

COVID-19, Immigration and the US Labor Market

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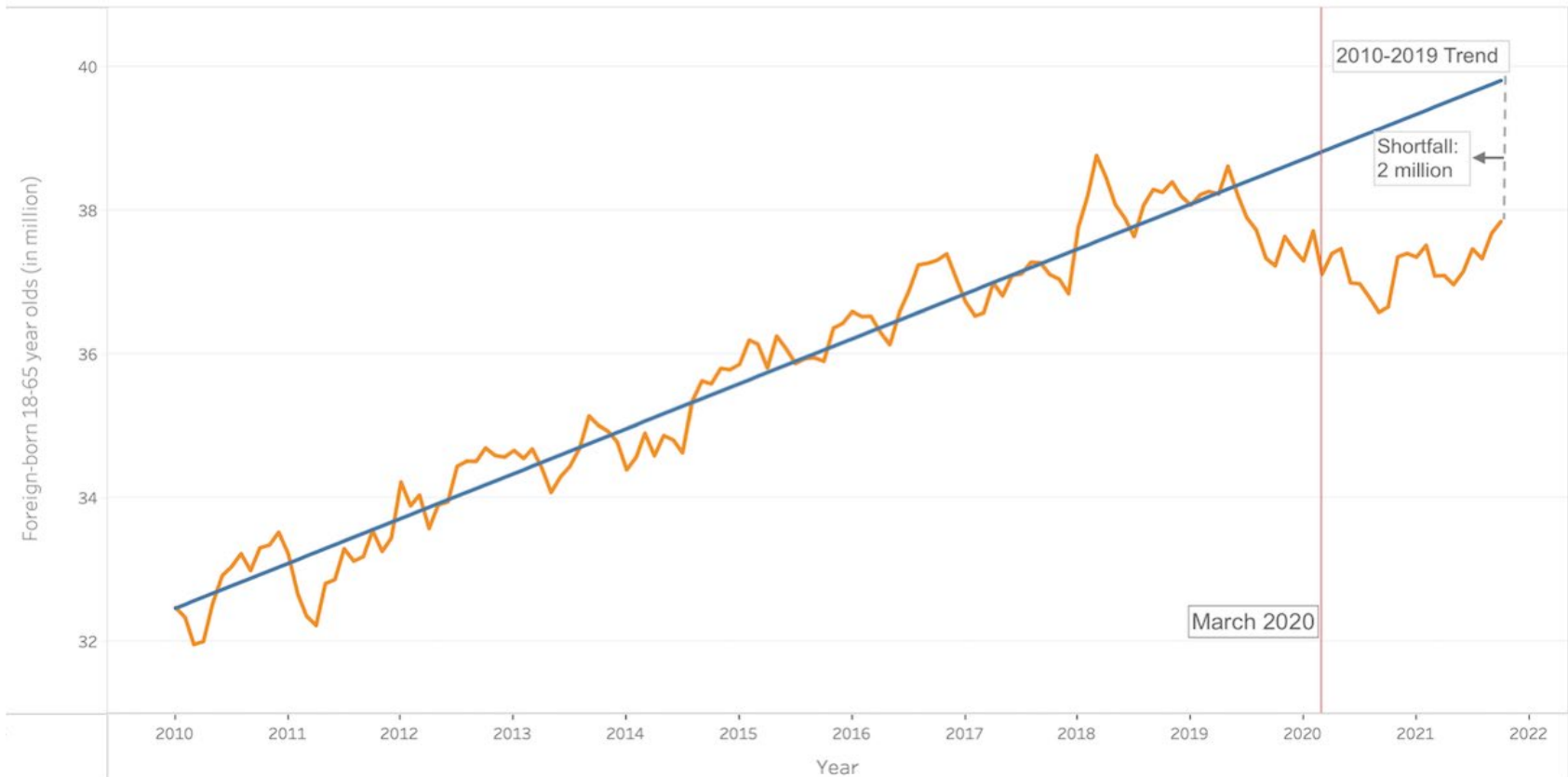
Peri and Zaiour's Paper

- How has immigration shifted since beginning of COVID-19 pandemic?
- Has internal mobility of natives shifted since beginning of COVID-19 pandemic?
- Are declines in immigration and increases in remote-work options related to internal mobility of natives?

