

On the Economic Contribution of Hispanic Immigrants to the US

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Sin Barreras Symposium November 2018

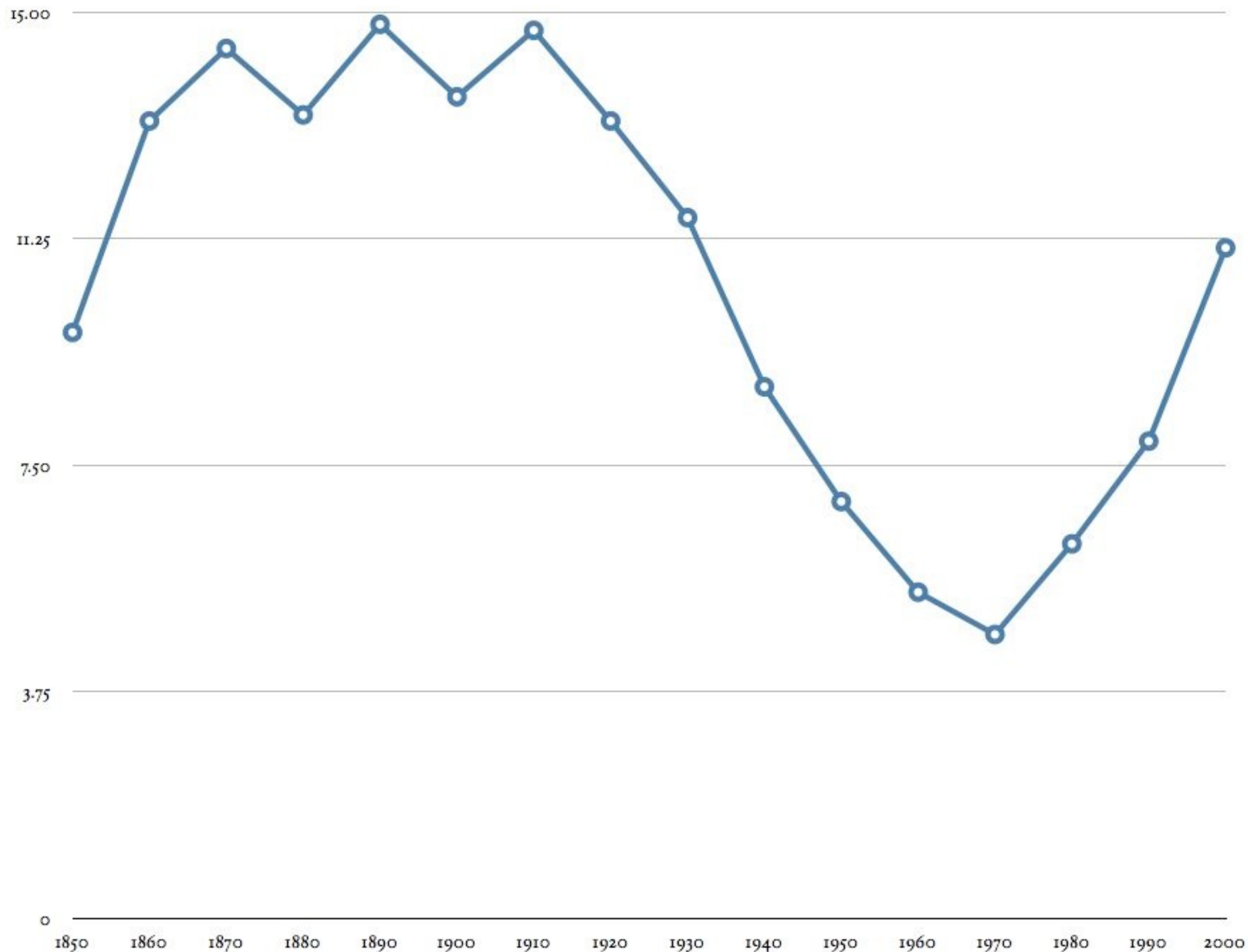
Roadmap.

