

Figures

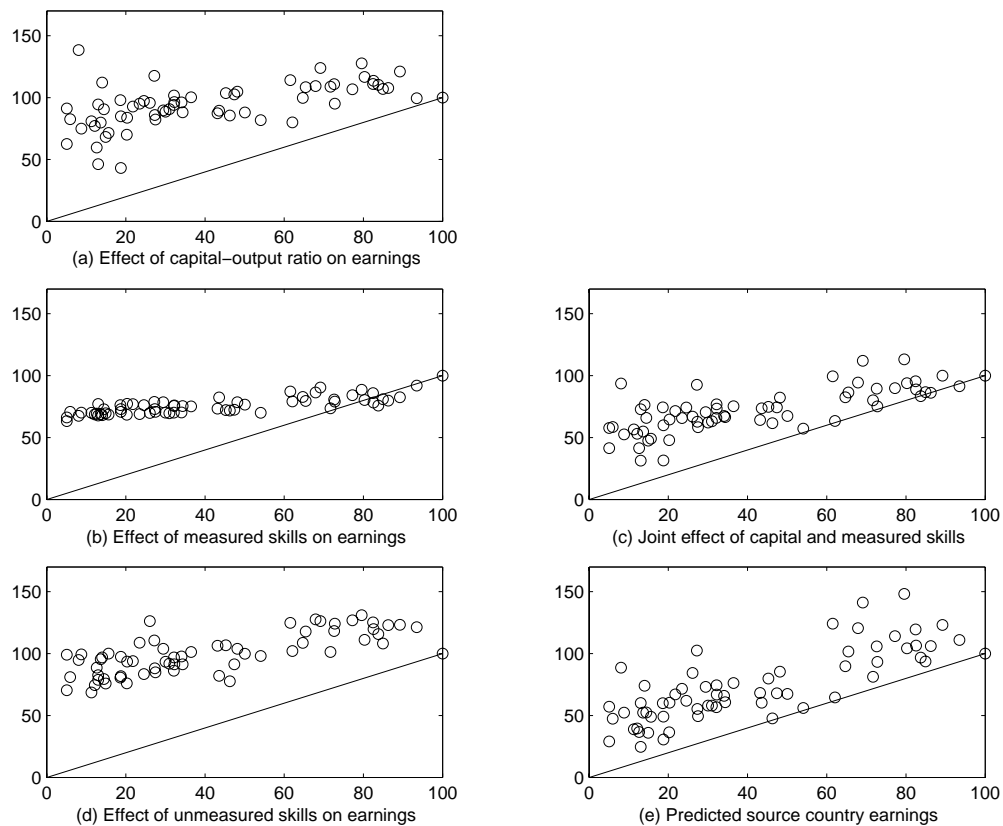


Figure 1. Predicted source country earnings in the one-skill model

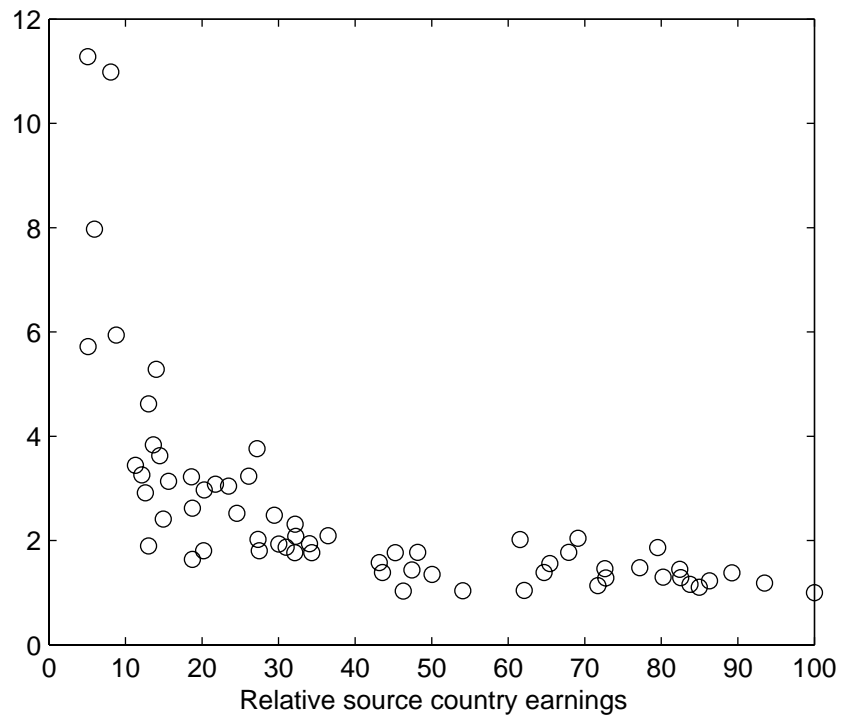


