



Wider effects of immigration; Other effects; Research frontiers.

Mariola Pytliková

CERGE-EI,

VŠB-Technical University Ostrava, CReAM, IZA, CCP and CELSI

Info about lectures: <http://home.cerge-ei.cz/pytlikova/LaborSpring19/>

Office hours: by appointment

Contact:

Email: Mariola.Pytlikova@cerge-ei.cz

Mobile: 739211312

<https://sites.google.com/site/pytlikovaweb/>

Study Materials and Reading List

- Slides of the lectures
- All materials provided on: <http://home.cerge-ei.cz/pytlikova/LaborSpring19/>

Compulsory Readings:

- Bansak, Simpson and Zavodny: *The Economics of Immigration*, [Part IV Other Effects of Immigration](#). Chapter 12

Other Relevant Literature (optional):

- Bell, B (2014) "Crime and immigration: Do poor labor market opportunities lead to migrant crime?" *IZA World of Labor* 33
- Hunt J. (2016): "The impact of Immigration on the Educational Attainment of Natives" *The Journal of Human Resources*, doi: 10.3368/jhr.52.4.0115-6913R1

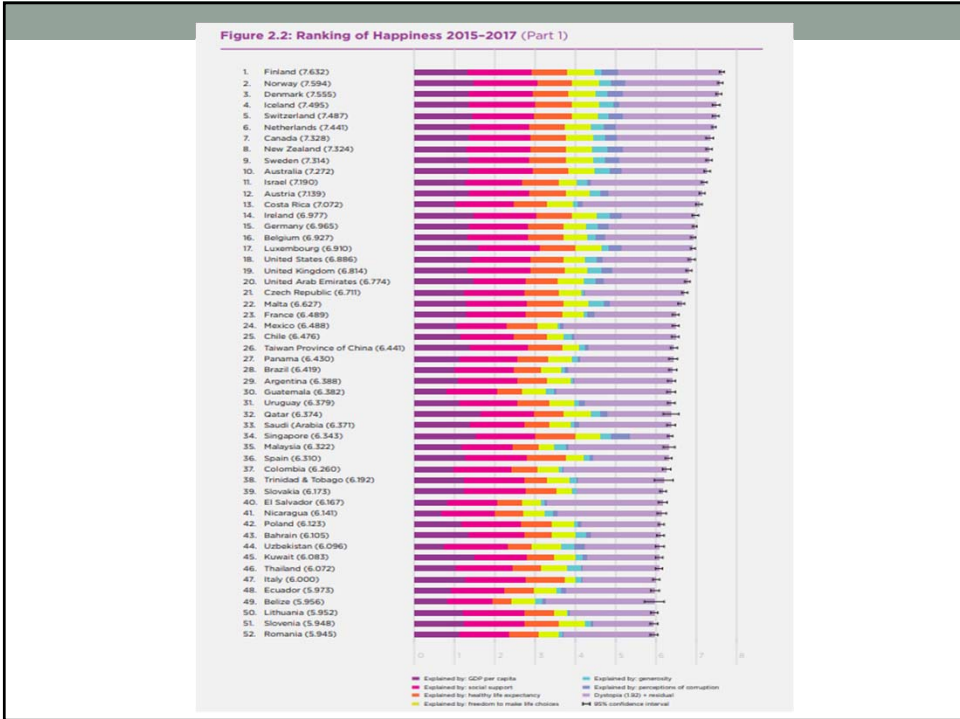
WIDER EFFECT OF MIGRATION

Impacts of Immigration and Ethnic Diversity:

- Technology and innovation
- Productivity
- Housing
- Prices of goods and services
- Product diversity
- Financial markets, capital investment
- Entrepreneurship
- FDI (impact on sending too)
- Trade (impact on sending too)
- Remittances (impact on sending too)
- Income and Income Inequality
- Other – happiness, education, health, crime, human trafficking

HAPPINESS, LIFE SATISFACTION

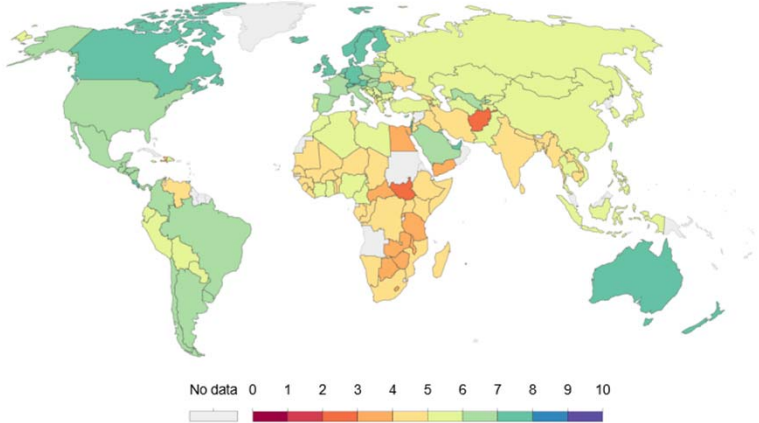
- measures of happiness using surveys:
 - WVS ("Taking all things together, would you say you are: 1) not at all happy, 2) not very happy, 3) quite happy, or 4) very happy;
 - World Happiness Report and Gallup World Poll : —a set of nationally representative surveys undertaken in more than 160 countries in over 140 languages. The main life evaluation question asked in the poll is: "Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?"



