Are Skilled Migrants More Protected during Times of Economic Crisis? Evidence from the US

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Abstract

It has been argued that skilled migrants have better chances to stay above the poverty level, contribute more through their taxes to the federal, state and local budgets and integrate better in the American society then the low educated ones. However, there is a limited literature looking how these skilled immigrants do during times of economic crisis, whether or not their skills and education protect them from unemployment and decreasing income. This paper looks to the effects of the 2008 economic crisis on the US skilled immigrants and compare their labor force outcomes with two other groups: 1) native born who have similar levels of education and 2) other immigrants, with lower levels of education. The results show that, although education makes a difference, skilled immigrants are not necessarily more protected during times of economic crisis. Other factors, such as national origin, age and years living in the US make also a difference in their labor force outcomes.

Background

More than 900,000 immigrants are legally admitted every year in the United States. US immigration policy changed dramatically during the 20th century from no policy to one based on ethnic quotas and then to the current one, which gives aliens four different channels to settle down as permanent residents: through family connections, based on employment, Diversity program and refugee status. Most of the US immigrants come through family-sponsored visas; some through employment, refugee status or through the Diversity program. They come from a variety of countries and ethnic groups and enter the country with different levels of human capital. Most of the migration literature focuses on the low educated immigrants because they form the largest segment of US immigration. While only 15% of the native born have less than high school, 34% of the legal immigrants are in this educational group (Jasso &others, 2000).

However, if we compare the education distribution of the immigrants and the native born, immigrants fall into the extremes of the distribution: the majority of them are either very low or highly educated as 21% of the 1992-1996 legal immigrants had 17 and more years of education, while only 7.3% of the native group attained the same level of education. According to the US Census Bureau, one in every four astronomers, two in every five medical scientists and one in every five doctors working in the US in 2000 were foreign born (Kaushal & Fix, 2006). Although small in comparison with the general immigrant population, educated immigrants prove to be an important addition to the US market in terms of skills and they tend to have better labor market outcomes than the unskilled immigrants.

This paper focuses on the other segment of the US immigration (skilled migrants) in an attempt to understand how the 2008 economic crisis affected their labor force outcomes in comparison to the native born who have similar levels of education and the other immigrants, with lower levels of education.

Education plays a significant role in shaping the life course of immigrants and income, degree of assimilation and demographic behavior are all tied to the level of education the immigrant comes with or achieves in the US. As studies have shown (Borjas, 1992), the educational differences between immigrant groups tend to affect not only the first generation immigrants, but also their children and grandchildren - second and third generations. Immigrant communities, or 'ethnic enclaves', are mostly constituted by the low educated immigrants and even though the ethnic homogeneity of these communities is most often discussed, there is also a class/education homogeneity that keeps people in the enclave because of the lack of opportunities outside. Those who immigrate based on employment, on the other hand, have higher than average level of education (in comparison with the US citizens) and go where their jobs are, no matter whether or not there are any co-ethnics there. Their occupation, not their ethnicity, has an important effect on their friendship networks and plays an important role in defining their identity. Rather than 'Chinese' 'Mexican', 'Indian' or 'Hungarian', an immigrant who is a physician most probably defines him/herself as 'physician' and has contacts within the group of physicians, not necessarily within his/her ethnic group.

On one hand, the highly educated immigrants melt easier into the new society: they have a good knowledge of English (many of them study in the US before getting a job) and they do not stay attached to any ethnic groups. On the other hand, there is a significant literature arguing

that the educated immigrants keep a transnational profile, by keeping in touch with the country of origin. Africans, for example – the highest educated group of immigrants in the US (Butcher, 1994) – tend to separate themselves from the African- Americans by emphasizing their African origins in the education of their off-springs (Lieberson & Waters, 1988).

Although level of education plays generally speaking an important role in determining the type of job and income an immigrant would achieve, other factors such as national origin, chains of immigration and foreign versus host country education make a difference in the labor force outcomes of skilled immigrants. Foreign education does not bring the same rewards as the US education (Zhang & Xie, 2004): immigrants with a US educational degree tend to have higher incomes than immigrants with the same level of education achieved abroad. More than this, some of the immigrants with only foreign education end up in dead end jobs, with little or no connection with their abilities.

