



Economics of Immigration Immigration Throughout History

No importa de dónde eres, estamos contentos que seas nuestro vecino.

No matter where you are from, we're glad you're our neighbor.

لا يهم اين ولدتم، و لكننا يهماين ولدتم، ولننا.

John Kruggel
Associate Director for Program
JMU Center for Economic Education
5/25/2022

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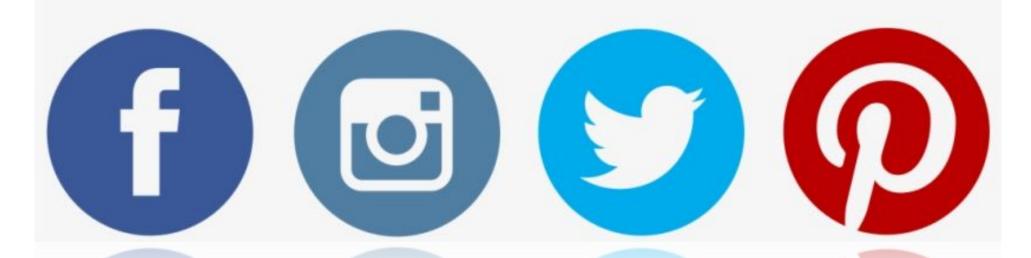
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Objectives

Big Picture, what should you take away from these webinars?

- 1. The gainers gain more than the losers lose.
- 2. The difference between the seen and unseen about immigration.
- 3. Jobs are not a zero-sum equation.
- 4. People's views on immigration oftentimes depend on whether immigrants are a substitute or a complement to their labor.





Agenda

5 mins: Introductions

15 mins: Survey and answers

10 mins: Brief history of immigration in the U.S.

(gallery walk activity)

10 mins: Impact of immigrants on wages

(using supply and demand)

5 mins: Mariel Boatlift example

10 mins: Q & A





Why Immigration?

There are a lot of topics we could cover, so why did we decide to dedicate 4 webinars and 3 local workshops on this topic?

- 1) Harrisonburg is a refugee relocation city.
- 2) HCPS has the greatest amount of languages spoken by their student population of any school division in VA (percentage-wise).
- 3) HCPS has the 2nd largest number of languages spoken by their student body based on straight numbers.
- 4) Immigration has always been a hot button topic.
- There are a lot of misconceptions regarding economics around immigration.





Survey

Let's take a look at what we know so far about immigration.

We aren't going to share out any individual results, but I think it's good for us to get a baseline before we get started.



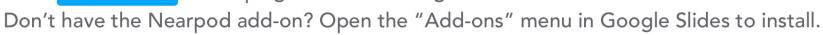




A. Yes	
O B. No	
C. Uncertain	

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Let's answer each of these looking at some additional statistics and perspectives.





1) Do immigrants take jobs away from American workers?

It depends.

In the long run most economic studies show immigration has a net positive (at worst, neutral) impact on the labor market.

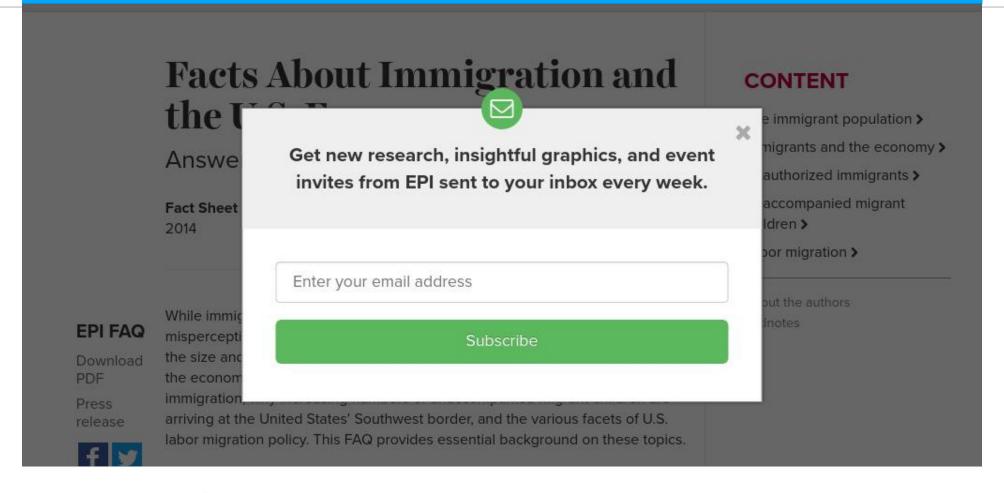
BUT, specific subsets are hurt worse than others in the short run.

It also depends on where we are in the business cycle. In times of growth, immigration typically has a positive influence on job growth and vice versa.









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Displacement Effect

The concern that immigrants push native workers out of jobs is a type of displacement effect in the labor market.

The displacement effect argument is one that has been used throughout history in many locations to argue against immigration.





Let's look at a quote about the displacement effect:

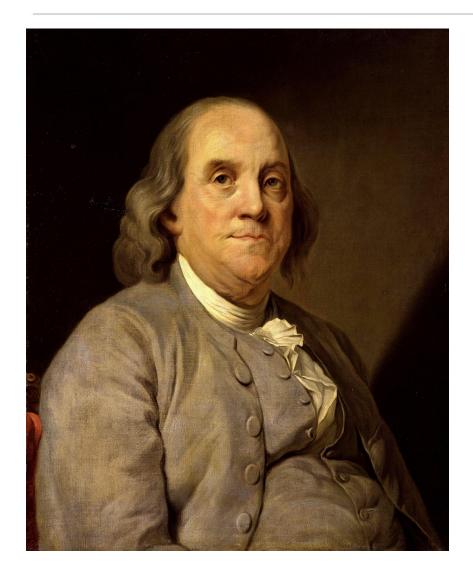
"Few of their children in the country learn English...The signs in our streets have inscriptions in both languages...Unless the stream of their importation could be turned they will soon so outnumber us that all the advantages we have will not be able to preserve our language, and even our government will become precarious."

In the chat:

- 1) What year is this quote from?
- 2) Who said it?







