

WHY ARE IMMIGRANTS ALWAYS ACCUSED OF STEALING PEOPLE'S JOBS?

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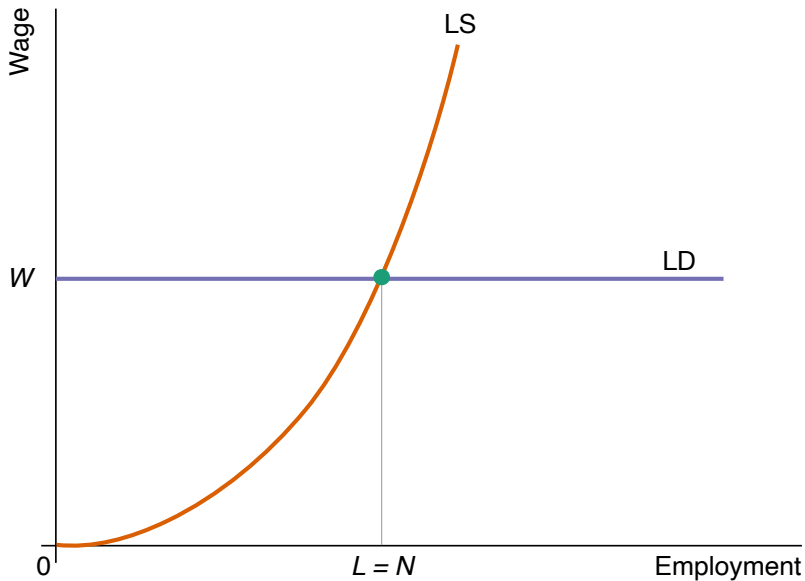
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Paper available at <https://pascalmichailat.org/14/>

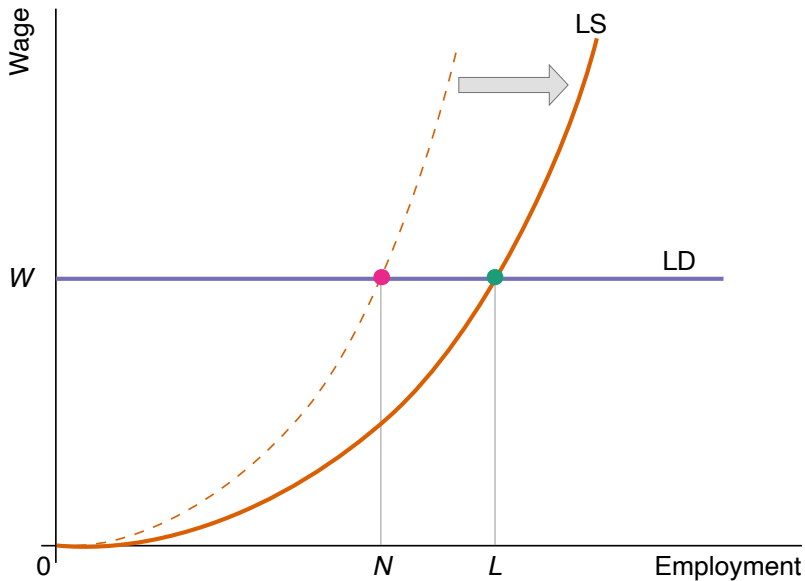
IMMIGRANTS ARE OFTEN ACCUSED OF STEALING JOBS

- build the wall!
 - “DACA denied jobs to hundreds of thousands of Americans by allowing those illegal aliens to take those jobs.” (Sessions 2017)
- key concern at the time of the Mariel boatlift
 - “A 3-day riot occurred in several black neighborhoods, killing 13. A government-sponsored committee cited the labor market competition of Cuban refugees as an important factor.” (Card 1990)
- immigration is one of US voters' 5 chief concerns (Gallup)
 - extremely or very important for at least 2/3 voters

