Economic Impacts of Declining Immigration

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Roadmap

• Indicators of labor market tightness
  • Low unemployment
  • Many quits, many vacancies
  • Rising wages, especially in low-wage sectors
  • But: employment, labor force participation

• Role of immigration
  • Drop in most inflows even pre-pandemic
  • What sectors, states are missing immigrant workers the most?
  • Importance of new immigrant workers
Unemployment rate back below natural rate

Percent, seasonally adjusted

NOTES: Data through February 2022. Shaded bars indicate U.S. recessions.
Quit, vacancy rates at record highs

Wages growing fastest for low-wage workers

ECI wage growth in percent, 2021Q4/2019Q4, annualized

NOTE: Bubbles weighted by share of total employment in 2021.
But... labor force participation, employment rate suggest some labor market slack persists

NOTES: Data through February 2022. Shaded bars indicate U.S. recession.
Troubling drop in U.S. population growth

Note: Annual estimates pertain to July 1 to July 1 of successive years
Fewer new working-age international migrants

International migrants ages 16-64


SOURCES: Current Population Survey ASEC data via IPUMS.
Fewer temporary foreign worker visas issued during pandemic


SOURCES: U.S. State Department
Fewer new arrivals on permanent resident visas

NOTE: Only new arrivals are included except for refugees, who are adjusting status after at least one year in the U.S.

SOURCES: U.S. Department of Homeland Security
Job vacancy rate higher in immigrant-intensive sectors

![Graph showing the job vacancy rate in various sectors.](image)

**Share of workers foreign born, 2019 (%)** vs **Job openings rate (%) in 2021**

**Job vacancy rate** is highest in sectors such as Leisure & hospitality, Prof. & Bus. services, Other services, Manufacturing, Retail, Transportation, warehousing & utilities, Health care, Information, Wholesale trade, Finance, insurance & real estate, Education, Construction, Other services.

**NOTE:** Bubbles weighted by share of total employment in 2021.

**SOURCES:** Bureau of Labor Statistics; Federal Reserve Bank of Dallas; American Community Survey via IPUMS.
Wages rising faster in immigrant-intensive sectors

ECI wage growth (%), 2021Q4/2019Q4, annualized

Share of workers foreign born, 2019 (%)

NOTE: Bubbles weighted by share of total employment in 2021.
SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas; American Community Survey via IPUMS.
Importance of new immigrant workers

- Responsive to labor market conditions
  - Labor market arbitrageurs
- Relatively young
  - Tend to have in-demand skills
  - Critical to rural areas
New international migrants main source of population growth for rural areas

Births - deaths  International migration  Domestic migration

SOURCE: U.S. Census Bureau
New international migrants main source of population growth for rural areas


SOURCE: U.S. Census Bureau
Importance of new immigrant workers

• Most responsive to labor market conditions
  • Labor market arbitrageurs

• Relatively young
  • Tend to have in-demand skills
  • Critical to rural areas

• Enable more people to work
  • Important source of childcare, elder care
Importance of policy

• How did we end up with falling international migration?
• And what can we do about it?