

The wage impact of immigration in Germany: New evidence for skill groups and occupations, Steinhardt

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JEL C23, J15, J31, J42, J60

Data Source	Institute of Employment research (IAB)
Data Time	1975-2001
Country	Germany
Focus	immigration effects on native wages are larger when considering the idea that immigrants and natives are unlikely to compete for the same jobs → analyze on level of occupations

1 abstract

18.4% of German population has a migration background

question: in which way does immigration affect the labour market outcomes of the native population

theory:

- the more inelastic the supply and demand relations, the greater the decline in native wages due to a given amount of immigration.
- displacement effect will increase the more elastic the labour supply and the less elastic the demand of labour (greenwood & McDowell 1986, 1747)

this paper:

study based on employment sample from Institute of Employment research (IAB), 1975-2001.

1.) skill groups as defined by Borjas (2003) already adopted by Bonin (2005) → immigration has only a small impact on native wages.

2.) analysis extended to level of occupations based on idea that foreigners and natives will not compete for the same job (in this case the skill group approach will lead to biased result) → special occupational groups in germany have suffered strong adverse wage effects:

An immigration inflow which increases the number of employees within the group of service occupations by 10% causes a reduction in native wages by 3.94%

2 Conclusions

The use of formal qualifications as an exclusive classification criterion may lead to an underestimation of the impact of immigration