Skilled Immigration, Innovation and Wages of Native-born American*

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Abstract
The paper examines the effects of skilled immigration on wages in the US that are due to innovation. We extend the studies by Hunt and Gauthier-Loiselle (2010), and Hunt (2011) to explore the immigration-innovation-wages nexus. Using the National Survey of College Graduates (NSCG) and the US Census datasets we find a significant positive effect of immigration on wages that are attributable to immigrants’ contribution to innovation. Our findings suggest that as the share of immigrants increases in a particular group, the wages of both the natives and the immigrants also get a positive boost. In particular, the effects are more pronounced through immigrants’ effect on patent granted and patent commercialized, where the results remain robust regardless of the use of different controls. The results also show that the immigrants are more likely to present a paper at a conference or publish in professional journals, primarily because they are more educated or concentrated in the related occupation compared to the natives. Our findings indicate that the immigrants make substantial contribution to the host economy’s innovation which is a major driver of economic growth. The results have important implication for immigration policy and economic growth.