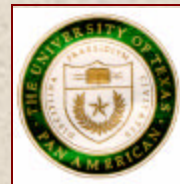


**The Earnings of Self-Employed
Mexican Immigrants
on the US-side of the Mexican Border:
The Effect of Working in the
US versus Mexico**



Marie T. Mora
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**Working Paper #2004-23
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This study utilizes US decennial census data from the year 2000 to analyze the earnings of self-employed Mexican immigrants who reside in a metropolitan area along the US-Mexico border. The empirical results indicate that Mexican entrepreneurs in US border cities who primarily operate in Mexico tend to experience a significant earnings premium over their entrepreneurial and salaried counterparts working on the US side of the border, even after controlling for differences in observable characteristics. This work-location earnings gap widens when focusing exclusively on Mexican business owners lacking US citizenship. It follows that policies which restrict labor movements across the US-Mexico border may inadvertently dampen the earnings of self-employed Mexican immigrants residing in the US.

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Introduction

Mexican American entrepreneurs in U.S.-cities near the Mexican border earn less on average than their otherwise similar “salaried” peers; yet workers in the region, particularly Mexican immigrants, have significantly higher self-employment rates than those in the U.S. interior (Mora and Dávila 2004; Flota and Mora 2001). One explanation for this higher self-employment propensity is the relatively strong opportunity to cater to Mexican consumers (e.g., Mora and Dávila 2004). It remains unclear, however, whether entrepreneurial earnings are sensitive to the primary location of the small business operation. The ability to directly interact with Mexican consumers *in Mexico* conceivably provides U.S. resident Mexican immigrants more profitable opportunities compared to those business owners who solely operate on the U.S.-side of the border.

This study utilizes U.S. decennial census data from the year 2000 to explore self-employment earnings among Mexican immigrants who reside in a U.S.-border city; the empirical analysis distinguishes between those who primarily work in the U.S. versus Mexico. This information is important given that recent changes in immigration policy and the tightening of border security following September 11th may inadvertently reduce the labor flow between the U.S. and Mexico by increasing the border-crossing time at the traditional ports of entry. If entrepreneurial income is sensitive to the ability to re-enter Mexico for business purposes, policies which disrupt border-crossing capacities could disproportionately affect the self-employment earnings of Mexican immigrants residing on the U.S.-side of the border.

Background

Cities along the U.S.-Mexico border consistently rank among the poorest in the U.S. Indeed, according to recent data from the U.S. Bureau of Economic Analysis (2004), the three metropolitan statistical areas (MSAs) with the lowest per capita personal income in the entire U.S. in the year 2002 (the most recent year for which data are currently available) were located on the Texas-Mexico border (McAllen, Brownsville, and Laredo). The estimated per capita personal income in these three cities was around half of the U.S. average.¹ The relatively low earnings in the border region are amplified when focusing on entrepreneurs: self-employed Mexican Americans earn significantly less than their paid-employee counterparts when controlling for other socioeconomic and demographic characteristics (Flota and Mora 2001).

Recent studies have nevertheless found that Hispanic workers along the U.S.-Mexico border exhibit greater entrepreneurial tendencies than those in the U.S.-interior (Flota and Mora 2001; Robles 2002), particularly Mexican immigrants (Mora and Dávila 2004). Anecdotal evidence suggests that many Mexican business owners residing on the U.S.-side of the border often cater to Mexican consumers who frequently enter U.S.-border cities for the purpose of shopping and trade. It follows that Mexican entrepreneurs on the U.S.-side of the border might offset some of the apparent self-employment earnings “penalty” in the region because of their knowledge of the Mexican consumer (e.g., Mora and Dávila 2004). Extant studies, however, have not addressed the issue of whether U.S. resident Mexican immigrants experience an earnings gain from crossing the border for the purpose of conducting business in Mexico. Not only would Mexican immigrants better understand Mexican

consumers, they would presumably have more information regarding the business policies and procedures in Mexico.

If a significant share of U.S.-resident Mexican entrepreneurs primarily operates on the Mexican side of the border, policies which intentionally or unintentionally restrict the immigration flow between Mexico and the U.S. could directly affect the earnings potential among U.S. residents in border cities.² While some studies have noted that a restriction in border-crossing ability could impact businesses on the U.S.-side of the border because fewer Mexican consumers--a group sensitive to border-crossing time--would visit the U.S. (e.g., Ghaddar, Richardson, and Brown 2004), the impact that such a restriction would have on the average earnings of Mexican immigrants is ambiguous. On the one hand, perhaps Mexican entrepreneurs residing in the U.S. would simply move their businesses to the U.S.-side of the border, allowing them to cater to other consumers. On the other hand, the additional competition between Mexican business owners operating in U.S.-border cities (and the additional knowledge required to cater to non-Mexican consumers) could dampen their earnings, leading to greater impoverishment among that population in the region.