Ben Franklin

Letter to Peter Collinson

May 9, 1753

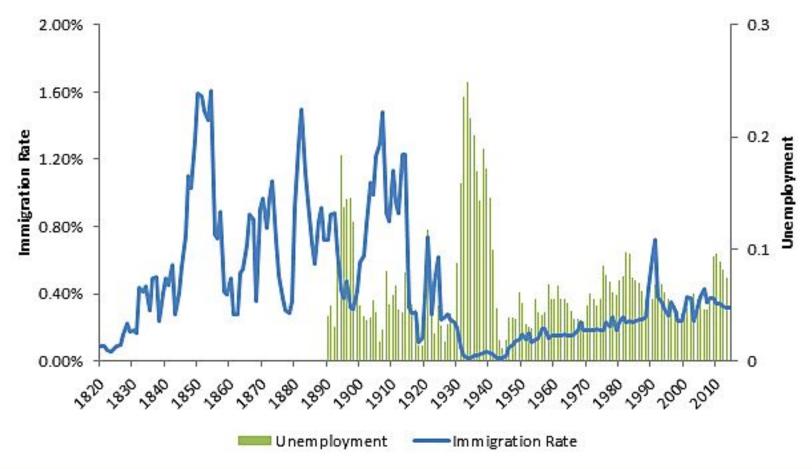
Letter concerning German immigrants





Unemployment and Immigration

More on this in tomorrow's webinar, but I wanted to show the <u>relationship</u> <u>between</u> immigration and unemployment throughout U.S. history.







2) Does immigration depress wages for American workers?

For the most part, immigration has been <u>consistently shown</u> to have <u>little to no impact on wages</u> regardless of skill level or education of the workforce.

- It can actually HELP native workers, because they have a comparative advantage when it comes to management positions requiring communication skills.
- There is some evidence that newly arrived immigrants have a negative impact on wages and employment of earlier immigrants.



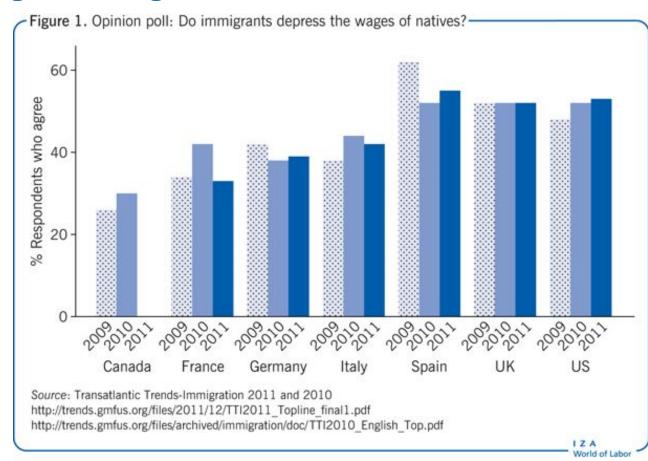


What do most people think?

This chart illustrates the seen vs. unseen argument.

Most studies consistently show the opposite of what many people think regarding immigrants impact on native worker wages.

A question to ask classes is why they think this opinion persists.









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The Impact of Immigration on Wages of Unskilled Workers

FALL 2017 • CATO JOURNAL By Giovanni Peri

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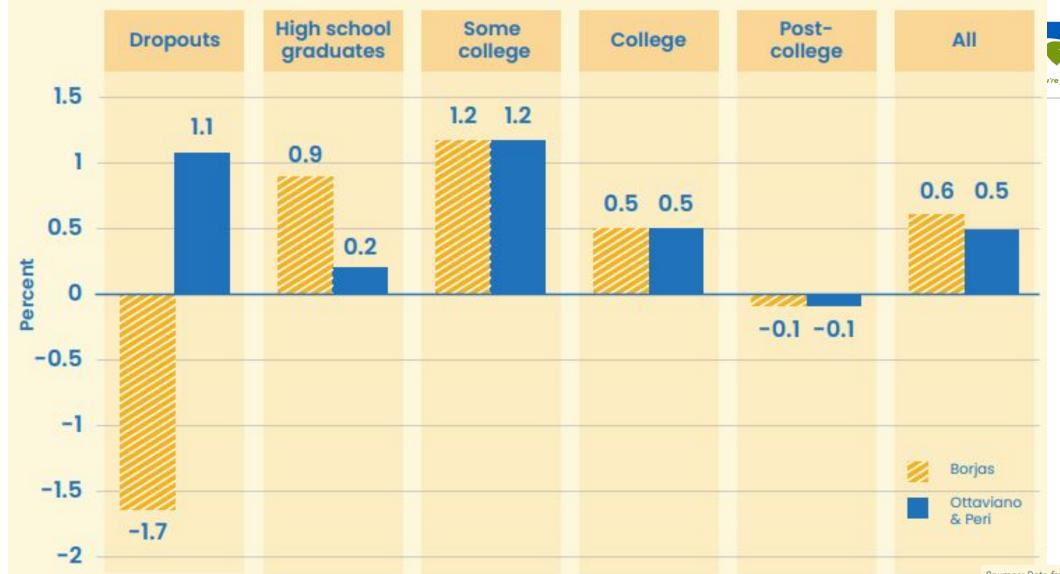


Figure 1. Long-run relative effect of immigration on wages of native-born citizens by education

Sources: Data from George Borjas, Immigration Economics (Cambridge, MA: Harvard University Press, 2014), p. 120; National Academy of Sciences, Engineering, and Medicine, The Economic and Fiscal Consequences of Immigration, Table 8-14, 2017, pp. 235–37; Gianmarco Ottaviano and Giovanni Peri, "Rethinking the Effect of Immigration on Wages," Journal of the European Economic Association 10, no. 1 (2012): 152–97.

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3) What percentage of Fortune 500 companies were founded by immigrants (both 1st and 2nd generation)?

The Center for American Entrepreneurship (CAE) found that in 2017, 43% of Fortune 500 companies were either founded, or co-founded by first or second generation immigrants.

That number increased to 44% in 2021.

If you look at the top 25 firms in 2017, that number increases to 52%







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Entrepreneurship

So, why do so many immigrants end up being entrepreneurial?

