Main Seminar Empirical Economics:  
The Political Economy of Migration  
for Bachelor- and Master students  
Steffen Sirries  
Chair of Empirical Economics  
3. März 2014

1 General Issues

In the seminar empirical questions from different aspects of (international) migration will be discussed. Examples include the evaluation of causes and effects of (international) migration, student migration, sending remittances, exogenous migration shocks or referenda on migration. For example, we will discuss why migration is still highly regulated and of highest political interest, specifically south-north migration, and which empirical findings we have about migration for receiving and for sending countries.

The aim of the seminar is to offer the possibility for students to talk about empirical problems and methods. The topics mentioned below are not exhaustive, own proposals of students are very welcome. However, every proposal should be clearly outlined and should have an empirical part. Interested students are encouraged to contact steffen.sirries@gmail.com.

2 Requirements

In order to participate in the seminar, a basic knowledge of empirical economics is assumed, similar to the context of Empirical Economics I, for
instance. The topic selection mentioned below has to be understood only as suggestions.
If you write a Diploma-, Bachelor- or Master thesis at another chair and you are confronted with a method or an empirical problem, it is possible to write your assignment in this seminar about your method respectively your empirical problem.

3 Requirements for seminar participants

In detail the following requirements for seminar participants exist:

- Active seminar participation (including attendance at the compulsory introduction).
- Presentation (ca. 30 minutes) including a discussion of around 10 minutes.
- Written assignment (around 5000 words).

4 Target group and LP/ECTS

The seminar addresses students from the following degree courses:

- Betriebs- and Volkswirtschaftslehre (Diplom).
- Betriebswirtschaftslehre (BA, advanced semester and MA).
- Economics (BA, advanced semester and MA).
- Internationale Wirtschaft und Entwicklung (BA, advanced semester).
- Philosophy and Economics (BA).
- Gesundheitsökonomie (BA, advanced semester and MA).
- Internationale Wirtschaft und Governance (MA).
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5 Organisation

The seminar will be blocked and take place on June 13th and 14th, 2014. The slides for your presentation have to be handed in two days before the presentation date. After your presentation you write your term paper based on the discussion and the suggestions collected during the presentation. The date of submission of the term paper will be the 30th of September 2014 (of course an earlier submission is possible at any time).

Interested students are asked to send an email to steffen.sirries@gmail.com. Applications are requested before the 1st of April 2014. Please indicate your previous knowledge in statistics and empirical economics as well as your topic suggestion or your preferred topic from the suggestions, respectively, in the application.

There is a compulsory introduction to the seminar on April 8th, 2 pm (c.t.), 2014 in which the course content and open questions will be discussed and topics will be distributed.

The language of the course is English, hence your slides and your presentation should be in English. The assignment can be written in German or in English, respectively (the literature is in English). For more details concerning the formal requirements of the written assignments please see the stylesheet available in [German](Hinweis zur Formatierung von Seminar- und Abschlussarbeiten) and in [English](Formal requirements for term papers and Bachelor’s/Master’s theses at the Chair of Economics VI: Empirical Economics).

Steffen Sirries (steffen.sirries@gmail.com) is available for any further questions.
6 Topic suggestions

Please note that the topics which are signed by an asterisk are suggested to master students. There will be more topics until the compulsory introduction to the seminar (April 8th). Own topic suggestions including a clear idea of data and methods employed are of course possible.

6.1 International Migration and Growth


**Abstract:** We construct a matrix showing the share of the year 2000 population in every country that is descended from people in different source countries in the year 1500. Using the matrix to adjust indicators of early development so that they reflect the history of a population’s ancestors rather than the history of the place they live today greatly improves the ability of those indicators to predict current GDP. The variance of the early development history of a country’s inhabitants is a good predictor for current inequality, with ethnic groups originating in regions having longer histories of organized states tending to be at the upper end of a country’s income distribution.

