Invandring och arbetsmarknaden för infödda

erfarenheter från Danmark

Based on Foged and Peri (2016, AEJ:Applied)

SNS

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Immigrants and native wages. Lessons from economic theory

1. Immigrants are workers

   Short run: wages fall

   Long run: capital adjusts and there is no effect on wages

   Very simplistic!

2. Labor is differentiated by schooling and maybe experience.

   Focus on relative supplies and elasticities. Cells. Static. Partial

3. There is a specific dimension of skills that is a characteristic to international migrants (manual-complex). There are important margins of adjustment of natives and firms that affect outcomes. Need to analyze them in a dynamic context

▸ Danish literature ▸ More literature ▸ Most related studies

Migrants and natives are concentrated in different jobs

Migrants are concentrated in similar jobs across countries; jobs that are internationally transferable and where they have a comparative advantage!

- Low skilled immigrants (Danish case): manual jobs e.g. cleaning, cooking, assembling, laborers in construction and agriculture
- High skilled immigrants: technical but routine jobs in e.g. engineering (solving a differential equation)
- Natives: country-specific, communication, inter-active and cognitive jobs e.g. human resources, management

Summary of the analysis

The impacts of low-skilled immigration on the working careers of *individual* native workers

Follow native workers and their outcomes over 18 years

1. Short and long run effects
2. Distinguish effects on individuals and on average in an area

New identification using area-variation:

1. Refuguees distributed by a Spatial Dispersal Policy, 1986-1998
2. Sharp increase in refugee-country immigrant populations in the 1990s related to country of origin crises and family reunification. Family reunified followed initial settlements

Full population Danish register data and American task data

Main findings

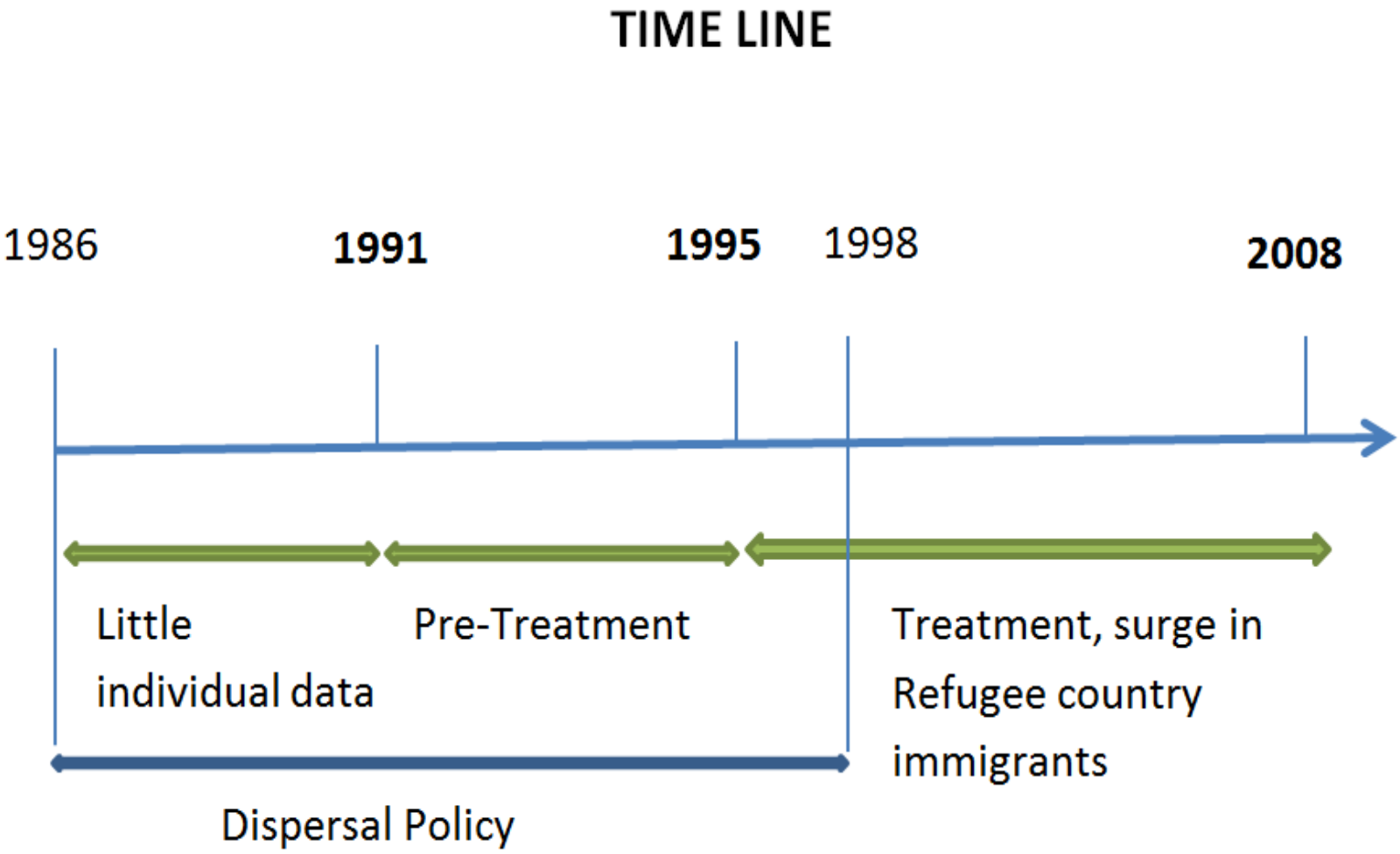
- Immigration increased the mobility of natives and their specialization in complex tasks but did not increase their risk of unemployment