- (1) Some facts.
- (2) Wage effects.
- (3) Fiscal effects.
- (4) Conclusion.

(1) Some facts.

- Currently about 44 million foreign-born in the US economy.
- A quarter Mexican; a quarter other Latin American; a bit more than a quarter Asian.
- 12 million undocumented: Half from Mexico.

Figure 1.5. Foreign-born Fraction of US Population, 1850-1990.



Source: Gibson and Lennon (1999) and Malone et. al. (2003).

Origins of the U.S. immigrant population, 1960-2016

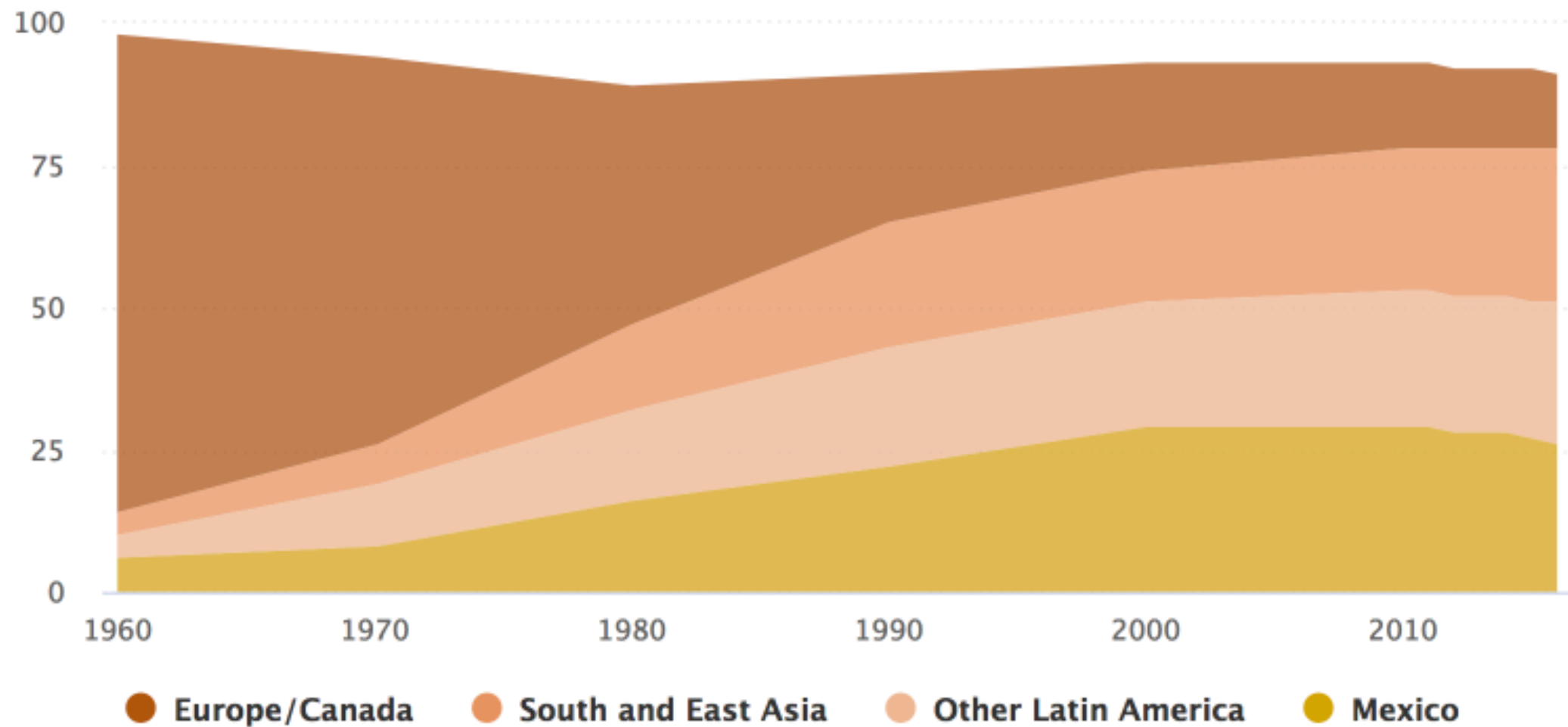
Chart

Data

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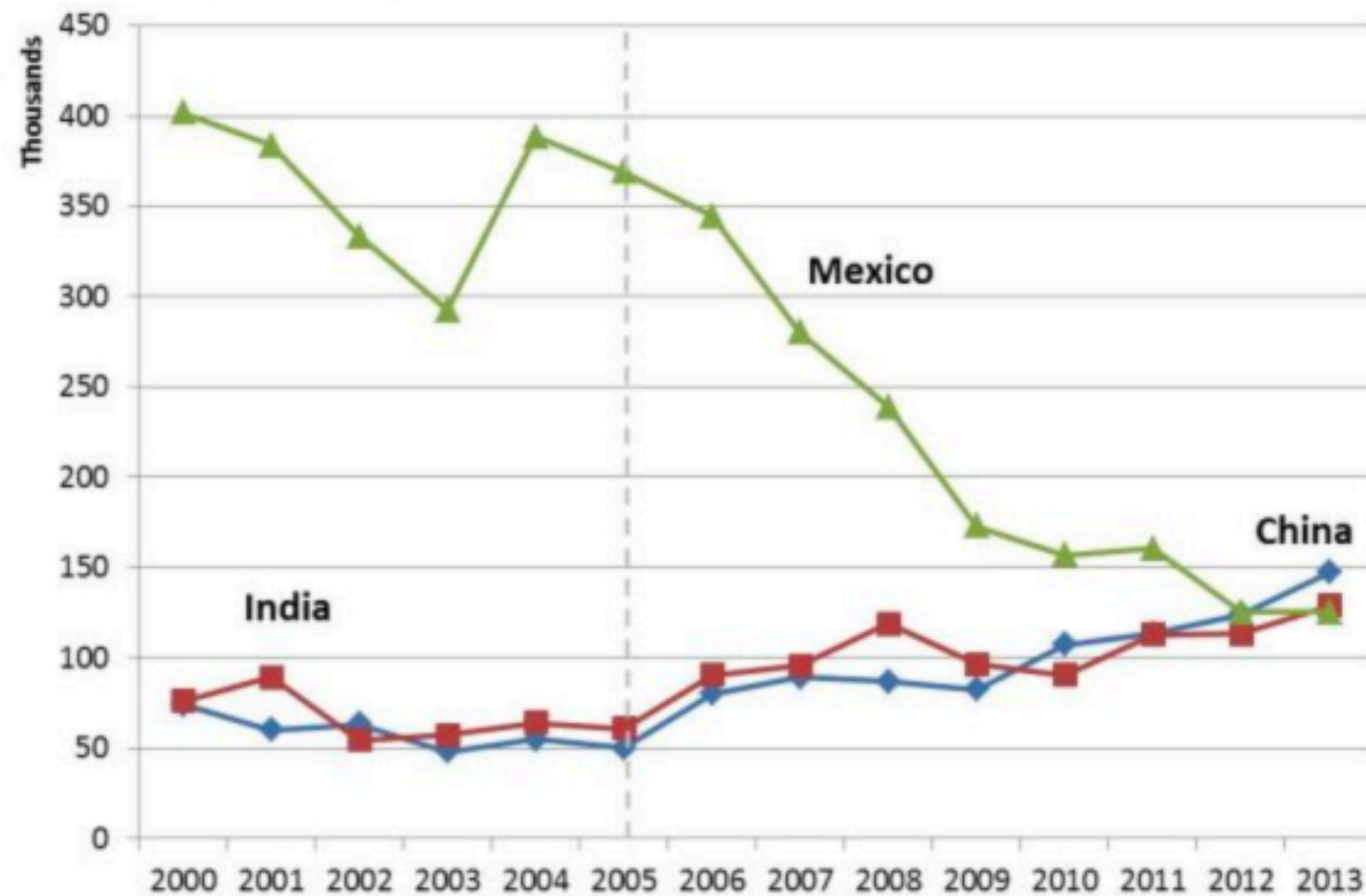
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% of foreign-born population residing in the U.S. who were born in ...