**Method:** OLS Estimation

6.2 The Return to Migration


**Abstract:** During the age of mass migration (1850–1913), one of the largest migration episodes in history, the United States maintained a nearly open border, allowing the study of migrant decisions unhindered by entry restrictions. We estimate the return to migration while accounting for migrant se-
lection by comparing Norway-to-US migrants with their brothers who stayed in Norway in the late nineteenth century. We also compare fathers of migrants and nonmigrants by wealth and occupation. We find that the return to migration was relatively low (70 percent) and that migrants from urban areas were negatively selected from the sending population.

**Method:** OLS Estimation, Matching, IV Estimation

### 6.3 Expected Income and Migration*


**Abstract:** This paper develops a tractable econometric model of optimal migration, focusing on expected income as the main economic influence on migration. The model improves on previous work in two respects: it covers optimal sequences of location decisions (rather than a single once-for-all choice) and it allows for many alternative location choices. The model is estimated using panel data from the National Longitudinal Survey of Youth on white males with a high-school education. Our main conclusion is that interstate migration decisions are influenced to a substantial extent by income prospects. The results suggest that the link between income and migration decisions is driven both by geographic differences in mean wages and by a tendency to move in search of a better locational match when the income realization in the current location is unfavorable.

**Method:** Dynamic discrete choice models

### 6.4 Global Bilateral Migration


**Abstract:** Global matrices of bilateral migrant stocks spanning 1960–2000 are presented, disaggregated by gender and based primarily on the foreign-
born definition of migrants. More than one thousand census and population register records are combined to construct decennial matrices corresponding to the five census rounds between 1960 and 2000. For the first time, a comprehensive picture of bilateral global migration over the second half of the 20th century emerges. The data reveal that the global migrant stock increased from 92 million in 1960 to 165 million in 2000. Quantitatively, migration between developing countries dominates, constituting half of all international migration in 2000. When the partition of India and the dissolution of the Soviet Union are accounted for, migration between developing countries is remarkably stable over the period. Migration from developing to developed countries is the fastest growing component of international migration in both absolute and relative terms. The United States has remained the most important migrant destination in the world, home to one fifth of the world’s migrants and the top destination for migrants from some 60 sending countries. Migration to Western Europe has come largely from elsewhere in Europe. The oil-rich Persian Gulf countries emerge as important destinations for migrants from the Middle East and North Africa and South and Southeast Asia. Finally, although the global migrant stock is predominantly male, the proportion of female migrants increased noticeably between 1960 and 2000. The number of women rose in every region except South Asia.

Method: Descriptives and Summary Statistics

6.5 International Migration and Brain Gain


Abstract: In this paper, we revisit the impact of skilled emigration on human capital accumulation using new panel data covering 147 countries during the period 1975–2000. We derive testable predictions from a stylized theoretical model and test them in dynamic regression models. Our empirical analysis predicts conditional convergence of human capital indicators. Our findings also reveal that skilled migration prospects foster human capital accumulation.
in low-income countries. In these countries, a net brain gain can be obtained if the skilled emigration rate is not too large (i.e., it does not exceed 20–30% depending on other country characteristics). In contrast, we find no evidence of a significant incentive mechanism in middle-income, and not surprisingly, high-income countries.

**Method:** Fixed Effects Estimation, IV Estimation, GMM Estimators

### 6.6 Gender and International Migration


**Abstract:** Without a gendered assessment of highly skilled migration, it is impossible to conduct a complete analysis of these issues. In this article we quantify and characterize the gender composition of international migration by educational attainment. We build on the DM06 data set, update the data using new sources, standardize 1990 and 2000 categories, and introduce a gender breakdown. We provide new data on stocks and rates of emigration by level of schooling and gender. Our gross data reveal that the share of women in the highly skilled immigrant population increased in almost all OECD destination countries between 1990 and 2000. Consequently, for the vast majority of source regions, the growth rates of highly skilled female emigrants were greater than the growth rates for low-skilled women or highly skilled men. The evolution was particularly notable in the least developed countries. The increasing share of women in South-to-North skilled migration flows mostly reflects gendered changes in levels of education. We show that the cross-country correlation between emigration stocks of women and men is extremely high (about 97 percent), with women’s numbers slightly below men’s. However, these skilled female migrants are drawn from a much smaller population of highly educated women. Hence, in relative terms, the correlation between men and women in rates (88 percent) is lower than in stocks. On average, highly skilled women’s emigration rate is 17 percent above men’s. This gender gap in the highly skilled migration rate is strongly
correlated with the gender gap in educational attainment of the source population, reflecting unequal access to education.

