IMMIGRATION, WAGES, AND COMPOSITIONAL AMENITIES

David Card
University of Berkeley

Christian Dustmann
University College London
and CReAM, UCLA

Ian Preston
University College London
and CReAM, UCLA

Abstract
There is strong public opposition to increased immigration throughout Europe. Given the modest economic impacts of immigration estimated in most studies, the depth of anti-immigrant sentiment is puzzling. But immigration does not just affect wages and taxes. It also changes the composition of the local population, threatening the “compositional amenities” that natives derive from their neighborhoods, schools, and workplaces. In this paper we use a simple latent factor model, combined with data for 21 countries from the 2002 European Social Survey (ESS), to measure the relative importance of economic and compositional concerns in driving opinions about immigration policy. We find that compositional concerns are 2-5 times more important in explaining variation in individual attitudes toward immigration policy than concerns over wages and taxes. Likewise, most of the difference in opinion between more- and less-educated respondents is attributable to heightened compositional concerns among people with lower education. (JEL: F22, J01, I31)

E-mail: card@econ.berkeley.edu (Card); c.dustmann@ucl.ac.uk (Dustmann); i.preston@ucl.ac.uk (Preston)