- On average less educated wages were insulated by this mechanism; young and low-tenure ones gained

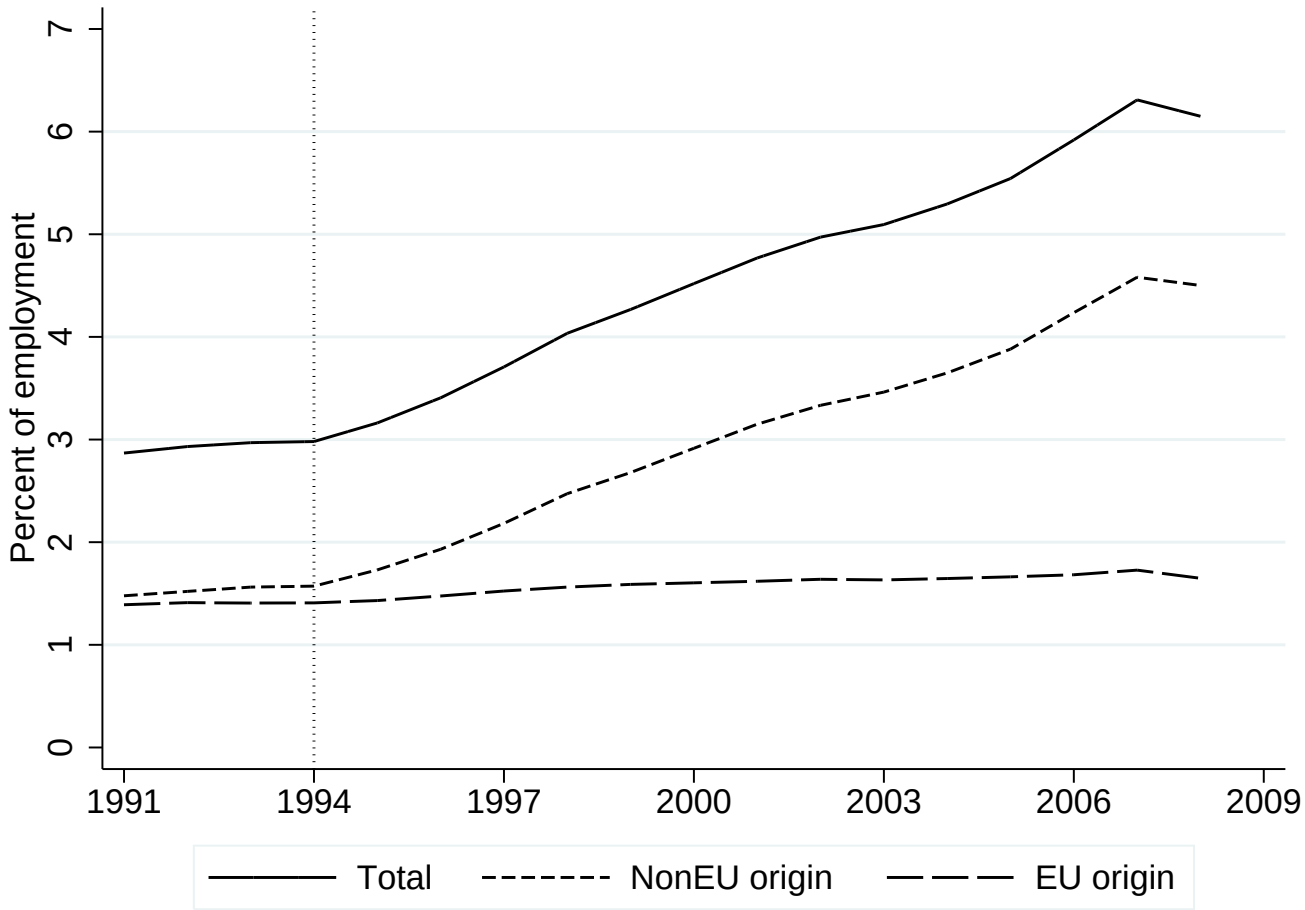
- Highly educated experience wage gains with less occupational mobility which is a sign of straight complementarity