Figure 2. Ratio of predicted to measured source country earnings

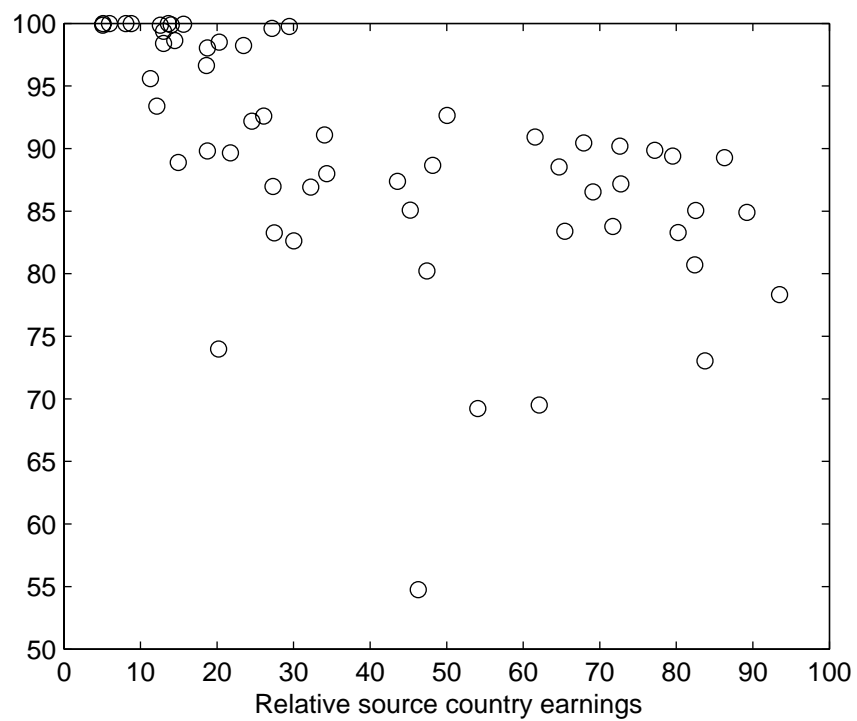


Figure 3. Predicted position of immigrants in source country earnings distribution