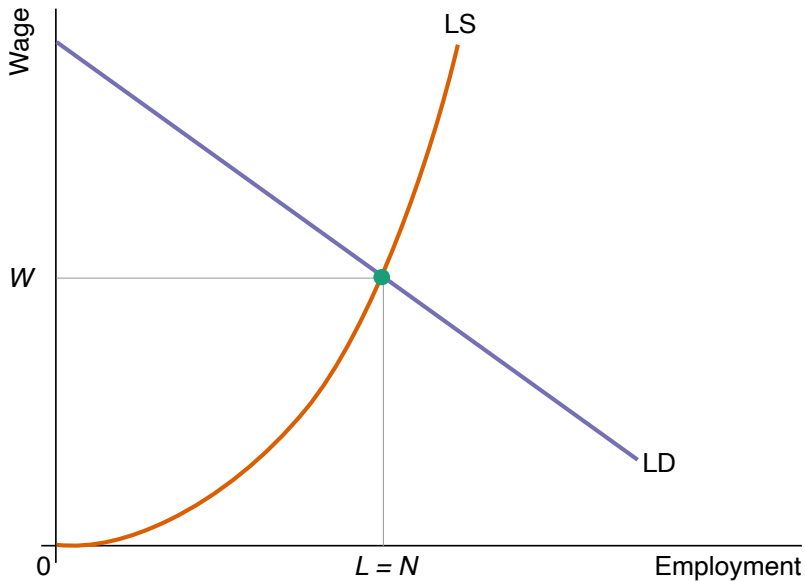
YET EXISTING MODELS OMIT JOB STEALING: CARD



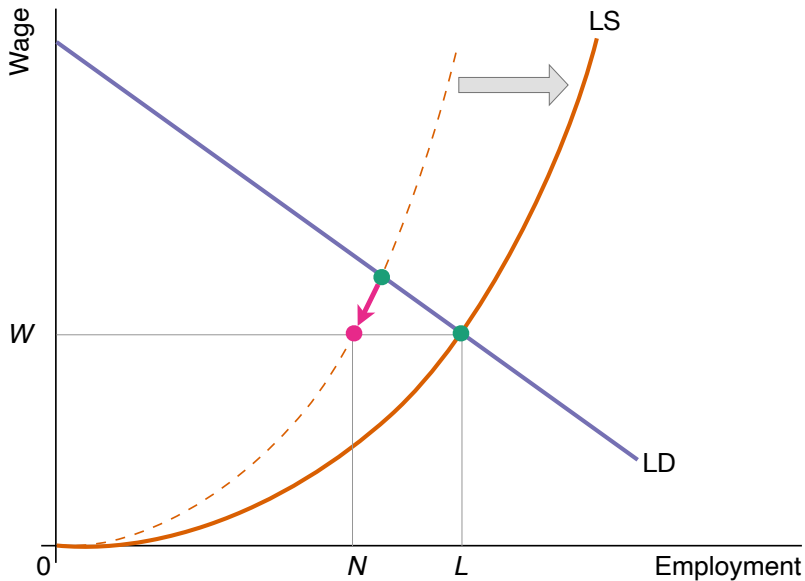
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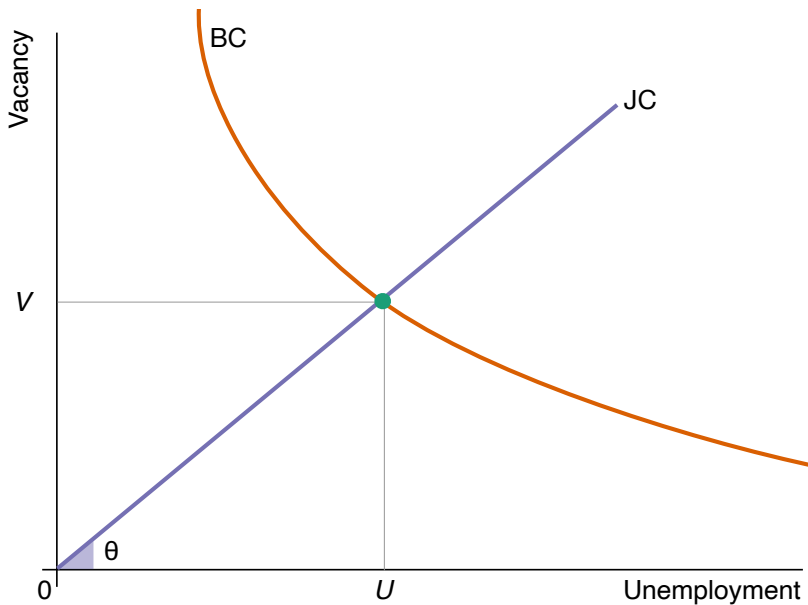
YET EXISTING MODELS OMIT JOB STEALING: BORJAS