While existing data limitations do not permit an assessment of how the *overall* labor market conditions would be affected by a reduction in the border-crossing capacity, U.S.-Census data can be utilized to explore the earnings of self-employed Mexican immigrants who reside in U.S.-border cities but continue to work in Mexico. This type of empirical analysis will provide insight into potential earnings advantages these individuals experience through their ability to facilely cross the border for the purposes of conducting business.

Data and Sample Characteristics

Decennial U.S. census data from the year 2000, available in the 5% Integrated Public Use Microdata Series (IPUMS) and provided by Ruggles and Sobek (2003), are employed to analyze the earnings of Mexican immigrants who reside in one of the eight metropolitan statistical areas (MSAs) located near Mexico: Brownsville, El Paso, Laredo, and McAllen in Texas; Tucson and Yuma in Arizona; Las Cruces, New Mexico; and San Diego, California. Information on the primary location of work is also provided in the IPUMS, making it possible to distinguish between immigrants who work in the U.S. versus abroad.³ Given this study's focus on earnings, only those individuals who reported at least 20 hours of work per week for 32 weeks or more in the previous year are included in the sample. All analyses provided below utilize the IPUMS-provided sampling weights to preserve the national representation of the sample.

Table 1 contains the self-employment rates (defined by the worker classification)⁴ of Mexican immigrants in the sample, partitioned by border and U.S.-interior residence.⁵ As discussed by Mora and Dávila (2004) and Flota and Mora (2001), American cities that border with Mexico have significantly higher self-employment rates than other U.S. cities on average. To illustrate, twelve percent of Mexican immigrants reported self-employment along the U.S.-Mexico border, compared to less than seven percent of those residing in the U.S.-interior. The border/interior differential increases when only considering Mexican immigrants who did not have U.S. citizenship (12.8 percent to 6.4 percent). Following Mora and Dávila (2004), these results indicate that Mexican immigrants along the U.S.-Mexico border are capable of generating non-trivial employment opportunities, at least for themselves.

Of particular interest to this study is the self-employment propensity among those Mexican immigrants who work abroad, presumably in Mexico (see Note 3). Over 28 percent of Mexican immigrants who resided in U.S.-border cities and worked abroad were self-employed in 2000 (more than twice the average of this group as a whole), suggesting that retaining business ties with Mexico offers unique trade opportunities for that country's natives. This tendency is especially strong when only considering non-U.S.-citizens, 30 percent of which reported self-employment in border cities. It is important to note the non-citizen group would most be likely impacted by policies that reduce labor flows across the U.S.-Mexico border, given their potential to face time delays by U.S. immigration officials with respect to border-crossing.

For additional insight, Table 2 provides selected mean characteristics of Mexican immigrants who resided in the eight U.S. MSAs located near Mexico in 2000, partitioned by self-employment and paid-employment status. A perusal of this table indicates that U.S. resident Mexican immigrants who work in Mexico are significantly different from those who work in the U.S. For example, compared to their counterparts employed in U.S.-border cities, Mexican-born workers residing in U.S.-border cities and working in Mexico have significantly: (1) lower rates of U.S.-citizenship; (2) higher earned annual income (wage and salary income plus business income);⁶ (3) higher hourly earnings (defined as earned income divided by usual hours worked per week times weeks worked); (4) more education; (5) less U.S.-tenure; and (6) a lower representation of women on average. The education differences are considerably impressive: whereas Mexican immigrants who work in the U.S. have less than 10 years of schooling on average, those who primarily operate in Mexico tend to have some post-secondary education. The only characteristic that does not significantly vary by place of work is the inability to

speaking English well, possibly because of the vast employment opportunities in U.S.-border cities that do not require fluency in the English language.