(www.pewhispanic.org)

Foreign-Born Population Whose Residence One Year Ago Was Abroad by Selected Places of Birth: 2000-2013



Note: The ACS did not include the group quarters population until 2006. The time series from 2000 to 2005 represents immigration for the household population while the time series from 2006 to 2013 represents immigration for the resident population.

Source: U.S. Census Bureau, Population Division, 2000 to 2013 Single-Year American Community Survey. For information on sampling and nonsampling error in the ACS, see http://www.census.gov/acs/www/methodology/methodology_main/.

(Eric Jensen, Census Bureau, 2015.)

Who comes?

- Negative selection theory vs. positive selection theory.
- Chiquiar and Hanson (2005).

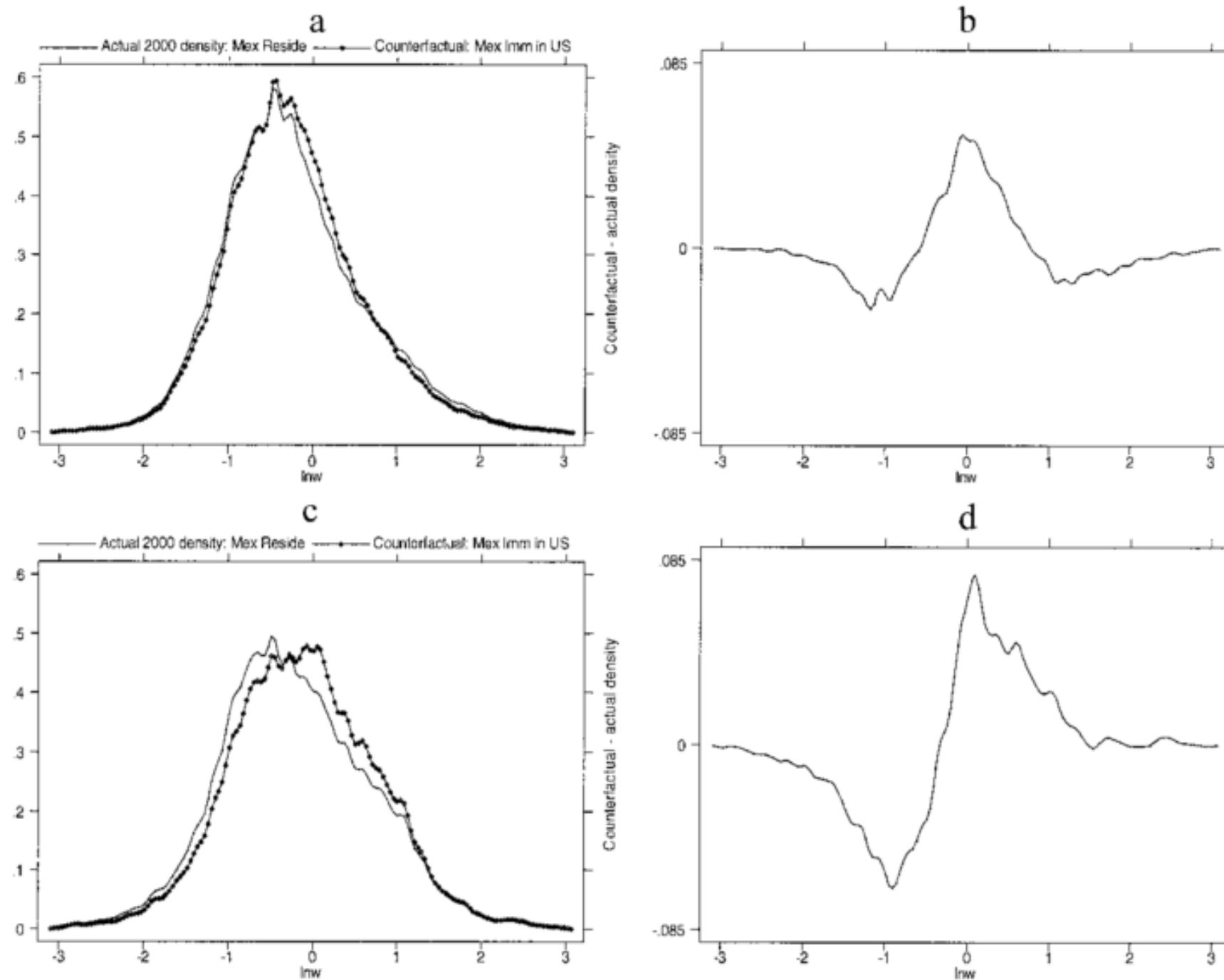


FIG. 5.—Actual and counterfactual wage densities, 2000 (based on skill prices in Mexico). *a*, Men: actual (resident) and counterfactual (immigrant) wage densities. *b*, Men: immigrant wage density minus resident wage density. *c*, Women: actual (resident) and counterfactual (immigrant) wage densities. *d*, Women: immigrant wage density minus resident wage density.

(2) Effects on wages.

- Naive view: Increase in labor supply.
- Explicitly cited by RAISE act sponsors.

(2) Effects on wages.

- *Evidence:* The Mariel boatlift.

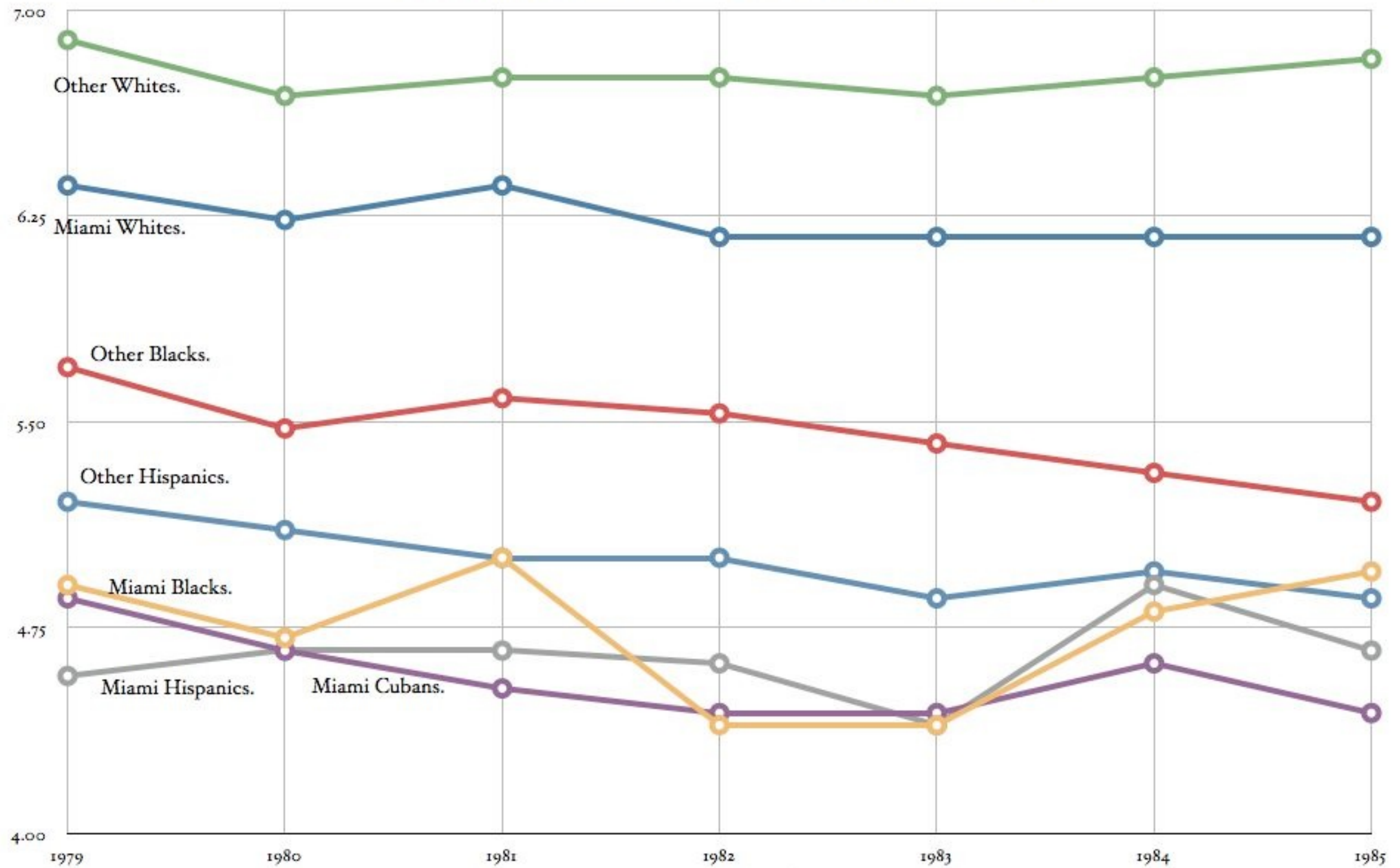
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- 7% increase in local labor force in five months.
- Effect studied in a paper by David Card (UC Berkeley).

