.119*** (.011)	.122*** (.011)
Married					.408** (.177)
Adj-R2	.0302	.077	.111	.496	.517
F-STAT;	1.96;.0005	4.05;.0001	5.01;	24.55;.000	21.97;.000
p>f			.0003	1	1
N	174	174	174	174	174

* p < .1; ** p < .01; ***p < .001

a N = 174

b Robust standard errors are obtained using the Huber (1967), and White (1980, 1982) estimator of variance.

c Unstandardized regression coefficient

Given our interest on the impact of foreign and native birth on the association between alcohol consumption and earnings, we estimate log of earnings only for Mexican born participants. These results are reported in Table 4. All the parameter estimates belonging to alcohol consumption are negative. In particular, the coefficient estimate of

DRNK1 is negative and has the strongest impact on log of earnings. This coefficient is significant at the five percent level with the exception of column one where statistical significance occurs at the one percent level. These results indicate the absence of an inverse-U type relationship for Mexican born participants, suggesting that all levels of alcohol use, from moderate to high, are associated negatively with log of earnings.

Table 4
Dependent Variable: Log of Earnings for Mexican born^a

	(1)	(2)	(3)	(4)	(5)
Constant	9.278*** (.052)	11.764*** (.153)	6.635* (3.703)	5.351 (3.435)	5.240 (3.482)
NNTVDRNK 1	-.610*** (.210)	-.644** (.192)	-.608** (.191)	-.452** (.225)	-.458** (.228)
NNTVDRNK 2	-.387 (.254)	-.453* (.260)	-.430* (.258)	-.258 (.262)	-.263 (.262)
NNTVDRNK P	-.228 (.181)	-.210 (.199)	-.214 (.206)	.131 (.220)	.127 (.217)
Age ^c		-.047 (.008)	-.153 (.143)	.122 (.13)	.124 (.135)
Age squared			-.195 (.138)	-.130 (.129)	-.133 (.130)
Education				.122*** (.008)	.121*** (.008)
Married					.049 (.087)
Adj-R2	.0151	.0712	.0745	.401	.402
F-STAT; p>f	3.77;.010 8	12.22;.000 1	10.89;.000 1	56.01;.000 1	48.11;.000 1
N	489	489	489	489	489

* p <.1; ** p <.01; ***p<.001

a N = 174

b Robust standard errors are obtained using the Huber (1967), and White (1980, 1982) estimator of variance.

c Unstandardized regression coefficient

Table 5 reports regression results for native-born Mexican American participants. Unlike Mexican born participants, the alcohol parameter estimates belonging to alcohol consumption variables are now all positive and statistically significant at the one percent level. Contrary to results reported in Tables 2 and 4, findings presented in Table 5 are

consistent with the inverse-U type relationship found in the earlier French and Zarkin study (1995). This inverse-U type relationship holds even after including the control variables. Finally, education persists as the most important correlate of the log of earnings in all tables.

Table 5
Dependent Variable: Log of Earnings for native born^a

	(1)	(2)	(3)	(4)	(5)
Constant	9.104*** (.052)	11.372*** (.440)	7.192*** (3.665)	4.888 (3.500)	4.747 (3.557)
NDRNK1	.610*** (.259)	.593*** (.246)	.568*** (.249)	.118 (.197)	.112 (.198)
NDRNK2	.855*** (.152)	.812*** (.144)	.809*** (.143)	.379*** (.098)	.386*** (.099)
NDRNKPL	.787*** (.240)	.753*** (.235)	.724*** (.239)	.276* (.164)	.286* (.165)
Age ^c		-.043*** (.008)	.120 (.142)	.138 (.136)	.141 (.137)
Age squared			-.159 (.136)	-.145 (.131)	-.148 (.132)
Education				.117*** (.009)	.117*** (.009)
Married					.058 (.086)
Adj-R2	.0721	.118	.120	.403	.404
F-STAT;	14.42;.000	18.87;.000	16.20;.000	66.40;.000	58.11;.000
p>f	1	1	1	1	1
N	489	489	489	489	489