When concentrating on the self-employed, note that the annual income levels of Mexican immigrants working in Mexico more than twice exceed the levels of those operating in the U.S. (over \$60,000 per year versus \$27,000); the same holds for hourly earnings (\$29 versus \$12.50 per hour). Moreover, the vast majority (over 80 percent) of those who own businesses abroad are not U.S. citizens. These characteristics suggest that Mexican immigrants who live in the U.S. but work in Mexico experience an economic advantage and potentially lucrative trade opportunities through their ability to cross the border with ease. Perhaps these business owners migrated to the U.S. with the *intention* of starting (or maintaining) their enterprises in Mexico because they would be in a unique position to capitalize on such opportunities. Some support for this assertion could be related to the lower amounts of U.S. tenure observed in Table 2. These differences raise the possibility that the overall decision process to become self-employed along the U.S.-Mexico border varies with respect to the primary location of operation. While this issue goes beyond the scope of this study, future studies analyzing entrepreneurship along the U.S.-Mexico border should consider self-employment selectivity along the country-of-work dimension.

At the same time, the difference in earnings between Mexican immigrants who work abroad versus in the U.S. observed in Table 2 might simply reflect their skill differentials; a host of extant research supports the link between human capital and earnings. Multivariate analysis, controlling for observable characteristics such as education, can be used to provide additional information on the

seeming earnings advantage among Mexican immigrants working abroad. The next section provides such an analysis.

Empirical Analyses

Consider the following earnings function for U.S. residents in border cities that accounts for working in Mexico:

$$(1) \quad \ln(\text{Wage}) = (\text{Self-employed})\beta_1 + (\text{Work Abroad})\beta_2 + (\text{Self}(\text{Work Abroad}))\beta_3 + X B + e,$$

where $\ln(\text{Wage})$ represents the natural logarithm of hourly earnings.⁷ The variables *Work Abroad* and *Self-employed* depict binary variables equal to one for those who work abroad or who are self-employed (and equal zero otherwise), while their interaction *(Self(Work Abroad))* should capture the earnings advantage of doing both (i.e., owning a business in Mexico). The estimated coefficients on these variables (the β_i 's) represent the coefficients of interest in this study,⁸ and as such, will receive the bulk of the discussion. The vector X includes the standard human capital and demographic characteristics generally utilized in earnings functions (non-U.S.-citizen, education, experience, experience², U.S.-tenure, limited-English proficiency (LEP), female, and a constant term), B is a vector of coefficients for the variables in X to be estimated, while e denotes the normally distributed error term.

The regression results from estimating Equation (1) are provided in Table 3. While self-employed Mexican immigrants in U.S.-Mexico border cities earn significantly less on average (over 20 percent less) than their salaried counterparts when controlling for observable characteristics,⁹ those who primarily operate in Mexico experience a significant earnings *advantage* over their counterparts (see the

positive and statistically significant coefficient on the *Self-Employed and Works Abroad* variable). Specifically, self-employed Mexican immigrants residing in U.S.-border cities who work in Mexico experience an average earnings premium of over 40 percent compared to Mexican entrepreneurs who primarily operate in the U.S., and nearly 19 percent (= 41.2% - 18.8%) more than salaried Mexican immigrants employed on the U.S.-side of the border.¹⁰

It appears that the ability to establish (or maintain) business enterprises in Mexico allows Mexican entrepreneurs living in the U.S. to offset the relatively low income traditionally generated by such businesses along the border. These results imply that if Mexican entrepreneurs in the U.S. can no longer conduct their businesses in Mexico because of intensified border-crossing restrictions, the potential earnings loss in U.S.-border cities would not be trivial, assuming these business owners did not relocate to regions in the interior U.S. or permanently return to Mexico. The earnings advantage associated with working in Mexico only occurs among the self-employed, however; the statistically insignificant coefficient on the *Works Abroad* variable shows that being a salaried employee in Mexico does not affect earnings on average compared to those employed on the U.S.-side of the border.

Other findings in Table 3 support conventional wisdom. Non-U.S.-citizens earn significantly less on average than naturalized U.S.-citizens, although U.S.-tenure appears to offset some of this tendency. Education enhances earnings, as does experience at a diminishing rate. Finally, similar to the findings by Dávila and Mora (2000a), despite the wide array of opportunities to speak Spanish in U.S.-Mexico border cities, Mexican immigrants who do not speak the English language well experience a significant earnings penalty compared to their English-fluent counterparts.

It should be noted that a potential flaw with estimating earnings functions like Equation (1) is the underlying assumption that observable characteristics have the same effect on labor market income regardless of the place of work. The possibility exists that the relationship between demographic factors and earnings significantly differ between Mexican immigrants who work in the U.S. and those who work in Mexico. A method to address this issue involves a wage-decomposition technique, such as that outlined by Johnston and DiNardo (1997) and recently utilized for Hispanic immigrants by Dávila and Mora (2000b). This technique can be used to predict what U.S.-resident Mexican immigrants who work in Mexico would earn if they faced the *same* labor market structure and determinants of earnings as their counterparts who primarily operate in cities on the U.S.-side of the border.

