

Immigrant Wage Assimilation and the Return to Foreign and Host-Country Sources of Human Capital*

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Abstract

We compare predicted relative immigrant wage profiles based on returns to YSM and to foreign and host-country sources of schooling and experience. We find the biases inherent in inferring assimilation from a return to YSM appear more substantial than those emanating from the assumptions necessary to estimate foreign and host-country returns directly using standard data sources. Given the policy relevance of allowing entry effects and subsequent wage growth to depend on the foreign human capital immigrants bring and their post-migration schooling and work decisions, our findings suggest the predominance of YSM models in the literature is not well founded.

Keywords: immigrant workers; wage differentials; human capital
JEL Classification: J61, J31, J24

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