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Did Immigration contribute to wage stagnation of unskilled workers?

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Abstract

In this paper we first show that the timing and skill distribution of Immigrants between 1970 and 2016 imply they did not contribute to the decline in the wages of native, non-college educated workers - including high school dropouts - at the national level. We then review other evidence at the local level, which implies immigration is not associated with lower non-college wages. Rather, higher immigration seems associated with higher average (and college-level) wages. Local externalities, complementarities, efficient specialization and appropriate technological choice may imply at least part of the positive association is causal.

1. Introduction: Wage Stagnation of non-college educated workers

Abundant evidence (e.g. Autor et al 2008), confirmed by the trend presented below, shows that the problem of real wage stagnation and decline since 1980 is one experienced primarily by non-college educated workers, who are sometimes referred to as “unskilled”. This tendency seems to begin around 1980, after a period of decreased inequality extending to the 1970’s when wage-growth for non-college educated workers out-performed that of college educated workers.

To confirm these trends we calculate some representative trends from Census and American community survey data. The average national real (weekly) wage of college educated (US born, employed for at least one week of the previous year and aged between 18 and 65 years old) grew by a total of about 20% from 1980 to 2014. Most of the gains accrued during the 1980’s and 1990’s, and moderate losses accrued to this group in the 2000-2014 period, because of the great recession. To the contrary the average real weekly wage of non-college educated

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