Specifically, I re-estimate a version of Equation (1) focusing solely on the earnings of Mexican immigrants who primarily work in the U.S.:

$$(2) \quad \ln(\text{Wage})^{U.S.} = (\text{Self-employed}^{U.S.})\beta^{U.S.} + X^{U.S.} B^{U.S.} + e^{U.S.}.$$

The estimated coefficients for $\beta^{U.S.}$ and $B^{U.S.}$ are then applied to the sample of U.S. residents who work in Mexico to predict their earnings had they been employed on the U.S.-side of the border. The difference between these predicted earnings and their actual wages provides an additional estimate of the earnings premium associated with the ability to work in Mexico.

The first two columns in Table 4 contain the results from this wage decomposition technique for all Mexican immigrants in the sample. Based on these findings, U.S. resident Mexican entrepreneurs who work in Mexico earn nearly 48 percent more than what they could earn if they primarily operated their businesses on the U.S.-side of the border. This earnings advantage is slightly higher than the one in Table 3 above, implying that underlying structural differences in the determinants of earnings do not

explain why U.S. resident Mexican entrepreneurs who operate in Mexico experience a significant earnings premium over their peers working in U.S.-border cities. Moreover, the last two columns in Table 4 illustrate a larger average earnings advantage (over 57 percent) associated with managing businesses in Mexico accrued by those who lack U.S. citizenship. Recall that this latter group would presumably be more affected than U.S. citizens by restrictions in border-crossing capacities. The results from this wage decomposition provide further evidence that a reduction in border-crossing ability could significantly dampen the earnings of Mexican entrepreneurs residing on the U.S.-side of the border.¹⁰

Table 4 further indicates that this potential earnings gain associated with the ability to work in Mexico only involves the self-employed regardless of U.S.-citizenship: the average earnings premium from Mexican employment is not statistically significant for paid-employees living in U.S.-border cities. As such, restrictions on border-crossings may not directly impact the earnings of salaried Mexican immigrants in the region as long as the determinants of earnings on the U.S.-side of the border were unaffected by the growth in the workforce.¹¹ Based on these results, then, the group of Mexican immigrants in U.S.-cities along the border most likely affected by a restriction in the capacity to easily cross into Mexico appears to be the self-employed.

Concluding Remarks

Extant work has shown that Mexican immigrants have relatively high self-employment rates in U.S.-cities along the Mexican border (Mora and Dávila 2004); at the same time, they earn significantly less than their salaried counterparts in the region (Flota and Mora 2001). The empirical results

discussed above indicate that self-employed Mexican immigrants in U.S.-border cities who primarily operate in Mexico tend to experience a significant earnings *premium* over their entrepreneurial and salaried counterparts working on the U.S.-side of the border, even after controlling for differences in observable characteristics. This work-location earnings gap widens when focusing exclusively on Mexican business owners lacking U.S.-citizenship.

Based on the findings above, policies designed to facilitate border-crossing capacity might enhance the earnings of Mexican entrepreneurs residing on the U.S.-side of the border. Such policies could also be coordinated with other programs prescribed by policymakers in the U.S., such as the Southwest Regional Border Authority Act of 2003,¹² to stimulate the lagging socioeconomic conditions that persist in the region. Ironically, some of the long-term outcomes of these latter policies (particularly those related to fostering entrepreneurship) might be thwarted if U.S. immigration and security policies reduce labor movements across the U.S.-Mexico border.

NOTES

1. Unemployment along the U.S.-Mexico border also exceeds the national average. For example, as noted by Brown and Mora (2004), while the U.S. unemployment rate averaged 4.0 percent in 2000, unemployment was 10.3 percent in Texas counties adjacent to Mexico. Border scholars during the past couple of decades have attributed this relative economic malaise to low levels of human capital, cost-of-living differences, a seemingly infinite supply of low-skilled Mexican labor, and relative labor immobility of the border=s workforce (Mora and Dávila 2004; Brown and Mora 2004; Flota and Mora 2001; Fullerton 2001; Dávila and Mora 2000a; Sharp 1998; Peach 1997; Dávila and Mattila 1985; Hansen 1981).
2. One such policy currently under review is the U.S. Visitor and Immigrant Status Indicator Technology (US VISIT) program. While its intent is to facilitate border crossing and enhance security by implementing an automated entry/exit system, a recent study by Ghaddar, Richardson, and Brown (2004) documents the potential problems perceived by frequent Mexican visitors to the lower Rio Grande Valley in South Texas. One primary concern expressed by Mexican nationals is that the U.S. VISIT Program will significantly *increase* the border-crossing time.
3. Unfortunately, the specific country where individuals work cannot be determined in the 5% sample of the IPUMS. However, a perusal of Mexican immigrants in the considerably smaller 1% IPUMS sample (which ironically includes the actual country of work location) indicates that the vast majority (88 percent) who report working “abroad” do so in Mexico.

