

Task Specialization, Immigration, and Wages, Peri & Sparber

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| Data Source | O*NET |
| Data Time | 1960-2000 |
| Country | US |
| Focus | immigration will cause natives to reallocate their task supply foreign-born workers specialize in manual-physical labor skills natives pursue jobs more intensive in communication-language tasks |

1 abstract

immigrants and natives of comparable educational attainment and experience possess unique skills that lead them to specialize in different occupations, which mitigates natives wage losses from immigration.

focus on workers with little educational attainment: less educated native and immigrant workers specialize in different production tasks.

immigrants are likely to have imperfect language ("communication") but possess physical ("manual") skills similar to native born workers. → immigration encourages workers to specialize

Therefore, productivity gains from specialization, coupled with the high compensation paid to communication skills, imply that foreign-born workers do not have a large, adverse effect on the wages paid to less educated natives.

the positive wage effect of specializing in language-intensive occupations, native-born workers can protect their wages and mitigate losses due to immigration by reallocating their tasks.

Altogether, our findings agree in spirit with those of Card (2001), Card and Lewis (2007), Card (2007), and Cortes (2008), while adding a new dimension and more microfoundations to the structural framework introduced by Borjas (2003) and refined by Ottaviano and Peri (2008).

2 Theoretical Model

3 Data: Task Variables and Instruments

4 Empirical Results

5 Simulated Effects of Immigration on Real Wages

6 Conclusions

Effects of immigration on wages paid to native-born workers with low levels of educational attainment depend upon two critical factors:

- do immigrants take similar jobs like native workers or different jobs due to inherent comparative advantages
- do natives respond to immigration and adjust their occupation choices

when immigration increases manual task supply, the relative compensation paid to communication skill rises → rewarding natives who move to language-intensive jobs

States with large immigrant inflows:

- native workers shifted to communication intensive/less physical skill occupations.
- Immigrants more than compensated for the change in skill supply among natives

⇒ overall increase in manual task supply

⇒ driving communication task-intensive occupations to earn higher wages in those states.

immigration only reduced average real wages paid to less- educated
US-born workers by 0.3 percent between 1990 and 2000