

Language Skill Acquisition in Immigrant Social Networks: Evidence from Australia

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Abstract

Living in a linguistic enclave, where many immigrants share a common language, may diminish the incentives to invest in the acquisition of host-country skills, not least learning the local language. Any resulting lack of fluency may hinder the economic assimilation of migrants, and could have negative external effects on economic and social outcomes. Yet, whether the weaker language acquisition incentives associated with segregation actually translate into lower proficiency remains an empirical question. The literature finds a consistent negative correlation between language skills and linguistic concentration in English-speaking countries, but existing estimates may be subject to potential problems of self-selection. Sorting of immigrants already fluent in English upon arrival in low-concentration areas engenders a problem of reverse causality, which I address using longitudinal data, by separating English language skills acquired in the host-country from pre-immigration English proficiency. To address the downward bias caused by selection on unobservables, I use the fact that immigrants sponsored by a family member tend to move close to their sponsor as the basis for an instrumental variable based on the sponsor's location. My empirical analysis is conducted using survey data from Australia, a nation with one of the highest proportions foreign-born among OECD countries. As with earlier studies, I find a negative impact of concentration on language acquisition, but show that estimates that do not account for selection are considerably inflated. I also investigate whether the effect of linguistic concentration on language skill acquisition is heterogeneous, and find that the effect is particularly strong for women and for younger immigrants.

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