

Do Skilled Migrants Compete with Native Workers? Analysis of a Selective Immigration Policy

by
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Abstract

In recent years Western countries are expressing growing concerns about the regulation of migration flows and many are considering adopting some form of selective immigration policy. This paper analyzes the labor market effects of one of such reforms introduced in France in 2008 with the aim of encouraging the inflow of foreign workers with skills that are scarce among the local labor force. The analysis relies on administrative employer-employee data and it is based on a difference-in-differences approach. Results show that the reform increased the hiring of foreign workers in target occupations without causing any harm to native employment. As a result, the overall stock of labor grew in these jobs. Entry wages are lowered by 4% among natives and by 9% among foreigners, suggesting that these two groups may not be perfect substitutes, even when they are employed for the exact same task. The effects are stronger for the occupations with the most severe lack of native candidates and for those with an average salary largely above the minimum wage, indicating that the reform was successful in attracting candidates with rare skills and relatively high productivity.

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