Figure 12.4: Wages in Miami and Comparison Cities.



Source: Card (1990).

- Data are consistent with *no* effect on the local labor market.

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- *Evidence:* 1962 and the end of the Bracero program.

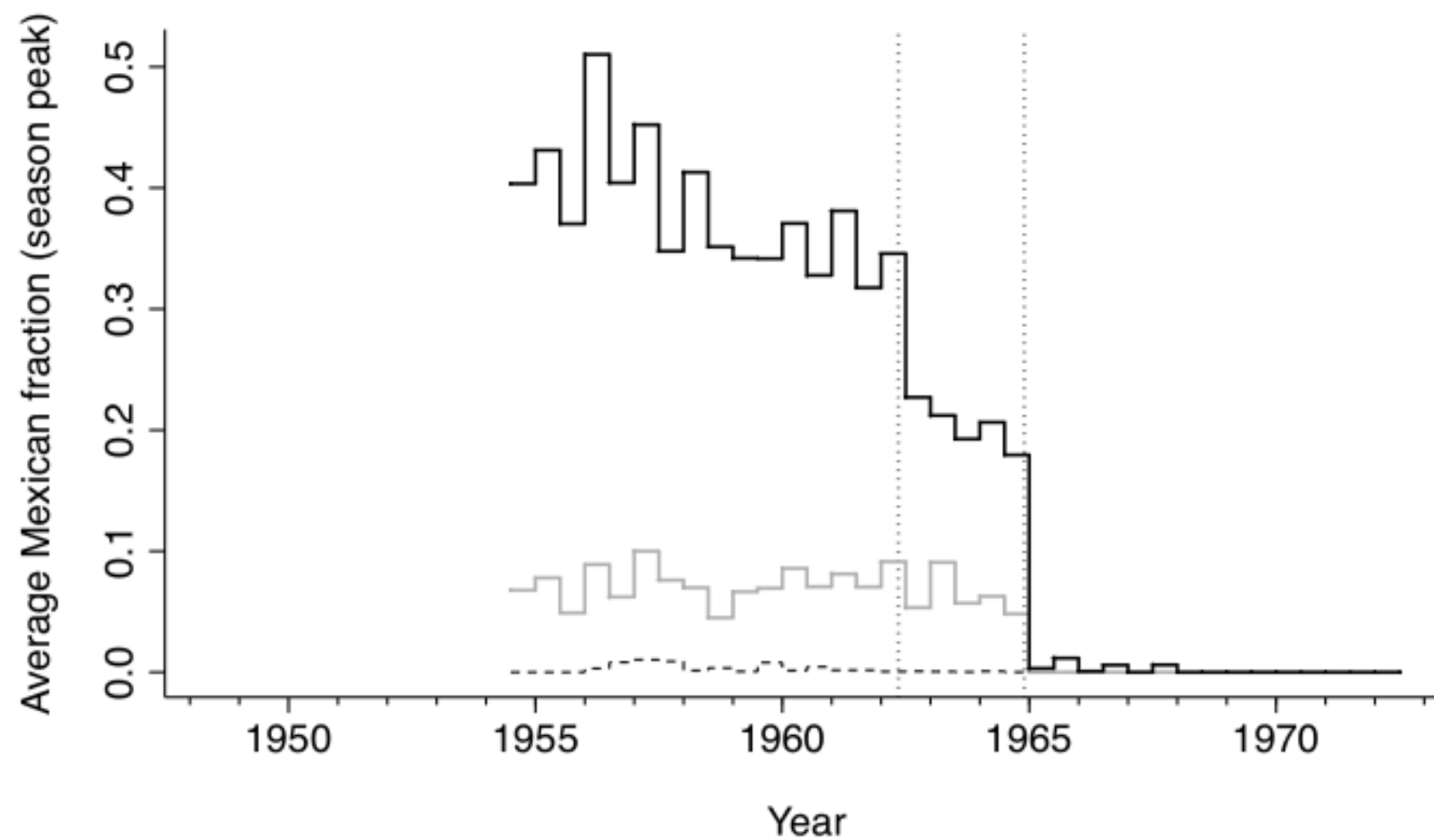
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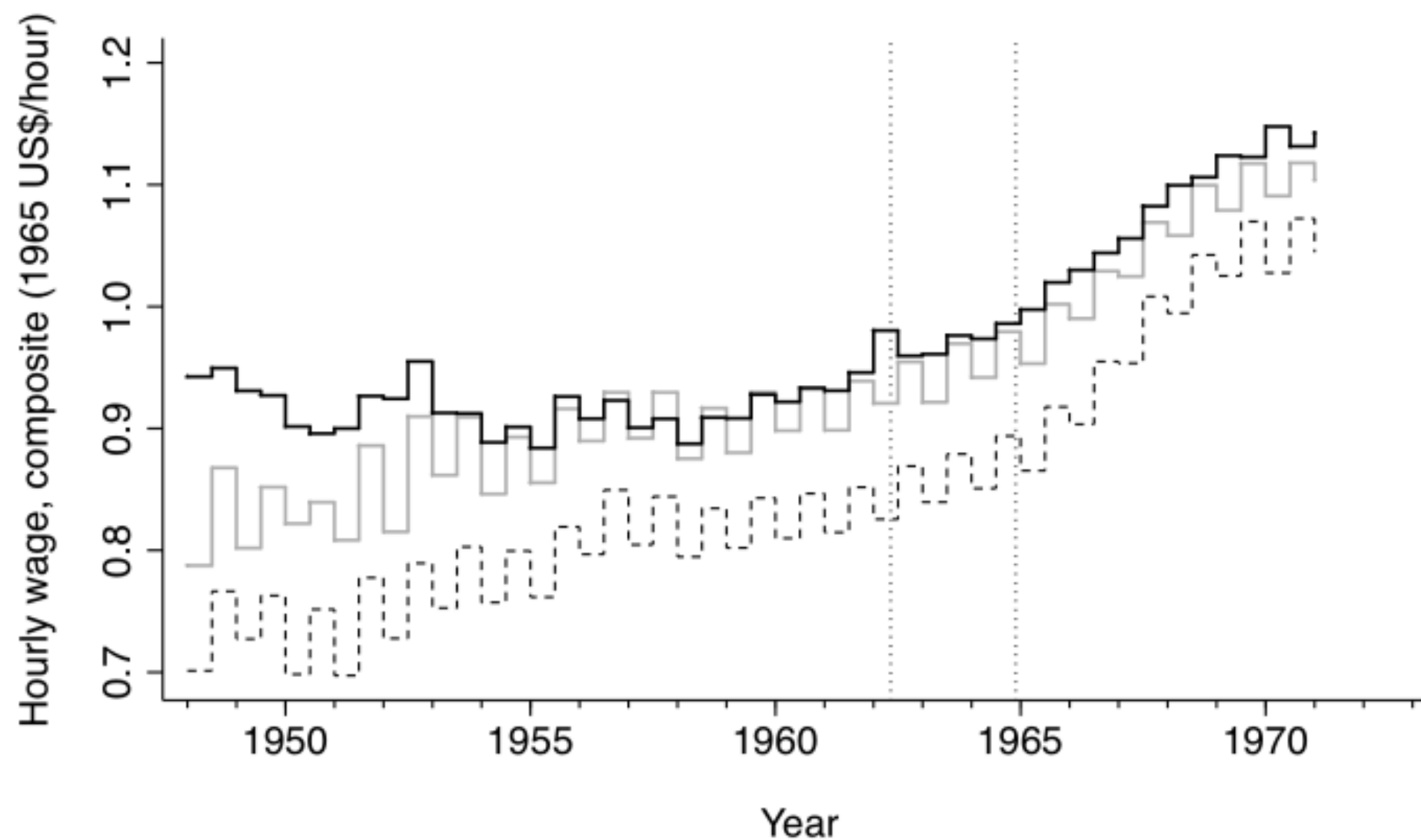
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- *Evidence: 1962 and the end of the Bracero program.*
- Clemons, Lewis and Postel (2018).
- JFK: “The adverse effect of the Mexican farm labor program as it has operated in recent years on the wage and employment conditions of domestic workers is clear”