 The economic way of thinking about immigrants and the entrepreneurial spirit is that they are self-selected risk takers.

What?





Entrepreneurship

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 The economic way of thinking about immigrants and the entrepreneurial spirit is that they are self-selected risk takers.

What?

- Think about the decision-making process here. What type of person leaves everything they have to risk starting a new life in a different country?
- That person is probably determined, dedicated and hard-working.





Entrepreneurship

So, why do so many immigrants end up being entrepreneurial?

• The economic way of thinking about immigrants and the entrepreneurial spirit is that they are self-selected risk takers.

What?

- Think about the decision-making process here. What type of person leaves everything they have to risk starting a new life in a different country?
- That person is probably determined, dedicated and hard-working.
- Entrepreneurs are by nature risk-takers. Again, think about the mindset of someone who would forsake a job at a major business to go start their own company.









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History of Immigration in America





6 basic phases of immigration policy throughout U.S. History

Pre-1874: "Unrestricted Immigration"

1875-1920: "The First 'Exclusion' Laws and Centralized Control of Immigration"

1921-1964: "The National Origins Quota System and End of Anti-Asian

Exclusion"

1965-1985: "The End of National Origins Quotas and Creation of Refugee Resettlement"

1986-2000: "The Rise of Immigration Control and Limiting of Immigrants' Rights"

2001-present: "The Linking of Immigration Control to National Security"

Source: Immigration Policy Center: *Opportunity and Exclusion: A Brief History of U.S. Immigration Policy*





Gallery Walk Activity

I use the 6 phases in immigration throughout US History to set up a gallery walk matching laws passed with the phase in which the laws were passed.







immigration detailed in the Immigration Policy Center paper Opportunity and Exclusion: A Brief History of U.S. Immigration Policy.

Phase 1: "Unrestricted Immigration"

Phase 2: "The first 'exclusion' laws"

Phase 3: "National Origins quota system"

Phase 4: "Creation of Refugee resettlement"

Phase 5: "Rise of immigration control"

Phase 6: "immigration and national security:

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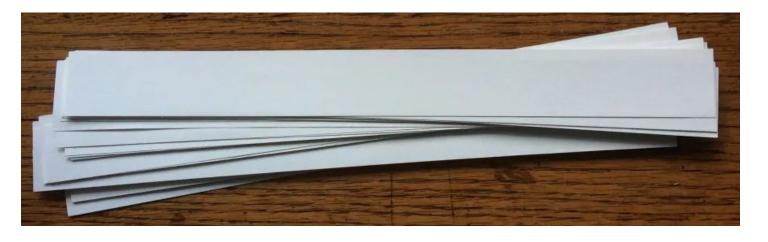




Gallery Walk

Print off the following laws onto slips of paper and tape them around your room. Have students place the laws with the correct phase in US History.

- 1. Alien and Sedition Acts
- 2. Chinese Exclusion Act
- 3. National Origins Act
- 4. Alien Registration Act
- 5. Immigration Act of 1965
- 6. Refugee Act of 1980
- 7. Immigration Reform and Control Act
- 8. Immigration Act of 1990
- 9. REAL ID Act







Gallery Walk Answers

1. "Unrestricted Immigration" Phase:

Alien and Sedition Acts

2. "The First 'Exclusion' Laws" Phase:

Chinese Exclusion Act

3. "The National Origins Quota System" Phase:

National Origins Act & Alien Registration Act

4. "Creation of Refugee Resettlement" Phase:

Immigration Act of 1965 & Refugee Act of 1980

5. "Rise of Immigration Control" Phase:

Immigration Reform and Control Act & Immigration Act of 1990

6. "Immigration and National Security" Phase:

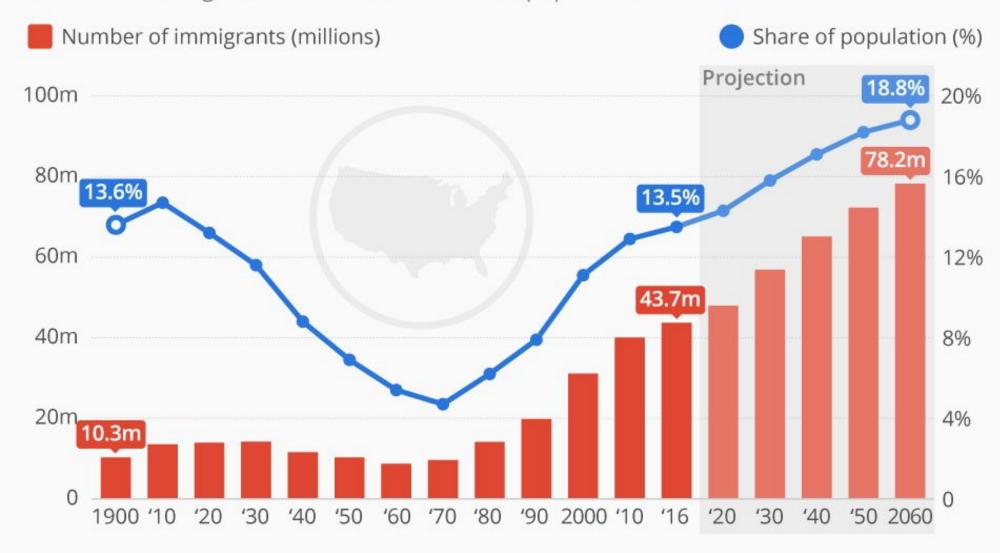
REAL ID Act



U.S. Immigrant Population Hit Record 43.7 Million In 2016

Onomic ucation

Number of immigrants in the U.S. and share of population





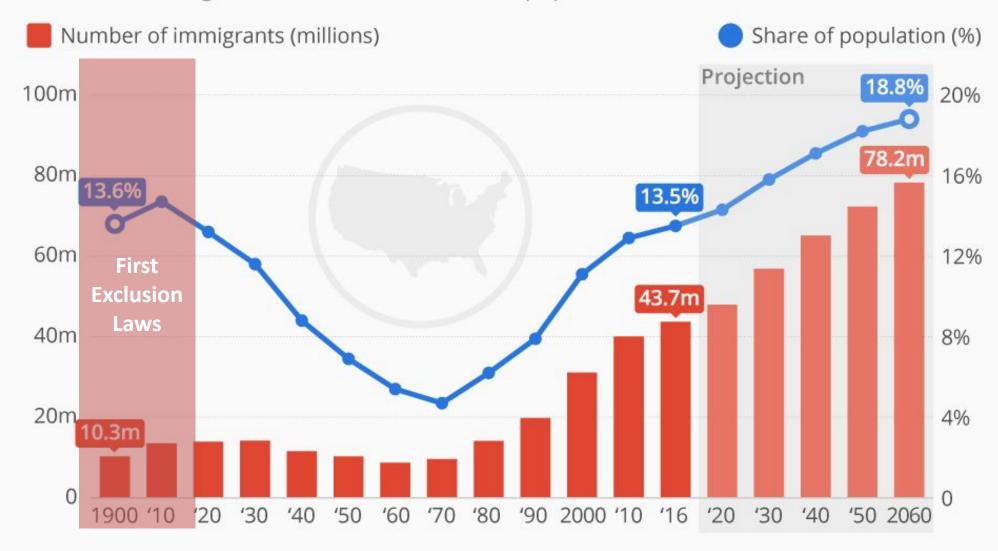




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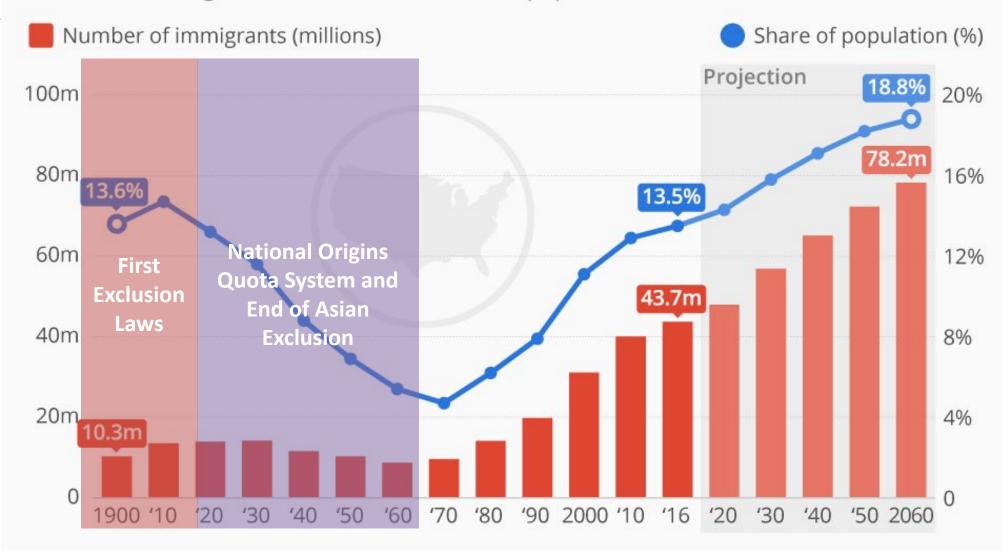








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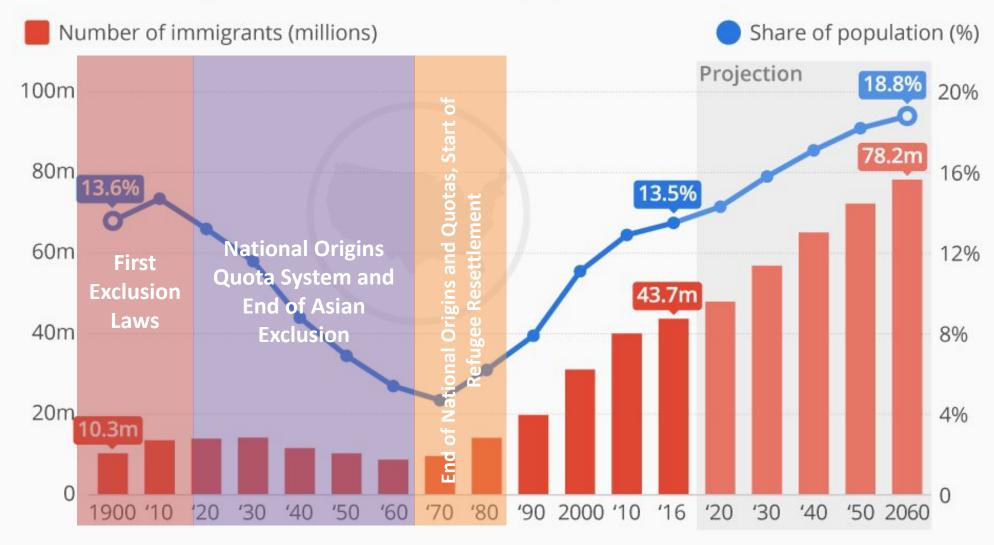












