

# Seminario de Microeconomía Aplicada - The IT Boom And Other Unintended Consequences of Chasing the American Dream

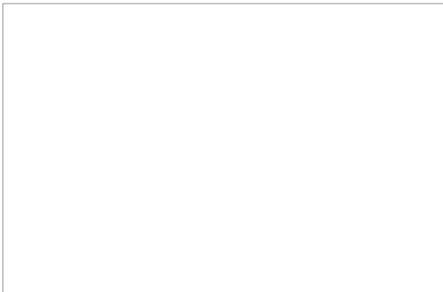
## Seminarios y talleres

El seminario de Microeconomía Aplicada del Banco de la República es un espacio para discutir los trabajos en progreso en las diferentes áreas de la microeconomía aplicada como economía del trabajo, organización industrial, economía de la salud, economía agrícola, economía de la educación, desarrollo económico, delincuencia, economía pública, economía ambiental, economía regional y urbana, entre otras. Está organizado por las sucursales de Cali, Cartagena y Medellín.

**Abstract:** We study how US immigration policy and the Internet boom affected not just the US, but also led to a tech boom in India. Students and workers in India acquired computer science skills to join the rapidly growing US IT industry. As the number of US visas was capped, many remained in India, enabling the growth of an Indian IT sector that eventually surpassed the US in IT exports. We leverage variation in immigration quotas and US demand across occupations to show that India experienced a 'brain gain' when the probability of migrating to the US was higher. Changes in the US H-1B cap induced changes in fields of study, and occupation choice in India. We then build and estimate a quantitative model incorporating trade, innovation, and dynamic occupation choice in both countries. We find that high-skill migration raised the average welfare of workers in each country, but had distributional consequences. The H-1B program induced Indians to switch to computer science occupations, and helped drive the shift in IT production from the US to India. We show that accounting for endogenous skill acquisition is key for quantifying the gains from migration

**Acerca del expositor:** Gaurav Khanna is a respected scholar whose research focuses on development economics, labor economics and applied econometrics. Many of his current projects concentrate on education policy, high-skill immigration, infrastructure, public-works programs, conflict and crime. He is an assistant professor of economics at the School of Global Policy and Strategy and a non-resident fellow at the Center for Global Development. Khanna teaches courses at GPS including Immigration and Immigration Policy, The Economics of Immigration and the Public Policy Capstone. Prior to joining UC San Diego, Khanna was a postdoctoral fellow at the Center for Global Development in Washington, D.C. and a consultant for the World Bank's Poverty and Inequality Unit.

**Tiempo de exposición:** 1 hora



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