- TODAY: Focus on most vulnerable: low skilled

Timing: dispersal policy and immigration surge

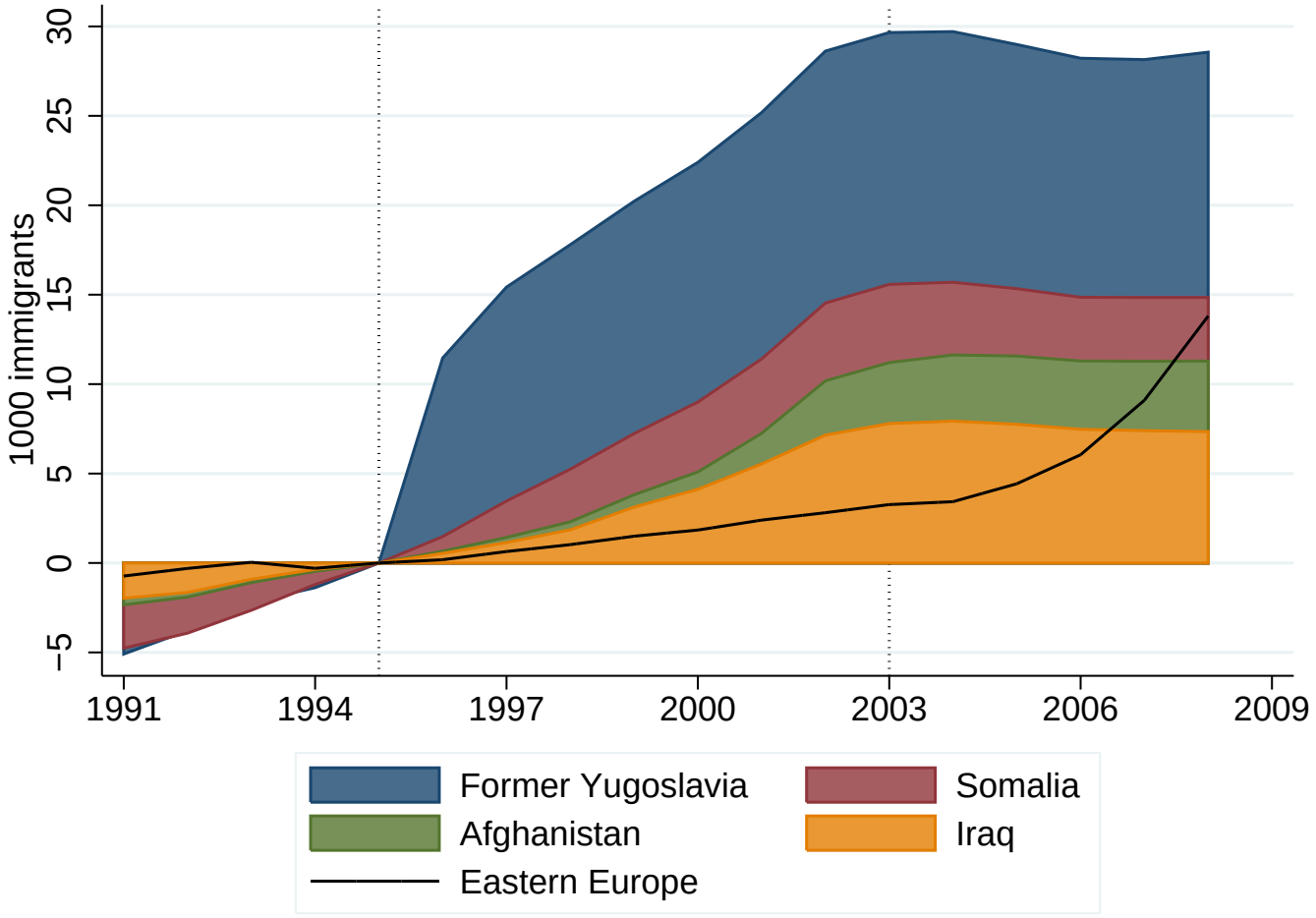


Immigrants in the Danish labor market



Notes: "EU" is defined as EU15 plus Norway, Island og Liechtenstein (EEA) and Switzerland (bilateral agreement).

Drivers of non-EU immigration growth



Notes: Growth in immigrant populations since January 1, 1995, from major source countries for refugee inflows between 1986-1998 and from Eastern Europe.

Immigration in manual jobs

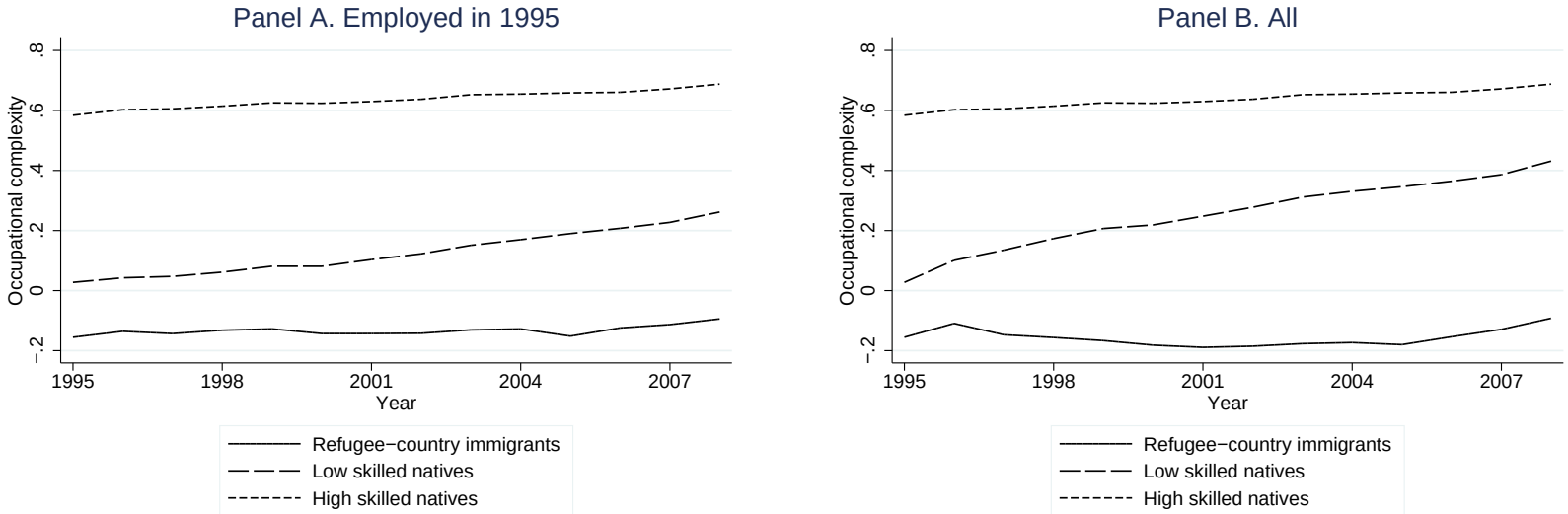
Table : Immigrant concentrations and skill contents of occupations