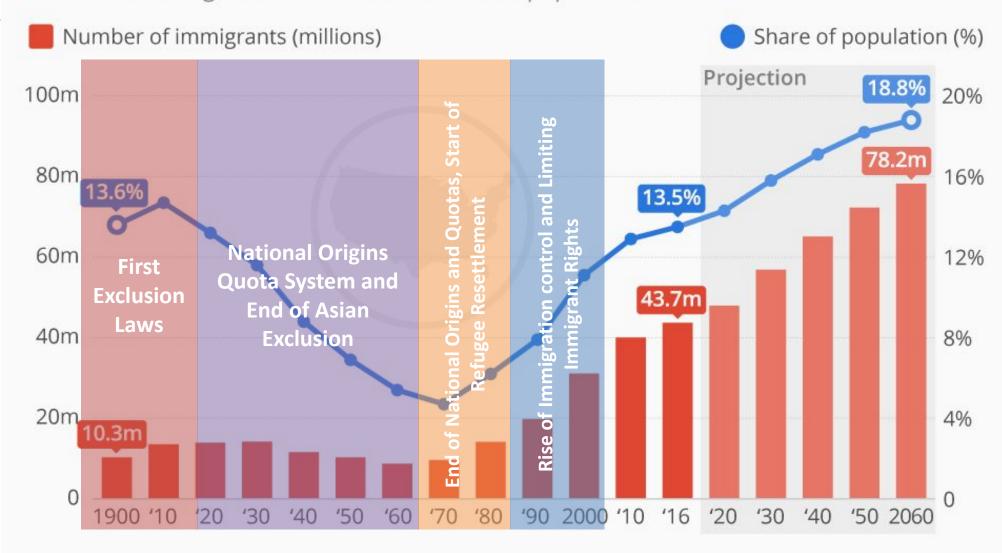






ONOMIC
UCATION

Learn about money

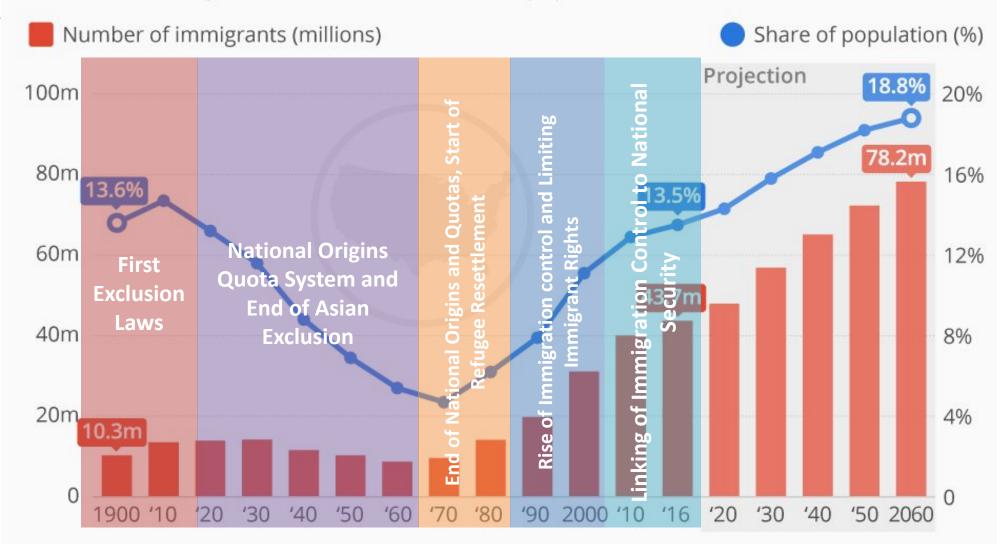










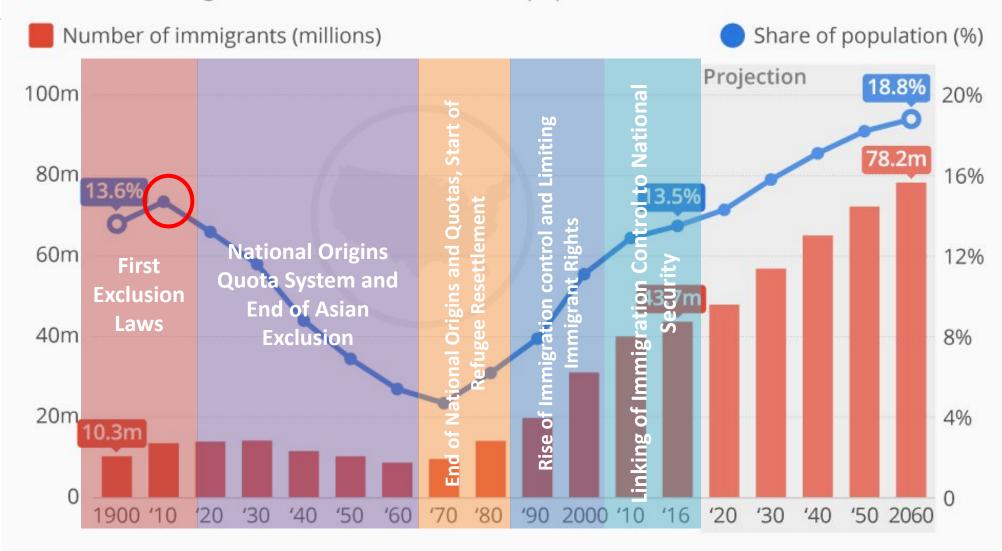








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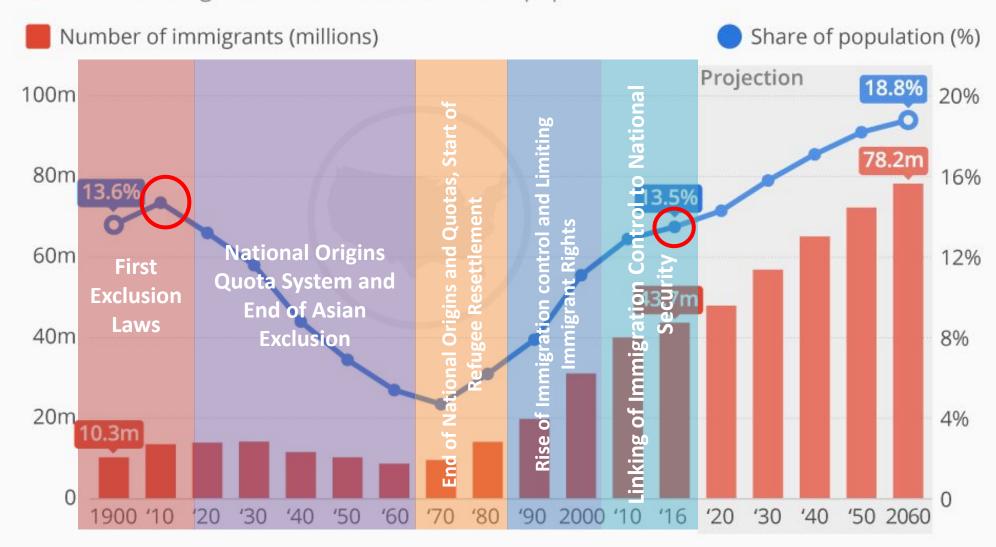




















Demand for immigrants in U.S. History

Between 1865 and 1920, more than 28 million immigrants came to the US.