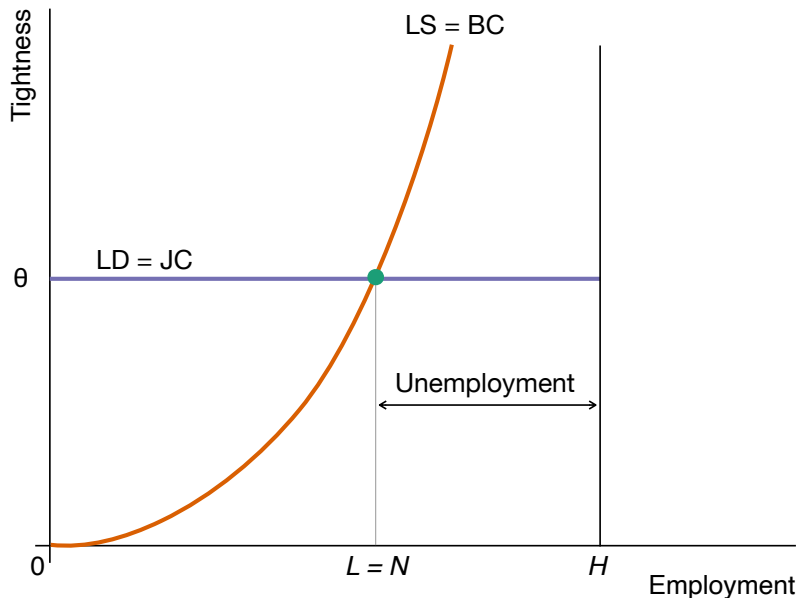
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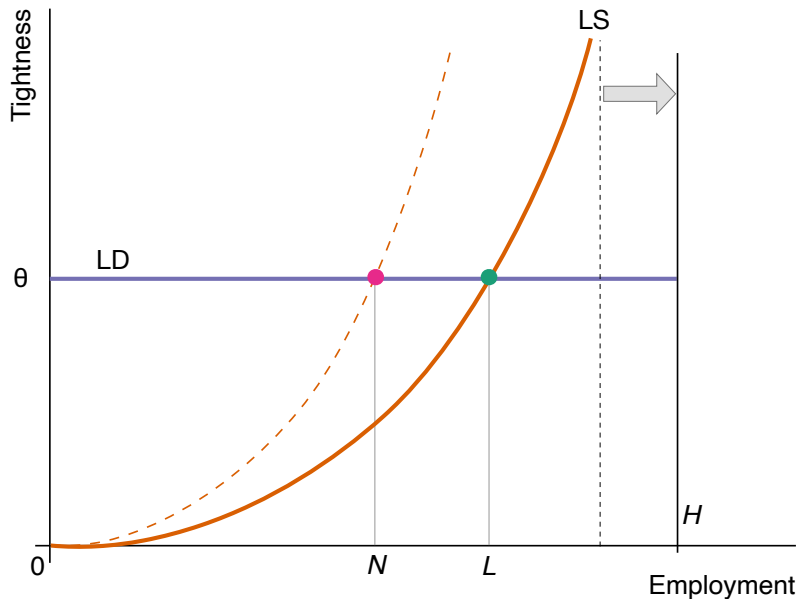
YET EXISTING MODELS OMIT JOB STEALING: DMP



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THIS PAPER: IMMIGRATION MODEL WITH JOB STEALING

- richer description of effects of immigration
 - wages & job-finding rates
- richer immigration policy:
 - response to business-cycle conditions
- avenue for new empirical research:
 - new questions & new data

