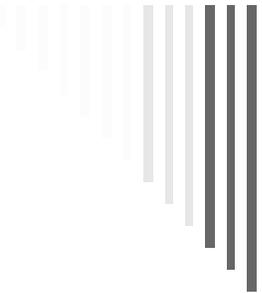



**COMMENTS ON
HANSON- SCHEVE-
SLAUGHTER-
SPIILIMBERGO'S
"IMMIGRATION AND
THE U.S. ECONOMY"**

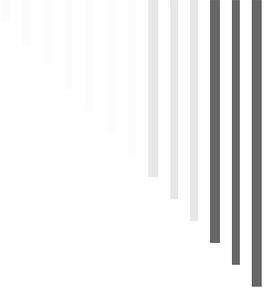
George J. Borjas

June 2001



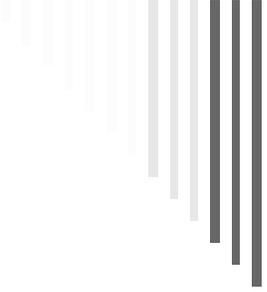
Topics covered in HSSS survey

- What is the impact of immigration on the job market opportunities of native workers?
 - What factors determine illegal immigration to the United States?
 - What is the fiscal impact of immigration?
 - What factors determine the political economy of immigration policy?
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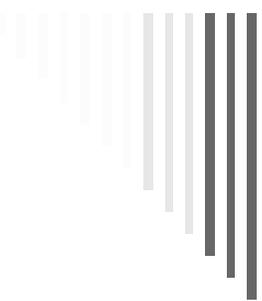
The labor market impact

- Literature has gone through three phases:
 - The “spatial correlation” approach
 - The “factor proportions” approach
 - Documenting the equilibrating flows (e.g., internal migration of natives; changes in output mix)
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One key puzzle

- Why should it be that many other regional variations persist over time, but that the local impact of immigration on native workers is arbitrated away immediately?
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A possible resolution

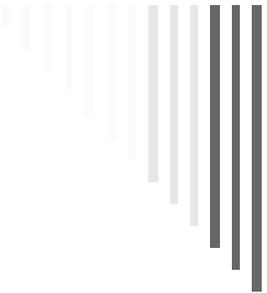
- Immigrants are income-maximizers and move to high-wage areas in the host country.
 - If so, immigrants make up many of the “marginal” workers whose location decisions arbitrage wage differences across sectors. Immigrant clustering introduces a new gain from immigration for the host country’s economy
-

Geographic distribution of immigrants, 1990

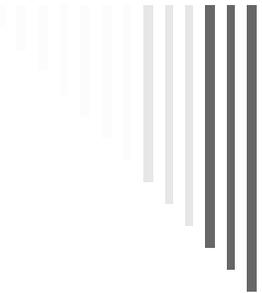
Percent of immigrants living in:	Educational attainment				
	Less than 9 years			At least 16 years	
	1970	1990		1970	1990
California	22.0	50.1		17.8	26.5
New York	23.4	9.2		19.1	14.9
Florida	9.1	5.6		3.2	5.0
Texas	5.2	10.1		3.9	5.2
New Jersey	8.9	2.9		4.7	6.3
Illinois	7.0	4.4		7.7	4.7

Immigrant supply and wages

Education group	Measure of relative supply			
	New immigrants relative to natives		New immigrants relative to earlier immigrants	
	5 high-wage states	5 low-wage states	5 high-wage states	5 low-wage states
< 9	4.96	.05	1.21	.69
9 - 11	2.71	.08	1.20	.51
12	2.36	.14	1.22	.52
13 - 15	1.88	.19	1.13	.72
16	1.92	.31	1.14	.85

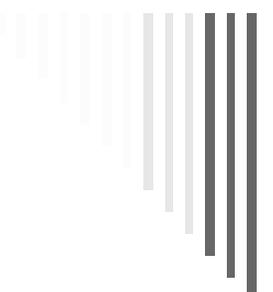


Immigration and regional wage convergence



Implications of income-maximization hypothesis

- If immigrants cluster in high-wage areas, it will be hard to find adverse wage effects with spatial correlation approach
 - There are additional gains from immigration
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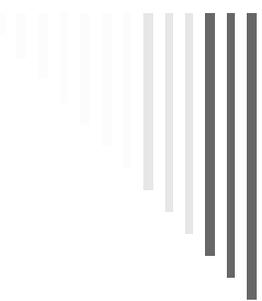


Key provisions of PRWORA

- Non-refugee immigrants who entered U.S. *after* 8/22/96 are prohibited from receiving most types of public assistance. Ban is lifted when immigrant becomes an American citizen.
 - Most non-citizens who arrived *before* 8/22/96 were to be kicked off from the SSI and food stamp rolls within a year. This provision was never fully enforced.
 - Post-enactment immigrants are subject to stricter deeming regulations.
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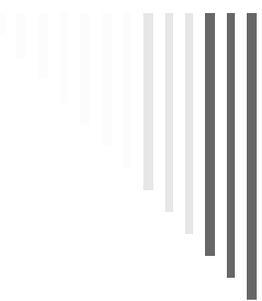
Trends in welfare participation rates

	Entire Country		California		Outside California	
Year	Native	Imm.	Native	Imm.	Native	Imm.
1994	15.6	23.4	15.2	31.2	15.6	20.0
1995	15.0	23.8	14.5	31.1	15.1	20.6
1996	15.3	21.9	13.6	26.3	15.5	20.1
1997	14.0	20.2	13.5	23.7	14.1	18.8
1998	13.4	20.0	13.6	23.2	13.4	18.7



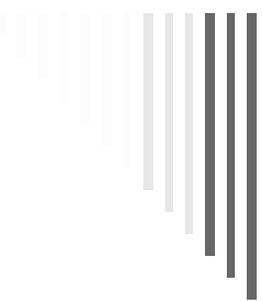
State-provided assistance

- PRWORA gives states the option to offer TANF and Medicaid to pre-enactment immigrants. Some states also offered various types of state-funded assistance to immigrants who arrived after 8/22/96.
 - Most immigrant-receiving states—except for Texas—provided generous levels of state-funded assistance. California was among the most generous states.
-



State-provided assistance and program participation

	Households in less generous states			Households in more generous states		
	Native	Citizen	Non-citizen	Native	Citizen	Non-citizen
Entire sample						
Pre-1996	16.3	15.5	29.4	14.3	14.9	29.7
Post-1996	14.3	14.4	19.4	13.1	17.0	24.4
Outside California						
Pre-1996	16.3	15.5	28.4	14.2	13.1	23.9
Post-1996	14.3	14.4	19.4	13.0	16.4	22.6



Implications

- HSSS note that large immigrant populations tend to alter the nature of how elected representatives act on immigration issues.
 - The clustering of immigrants in a relatively small number of places can substantially alter the intended outcomes of federal legislation in the United States.
 - The trends in welfare use after 1996 provide a good case study of the political constraints that are likely to frame any future reform of immigration policy.
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