

Immigration and Inequality in the Next Generation

Mark Borgschulte
Univ of Illinois at Urbana-Champaign
and IZA

Hee-yeon Cho
Korea Institute of Public Finance

Darren Lubotsky
Univ of Illinois at Chicago and NBER

Jonathan Rothbaum
U.S. Census Bureau

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Abstract

We estimate the causal impacts of the large wave of immigration to the United States in the 1980s on the adult outcomes of individuals in the 1977 to 1985 birth cohort using data from over 23 million individual tax records. We estimate a cross-sectional model of the relationship between immigrant inflows to U.S. Commuting Zones (CZs) during the 1980s and the educational attainment, labor market outcomes, and geographic mobility of individuals measured in the 2000s. A shift-share instrument variables strategy based on immigrant enclaves that existed in 1980 is used to account for the endogeneity of immigrant inflows. An important component of the work is to assess how immigration affects inequality and intergenerational mobility. We provide evidence that immigration raises the educational attainment and earnings among individuals who grew up in poorer households, and reduces the educational attainment, earnings, and employment among those who grew up in more affluent households. That is, immigration reduces the link between parents' and their children's economic outcomes and thus increases intergenerational mobility.

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