(a) *Average Mexican fraction of hired seasonal farm workers, 1954–1972*



(b) *Average real farm wages, 1948–1971*



Bracero fraction (B/L) in 1955:

- No exposure ($B/L = 0$)
- Low exposure ($0 < B/L < 0.2$)
- High exposure ($B/L \geq 0.2$)

(2) Effects on wages.

- *Evidence:* Drought-driven migration.
- Pugatch and Yang (2011).
- Chalfin (2013).

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- *“Empty storefronts and dusty windows break up a once vibrant downtown. Businesses that catered to the town’s Latino population have been hardest hit. Most closed last summer.”*

Why are the effects
on wages different
from the naive
prediction?

Reason 1: Imperfect substitutes.

- Peri and Sparber (2009): Specialization in tasks.

Reason 2: Local
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- Labor *demand* effects.

Reason 3: Interaction
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- Ottaviano, Peri and Wright (2013).

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 - \$7bn - sales taxes;
 - \$3.6bn - property taxes;
 - \$1.1bn - income taxes.

(3) Fiscal effects.

- Fiscal effects mostly seem like a wash.

(3) Fiscal effects.

- *Note:* (1) Very desirable to have immigrants buying healthcare insurance.
- (2) Scale effects are beneficial in public finance.

(4) Conclusion.

- Hispanic immigrants are a huge part of the US economy.
- Economic effects appear to be beneficial across the board to US citizens.