SURPRISINGLY ABSENT! ON THE EARNINGS PENALTY OF SECOND-GENERATION IMMIGRANTS IN GERMANY

Abstract

Whether or not immigrants are well integrated into the labor market in Germany has been the focus of an ongoing public discussion. While there has been a lot of research on the career paths of first-generation immigrants, official statistics do not offer a lot of insight when it comes to the one of the offspring of the first generation. This paper seeks to address this issue for the second generation of immigrants. Panel data from GSOEP are used to analyze possible labor market penalties beyond human capital for the second generation of immigrants to Germany. Estimating several regression models with different outcome measures, including earnings, risk of unemployment, and occupational choices, we find no significant disadvantage in this group when compared to those whose parents had already been born in Germany. Finding no such earnings penalty when the usual human capital variables are controlled for may come as a surprise against the background of recent public discussions concerning this issue. On the one hand the absence of measurable discrimination provides an optimistic view of the potential of immigration for solving the menacing shortage of skilled workers in Germany. On the other hand the question remains as to how the same level of human capital can be achieved among the offspring of immigrants.