

Immigration Control & Long-Run Population Welfare

Gurgen Aslanyan

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- Blue Card and Points System
- Asylum Shoppers and Illegals
- Replace Migration and Ageing
- Policy-setting and subsequent generations
- Assimilation and Dynasties
- Melting Pot and Cultural Mosaic

- Small open economy (to match European states)
- Social security system installed
- Immigrants are allowed in
 - Controlling skill level
- Two equilibria
 - multiple-tax equilibrium
 - single-tax equilibrium
- Heterogeneous agents

Individual Characteristics	
<p><i>Age</i></p> $i = \begin{cases} 0 & \text{for } \textit{young} \text{ age} \\ 1 & \text{for } \textit{old} \text{ age} \end{cases}$	<p><i>fertility</i></p> $\varphi_{i,s,g} = \begin{cases} 0 & \text{for } i = 0 \\ \zeta(s, g) & \text{for } i = 1 \end{cases}$
<p><i>Skills</i></p> $s = \begin{cases} 0 & \text{for } \textit{unskilled} \\ 1 & \text{for } \textit{skilled} \end{cases}$	<p><i>productivity</i></p> $\varepsilon_{i,s} = \begin{cases} \varepsilon(s) & \text{for } i = 0 \\ 0 & \text{for } i = 1 \end{cases}$
<p><i>Generation</i></p> $g = \begin{cases} 0 & \text{for } \textit{locals} \\ i & \text{for } \textit{generation } i \end{cases}$	<p><i>skill distribution</i></p> $\gamma_{s,g} = \begin{cases} \gamma(0, g) & \text{for } s = 0 \\ \gamma(1, g) & \text{for } s = 1 \end{cases}$

Assimilation of immigrant descendants

- Full assimilation
 - adopting skill and fertility levels
- Partial assimilation
 - adopting skill level, inheriting fertility level
- No assimilation
 - inheriting skill and fertility level

Welfare

Reciprocal of the tax rate serves as a measure of welfare:

$$\mathcal{W}_t = \frac{\rho}{\tau_t}$$

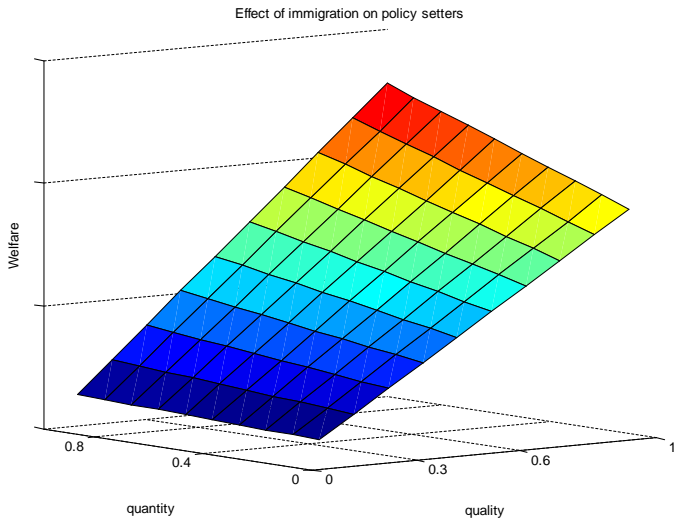
In case of multiple tax equilibrium:

$$\rho w N_{t-1} = \tau_t w N_t$$

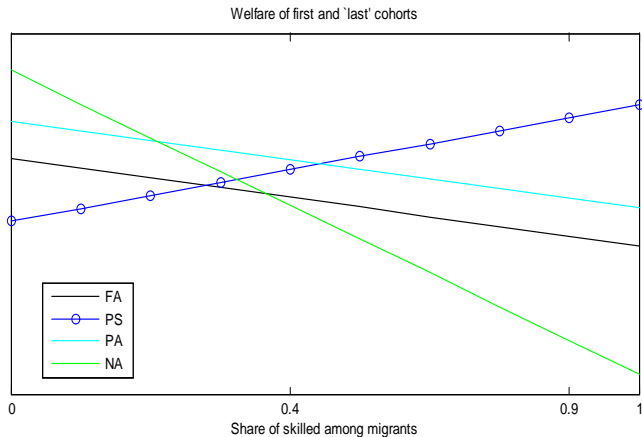
$$\mathcal{W}_t = \frac{N_t}{N_{t-1}}$$

$$N_t = \sum \varepsilon(s) \cdot \mu(i, s, g)$$

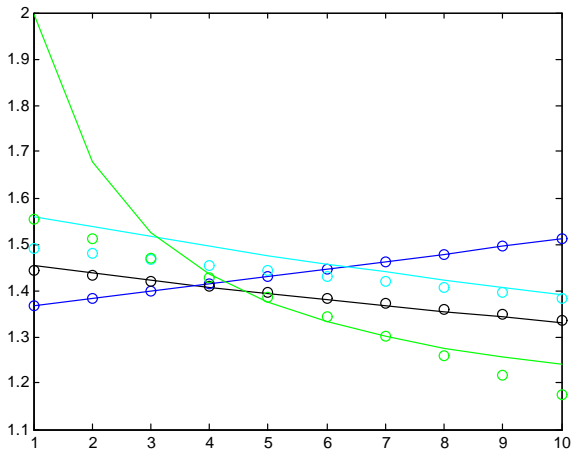
Policy setting generation and skill level



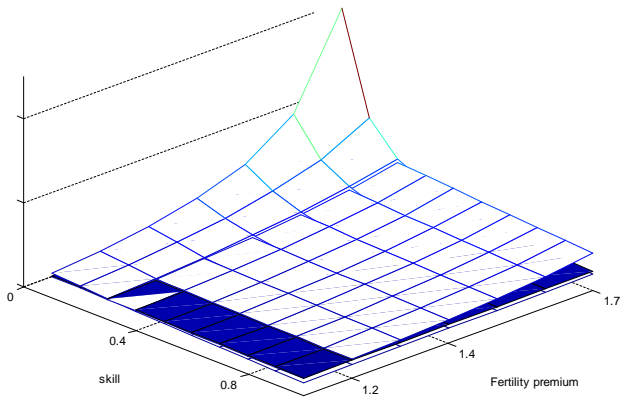
Policy setters and the 'last' cohort



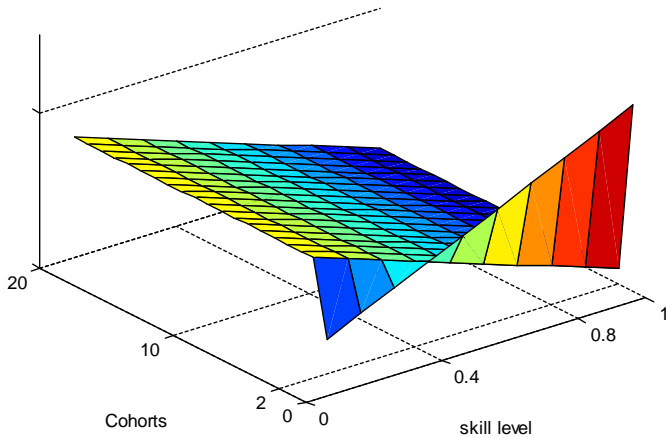
Policy setters, 'last' and 'average' cohorts