IMMIGRATION MODEL WITH JOB STEALING: NEW DATA

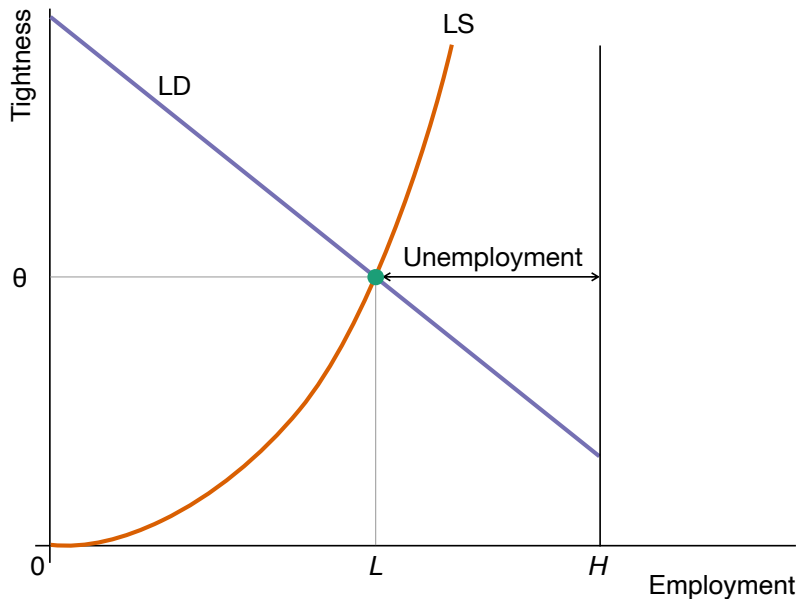
- “The 1992 National Election Studies survey asked other questions about immigration that we do not analyze. For example, respondents were asked whether they think Asians or Hispanics ‘take jobs away from people already here.’ We do not focus on this question because its responses cannot clearly distinguish among our three competing economic models. All our models assume full employment, so no natives could have jobs ‘taken away’ by immigrants.” (Scheve, Slaughter 2001)

STRUCTURE OF THE MODEL (MICHAILLAT 2012)

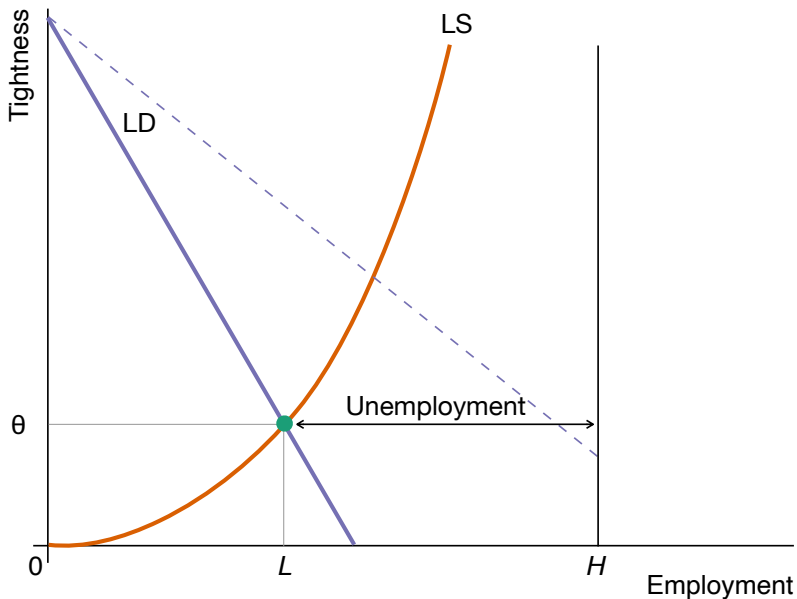
Diamond-Mortensen-Pissarides structure with 2 changes:

1. linear production function \rightsquigarrow concave production function
 - diminishing marginal returns to labor
 - labor demand is downward sloping in w and θ
 - somewhat limited number of jobs
2. bargained wages \rightsquigarrow rigid wages
 - norms in long-term employment relationships
 - labor demand responds to business-cycle shocks
 - fewer jobs in bad times
 - response of wages to immigration calibrated to evidence

