

Does Low Skilled Immigration Cause Human Capital Polarization?

Evidence from Italian Provinces

Giorgio Brunello (Padova, IZA, CESifo, LUISS and ROA)

Elisabetta Lodigiani (Padova, LdA)

Lorenzo Rocco (Padova)

Abstract

We look at the effect of the inflow of unskilled immigrants on the educational choices of young Italian natives. Using a simple model with two skills and three education levels (low, medium and high), we show that the changes in skill-specific wages induced by immigration can generate polarization in education, with an increase in the share of low and high educated natives. Our empirical evidence exploits the fact that immigration flows are unevenly distributed across the country. Using provincial data from the Italian Labour Force Survey (2006-2015) and a standard IV approach, we show that recent immigration in Italy has increased the education polarization of natives.