

# Heterogeneity in Marginal Returns to Language Training of Immigrants

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## Abstract

We estimate the effect of language training on subsequent employment and wages of immigrants under essential heterogeneity. To account for endogenous participation, we use regional variation in language training availability as continuous instrument that induces exogenous variation in participation rates. Estimating marginal treatment effects along the distribution of observables and unobservables that drive individual treatment decisions uncovers substantial heterogeneity in marginal returns to language training. We find that immigrants with the highest desire to participate face considerably higher employment rates and wage gains while those with a high resistance to treatment benefit only little or not at all. This selection on gains is consistent with viewing language capital as a complement to other types of human capital and pre-migration skills.

**Keywords:** Language Training, Heterogeneous Returns, Marginal Treatment Effects, Continuous Instrument

**JEL-Classification:** F22, J24, J61, J68, O15

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