National origin is also an important factor in explaining the achievements (or lack thereof) of skilled immigrants. Birrel & Healy (2008) analyzed the labor force outcomes of educated immigrants from various fields (medical, accountants) in Australia. They show that skilled immigrants from English speaking countries have little problems in being employed in their field, while those coming from non-English speaking countries are doing well mainly if they came for a specific job. They conclude that bringing immigrants with qualifications well fitted for the job market do not automatically leads to employment, especially for immigrants from non-English speaking countries. Interestingly, immigrant students trained in Australia have problems in getting a job at the level of their qualifications because of poor language skills: even after studying in Australia, the employers complain of their poor levels of understanding and communication in English.

Some similar outcomes resulted from studies focused on the US job market. Mattoo & all (2008), using the US 2000 census data, show that national origin plays an important role in the occupational achievements of skilled immigrants in the US. The authors highlight immigrants from Latin American and Eastern European as having the highest probability of ending in in jobs below their level of education.

While the ethnicity is overemphasized in the literature on immigration, the immigration channels are relatively under-researched. The way immigrants get admitted into the US is tied up with other demographic characteristics and is a good predictor for how the life of the immigrant

will unfold (Jasso & others, 2000). Using information on immigrants admitted in the US during 1972-1992, Bagchi (2001) shows that professionals use various channels (class of admission) to get to the US depending on their gender, place of birth and legislation in place at the moment of admission. Women, Europeans and physicians tend to come more based on family connections because of legislative restrictions (doctors) or opportunities (women, Europeans) while men, Africans, Asians and nurses use skilled visas to come to the US. Jasso (2009) shows that, although some skilled immigrants use employment visas to acquire US residence, many use other channels than employment. While employment visas are the dominant pathway to permanent residence for those adjusting from H-1B visas, the dominant pathway to residence used by those adjusting from F1 (student visas) or who were ever student visa holders is the spouse-of-US-citizen visa: 79% of the F1 adjustees and 59% of those who were ever F1s using this visa.

Description of data

This research analyzes the effects of the 2008 economic crisis on educated foreign born in comparison to native born with similar levels of education and low educated foreign born. For this purpose, I am using two types of data: 1) micro level data from the Current Population Survey, March Supplement, 2007-2010 and 2) aggregate level data regarding the number of immigrants from the Department of Homeland Security. In the following, 'foreign born' refers to people born outside of the US mainland, Puerto Rico and US territories from non US citizen parents. 'Native born' includes all people born in the US, Puerto Rico and US territories and people born outside of the US from US parents. 'Educated foreign born' refers to foreign born who have at least a bachelor degree (Irendale, 2001); all the other are labeled 'low-educated foreign born.' All descriptive statistics are calculated using person weightings provided by the CPS database (March Supplement weight). CPS databases include information about all people in the household; in order to avoid problems related to bias in sampling because of the connections between people living in the same household, I selected only the heads of the household. I limited the sample to those who were age 15-64 at the time of the interview. With these limitations, the database contains between 62,128 to 62,260 cases for each year (2007-2010); 14.8% to 15.3% of individuals included in these samples are foreign born.

A first group of models (logit and linear regression models) will estimate the influence different factors such as national origin, gender, age, year since migration have on the labor force outcomes of educated migrants in the United States. A second group of models will analyze how changes in the structure of the immigrant and native population affect their labor force outcomes during 2007 – 2010.

Preliminary results

Tables 1 and 2 give some information on the changes in the labor force outcomes experienced by native born and immigrants from 2007 to 2010:

Table 1.Labor force participation rate,
native born (NB) and foreign born (FB)