	Refugee share	Skill content of occupation			
	1994-2008 dif.	Cog.	Com.	Manual	Complex
Panel A. Lowest inflow					
Managers of small enterprises	-0.003	0.666	0.677	0.432	1.136
Legislators and senior officials	0.001	0.897	0.989	0.303	1.828
Skilled agricultural and fishery workers	0.001	0.362	0.248	0.736	-0.328
Corporate managers	0.002	0.796	0.796	0.367	1.488
Armed forces	0.002	0.441	0.390	0.633	0.225
Panel B. Highest inflow					
Laborers mining, constr., mfr. and transp.	0.022	0.215	0.156	0.769	-0.783
Drivers and mobile plant operators	0.023	0.352	0.265	0.810	-0.322
Other elementary occupations	0.027	0.260	0.205	0.742	-0.633
Machine operators and assemblers	0.036	0.276	0.146	0.790	-0.655
Sales and services elementary occupations	0.051	0.126	0.103	0.695	-1.234

Notes: Complexity index = ln((Communication+Cognitive)/Manual). The skill content of each occupational grouping (2-digit ISCO) is the population weighted average of the underlying occupations (4-digit ISCO).

Occupational complexity increase over time for low-skilled

Figure : Mean complexity of tasks over time for groups of workers



Notes: Each year the figure shows (for three groups) the mean complexity of tasks performed by either those employed in 1995 (Panel A) or all i.e. including new entrants to Danish employment (Panel B).

Spatial Dispersal Policy

- 76,673 refugees allocated proportional to municipality inhabitants
- Information on birth date, marital status, # children and nationality available from questionaire, no face-to-face meeting between placement officers and refugees
- When interviewed in 2008, DRC's chief consultant did not recall any turning down of the housing offer
- No realocation restrictions in this period, but 7 years after placement 52 percent still lived in the assigned municipality