2 Million Fewer Immigrant Workers, 18-65, after COVID-19 (Peri & Zaiour 2022)

WORKING-AGE FOREIGN-BORN POPULATION

(2010-2021)



Source: U.S. Bureau of Labor Statistics, and Current Population Survey, U.S. Census Bureau

EconoFact econofact.org

Findings

- Dramatic declines in foreign born since 2020, some recent recovery
- Continued decline in internal mobility
- Declines in immigration and rising remote-work options are **not** associated with in/out/net mobility across state lines by natives
 - Native mobility in short-run is not responsive to labor market shocks

Findings

- Weak, at best, native mobility response for college vs. non-college educated to immigration decline after COVID-19
- Few effects of demand shocks in aggregate or for separate education groups

Underneath Findings

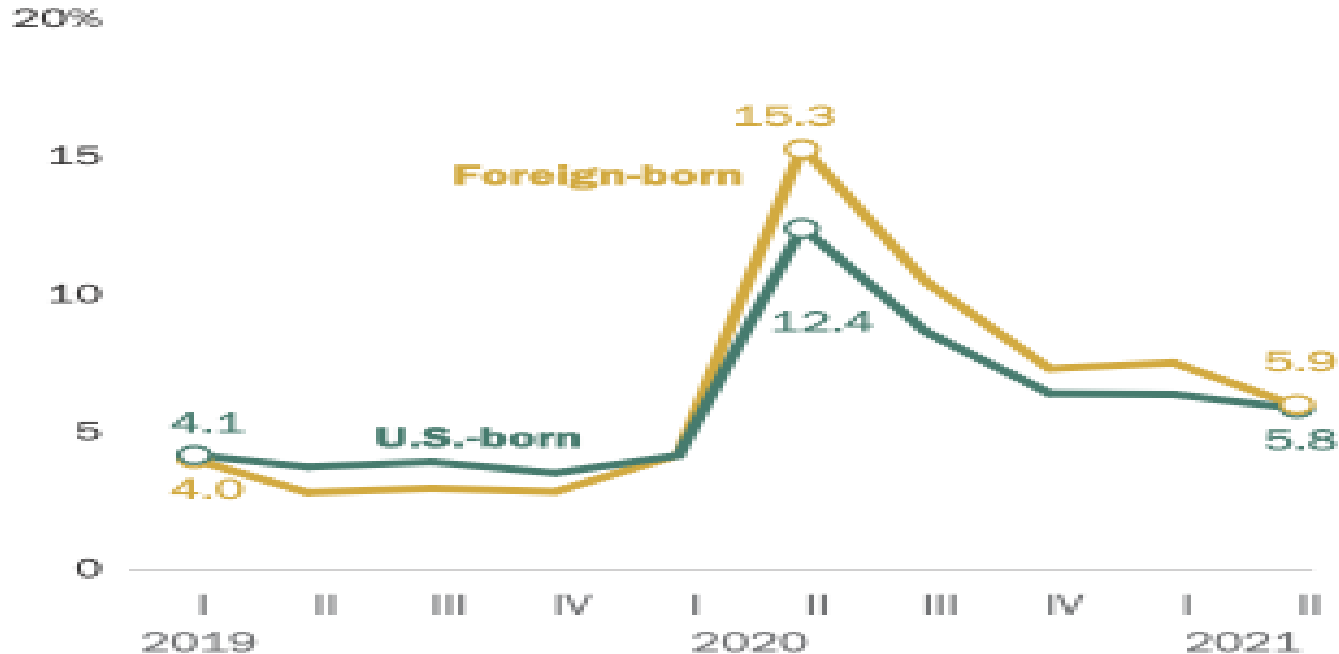
- Observation window for mobility is short (1- and 2-year mobility)
- More heterogeneity in immigration shifts than accounted for in analysis
 - Trends vary by state, across sectors, and age groups. Emphasis on working aged, presumption that native mobility responds only to declines in FB of working age
- Big visa backlogs
- Work shifts and how workers relate to work

What about Unemployment?