* p <.1; ** p <.01; ***p<.001

a N = 489

b Robust standard errors are obtained using the Huber (1967), and White (1980, 1982) estimator of variance.

c Unstandardized regression coefficient

There is the possibility that alcohol is endogenous, as has been suggested in the literature. Table 6 reports tests for endogeneity using the Durbin-Wu-Hausman test following the augmented regression approach suggested by Davidson and MacKinnon (1993). The instruments included in the first regression before running the augmented regressions were the happiness, health and employed constructs. At the five percent

significance level there are five statistics out of twelve in favor of consistent parameter estimates. This number increases to seven at the one percent significance level suggestive of some but not strong evidence of endogeneity in the reported results. As expected, using the instrumental variable (IV) approach that accounts for the possible endogeneity problem did not produce any significant coefficient estimates of alcohol use on earnings. Such a finding is consistent with other studies that compare the ordinary least squares method with the IV approach (Mullahy and Sindelar, 1991).

Table 6
Durbin-Wu-Hausman Test for Endogeneity (prob > F)

Table	Equation	Dependent Variable		
		DRNK1	DRNK2	DRNKPL
2	5	.898	.001	.018
3	5	.012	.061	.347
		NNTVDRNK1	NNTVDRNK2	NNTVDRNKP
4	5	.980	.001	.008
		NDRNK1	NDRNK2	NDRNKPL
5	5	.759	.001	.001

Concluding Remarks

Using micro-data from a 1994-1999 population based study of pre-middle age and older Mexican Americans in the Southwest; we examine the association between alcohol use and earnings. After controlling for variables such as age and gender, results from estimating a set of regression models for the complete sample are consistent with those of French and Zarkin's study (1998), which find no evidence of a turning point and, in general, reveal a positive association between alcohol consumption and earnings. Once the results are estimated separately for men and native-born participants, however, we

find evidence of a turning point consistent with the earlier study by French and Zarkin (1995).

Of significance here, given our interest on immigration and the workforce, participants born in Mexico, who make up nearly half of the sample, do not appear to exhibit the inverse U-shape relationship. Furthermore, the relationship between alcohol use and earnings appears to be negative at all levels of consumption, from moderate to heavy. This finding differs from the results reported in Table 5, which indicate that Mexican American participants born in the U.S. exhibit this inverse U type relationship.

In general, data analyzed in this study do not find evidence that alcohol use is associated with negative earnings for older Mexican and Mexican American workers even at high levels of use. Similarly to other populations, Mexican American male participants who use alcohol regularly have a higher and more predictable positive association between wages and alcohol consumption than Mexican American women.

Moreover, we emphasize findings indicating that Mexican American males, born in the United States, differ from those who are born in Mexico in patterns of alcohol consumption and earnings. This suggests that Mexican Americans born in the United States resemble other U.S. born populations (e.g. African Americans and Whites) in reported trends of alcohol consumption and its association to wages. This finding is of major significance when considering that this population, in particular, will be entering the United States labor force in very large numbers in the years to come.⁸

As already noted, from a theoretical and methodological perspective, this research is timely in exploring drinking patterns among middle aged workers who represent the fastest growing sector of the labor force, not just in the United States but also in developed and many developing countries. Previous research on the effect of alcohol consumption on wages concentrate on younger groups—primarily those in their early twenties and thirties. However, given that the median age of the workforce closely

⁸ It is noted that Mexican Americans in the United States, other than American Indians, have the lowest median age for all major population groups. Given that in large states such as California and Texas they represent over half of all school age children, we surmise that, within the next decades, large numbers of Mexican American adults will be entering the U.S. labor force.

parallels the aging of the population, findings discussed here addresses to the scant literature on alcohol consumption and wages for older workers. These findings, although based on a population- based study of Mexican Americans in the Southwest, are, nevertheless, significant in a variety of contexts given the increasing diversity and aging of the U.S. labor force and the worldwide effects of the demographic transition.

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