

Abstract

The share of college-educated immigrants in the U.S. economy has increased considerably over the last five decades, particularly in science and engineering occupations. I examine the effects of high-skilled immigrants on natives' post-secondary degree attainment, employment, and earnings. I develop a dynamic discrete choice model of individual choice regarding bachelor's degree major, attainment of advanced degree, and occupation. Unlike earlier studies, I model the determination of earnings in equilibrium as an outcome of a market-clearing process. I estimate the model with the Method of Simulated Moments, using data from the Current Population Survey (1964-2010), the American Community Survey, and the National Survey of College Graduates. I use the estimates to simulate a counterfactual economy. The estimates show that, if the population of high-skilled immigrants remained at its 1960 level, the number of native engineering (science) majors would have been 6.1 (4.4) percent higher and their employment in engineering (science) jobs would have increased by 8.1 (4.4) percent; however, their average earnings would have been almost no different in engineering and science occupations. These findings suggest that the impact of immigration on natives' educational attainment is large but their impact on natives' earnings is negligible because the equilibrium effects offset potential gains in earnings as some natives move to fields that are protected from immigration in the counterfactual economy.