- Greater unemployment immediately after COVID among immigrants than natives
- Analysis by PEW Research Center shows recovery and parity across the two groups by end of 2nd quarter in 2021
- Might the pace of recovery matter in an analysis of native mobility response?

Unemployment increased more sharply among immigrants during pandemic, then fell more quickly

Unemployment rate in each quarter (%)



Note: The unemployment rate is the share of workers in the labor force actively looking for work or on temporary layoff. Estimates refer to people ages 16 and older and are not seasonally adjusted. Source: U.S. Bureau of Labor Statistics.

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<https://www.pewresearch.org/fact-tank/2021/07/26/immigrants-in-u-s-experienced-higher-unemployment-in-the-pandemic-but-have-closed-the-gap/>

What about Wages?

- No analysis of wages in Peri and Zaiour paper, but wage responses to shifting labor market conditions tend to be slower
- Shortages can drive wage increases, but if growth slows because firms cannot fill jobs and that leads to closures, then labor demand loss and fewer immigrants can lead to wage declines
- PEW Research Center analysis suggests both

Median wages increased sharply at the start of the pandemic and then fell, reflecting the impact on lower-wage jobs

Median hourly earnings, by year and quarter, in 2021 second-quarter dollars

	2019:2	2020:2	2021:2	Change	
				2019-20	2020-21
All					
U.S.-born	\$20.29	\$22.83	\$21.50	12.5%	-5.8%
Foreign-born	18.61	21.03	20.00	13.0	-4.9
Women					
U.S.-born	18.86	20.88	19.64	10.7	-5.9
Foreign-born	15.71	18.79	17.78	19.6	-5.4
Men					
U.S.-born	22.16	25.05	23.75	13.0	-5.2
Foreign-born	20.15	23.07	21.63	14.5	-6.2

Note: The median divides each group into halves, one half earning more than the median and the other half earning less than the median. Estimates refer to employed workers ages 16 and older, working full time or part time, and are not seasonally adjusted. The changes shown are from the second quarter of one year to the second quarter of the next year.

Source: Pew Research Center analysis of 2019, 2020 and 2021 Current Population Survey monthly files (IPUMS).

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As pandemic struck (2019-2020), median hourly wages rose for immigrants and natives (13 vs. 12.5% increase). Then, between 2020-2021, hourly wages declined for immigrants and natives (-4.9 vs. -5.8%)

Among women between 2019-2020, wages grew for both groups but more so for immigrants than natives (19.6 vs. 10.7% increase)

Among men between 2020-2021, greater decline in wages of immigrants than those of natives (-6.2 vs. -5.2%)

What about Policy Responses?

- Blunt migration policy responses restricting entry/travel:
 - Travel restrictions limiting entry to foreign nationals, and to US permanent residents from some countries
 - No non-essential entry at northern/southern borders

Another Response: Emigration

- Preferences to remain in US shifted -- some returned home because of lost jobs (especially those tied to temporary visas) and other reasons
- Others deported (US did not initially suspend deportations in March 2020)
 - Implies that immigrant unemployment during COVID-19 was likely higher than data suggest
- MX data also suggest growth in US born children living in Mexico continues (up from 600,000 in 2019)

Pandemic Migration Policy Responses in the Future

- If future growth depends on immigrants and immigration policy, then avoid disrupting migration flows and recognize job skills that immigrants offer and US needs (across income distribution from tech to farm jobs)
 - Develop coordinated dynamic pandemic plan, based on contingencies, for future
 - Include predeparture measures and/or reception conditions
 - Coordinate across the Americas

Thank you

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