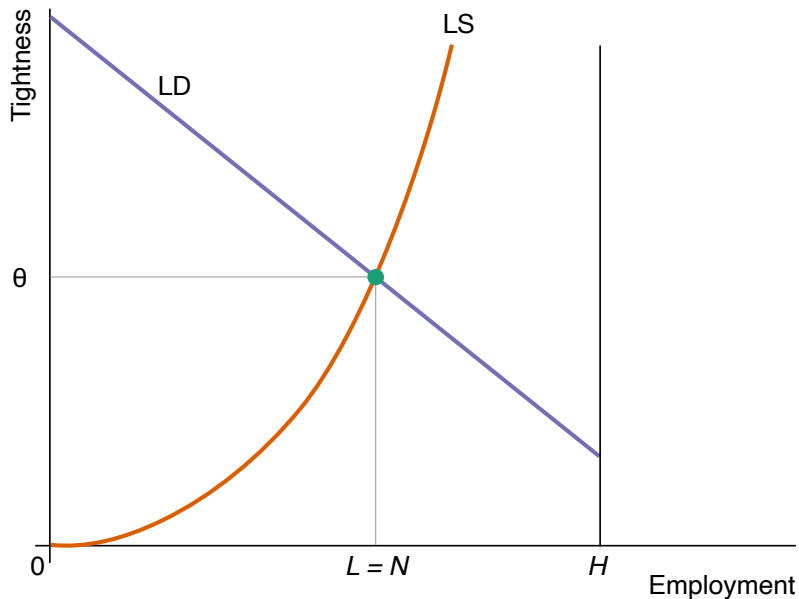
LABOR MARKET EQUILIBRIUM: CARD MEETS BORJAS