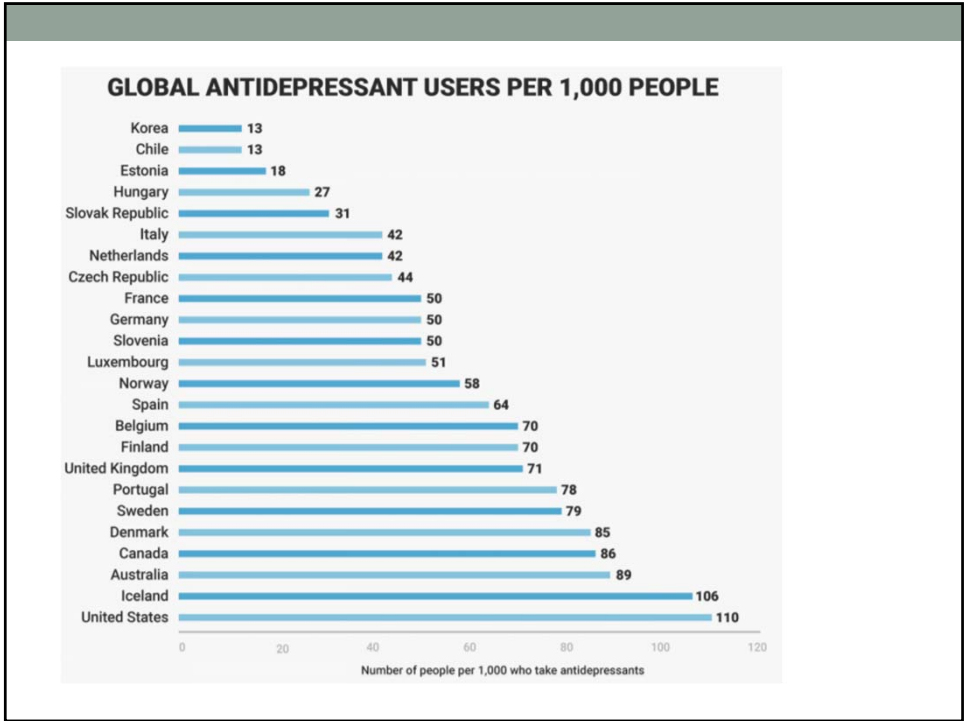
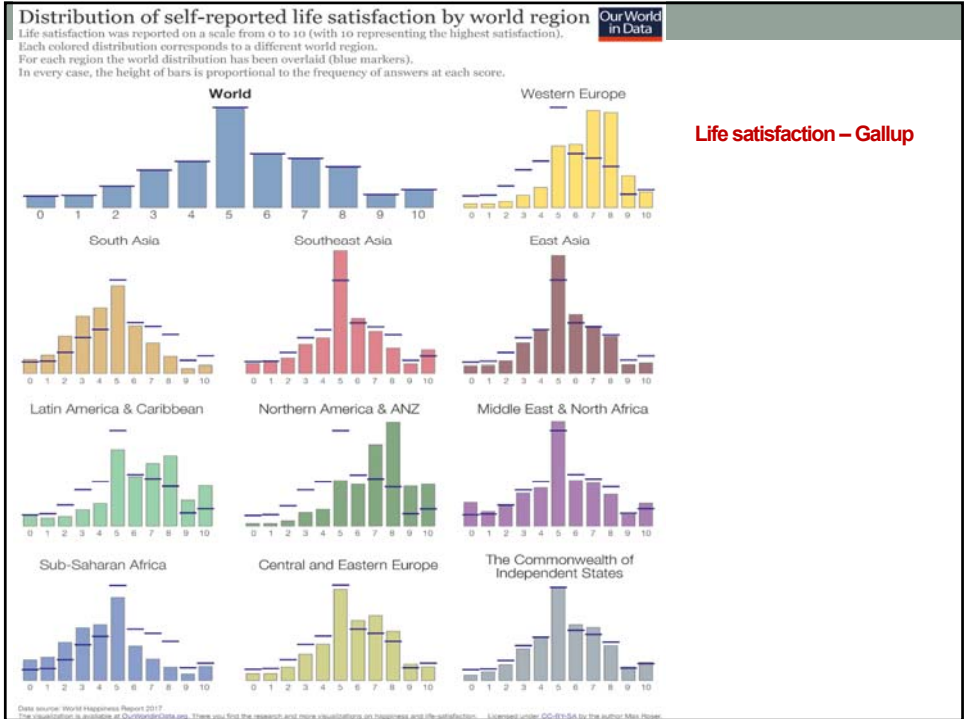
Life satisfaction - Gallup

Self-reported Life Satisfaction, 2017

Life satisfaction is self-reported as the answer to the following question: "Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?"