Source: Damm (2009); Damm and Dustmann (2014) ▸ map

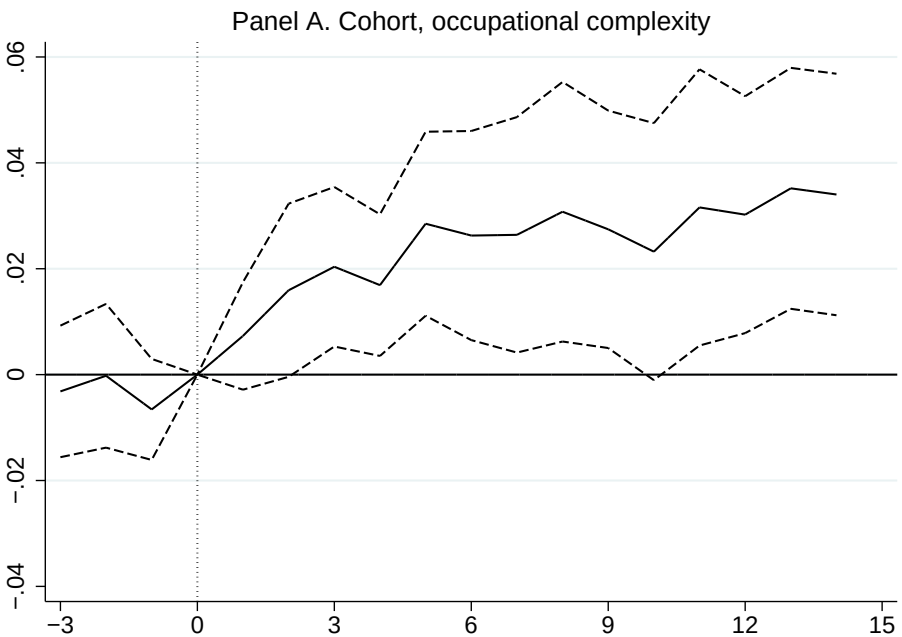
Results

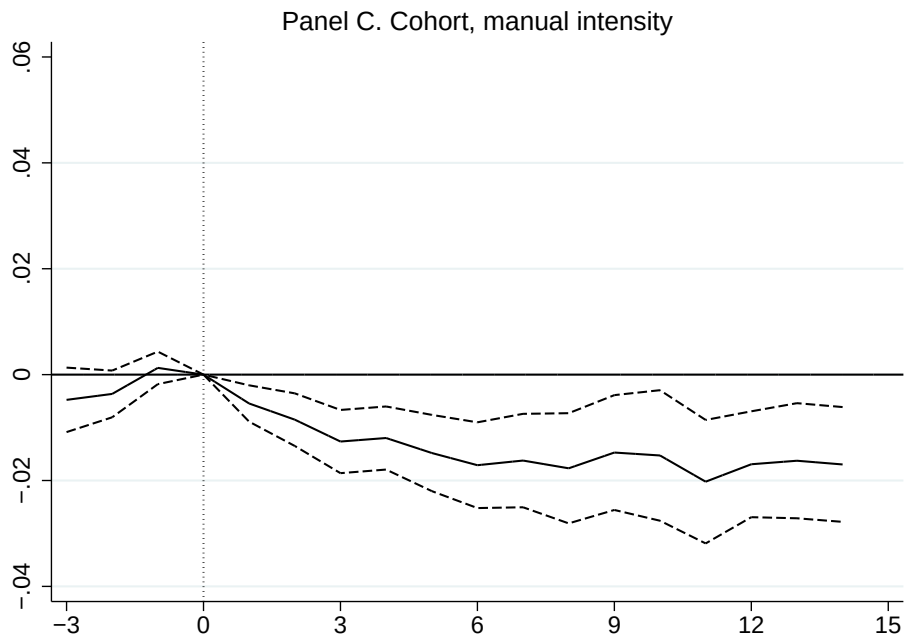
Two approaches in the original publication:

(1. Follow employed Danish individuals within and across firms and municipalities)

2. Consider all workers and follow them
   - Discontinuous and differential refugee-country immigrant growth across municiaplities 1994-2008
   - Follow cohorts of individuals differently exposed in their initial location no matter where they moved (or follow average in an area).
   - Consider the longer-run dynamic response of native workers

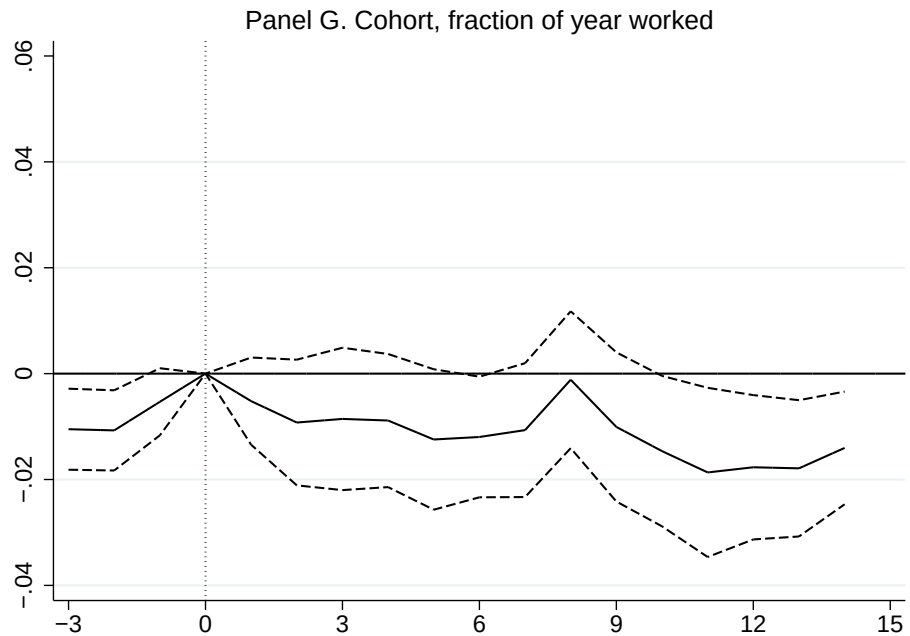
Treatment-control differences, complexity and manual





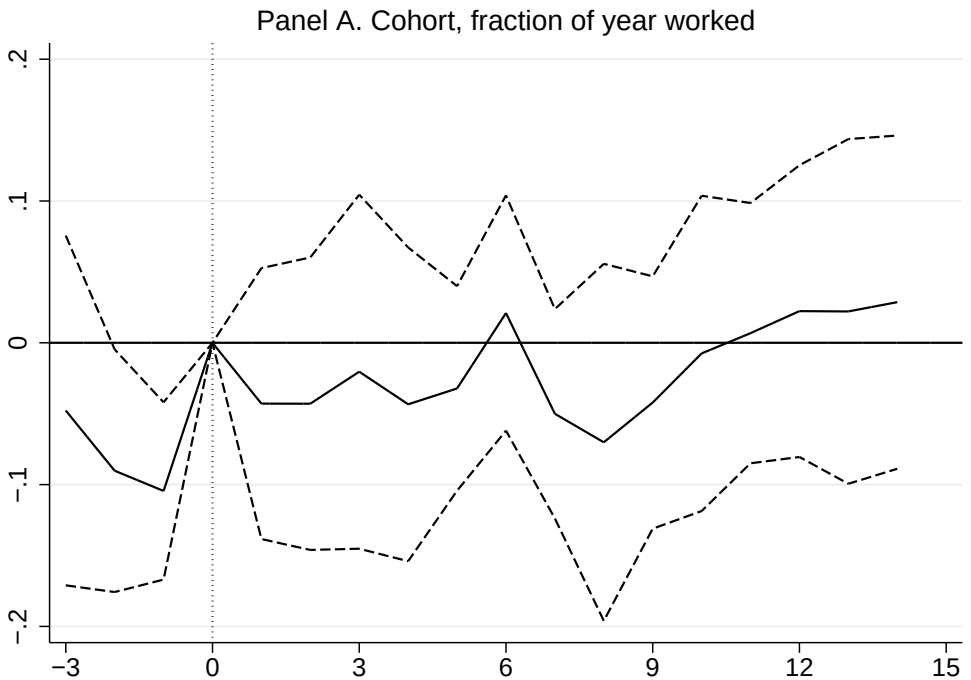
Notes: Parameter estimates (——) and 95% confidence limits (- - -) on the interaction terms of immigration exposure and year dummies. Standard errors are clustered at the 1994-municipality.