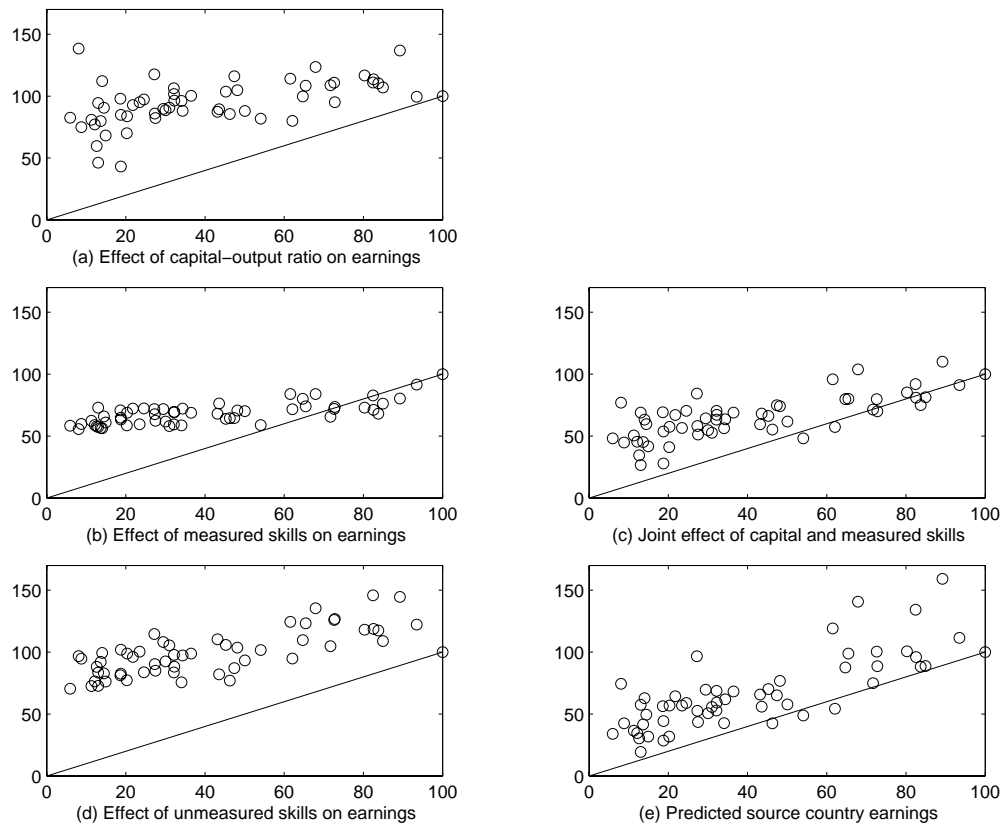


Figure 4. Predicted source country earnings in the two-skill model

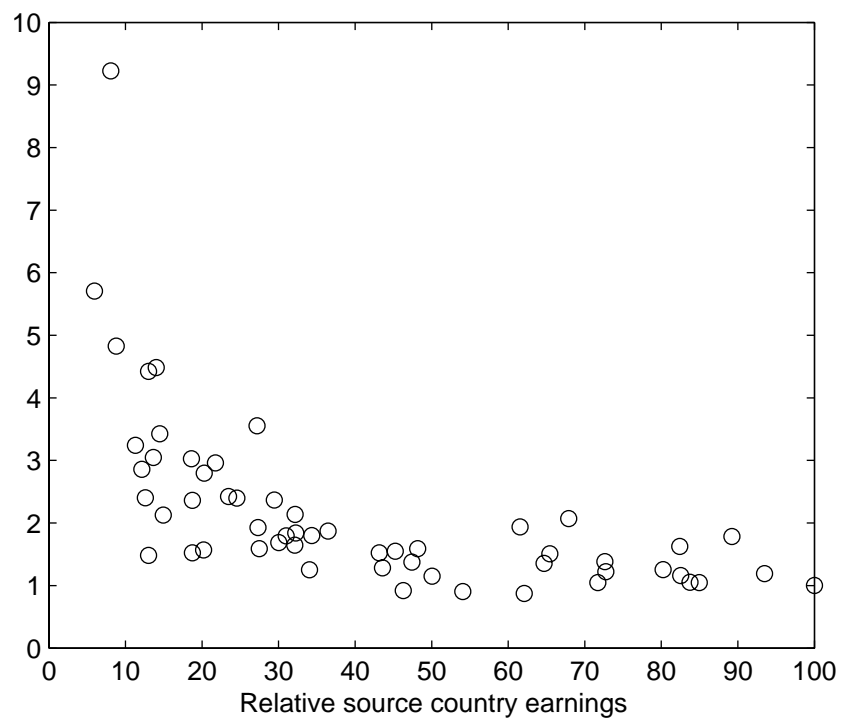


Figure 5. Ratio of predicted to measured source country earnings in the two-skill model