- They came in search of higher living standards. They came to join relatives or friends already in America. They came because population increases had led to surplus labor in many parts of Europe.
- •Some, such as Jews from Russia and Eastern Europe fled religious persecution.
- •But many immigrants came because they read advertisements passed out in their home countries, written in their own languages, urging them to come to America. Like this one:







Union Pacific R'y Co. har bealutat att bringa i marknaden åtorstoden af sitt land i Kansas, beläget i Thomas, st. Lohn och Wallace

Kansas-Land,

- som aldrig förr varit i marknaden,
- som är af aldra bäata beakaffenhet,
- som kan fås billigt och på lång kredit,
- son är beläget i en redan civiliserad trakt och inom området af en stat, som år 1885 bade ofver 1,270,000 invånare.

Närmare upplysningar lemnas beredvilligt genom bref eller muntligen af

LAST CHANCE TO OBTAIN AT REASONABLE PRICE LAND IN KANSAS

Union pacific railway co. has decided to put on the market the last of their land in Kansas, located in Thomas, St John and Wallace counties; and since I have been named head agent for selling this land, I now ask my people to not neglect this chance, that never will be given again, to establish homes and welfare.

The soil is of the best in harvesting rich crops of wheat, rye, oats, corn, sorghum, broom-corn, clover, fruit berries, and all kinds of vegetables, and maize, naturally the top crop.

At the same time it gives good chances for raising cattle in general, and it is so obvious that Kansas is outstanding in swine-raising in the United States.

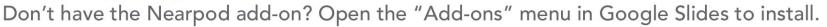
MOST GOVERNMENT LAND HAS BEEN TAKEN

KANSAS-LAND

- 1. Has never been on the market
- 2. Of the very best available
- 3. Obtained at reasonable price and good credit
- Is located in an already civilized area in the year of 1885 with a population of 1,270,000.

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Victor Rylander, Hufvudagent U.P. R'y Co's Kansas-Land, 46 South Clark St., Chicago, Ill

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For further information either write or contact me in person.

VICTOR RYLANDER Head Agent U.P.Ry. Co.'s Kansas-Land 46 South Clark St., Chicago, Ill.



In the chat:

- 1) Why do you think the Union Pacific Railroad would advertise in Sweden?
- 2) How does this example relate to today?

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In the chat:

1) Why do you think the Union

BUSINESS

Foxconn Considers Bringing Chinese Workers to Wisconsin as U.S. Labor Market Tightens

The Taiwanese supplier to Apple must meet hiring, wage and investment targets by various dates to receive tax and other 'performance-based' benefits

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Närmare upplysningar lemnas beredvilligt genom bref eller muntligen af

> Victor Rylander, Hufvudagent U.P. R'y Co's Kansas-Land,

46 South Clark St., Chicago, Ill

By Yang Jie, Shayndi Raice and Eric Morath

Updated Nov. 6, 2018 4:00 p.m. ET

MOUNT PLEASANT, Wis.— Foxconn Technology 2354 0.75% ▲ Group is considering bringing in personnel from China to help staff a large facility under construction in southern

Wisconsin as it struggles to find engineers and other workers in one of the tightest labor markets in the U.S.

46 South Clark St., Chicago, Ill.

346 COMMENTS

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46 South Clark St., Chicago, Ill.

346 COMMENTS

News regarding labor shortages in U.S.

market





New home buyers will pay for Arizona's construction worker shortage Shortage of trade workers hurting Fort Collins housing

Catherine Reagor, Arizona Republic Published 2:53 p.m. MT Sept. 4, 2018

Montana Wages Increasing, But **State Faces Labor Shortage**

By CORIN CATES-CARNEY . SEP 4, 2018

BUSINESS

'They're not paying enough.' Charlotte employers struggle with worker shortage.





September 04, 2018 05:21 PM Updated 7 hours 38 minutes ago

deroberts@charlotteobserver.com

Chamber offers solutions for Jacksonville's IT labor shortage 🕶

Aug 28, 2018, 3:09pm

2018's challenge: Too many jobs, not enough workers

Pat Ferrier, Fort Collins Coloradoan Published 10:32 p.m. MT Aug. 11, 2018

\$75,000 a year with benefits; no college needed. Yet local employers can't fill jobs Crab industry labor shortage



BY DYLAN JACKSON diackson@miamiherald.com



September 04, 2018 01:06 PM

The US Labor Shortage That Will Only Get Worse

upsets supply chain

April 3, 2018 5:41 pm by Gary D. Halbert

Economists offer suggestions to tackle Montana's looming severe workforce shortage

American businesses can't find workers

(L) January 17, 2018: 4:28 PM ET







News regarding labor shortages in U.S.





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BUSINESS

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The US Labor Shortage That Will Only Get Worse

increase the price: AKA wat **Economists offer suggestions to tackle** Montana's looming severe workforce shortage

American businesses can't find workers





sing







"History doesn't repeat itself, but it often rhymes"

--Attributed to Mark Twain

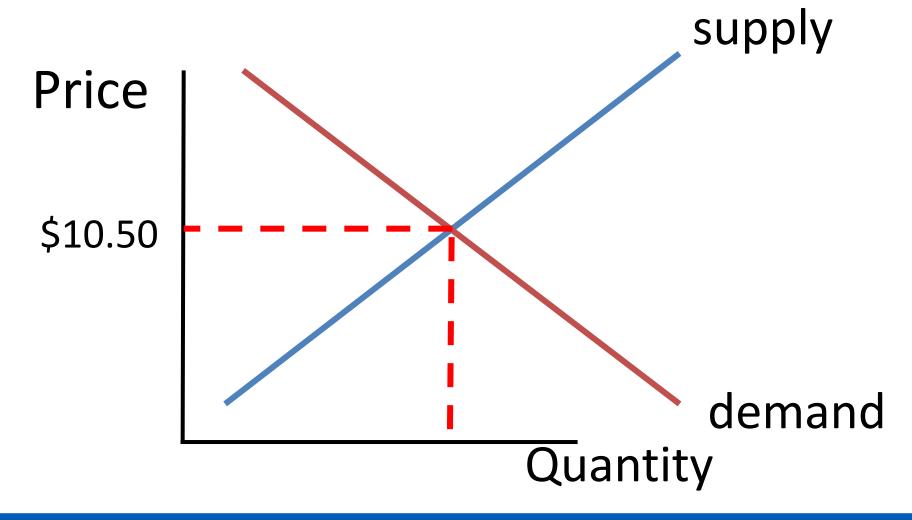
The push for immigrants in the late 1800s lead to a backlash against immigrants due to fears about job competition.