Treatment-control differences, wages and employment



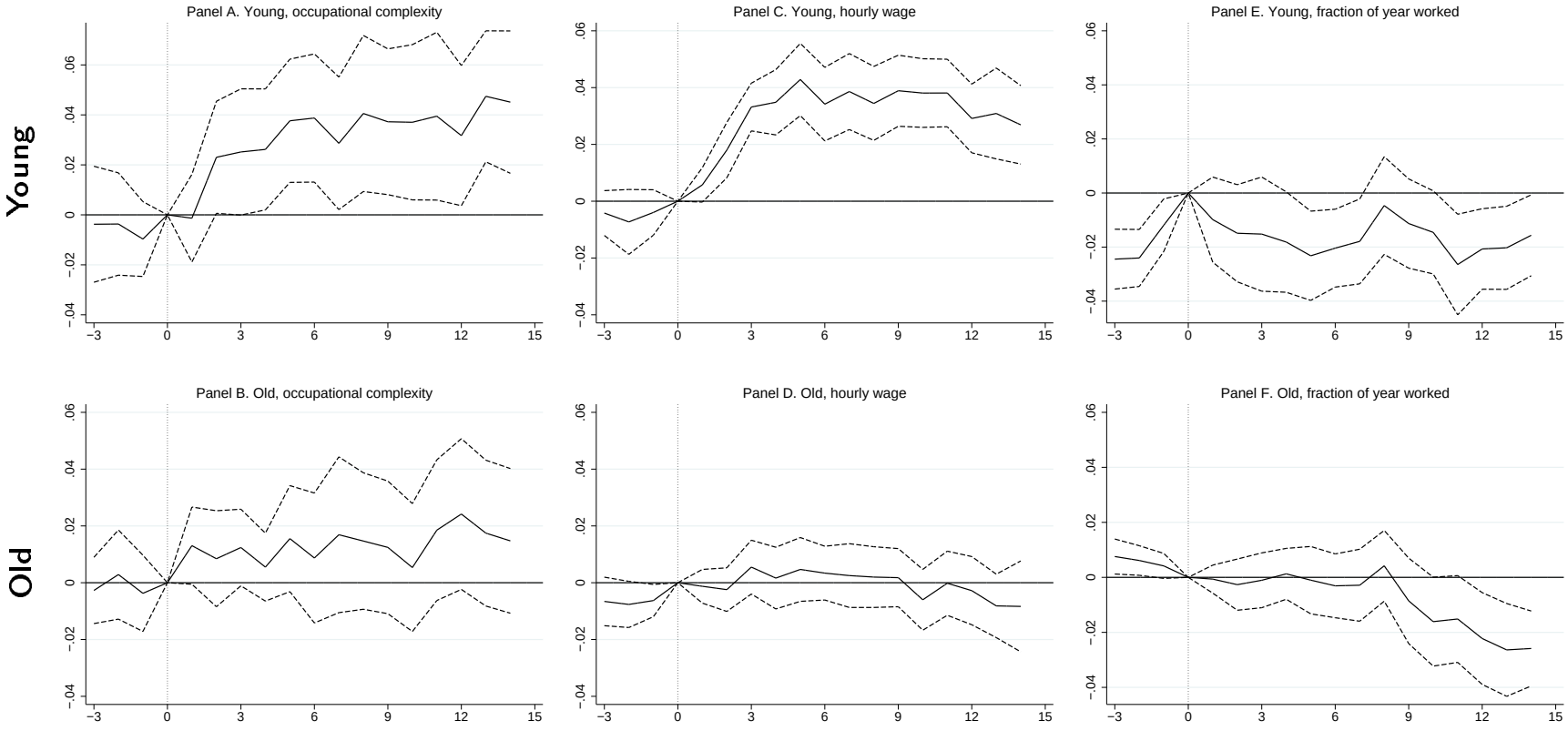
Notes: Parameter estimates (——) and 95% confidence limits (- - -) on the interaction terms of immigration exposure and year dummies. Standard errors are clustered at the 1994-municipality.

Treatment-control differences, crowding out of the non-employed?