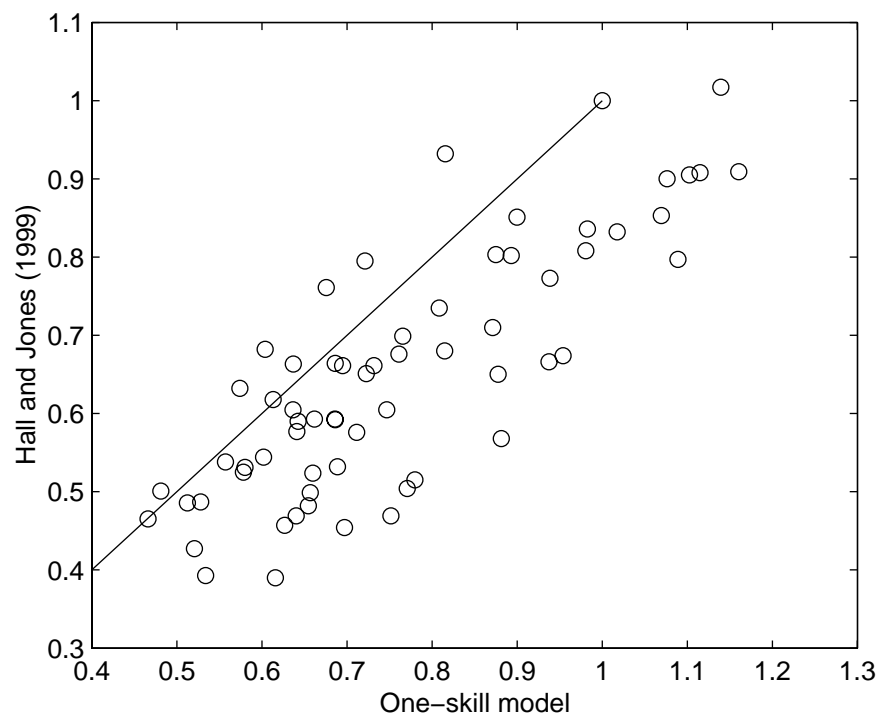


Figure 6. Contribution of human capital to output per worker

Data Appendix

1. Census Data

Census data are taken from the 1990 PUMS 5% State Sample data files. Individuals are excluded from the sample, if they reside in group quarters, are younger than 20 years or older than 69 years, do not work at least 30 hours per week and 40 weeks per year, or are self-employed. In addition, observations are deleted, if weekly hours exceed 120 or annual earnings are less than \$500. Such cases are exceedingly rare and likely due to measurement error. Immigrants are also dropped, if they arrived in the U.S. before age 20. This excludes immigrants who attained most of their education in the United States. Increasing the lowest arrival age to 24 makes little difference. The resulting sample contains 2.2 million natives and 178,000 immigrants.

Observations are sorted into the following classes:

- Years of schooling: 0-4, 5-8, 9-11, 12, 13-14, 15+.
- Age: 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, 60-64, 64-69.
- Sex: Male or female.
- Birth place: According to Penn World Table country codes.

Source countries are deleted from the analysis, if fewer than 150 immigrants are observed in a given census year. For the two-skill model a country is deleted if fewer than 50 immigrants of each skill are observed.

Earnings Variables. Annual work hours are calculated from “weeks worked last year” and “hours usually worked per week.” Labor earnings are calculated from “wage and salary income” which does not include self-employment income.

Education Variables. The variable “educational attainment” gives years of schooling in an intervalled format. Each person is assigned its interval midpoint as years of schooling.

2. Source Country Data

Data on source country aggregates are generally taken from the Penn World Table Mark 5.6. Capital-output ratios are taken from McGrattan and Schmitz (1998), but results are very similar if Penn World Table data are used instead. For 11 countries capital stock data are not available. In these cases I impute a capital-output ratio by regressing $\ln(\text{capital stock per worker})$ on $\ln(\text{real gdp per worker})$.

For the two-skill model it is necessary to calculate source country earnings by skill type. Mincer regressions are used to calculate the relative earnings of skilled to unskilled workers in the source countries. Psacharopoulos (1994) provides sources for a large number of countries, which are updated in Bils and Klenow (2000). Only earnings regressions that do not control for additional variables which might be correlated with education/experience are used. Moreover, the underlying samples must be representative for a significant fraction of the source country work force. Additional detail is provided in the Technical Appendix which is available from the author's web site.

