

Comment on Borjas: Ethnic enclaves and assimilation

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It was a pleasure to read this paper. I like it a lot and for several reasons. First, a similar study can easily be carried out for Sweden and for all the other Nordic countries as well. As a matter of fact, even better studies can be made for our countries, because in our data sets, persons can be tracked not only from one census to another, but also from one year to another. The panel data set LINDA, created by Statistics Sweden out of data from administrative registers, would be ideal for such a purpose (see Edin and Fredriksson, 2000, for a description). Hence the paper by George Borjas is like a blueprint for future research in our country, the other Nordic countries and probably also some other European ones. I am curious who will be the first to replicate this study on Swedish data.

Second, the analysis is potentially very relevant for policy making. At least in Sweden, and probably in the US as well, the residential location of new immigrants (and especially of refugees) can be influenced by policy. The results certainly suggest that a good policy should *not* force immigrants to go to the same place and form enclaves. But are the results strong enough to advocate an opposite policy, namely a policy that forces, or stimulates, immigrants to become evenly allocated over the country? If, as mentioned by Borjas in the concluding section, the wage losses are outweighed by the value that immigrants attach to living in areas where they can associate with persons who share a common language or culture, then such a policy conclusion cannot be drawn.

I do not find it meaningful to discuss the technical analysis of the paper in any detail. The analysis is simple and straightforward in the most positive sense of these words. There is a careful discussion about potential biases in the results due to endogeneity of the location decision. Of course, a labour economist of today would love to see an analysis, which exploits some variation in immigrant's location choice that is generated by a truly exogenous force—like a policy intervention—in an instrumental-variable (IV) estimation of the effect of en-

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claves. However this type of exogenous variation is in general quite difficult to find. The closest that Borjas comes to such variation in the data is when he carries out an analysis for refugees, an analysis that basically confirms the general results.

Instead I will make a few suggestions on how a study on Swedish data can extend Borjas' analysis. My main argument is that it would be valuable to see a Swedish study that looks at more outcome variables than Borjas' study does.

First, Borjas only focuses on male hourly wages. I would consider it very typically North American to do so. The Swedish public policy discussion focuses more on unemployment than on hourly wages conditional upon having a job. So I would like to see that the Swedish study looks at assimilation both in terms of hourly wages and in terms of *unemployment*.

Second, for an immigrant, an enclave could be attractive because it offers a better marriage market than other parts of the country. If that is the case, enclaves would be particularly valuable for single persons, who would be more inclined to move to such places than to others. A study of the propensities of single immigrants to *get married* would shed light on this issue. It would also be useful to investigate whether single persons are more inclined to chose enclaves than married persons.

Third, marriage is closely related to *household income*. In Sweden it is quite difficult to obtain a reasonable standard of living without having two wage earners in the family. Hence, a study of the impact of enclaves on such a broader income concept would make sense. In that way, women would also be brought into the analysis; Borjas only focuses on men.

Fourth, it would be most interesting to see a study that looks at enclaves from the point of view of children. What is the consequence for *children* to grow up in an enclave versus growing up in a more evenly populated area? Such a study would also make a nice contribution to the intergenerational literature and to the literature on neighbourhood effects (see Solon, 1999).

Studies that focus on such alternative outcome measures would provide useful insights into what living in an enclave means for immigrants. But I also think they are necessary in order to draw policy conclusions. Suppose future research would show that enclaves have negative consequences not only for men's hourly earnings, but also for male and female employment prospects, for their marriage (or co-

habitation) propensities, for their household income, and for their children's performance at school and subsequently in the labour market. In that case I think quite many of us would be inclined to draw policy conclusions.

References

- Edin, P.-A. and P. Fredriksson (2000), LINDA—Longitudinal Individual Data for Sweden, Mimeo, Department of Economics, Uppsala University.
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