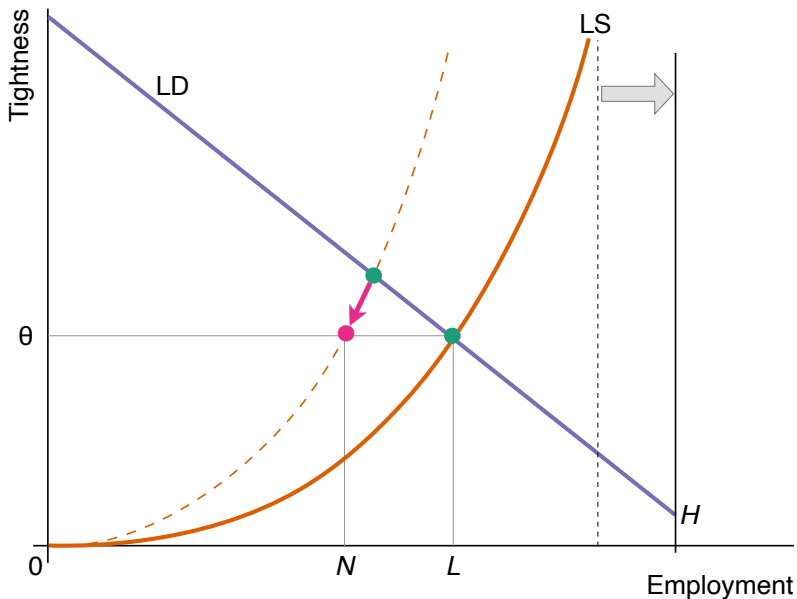
LABOR MARKET EQUILIBRIUM: BAD TIMES



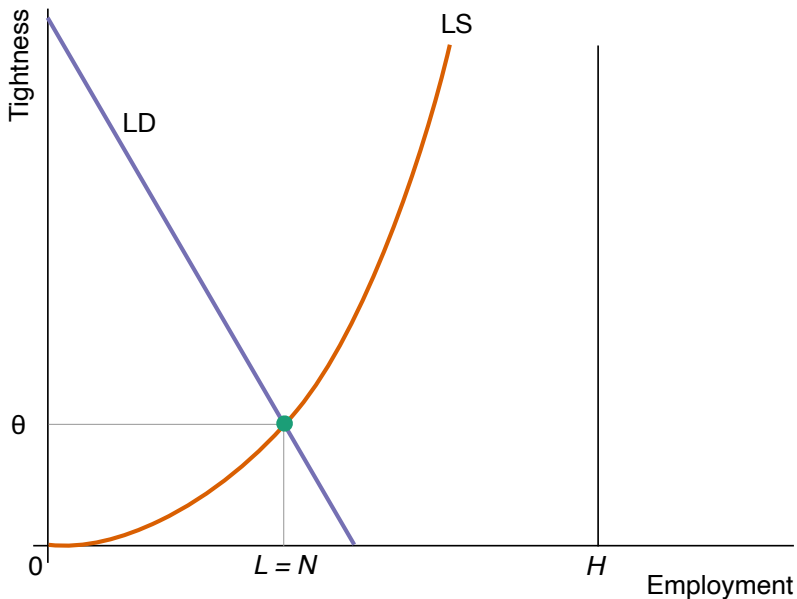
IMMIGRATION REDUCES JOB-FINDING RATE OF NATIVES



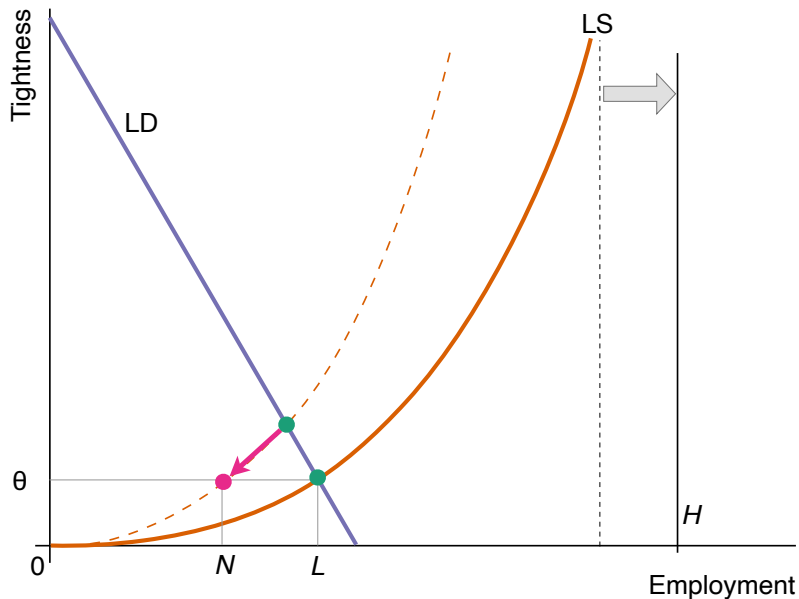
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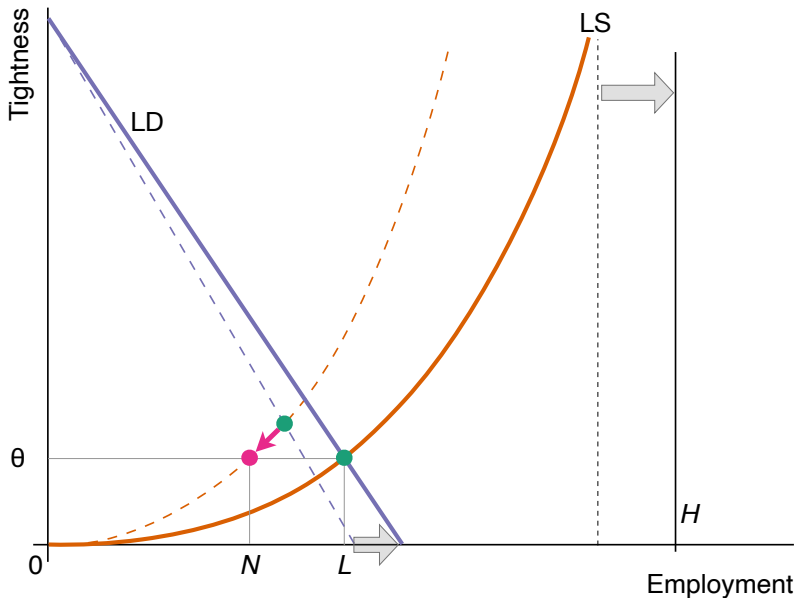
JOB STEALING IS ESPECIALLY STRONG IN BAD TIMES



