

Immigration, Work, and Welfare

av

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AKADEMISK AVHANDLING

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Summary of results

The first five chapters of this thesis deal with the effects of immigration on the labor market outcomes of previous residents of a country, i.e., natives and previous immigrants. Chapter 1 estimates the effects of Swedish refugee immigration on previous residents' unemployment rates. No effects can be identified for natives or previous immigrants from high-income countries. Yet large effects are identified for previous immigrants from low- and middle-income countries.

Chapter 2 shows that previous influential results concerning limited substitutability between natives and immigrants on the labor market disappear when the composition of the immigrant group is controlled for.

Chapter 3 picks up the recent hypothesis that the impact of immigration on the types of jobs that are performed by natives is limited in sectors of the economy (i.e., manufacturing) where offshoring is important, as immigrant workers would then rather be substitutes for offshore workers than for native workers. The analysis finds empirical support for more immigration causing natives to perform more communication-intensive jobs also in the manufacturing sector.

A combined conclusion from the first three chapters is that more attention ought to be paid to migrants' origin in the literature on the labor market impact of immigration. Migrants of different origins – even at similar education levels – perform very differently on the labor market. Hence we should expect them to also affect other workers differently. The empirical results in these chapters confirm that accounting for migrant origin may substantially increase the clarity of the results obtained.

In Chapter 4 I construct a new structural model of the US economy that builds on insights from the extensive literature on individual returns to education. This model is used to simulate the impact of the last 20-30 years of US immigration on the structure of wages. In contrast to previous similar studies, I do not find that high school dropouts have been main losers from immigration; possibly they have even been large winners.

Chapter 5 provides a structural model of the average wage effect of immigration when the accumulation rate and international distribution of the capital stock are assumed to adjust smoothly to international migration.

Chapter 6 deals with the hypothesis that large differences in migrants' estimated returns to education between countries of origin are due to large differences in education quality between countries. The results indicate that these differences are instead mainly due to differences in how migrants are selected on unobserved abilities depending on differences in migration costs.

Chapter 7 analyzes the link between the recently worsening macroeconomic conditions and increasing public resistance to immigration in Europe. It finds a significant link, i.e., resistance to immigration has increased more in the countries with the worst economic trends and especially in the countries with the largest increases in public debt.

Chapter 8 analyzes the net fiscal contributions of post-EU-enlargement immigrants from the new member states in Sweden and finds that these contributions are marginally positive. The results are mainly interesting because Sweden was the only country that did not initially limit these migrants' access neither to the labor market nor to social security benefits. Hence the results indicate that fears of "welfare tourism" may have been exaggerated.

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