

Highly-Educated Immigrants and Native Occupational Choice, Peri, Sparber 2010

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Data Source	O*NET
Data Time	1950 - 2007
Country	US
Focus	substitutability between highly-educated native and foreign workers

1 Abstract

assess whether native-born workers with graduate degrees respond to an increased presence of highly-educated foreign-born workers by choosing new occupations with different skill content.

highly-educated native and foreign-born workers are imperfect substitutes

When the foreign-born proportion of highly-educated employment within an occupation rises, native employees with graduate degrees choose new occupations with less analytical and more communicative content.

2 Introduction

Foreign-born share of highly educated employees in US rose between 1950-2007 from 5.9% to 18.1%

2.1 existing literature

- substitutability of highly-educated native and immigrant workers:
perfectly substitutable:
 - Borjas (2003, 2006)
 - Borjas and Katz (2005)
- focusing on less-educated:
imperfect substitutable (possess different skills):
 - Manacorda et. al. (2006)
 - Ottaviano and Peri (2008)

– Peri and Sparber (2009)

2.2 substitutability

Imperfect substitutability allows natives to specialize in occupations where they have a comparative advantage to mitigate possible wage losses from immigration.

assumption: highly-educated native and foreign workers provide two general skills

- interactive (communication) tasks
- quantitative (analytical) tasks

highly-educated immigrants, relative to native-born workers, will have imperfect language skills, knowledge of local networks, and familiarity with social norms.

comparative advantage of natives: communication skills

comparative advantage of foreigners: analytical skills

2.3 data

O*NET & Current Population Survey (CPS) from 2003-2008 → measuring the skills of native-born workers with graduate degrees

Census Data (1990) & American Community Surveys (2002-2007) → share of highly-educated employment

2.4 results

native and foreign-born with graduate degrees are imperfect substitutes.

individual native workers move to occupations with higher communication content in response to an increase in the share of immigrants within their original occupation

little to no evidence that highly- educated native employees in occupations with large increases in the proportion of similarly- educated immigrants are more likely to become unemployed or leave the labor force