JOB STEALING IS ESPECIALLY STRONG IN BAD TIMES



JOB STEALING IS ALLEVIATED IF WAGES FALL



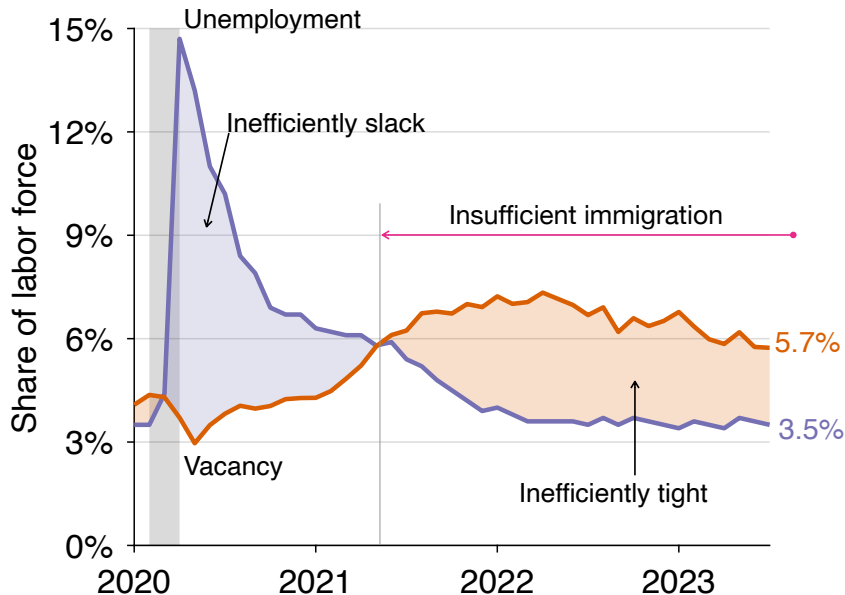
WHO GAINS AND LOSES FROM IMMIGRATION?

- native workers are **always hurt by immigration**
 - native labor income = $w \times N(\theta)$ decreases with immigration
 - because θ falls with immigration and $N'(\theta) > 0$ along native supply
- firm owners **always benefit from immigration**
 - firm profits = $(1 - \alpha) \times [w \times L(\theta)]/\alpha$ increase with immigration
 - because θ falls with immigration and $L'(\theta) < 0$ along labor demand
- political prediction:
 - populist regimes oppose immigration, especially in bad times
 - capitalists regimes support immigration

IMMIGRATION AS A STABILIZATION POLICY

- immigration improves native welfare in inefficiently tight labor market
 - by reducing tightness, immigration raises firm profits more than it lowers native labor income
- to maximize native welfare, immigration should lower tightness until labor market is inefficiently slack
- immigration might complement monetary policy because it affects tightness instantaneously
 - while monetary policy takes 12–18 months to affect tightness

MORE IMMIGRATION IMPROVES WELFARE IN 2021–2023



WHY DEVELOP A MODEL IN WHICH IMMIGRATION NEGATIVELY AFFECTS NATIVE WORKERS?

- “One of the central questions in the debate over immigration policy is whether immigrants adversely affect labor market outcomes for natives. Some Americans believe they do, worrying that immigrants take jobs away from native workers. Most of the empirical evidence produced by economists, however, does not support these concerns.” (Federman, Harrington, Krinsky 2006)

IN FACT JOB-STEALING IS PREVALENT IN EXISTING STUDIES

- Hunt (1992): French repatriates \rightsquigarrow France in the 1960s
 - 100 repatriates in labor force \Rightarrow 20 natives in unemployment
- Borjas, Monras (2019): Algerians refugees \rightsquigarrow France in the 1960s
 - 100 refugees in region-education cell \Rightarrow 27 natives in unemployment
- Angrist, Kugler (2003) & Borjas, Monras (2019): Yugoslavian refugees \rightsquigarrow Europe in the 1990s
 - OLS: 100 refugees in labor force \Rightarrow 21–35 natives in unemployment
 - IV: 100 refugees in labor force \Rightarrow 47–83 natives in unemployment

IN FACT JOB-STEALING IS PREVALENT IN EXISTING STUDIES

- Glitz (2012): ethnic Germans refugees \rightsquigarrow Germany in 1990s
 - 100 refugees in employment \Rightarrow 31 natives in unemployment
- Dustmann, Schoenberg, Stuhler (2016): Czech commuters \rightsquigarrow German border towns in 1991–1993
 - 100 commuters in employment \Rightarrow 71 natives in unemployment
- Labanca (2016): Arab Spring refugees \rightsquigarrow Italy in 2011
 - 100 refugees employed \Rightarrow 63–80 natives in unemployment

LABOR MARKET TIGHTNESS FELL BY 40% AFTER MARIEL BOATLIFT (ANASTASOPOULOS, BORJAS, COOK, LACHANSKI 2021)