	Labor force participation rate							
	2007		2008		2009		2010	
	NB	FB	NB	FB	NB	FB	NB	FB
All persons (15-64)	80.3%	80.9%	80.1%	81.6%	79.9%	80.9%	79.7%	81.6%
Education attainment								
No high school diploma	58.4%	74.0%	56.4%	74.2%	55.5%	74.6%	55.7%	73.1%
High school diploma	77.3%	79.6%	76.7%	82.7%	77.8%	80.4%	77.0%	82.7%
Some college	80.7%	80.5%	80.0%	79.2%	78.7%	80.1%	78.5%	83.0%
Associate degree	85.0%	86.5%	85.40%	83.3%	84.1%	83.1%	83%	86.30%
College degree	86.6%	84.9%	86.5%	86.6%	86.4%	84.1%	86.9%	85.3%
Master and above, Professional degree	89.4%	90.2%	89.2%	90.1%	88.7%	89.2%	88.2%	90.9%
Age								
15-24	78.5%	73.9%	78.9%	69.9%	78.3%	72.1%	74.5%	65.3%
25-34	86.3%	82.1%	87.1%	82.9%	86.8%	81.4%	86.7%	81.8%
35-44	86.7%	85.1%	85.6%	86.4%	85.5%	85.1%	86.2%	85.7%
45-54	83.5%	83.4%	83.1%	85.2%	82.8%	86.1%	82.9%	85.7%
55-64	64.8%	69.8%	64.8%	70.2%	64.8%	67.3%	64.90%	73.6%
Gender								
Men	85.7%	91.0%	85.4%	90.8%	85.2%	90.0%	85.3%	90.2%
Women	74.6%	68.1%	74.4%	70.2%	74.3%	69.5%	73.7%	71.2%

Source: CPS 2007-2010, Minnesota Population Center, and author's computations

Table 2.Unemployment rate

	Unemployment rate							
	2007		2008		2009		2010	
	NB	FB	NB	FB	NB	FB	NB	FB
All persons (15-64)	4.0%	4.1%	4.4%	5.3%	8.1%	8.9%	9.0%	9.7%
Education attainment								
No high school diploma	11.8%	6.6%	12.6%	9.0%	18.6%	13.3%	21.4%	14.0%
High school diploma	4.9%	3.4%	6.0%	5.7%	10.9%	10.3%	12.6%	10.6%
Some college	4.1%	5.1%	4.5%	5.8%	9.0%	7.9%	9.7%	10.2%
Associate degree	3.2%	3.1%	3.8%	4.0%	7.1%	7.2%	7.1%	7.3%
College degree	2.1%	3.2%	2.3%	3.2%	4.7%	7.1%	5.0%	6.8%
Master and above, Professional degree	2.1%	2.1%	1.6%	1.6%	2.8%	3.5%	3.4%	4.2%
Age								
15-24	8.4%	5.1%	8.6%	10.9%	13.2%	10.1%	14.6%	10.7%
25-34	4.3%	4.4%	4.9%	5.5%	9.2%	9.6%	9.7%	10.0%
35-44	3.3%	3.9%	4.3%	4.9%	7.3%	8.9%	8.6%	9.8%
45-54	3.4%	3.6%	3.7%	4.7%	7.6%	8.5%	8.3%	9.5%
55-64	3.4%	3.7%	3.4%	5.0%	7.1%	7.9%	8.2%	8.7%
Gender								
Men	3.7%	4.0%	4.2%	5.1%	8.7%	9.0%	9.8%	9.6%
Women	4.3%	4.1%	4.7%	5.7%	7.4%	8.6%	8.1%	9.6%

Source: CPS 2007-2010, Minnesota Population Center, and author's computations

Data show that there are significant differences in labor force participation and unemployment rates between natives and foreign born. The differences are more pronounced at low levels of education (no high school diploma), for the extreme age groups and for women. If we compare 2007 with 2010 outcomes, labor force participation rate remains at similar levels while unemployment rate increases dramatically for both foreign and native born in the US. . Although the unemployment rate is significantly lower for all educated versus uneducated residents, at lower levels of education foreign born are doing better than natives. While in 2007 there were no significant differences in unemployment rates between educated foreign born and natives with similar levels of education, by 2010 the unemployment rate is 30% higher for educated foreign born than native born with similar level of education. The difference is large for

both those who are only college educated and those who have at least a master or professional degree. A further decomposition of unemployment rate shows that unemployed educated foreign born have a higher probability of being fired while more native born are unemployed because of voluntary leaving their job (results not shown). Preliminary results show also that national origin and times of arrival in the US are important predictors of labor force outcomes for educated immigrants. National origin might be seen as a proxy for channels of immigration rather than a variable relevant in itself because of the significant differences between immigrant groups.

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