**Method:** Descriptives and Summary Statistics

### 6.7 Self-Selection and International Migration


**Abstract:** This paper examines the selection of migrants from Mexico to the United States using the Mexican Family Life Survey (MxFLS), a novel source of data with rich pre-migration characteristics that includes permanent migrants, return migrants, and migrating households. We show that Mexican migrants are significantly more likely to be young, male and from rural areas compared to non-migrants, but are similar to non-migrants with respect to cognitive ability and health. We find that migrants are selected from the middle of the education distribution, which substantiates the findings from certain studies. Male Mexican migrants are negatively selected on earnings, and this pattern of selection can largely be explained by differential returns to labor market skill between the U.S. and Mexico. Finally, we show directly that the decision to migrate is highly correlated with differential labor market returns to skill and some plausible proxy measures for costs of migration.

**Method:** Probit Estimation, Heckman Two-Step Estimator

### 6.8 Income, Immigration Policies and International Migration


**Abstract:** This paper makes two contributions to the literature on the determinants of international migration flows. First, we compile a new dataset on annual bilateral migration flows covering 15 OECD destination countries
and 120 sending countries for the period 1980-2006. We also collect data on time-varying immigration policies that regulate the entry of immigrants in our destination countries over this period. Second, we extend the empirical model of migration choice across multiple destinations developed by Grogger and Hanson (2011) by allowing for unobserved individual heterogeneity between migrants and non-migrants. Our estimates show that international migration flows are highly responsive to income per capita at destination. This elasticity is twice as high for within-EU migration, reflecting the higher degree of labor mobility within the European Union. We also find that tightening of laws regulating immigrant entry reduce rapidly and significantly their flow.

**Method:** Logit Estimation, Fixed Effects Estimation

### 6.9 The Gravity Model of Immigration


**Abstract:** The gravity model of international trade is a useful and popular regression model for testing hypothesized influences on trade flows between pairs of countries. Immigration is likely to respond to gravitational forces and distance in a similar fashion. This paper shows that a gravity model of immigration can be used to test the marginal influence of additional variables on immigration.

**Method:** OLS Estimation, Fixed Effects Estimation, Scaled OLS Estimation

### 6.10 Immigration and Productivity


**Abstract:** In this paper we analyze the long-run impact of immigration on employment, productivity, and its skill bias. We use the existence of immigrant communities across U.S. states before 1960 and the distance from the Mexican border as instruments for immigration flows. We find no evidence
that immigrants crowded out employment. At the same time, we find that immigration had a strong, positive association with total factor productivity and a negative association with the high skill bias of production technologies. The results are consistent with the idea that immigrants promoted efficient task specialization, thus increasing TFP, and also promoted the adoption of unskilled-efficient technologies.

**Method:** OLS Estimation, WLS Estimation, 2SLS Estimation

### 6.11 Immigration and Innovation


**Abstract:** We measure the extent to which skilled immigrants increase innovation in the United States. The 2003 National Survey of College Graduates shows that immigrants patent at double the native rate, due to their disproportionately holding science and engineering degrees. Using a 1940–2000 state panel, we show that a 1 percentage point increase in immigrant college graduates’ population share increases patents per capita by 9–18 percent. Our instrument for the change in the skilled immigrant share is based on the 1940 distribution across states of immigrants from various source regions and the subsequent national increase in skilled immigration from these regions.

**Method:** Probit Estimation, OLS Estimation, WLS Estimation, IV Estimation

### 6.12 Immigration and Segregation I


**Abstract:** We examine whether low-skilled immigration to the United States has contributed to immigrants’ residential isolation by reducing native demand for public schools. We address endogeneity in school demographics
using established Mexican settlement patterns in California and use a comparison group to account for immigration’s broader effects. We estimate that between 1970 and 2000, the average California school district lost more than 14 non-Hispanic households with children to other districts in its metropolitan area for every 10 additional households enrolling low-English Hispanics in its public schools. By disproportionately isolating children, the native reaction to immigration may have longer-run consequences than previously thought.