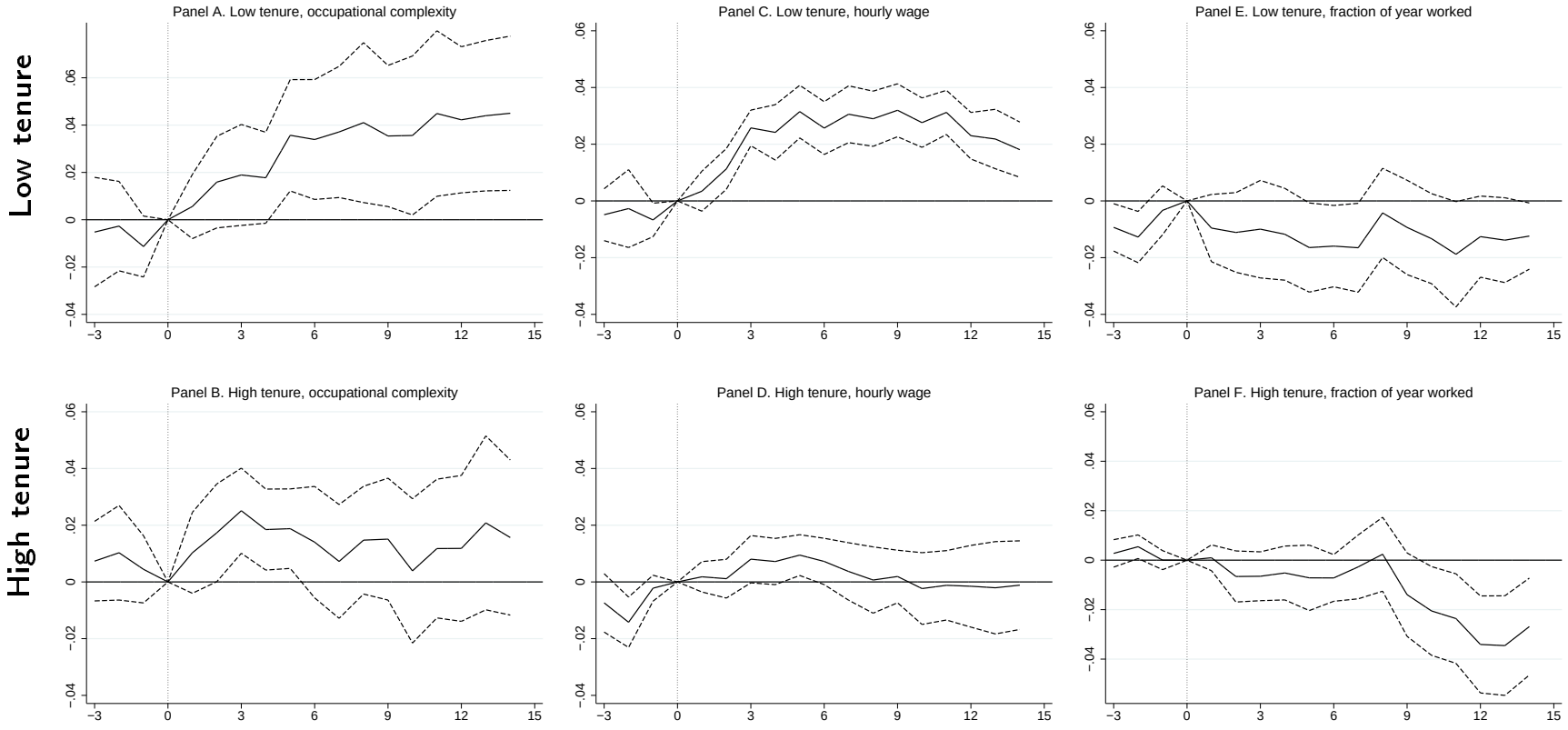
Notes: Parameter estimates (——) and 95% confidence limits (- - -) on the interaction terms of immigration exposure and year dummies. Standard errors are clustered at the 1994-municipality.

Treatment-control differences by age groups



Notes: Parameter estimates (——) and 95% confidence limits (- - -) on the interaction terms of immigration exposure and year dummies. Standard errors are clustered at the 1994-municipality. Young (old) are those aged 21-36 (37-51) in 1994.

Treatment-control cohort differences by tenure groups



Notes: Parameter estimates (——) and 95% confidence limits (- - -) on the interaction terms of immigration exposure and year dummies. Standard errors are clustered at the 1994-municipality. Low (high) tenure are those with less than (at least) 4.35 years in the firm in 1994.

Interpretation

- High and low skilled are complementary
- Among the low skilled, manual and non-manual are complementary tasks. Refugee-country immigrants increase the supply of manual and push natives to non-manual
- Mainly young and low-tenure can redirect their career, takes place across firms
- No costly unemployment, maybe some early retirement

Conclusion

- Refugee-country immigrants, distributed as a supply shock to Danish municipalities, stimulated native occupational mobility
- Natives, especially the young and low-tenure ones, redirected their career towards less manual and more complex tasks thereby increasing their wage
- Employment was not affected, only for older that might have retired earlier
- A flexible labor market likely facilitated the transitions

Danish papers

- Malchow-Møller, Munch, and Skaksen (2011): The effect of foreign experts (eligible for the preferential tax scheme) on wages and productivity in the firm
- Malchow-Møller, Munch, and Skaksen (2012): The effect of immigrants on wages of native coworkers within worker-establishment spells
- Malchow-Møller et al. (2013): The impact of immigrant hirings on firm's job creation in the farm sector
- Parrotta, Pozzoli, and Pytlikova (2014): The effect of an ethnically diversified workforce on firm-level productivity