4. While the worker classification pertains to the census date and not necessarily the individual's classification in the previous year for which earnings are reported, Dávila and Mora (2004) show that this definition yields similar earnings-analysis results for immigrants to those obtained by defining self-employment based on entrepreneurial income earned in the previous year.
5. Mexican immigrants in the U.S.-interior sample include those who resided in a non-border MSA and worked at least 20 hours per week for a minimum of 32 weeks. Given the immense sample size for the U.S.-interior in the 5% IPUMS, a random 25 percent of all individuals fitting this description were selected; the IPUMS-provided sampling weights were then adjusted by a factor of four to reflect this selection process.
6. Note that Table 2 indicates that the average income among self-employed Mexican immigrants exceeds that of salaried employees on the U.S.-side of the border; on the surface, this finding seems inconsistent with the observation by Flota and Mora (2001) that the self-employed earn less on average than paid-employees in the region. Nevertheless, as noted in the next section, when controlling for other socioeconomic and demographic factors, the average earnings of the self-employed indeed fall below those of salaried workers.
7. See the classic work by Mincer (1974) that justifies the semi-logarithmic form of the earnings function. It should be noted that a small number of the self-employed in the sample--14 individuals--reported non-positive income (none of whom worked abroad). Similar to Borjas and Bronars (1989), Flota and Mora (2001), and Dávila and Mora (2004), rather than deleting these individuals and skewing the sample in favor of successful entrepreneurs, I set their income equal to the minimum positive income in the sample.

8. For interpretative ease, the estimated coefficients on the binary variables will be discussed as the earnings premiums or penalties; however, the reader should realize that coefficients on binary variables only approximate their effect on the dependent variable in semilogarithmic equations, such as Equation (1). As noted by Kennedy (1981), more accurate earnings differences can be obtained by the correction of $b = \exp[\beta^* - 0.5 \text{var}(\beta^*)] - 1$, where b indicates the corrected percentage effect of the binary variable, β^* represents the estimated coefficient of the binary variable, and $\text{var}(\beta^*)$ is the variance of β^* .
9. This finding is consistent with Flota and Mora (2001); recall Note 6.
10. Of course, given the potential for positive self-employment selection mentioned above, it is likely that this group would continue to outperform their counterparts if they solely operated in the U.S.; as such, their earnings loss would probably not be the full 40-60 percent implied by Tables 3 and 4. However, it is highly unlikely that these entrepreneurs would be *more* profitable by being restricted to operating in the U.S.; otherwise, they would have already done so.
11. The issue of whether the growth in the border workforce caused by the inability to work in Mexico would affect the underlying wage structure in U.S. cities near Mexico goes beyond the scope of this study. It is worth noting, however, that the rising labor supply in border cities could conceivably dampen earnings and skill-returns if the underlying labor demand conditions in border cities remained unchanged and if border workers did not migrate to non-border areas.
12. The Southwest Regional Border Authority Act of February 26, 2003 (S. 458) was sponsored by Senators Bingaman, Hutchison, and Boxer and Congressman Reyes of the 108th Congress to reduce poverty and improve the quality of life for border residents by providing "...funding for

projects that stimulate economic development with an emphasis on infrastructure, workforce, technology, and community development, as well as *entrepreneurship...*” [emphasis added]. Other current programs include the U.S. Department of Housing and Urban Development (HUD) Initiative for Renewal Communities, Empowerment Zones and Enterprise Communities [which “...through federal grants, tax incentives, and partnerships with government, for-profit, and non-profit entities, has opened new businesses and created jobs, housing, and new educational and healthcare opportunities.” (U.S. HUD 2004)]; and the Border Development Finance Initiative (BDFI) of the Rural Development and Finance Corporation (RDFC) of San Antonio, Texas [designed to “...deliver capital, capacity-building and technical assistance to underserved communities along the U.S./Mexico border.” (RDFC 2004)].

