

Moving to Move Up?

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Short Abstract (150 words)

We examine social and economic mobility among German immigrants in the US and their offspring. Using a unique combination of data from US and German surveys, we match German immigrants to the US to observationally comparable individuals living in Germany. Our research design is innovative in combining survey data at both origin and destination. Unlike previous studies, US immigrants are matched to non-migrants at the origin (rather than to a particular cohort) and, in some cases, to behaviors and outcomes of people during the period before they migrated. We test (i) whether (and how much) first-generation migrants are upwardly mobile; (ii) whether inter-generational mobility differs (and how) for second-generation immigrants compared to their counterparts in the country of origin; (iii) whether mobility patterns differ by gender; (iv) whether mobility patterns differ by country of origin; and (v) whether mobility patterns differ across ethno-racial groups. In this paper we concentrate on occupational mobility.

Extended Abstract (2-4 pages)

Nearly 1 million new legal immigrants arrive in the US each year, seeking a better life for themselves and their families (Martin & Midgely 2010). Immigration is typically framed theoretically as an investment that promotes upward socioeconomic mobility. In fact, immigration is one of the most important channels through which people try to improve their lives: it comes with the prospect of easier access to employment, higher earnings, attainment of education and skills, and generally improved economic well-being. Immigrants seek to improve their standards of living in three ways at least: relative to the previous generation (intergenerational mobility); relative to their own past over their life cycle (upward lifetime mobility); and relative to the mainstream population or, generally, a contemporaneous reference population (assimilation, divergence, convergence).

The literature on geographical and socioeconomic mobility has paid special attention to immigrants and their children. Evidence on immigrant socioeconomic mobility is available from studies of migration inflows in the US, both during the early part of the twentieth century (e.g. Blau and Duncan 1967; Duncan et al. 1972), and post-1965 (e.g. Card 2005; Park and Myers 2010). This literature, however, has almost completely focused on the progress of immigrants and their descendants after they settled in the host country. In particular, researchers have examined to what degree immigrants integrate in the US and how immigrants' intergenerational mobility compares to that of natives (i.e. the reference group has been the native-born population or other co-ethnics in the US). Much of the debate today concerns whether new immigrants are increasingly "hard to assimilate" (Borjas 2002).

A more interesting question to ask is whether the act of migration itself has a positive or negative impact on socioeconomic mobility. Does resettlement to the US generally lead to a better

future for immigrants and their families? To answer this question one needs to compare immigrants' status relative to others in the country of origin. This is the purpose of our project. Specifically, we compare US immigrants to individuals with similar characteristics that remained in the home country in terms of different aspects of socioeconomic status, such as income, homeownership, educational and occupational achievement. This is possible thanks to the availability of rich data from a variety of sources, which offer a number of advantages. First, the Current Population Survey (CPS) provides data on different generations of US immigrants and their socioeconomic standing. In particular, over the period 1995-2007 the CPS asks respondents about their country of birth, the time of entry in the US, and the country of birth of both their parents. This produces a set of samples of immigrant population by generation and country of origin, each comprising enough observations to allow for statistical analysis. We observe the following four generations of immigrants: first generation (foreign-born individuals); second generation (US-born individuals with both parents born abroad); second generation from the father's side (US-born individuals with only the father born abroad); second generation from the mother's side (US-born individuals with only the mother born abroad). Given evidence of significant differences in status attainments between those with two and those with one US-born parent (e.g. Ramakrishnan 2004), this is an important distinction to make. Second, we have rich survey data on the social and economic status of individuals (i.e., non-movers) in Germany from the longest running European household panel study, the German Socio-Economic Panel (GSOEP).

We combine these data to test whether, all else equal, immigrating to the US is positively associated with socioeconomic status. However, immigration may select on specific individual characteristics that are associated with upward mobility at the destination. For example, immigrants may be healthier (Newbold and Danforth 2003; McDonald and Kennedy 2004), more educated (Feliciano 2005; Chiquiar and Hanson 2005), or more skilled (Dostie and Léger 2009) relative to those who do not migrate. We address this issue by matching the CPS and national survey data using the Propensity Score Matching (PSM) method. This method was first proposed by Rosenbaum and Rubin (1983), and has since been developed extensively (e.g. Dehejia and Wahba 2002, Abadie and Imbens 2006). The main idea is to estimate a probit equation for the probability of migrating and then match each migrant to non-immigrants with similar predicted probabilities of migration. After matching, it is possible to calculate gains or losses in socioeconomic status due to migration corrected for selection bias. Specifically, this is calculated as the mean value of the indicator of interest in the immigrant sample minus the mean value of the same indicator in the matched sample.

Applying this procedure on our data, we can test the following hypotheses:

H1: *Immigrating to the US causes upward lifetime mobility;*

H2: *Immigrants experience higher intergenerational mobility (vs non migrants in home country);*

H3: *Female and male immigrants experience different lifetime and intergenerational mobility;*

H4: *Immigrant outcomes vary with the level of economic development at the time of migration.*

The above design allows us to test several causal hypotheses about how US immigrant outcomes compare to the outcomes of observationally equivalent individuals at the origin. Unlike previous studies of immigrants incorporation, we provide an appropriate comparison group or counterfactual. Our approach also allows us to test not only the outcomes of particular (groups of) immigrants defined by sex (H3) and country of origin (H4) but also intergenerational outcomes (H2). To test H2 we match first generation immigrants in the US with their non-immigrant counterparts in the country of origin. We can then identify and compare socioeconomic outcomes of the children of that generation in both the home country and the US (second generation immigrants) and the difference in socioeconomic status between first and second generation US immigrants and the equivalent intergenerational difference in the country of origin. We do this

exercise for second generation immigrants of different types (i.e. from both parents, from the mother-side only, and from the father-side only). To test H4 we group and compare outcomes of individuals from Germany who migrated during different historical periods, which differ by the level of economic development and population wealth in Germany.

Data

The **Current Population Survey (CPS)** is a monthly survey of about 50,000 nationally representative households conducted by the Bureau of the Census for the Bureau of Labor Statistics. The survey has been conducted for more than 50 years and focuses on those ages 16 and over. The main information collected by CPS includes labor market indicators (employment, unemployment, earnings, hours of work, occupation, industry, class of worker etc.), and demographic characteristics (age, sex, race, marital status, educational attainment etc.). Supplemental surveys collect data on a variety of topics including school enrollment, income, previous work experience, health, employee benefits, and work schedules.

We use data from surveys conducted between 1995 and 2007 that asked respondents to report their country of birth, time of entry in the country, and the country of birth of their parents. These data allow us to use immigrant sub-samples by country of origin and immigrant generation. Table 1 reports the sample sizes available for analysis.

Table 1: CPS immigrant sample sizes by country of origin, immigrant generation, and sex

Country of origin	Sex	1 st generation	2 nd generation, both parents	2 nd generation, father-side only	2 nd generation, mother-side only
Germany	Males	2431	990	1394	1497
	Females	3813	1154	1673	1585

Note that we have very conservative counts of second generation immigrants who have only a father or mother from these countries because we count only immigrants whose other parent was born in the US.

The **German Socio-Economic Panel (GSOEP)** is a longitudinal survey of households which began in 1984 with a sample of 6,000 households in the Western States of Germany representing a disproportionate number of non-German migrant-workers. When analyzed with sample weights, it is nationally representative. It interviews all household members ages 16 and older. Up through 2009 it has also followed and interviewed all original sample members and their offspring.

With these data we provide new insights into the extent of occupational mobility that migrants experience when moving from Germany to the US.

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