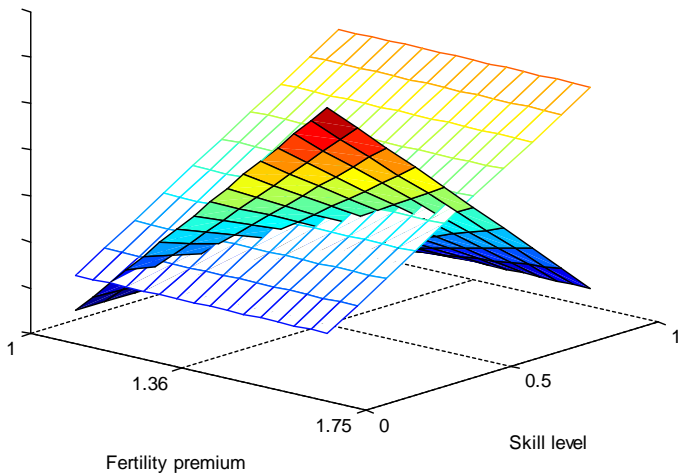
Fertility premium and results



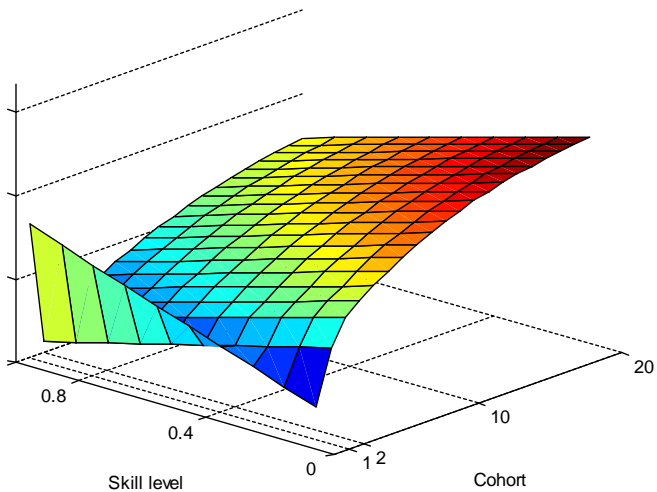
Welfare: Full assimilation scenario



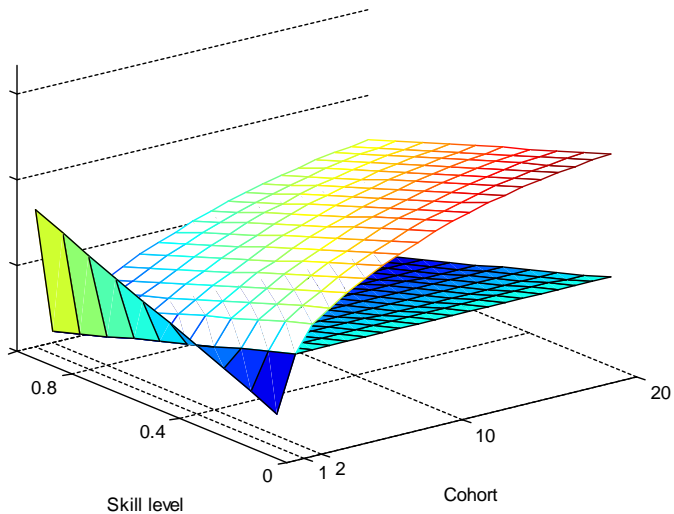
Fertility premium: Full assimilation

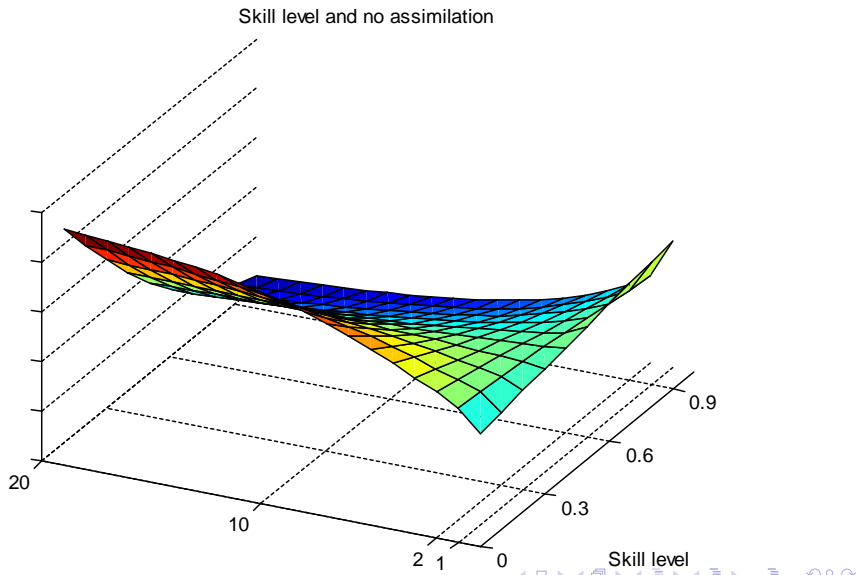


Partial assimilation and skill level



Partial vs Full assimilation





Conclusion

- ① The high share of skilled migrants is welfare impairing in general.
However,
- ② The first cohort (the policy-setters) gets higher welfare with increase in the share of skilled among immigrants.
- ③ Any cohort is willing to increase the share of the skilled among immigrants (if not done by previous cohorts).
And finally,
- ④ In most cases 'Cultural mosaics' is welfare enhancing *vis-à-vis* 'Melting pot'.

Questions and Comments

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