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Table 1: Self-Employment Rates of Mexican Immigrants along the U.S.-Mexico Border and in the U.S.-Interior in 2000

Characteristic		U.S.-Mexico Border	U.S.-Interior	Statistically Different?
All immigrants	Mexican	12.0%	6.9%	Yes
Non-U.S.-citizen Mexican immigrants		12.8%	6.4%	Yes
Mexican immigrants who work abroad		28.4%	0.0%	Yes
Non-U.S.-citizen Mexican immigrants who work abroad		30.6%	0.0%	Yes

Notes: These differences are statistically significant at the one percent level. This sample from the 2000 IPUMS contains Mexican immigrants between the ages of 25 and 64 who resided in a U.S. MSA and who worked at least 20 hours per week for a minimum of 32 weeks in the previous year.

Table 2: Mean Characteristics of Self-Employed and Paid-Employee Mexican Immigrants along the U.S.-Mexico Border by Work Location in 2000

Characteristic	Self-Employed			Paid Employee		
	Work U.S.	in Work Abroad	Statistically Different?	Work U.S.	in Work Abroad	Statistically Different?
Non-U.S.-citizen	0.639	0.826	Yes**	0.598	0.744	Yes**
Earned income	27,340 (44,088)	60,595 (88,408)	Yes*	21,471 (22,015)	30,704 (24,713)	Yes**
Annual hours worked	2,160 (688)	2,369 (588)	Yes*	2,031 (478)	2,238 (489)	Yes**
Education	9.509 (4.439)	14.375 (3.762)	Yes**	9.870 (4.203)	13.131 (4.016)	Yes**
Experience	27.676 (11.021)	26.026 (9.874)	No	25.106 (11.158)	22.700 (10.332)	Yes*
Years in the U.S.	19.696 (10.932)	11.674 (10.206)	Yes**	19.603 (10.689)	13.952 (11.264)	Yes**
Does not speak English well	0.436	0.369	No	0.394	0.350	No
Female	0.327	0.149	Yes**	0.393	0.188	Yes**
N (weighted)	37,293	1,210		278,830	3,051	
N (unweighted)	1,706	50		13,001	135	

Notes: Standard deviations for the continuous variables are provided in parentheses. This IPUMS sample contains Mexican immigrants who resided in one of the eight U.S. cities near Mexico. Only individuals between the ages of 25 and 64 who reported earnings and who worked at least 20 hours per week for a minimum of 32 weeks in the previous year are included here.

** , * Statistically different at the one percent and five percent levels.

Table 3: Regression Results for the Earnings of Mexican Immigrants along the U.S.-Mexico Border
(Dependent Variable = Natural Logarithm of Hourly Earnings)

Characteristic	Coefficient	Standard Error
Works abroad	0.062	0.064
Self-employed and works abroad	0.412*	0.202
Self-employed	-0.224**	0.034
Non-U.S.-citizen	-0.098**	0.015
Education	0.039**	0.002
Experience	0.008**	0.003
Experience ² /100	-0.011**	0.004
Years in U.S.	0.006**	0.001
Does not speak English well	-0.137**	0.015
Female	-0.281**	0.014
Constant	1.742**	0.046
R ²	0.130	
N (weighted)	320,384	
N (unweighted)	14,892	

Notes: This 2000 IPUMS sample contains Mexican immigrants who resided in one of the eight U.S. cities near Mexico. Only individuals between the ages of 25 and 64 who reported earnings and who worked at least 20 hours per week for a minimum of 32 weeks in the previous year are included here.

**, * Statistically different at the one percent and five percent levels.

Table 4: The Predicted Earnings Advantage for Mexican Immigrants Working in Mexico in 2000

Hourly Earnings	All Mexican Immigrants Who Work Abroad		Non-U.S.-Citizens Who Work Abroad	
	Self-Employed	Paid-Employee	Self-Employed	Paid-Employee
Average natural logarithm of actual hourly earnings	2.586	2.351	2.654	2.294
Average predicted natural logarithm of hourly earnings if working in U.S.	2.110	2.288	2.081	2.246
Average hourly earnings premium from working in Mexico instead of in U.S. [actual - predicted]	0.476*	0.063	0.573*	0.048

Notes: See the text for the discussion of the estimation of average predicted earnings; t-tests determined the statistical significance of the difference between the actual and predicted earnings. This IPUMS sample contains Mexican immigrants who resided in one of the eight U.S. cities near Mexico but worked abroad. Only individuals between the ages of 25 and 64 who reported earnings and who worked at least 20 hours per week for a minimum of 32 weeks in the previous year are included.

* Statistically significant at the five percent level.