

Immigration Conflicts*

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Abstract

Almost all existing literature assumes immigrants immediately assimilate in the host country. In contrast, the present paper considers the case in which immigrants do not immediately assimilate, and analyze immigration conflicts in an overlapping generations dynamic system. We examine three types of conflicts that arise when immigrants come in: skill conflicts that affect the capital rental and also cause the wage gap to change between skilled and unskilled workers; intergenerational conflicts that lead to different impacts on the young and old generations; and distributional conflicts that affect each generation's life time utility unequally. The degree of substitution between natives and immigrants in high-skilled production plays a key role.

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