People also worried that an influx in immigrants would drive down wages.

--Let's graph this out!

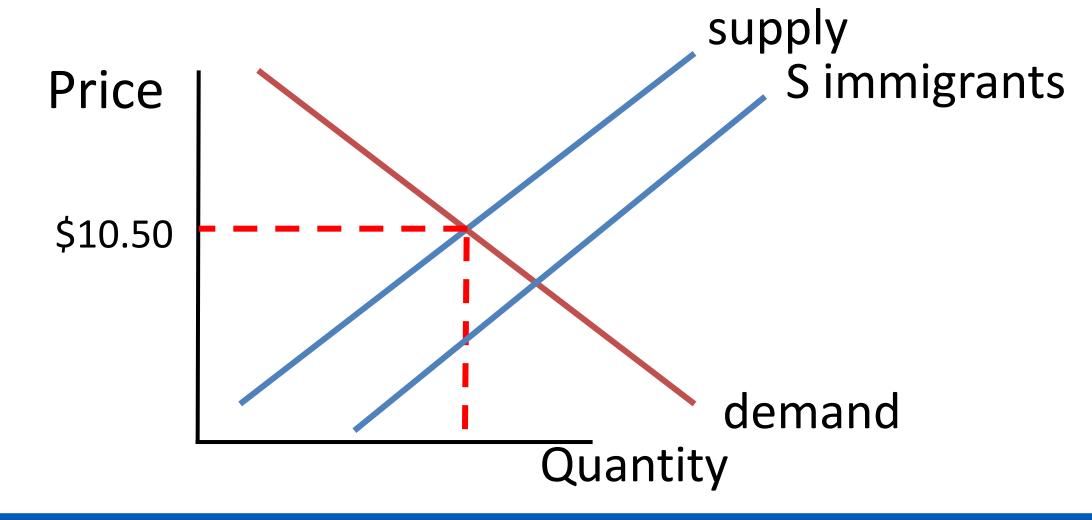






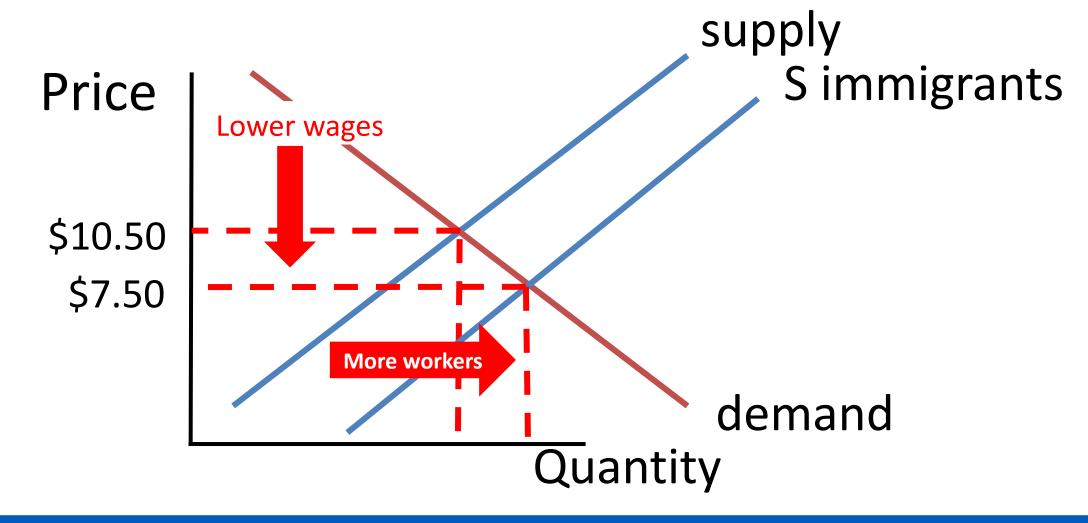
















More Workers can create higher demand for goods/services. Which creates a higher demand for workers to fill the demand for migrants more goods/services. **More workers** demand Quantity





That's half the story

The argument made that immigrants depress wages only takes into account the increase in population.

This is the supply side of the equation.

It leaves out the demand side of the equation.

Let's look at an example from the 1980s to help.





Mariel Boatlift

Perhaps the most frequently cited event in U.S. history regarding the impact of immigration on local labor is the Mariel Boatlift from April of 1980.

Basic background: In April of 1980, Fidel Castro announced that all Cubans wanting to emigrate to the U.S. were free to board boats at the port of Mariel.

~125,000 Cuban refugees fled to Florida between April and October of 1980.

This event created an opportunity for economists to study the impact a sudden wave of immigrants might have on the local population.











Cuban refugees came in 1,700 boats like these. Most were overcrowded and risked capsizing (27 died coming to Florida).





Mariel Boatlift

The population of Miami increased by 7% in 42 days. This is a significant shock to the labor supply.

There have been a number of studies that looked at the impact on local workers.







Mariel Boatlift

One major study conducted in 2017 shows the labor shock negatively impacted native workers who had less than a high school diploma, in part because many of the Cuban refugees were substitutes to those workers and were competing for similar jobs.

However, a number of studies have come out showing the flaws in the 2017 study. The follow-ups have shown a minimal impact on wages in the short run and no negative impact in the long run (possibly a positive impact).