Table A1. Source country and immigrant characteristics

Country	Relative			Average years of schooling			No. obs.
	PWT	RGDPW	K/Y	BL	Mincer	Immigr.	
Egypt	14	18.7	0.4	4.9		15.5	812
Ghana	18	5.1	0.7	4.2		14.9	242
Kenya	22	5.1	1.6	3.8		15.6	124
South Africa	41	26.1	2.2	5.3		15.4	297
Canada	54	93.5	2.4	10.6		13.7	3214
Costa Rica	55	27.3	1.8	5.5	6.4	11.7	274
Dominican Rep.	57	18.8	1.7	4.5	8.4	9.7	1575
El Salvador	58	14.9	1.1	3.8	7.0	8.7	3251
Guatemala	60	20.2	1.2	3.0	4.0	9.2	1615
Honduras	62	12.1	1.4	3.8	6.1	10.3	570
Jamaica	63	14.0	3.0	4.2		11.5	1890
Mexico	64	46.3	1.8	6.3		7.5	25799
Nicaragua	65	11.3	1.6	3.5		11.6	1069
Panama	66	21.8	2.1	7.2	8.6	13.3	463
Trinidad/Tobago	71	54.1	1.6	6.7		12.2	655
Argentina	73	36.5	2.4	7.8	8.7	13.1	789
Bolivia	74	14.5	2.0	5.6	9.5	12.9	248
Brazil	75	30.0	1.9	3.8	5.0	12.8	620
Chile	76	32.2	2.2	7.2	8.2	13.2	509
Colombia	77	27.5	1.6	4.3	8.1	11.8	2069
Ecuador	78	24.6	2.3	6.4	9.7	10.9	1016
Guyana	79	8.1	4.6	5.4		11.9	814
Peru	81	18.6	2.3	6.6	10.2	12.7	1199
Uruguay	83	32.2	2.5	6.5	8.7	11.3	195
Venezuela	84	47.4	2.5	5.0	7.9	14.3	235
Bangladesh	86	13.0	0.4	3.2		14.3	248
China	88	6.0	1.6	6.8		12.3	4080
Hong Kong	89	62.1	1.5	9.2		13.9	690
India	90	8.8	1.3	5.0		15.6	5374

Table A1 (cont.)

Country	Relative		Average years of schooling				No. obs.
	PWT	RGDPW	K/Y	BL	Mincer	Immigr.	
Indonesia	91	13.7	1.5	4.1		14.7	340
Iran	92	31.0	2.0	4.4	8.0	15.3	1557
Israel	94	64.7	2.4	9.4	12.6	14.2	579
Japan	95	61.5	3.1	9.7		15.4	1908
Jordan	96	34.4	1.4	6.7		13.6	191
Korea, Rep.	97	43.6	1.9	10.5	8.0	14.2	396
Malaysia	100	34.1	2.2	6.7		14.7	188
Pakistan	105	12.6	0.8	3.5		14.6	938
Philippines	106	13.0	2.1	7.1	9.0	14.3	7737
Sri Lanka	110	15.6	0.9	5.7		15.3	155
Syria	111	43.2	1.4	5.9		13.5	266
Taiwan	112	50.1	1.9	8.6		15.9	1930
Thailand	113	18.4	1.5	5.8		14.2	486
Austria	116	72.6	3.0	9.3	9.7	14.3	251
Belgium	117	86.3	2.8	8.9		14.6	160
Denmark	121	67.9	2.9	11.2	12.4	14.2	195
France	123	82.6	3.1	7.9		14.6	678
Germany, West	125	80.3	3.3	9.5	11.2	14.3	727
Greece	126	48.2	2.6	9.0		11.0	1092
Hungary	127	29.4	1.9	9.4		13.4	568
Ireland	129	65.4	2.8	8.5	11.6	12.9	1252
Italy	130	83.8	2.9	6.8		9.9	2790
Netherlands	133	85.0	2.8	9.0		14.3	508
Norway	134	79.5	3.1	11.2	11.8	14.3	165
Poland	135	20.3	1.7	9.9	11.1	12.4	2474
Portugal	136	45.2	2.6	4.7		7.4	1494

Table A1 (cont.)

Country	Relative		Average years of schooling				No. obs.
	PWT	RGDPW	K/Y	BL	Mincer	Immigr.	
Spain	138	71.7	2.9	6.3	8.0	11.9	541
Sweden	139	77.2	2.7	9.7		15.1	257
Switzerland	140	89.2	3.5	10.6	11.0	15.0	319
Turkey	141	23.5	2.2	5.0		14.1	363
U.K.	142	72.8	2.2	8.8	11.8	14.6	4068
Yugoslavia	144	27.2	3.3	8.6		11.2	976
Australia	145	82.4	3.0	10.5	10.3	14.9	306
Fiji	146	32.1	2.1	7.9		11.1	144
New Zealand	147	69.1	2.9	11.6		14.7	140

Notes: PWT is the Penn World Table 5.6 country number. Relative RGDPW denotes real GDP per worker relative to the United States. K/Y is the capital-output ratio taken from McGrattan and Schmitz (1998). Average years of schooling are taken from Barro and Lee (2000; BL), from a sample of source country Mincer regressions (Mincer), and from immigrant data (Immigr.). No. obs. denotes the number of immigrants observed in the Census sample.