Source: World Happiness Report (2018) OurWorldInData.org/happiness-and-life-satisfaction/ • CC BY-SA



Life satisfaction

The effect of life events on life satisfaction

OurV
in D

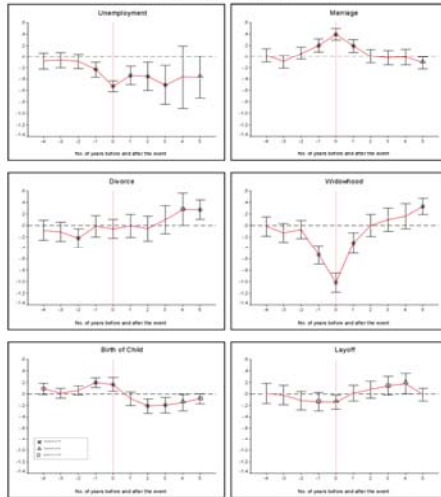
In each individual plot, the red line marks the estimated effect of the corresponding event at a given point in time.

Whiskers denote the range of confidence around estimates.

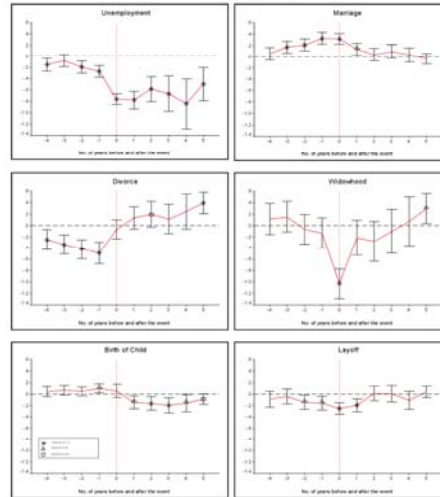
Time is labeled so that 0 marks the point when the event took place. Negative and positive values denote years before and after the event.

All estimates control for individual characteristics, so the figures show the effect of the event after controlling for other factors, such as changes in income etc.

on women



on men



Visualisation from Clark, Diener, Georgellis, & Lucas (2008) – Lags and leads in life satisfaction: A test of the baseline hypothesis. *The Economic Journal*, 118(529). The visualization is adapted by OurWorldinData.org. There you find more research and data visualizations on happiness and development.

HAPPINESS and MIGRATION

- THE RICHEST countries not necessarily the happiest countries (Easterlin Paradox = increases in income are not necessarily associated with increases in happiness). Within a country, people with higher incomes are more likely to report being happy.
- In the literature – some evidence of non-linear (U-shape) relationship between happiness and the flow of emigrants (Polgreen and Simpson, 2011), controlling for income and income growth. Gains from migration might be bigger to an optimist than to a pessimist. Some evidence of the opposite, emigrants are less happy in their home country=their unhappiness drives emigration (Graham and Markowitz, 2011; Popova and Otrachshenko, 2011: people dissatisfied with their lives have greater intention to migrate both temporarily and permanently.)
- immigrants tend to be less happy than natives in destination (Safi, 2010; Bartram, 2011). Immigrants' happiness depends on the degree of social integration such as identification with destination's culture, language fluency (Amit, 2010; Angelini, Caci and Corazzini, 2014 using GSOEP for Germany); Differences diminish over generations, dissatisfaction largest for the first generation (lower level of social embeddedness..)(Arpino and de Valk, 2018).

HAPPINESS and MIGRATION

- how immigration affects happiness of natives: Immigrant flows from 26 European countries have a small positive impact on the well-being of natives (Betz and Simpson, 2013); Positive effect of immigration on Germans, the magnitude of the effect depends on their assimilation – those not assimilated no effect (Akay, Constant and Giulletti, 2014); modest positive effect of immigration on UK natives using British Household Panel Survey (Giulletti, 2018)

EDUCATION and MIGRATION

- Immigration – impact on destination's provision of public services, e.g. Education. In most countries education at primary and secondary levels is mandatory and provided for free by the governments. Influx of immigrants – pressure on the education system.
- Two channels of the effect:
 - a) school effects (via pressure on schools in terms of class size, language services and resources per student) = crowding out educational expenditures from natives; the quality of education may fall.
 - b) labor market effects – e.g. If immigrants enter low-skilled occupation, wages of low-skilled drop = > encourage natives to invest in HC so that they do not compete directly with low-skilled immigrants on the labor market. => immigration may lead to an increase in the educational attainment of natives. The opposite one may expect if immigrants highly educated – and the wages of highly educated fall.