We consider municipality-level (not firm-level) changes in the immigrant share and exploits a quasi-random dispersion of refugees to municipalities Back

Literature

The effect of immigration on native wages and employment

- Altonji and Card (1991); Friedberg (2001); Card (2001); Borjas (2003); Card (2009)...
- Review article by Blau and Kahn (2012)
- Glitz (2012) uses a similar identification strategy, consider 5 years and not cross sectional variation due to dispersal
- Cohen-Goldner and Paserman (2011): Wage effects change over time due to the dynamic adjustment of capital and of immigrants, not dynamic responses of natives

Back

Deviations from the canonical labor demand-labor supply model

- Ottaviano and Peri (2012): Immigrants and natives differ (add an extra CES-nest to Borjas, 2003)
- Peri and Sparber (2009): Theory of task-specialization, evidence from U.S. states
- Lewis (2011, 2013); Dustmann and Glitz (2011); Ottaviano, Peri, and Wright (2013): Endogenous choice of technology and open economy adjustments

Back

Settlements of refugees pre- and post dispersal policy

Figure : From Damm and Dustmann (2014) Back

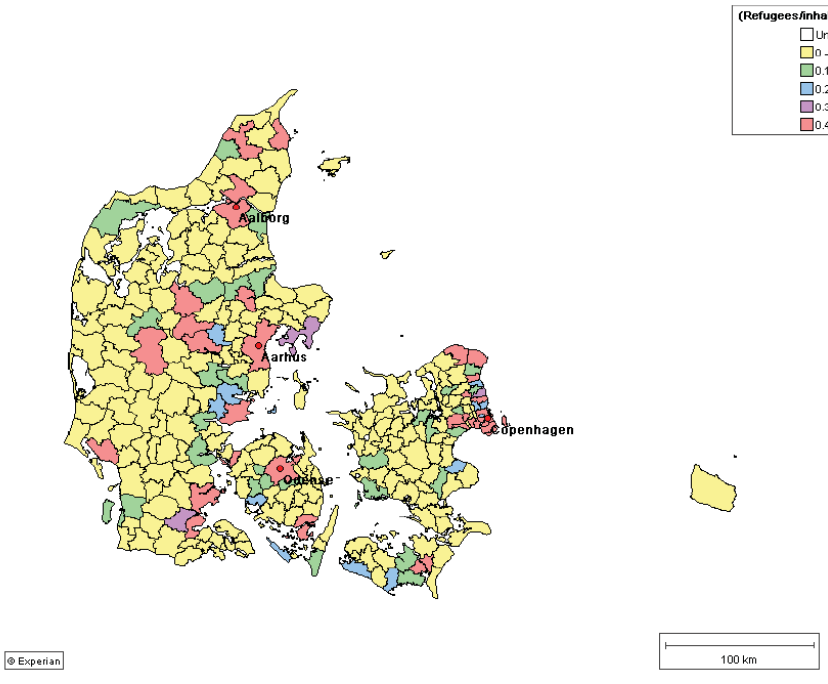


Figure A1a: Refugee Immigrant Allocation, pre-assignment policy

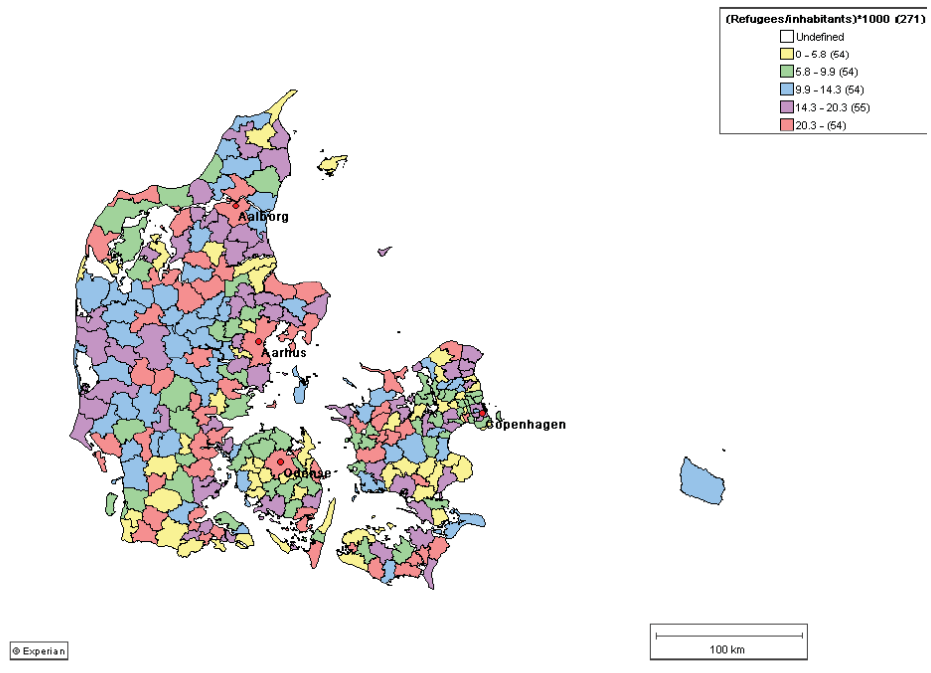


Figure A1b: Refugee Immigrant Allocation, post-assignment policy

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