**Method:** OLS Estimation, 2SLS Estimation

### 6.13 Immigration and Segregation II


**Abstract:** Within metropolitan areas, neighborhoods of growing immigrant settlement are becoming relatively less desirable to natives. We deploy a geographic diffusion model to instrument for the growth of immigrant density in a neighborhood. Our approach deals explicitly with potential unobservable shocks that may be correlated with proximity to immigrant enclaves. The evidence is consistent with a causal interpretation of an impact from growing immigrant density to native flight and relatively slower housing value appreciation. Further evidence indicates that these results are driven more by the demand for residential segregation based on ethnicity and education than by foreignness per se.

**Method:** OLS Estimation, IV Estimation, Quantile Regression

### 6.14 Immigration and Wages I


**Abstract:** Large inflows of less educated immigrants may reduce wages paid to comparably-educated, native-born workers. However, if less educa-
ted foreign- and native-born workers specialize in different production tasks, because of different abilities, immigration will cause natives to reallocate their task supply, thereby reducing downward wage pressure. Using occupational task-intensity data from the O*NET dataset and individual US census data, we demonstrate that foreign-born workers specialize in occupations intensive in manual-physical labor skills while natives pursue jobs more intensive in communication-language tasks. This mechanism can explain why economic analyses find only modest wage consequences of immigration for less educated native-born workers.

**Method**: OLS Estimation, Fixed Effects Estimation, WLS Estimation, 2SLS Estimation

### 6.15 Immigration and Wages II


**Abstract**: Low-skilled immigrants represent a significant fraction of employment in services that are close substitutes of household production. This paper studies whether the increased supply of low-skilled immigrants has led high-skilled women, who have the highest opportunity cost of time, to change their time-use decisions. Exploiting cross-city variation in immigrant concentration, we find that low-skilled immigration increases average hours of market work and the probability of working long hours of women at the top quartile of the wage distribution. Consistently, we find that women in this group decrease the time they spend in household work and increase expenditures on housekeeping services.

**Method**: OLS Estimation, Fixed Effects Estimation, IV Estimation

### 6.16 Immigration and Wages III

**Abstract**: This paper calculates the effects of immigration on the wages of native U.S. workers of various skill levels in two steps. In the first step we use labor demand functions to estimate the elasticity of substitution across different groups of workers. Second, we use the underlying production structure and the estimated elasticities to calculate the total wage effects of immigration in the long run. We emphasize that a production function framework is needed to combine own-group effects with cross-group effects to obtain the total wage effects for each native group. In order to obtain a parsimonious representation of elasticities that can be estimated with available data, we adopt alternative nested-CES models and let the data select the preferred specification. New to this paper is the estimate of the substitutability between natives and immigrants of similar education and experience levels. In the data-preferred model, a small but significant degree of imperfect substitutability between natives and immigrants and the other estimated elasticities imply that in the period from 1990 to 2006 immigration had a very small effect on the wages of native workers with no high school degree (between -0.1% and +0.6%). It also had a small positive effect on average native wages (+0.6%) and a substantial negative effect (-6%) on wages of previous immigrants in the long run.

**Method**: OLS Estimation, Fixed Effects Estimation, 2SLS Estimation

### 6.17 Immigration and Wages IV


**Abstract**: Using data from the Current Population Survey, this paper describes the effect of the Mariel Boatlift of 1980 on the Miami labor market. The Mariel immigrants increased the Miami labor force by 7%, and the percentage increase in labor supply to less-skilled occupations and industries was even greater because most of the immigrants were relatively unskilled. Nevertheless, the Mariel influx appears to have had virtually no effect on the wages or unemployment rates of less-skilled workers, even among Cubans.
who had immigrated earlier. The author suggests that the ability of Miami’s labor market to rapidly absorb the Mariel immigrants was largely owing to its adjustment to other large waves of immigrants in the two decades before the Mariel Boatlift.

**Method:** OLS Estimation, Difference-in-Differences