EDUCATION and MIGRATION

- Evidence on the school channels mixed: a study of 19 countries over the period of 2000 to 2009 finds small negative relationship between the share of immigrant pupils and the performance of 15-year old natives in school, with the largest effect on females, and those from poor parental background/fewer books in the household (Brunello and Rocco, 2013). A study of immigrants from Soviet Union to Israel during early 90s finds a higher concentration of immigrants at schools leads to higher drop-out rates and lower exam scores among Israeli natives (Gould, Lavy and Paseran, 2009). For NYC public schools, a negative relationship between native's test scores and the immigrant share in their schools for children in 3-8th grade, but positive relationship within classroom (Schwartz and Stiefl, 2011).
- For Denmark, using detailed PISA data, Jensen and Wurtz Rasmussen (2011) show that the immigrant concentration in the school influences reading and math skills for both immigrant children and native children. Overall, children in schools with a high immigrant concentration score lower on reading and math test scores. IV estimates, taking into consideration that parental sorting across neighborhoods might bias the OLS estimates, indicate that immigrant concentration in schools is still important in determining children's math test scores.

EDUCATION and MIGRATION

- Higher education - similar two possible channels through which immigration may affect the education attainment of natives and other immigrants: (1) direct substitution (crowding out) channel, and (2) indirect channel via a change in labor market expectation.
- immigration may affect the ability of natives to enroll and complete college / immigrants could crowd-out natives from universities by increasing the price of education,
- Some evidence for the US – as immigration increases the demand for higher education, the price of higher education rises more than the quantity rises / immigrants put significant upward pressure on prices, crowding out some natives from attending college (Bound and Turner, 2007). Orrenius and Zavodny (2015) analyses the impact of immigrant share of high school and college students in a state on the decision of natives whether to major in science and engineering. They use 2009-2011 American Community Survey and decennial census data. By applying an instrumental variable (IV) strategy they find that females are less likely to major in science and engineering if there is higher share of immigrants in the state while they study in college. The results for males are statistically insignificant.

MIGRATION AND HEALTH

- Immigrants may affect natives' health through a number of channels:
 - A) crowd out natives out of health care by increasing demand and raising price of health care – if no price adjustment, the health care may adjust with lowering quality provided
 - increase in supply of health care, if immigrants are disproportionately health care providers – reduce the price and increase the quality of health care.
 - In the US, more than $\frac{1}{4}$ of doctors and $\frac{1}{5}$ of dentists and pharmacists are foreign-born (Orrenius and Zavodny, 2010); more than $\frac{1}{4}$ of doctors in the UK foreign-born = larger than immigrant population shares
 - B) through labor market – immigrants in manual physically demanding jobs = > natives in communication-intensive, less health demanding occup.. In Germany, immigration appears to lead to improvements in natives' health by improving their working conditions and reducing their workload (Giuntella and Mazzona, 2014)

MIGRATION and FERTILITY

- Immigrants from countries with large fertility rates tend to have more children in destinations than natives. Indications that fertility rates adjust along generations/assimilation in fertility..
- Another channel – labor market – immigrants' work in childcare and housecleaning makes it easier for native-born women to work – enter the labor force and work longer hours. By lowering the costs of having children, increased immigration may lead to higher fertility rates among natives (supported e.g. by Furtado and Hock, 2010; research by A. Adsera)

MIGRATION and CRIME

- Reasons for positive relationship:
 - Immigration rates may be positively related to crime rates because immigrants live in areas that are more prone to crime –they live in urban areas, more poor areas with higher crime rate. Important to deal with the endogeneity issues.
 - Immigrants may be less risk adverse – more willing to pursue risky activities, pursue crime. Many migrants are young men, the demographic group most likely to be involved in crime activities.
- Reasons for negative relationship:
 - they do not want to risk of being deported (after investing a lot in the move);
 - Natives often believe that immigrants increase crime rates (as measured by public attitudes).
 - Existing empirical research suggest that immigrants are less likely to commit crimes than natives (US: Butcher and Piehl, 1998, 2007; UK: Bell, Fasani and Machin, 2013 no increased violent crime by asylum seekers from poor countries, and neither by labor migrants from CEE accession countries);
 - Some research on immigration increases crime rates of natives: Krueger and Pischke, 1997 incidents of crimes against foreigners higher in eastern Germany than western German states

- *Emigration and source countries; Brain drain and brain gain; Remittances*

OUR NEXT LECTURE – Thursday 21.2.2019, 11.30-13.00

- *Immigration Policy. Final thoughts and a summary of economics of immigration*