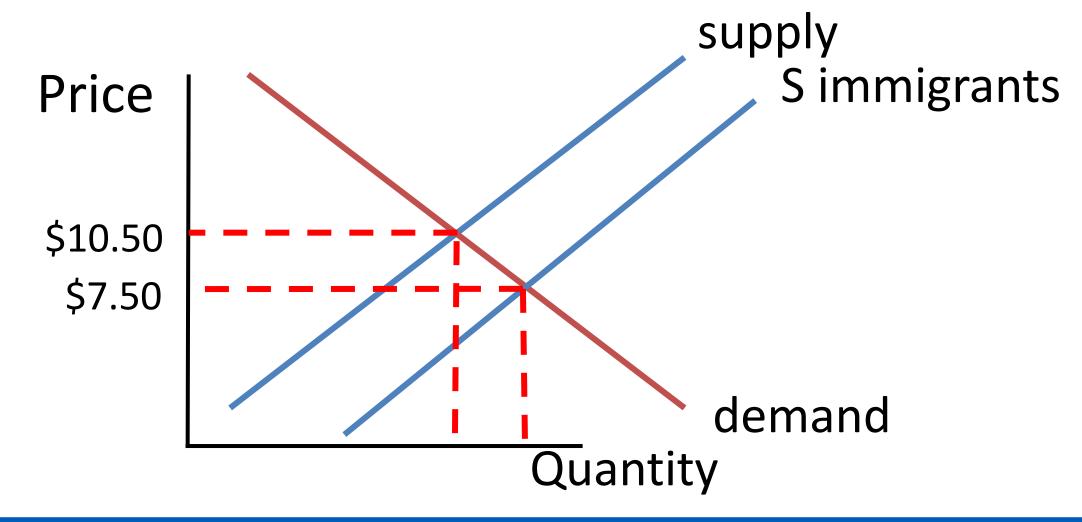




We've looked at the supply-side impact on immigrant labor. What can the Mariel Boatlift show about the demand-side?

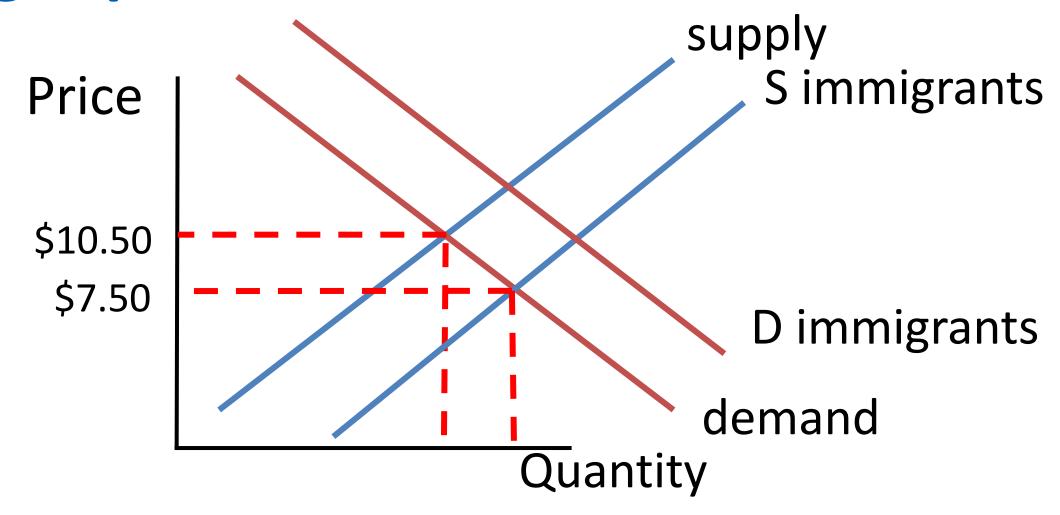






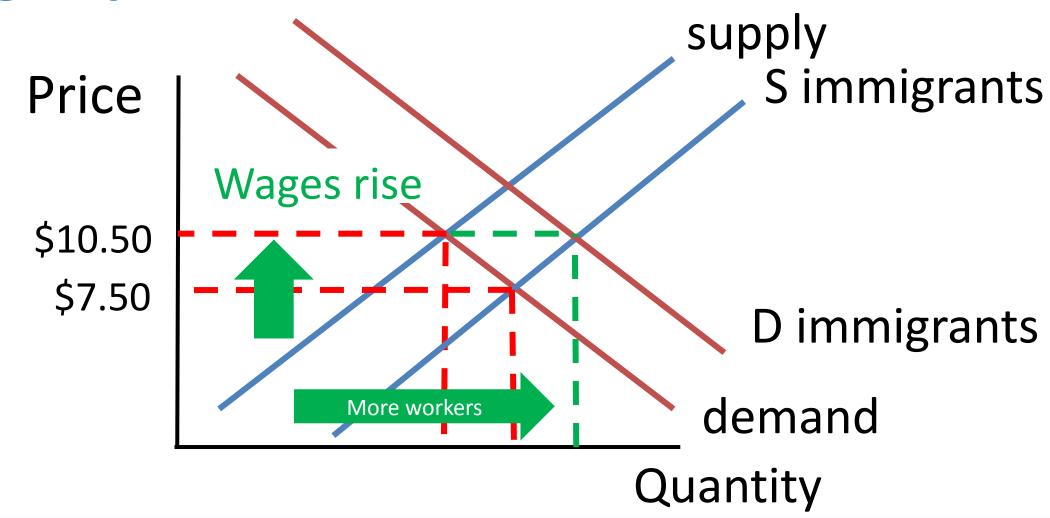
















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- 1. The gainers gain more than the losers lose.
- 2. The difference between the seen and unseen about immigration.
- 3. Jobs are not a zero-sum equation.
- 4. People's views on immigration oftentimes depend on whether immigrants are a substitute or a complement to their labor.





Connections to tomorrow's webinar

Tomorrow we will delve deeper into the idea of immigrants acting as a substitute or a complement for existing labor with a jigsaw puzzle activity for the class.

I will show you a resource you can use to explain the barriers to entry for legal immigrants.

We will also discuss the role immigrants play on government spending and earnings at both the state and federal level.

We will go over a quick check for understanding you can use with immigration and GDP.

We will also look at the impact of immigration on unemployment levels.





Thanks!/Questions?

- Thank you all for attending, hopefully your
 MB > MC!
- Are there any questions?





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