

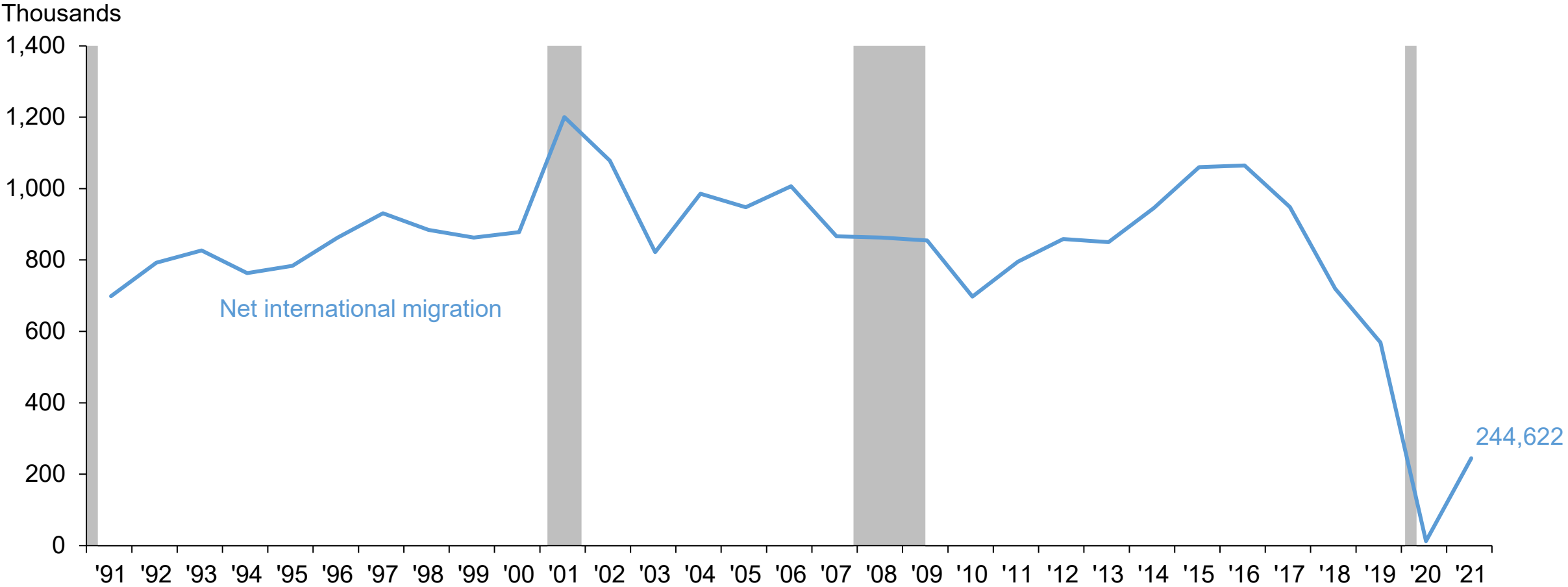


Federal Reserve
Bank of Dallas

Immigration and Labor Markets in the Pandemic

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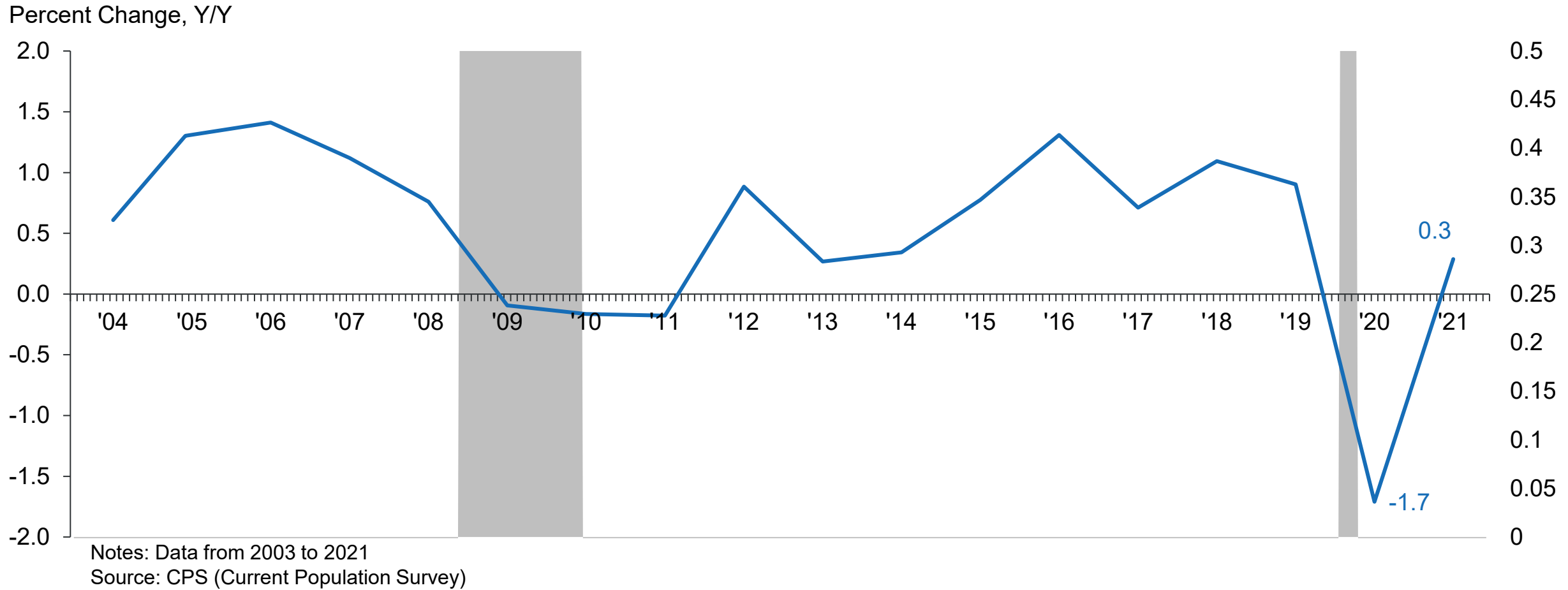
Net migration to US fell to near zero in 2020, ticked up in 2021



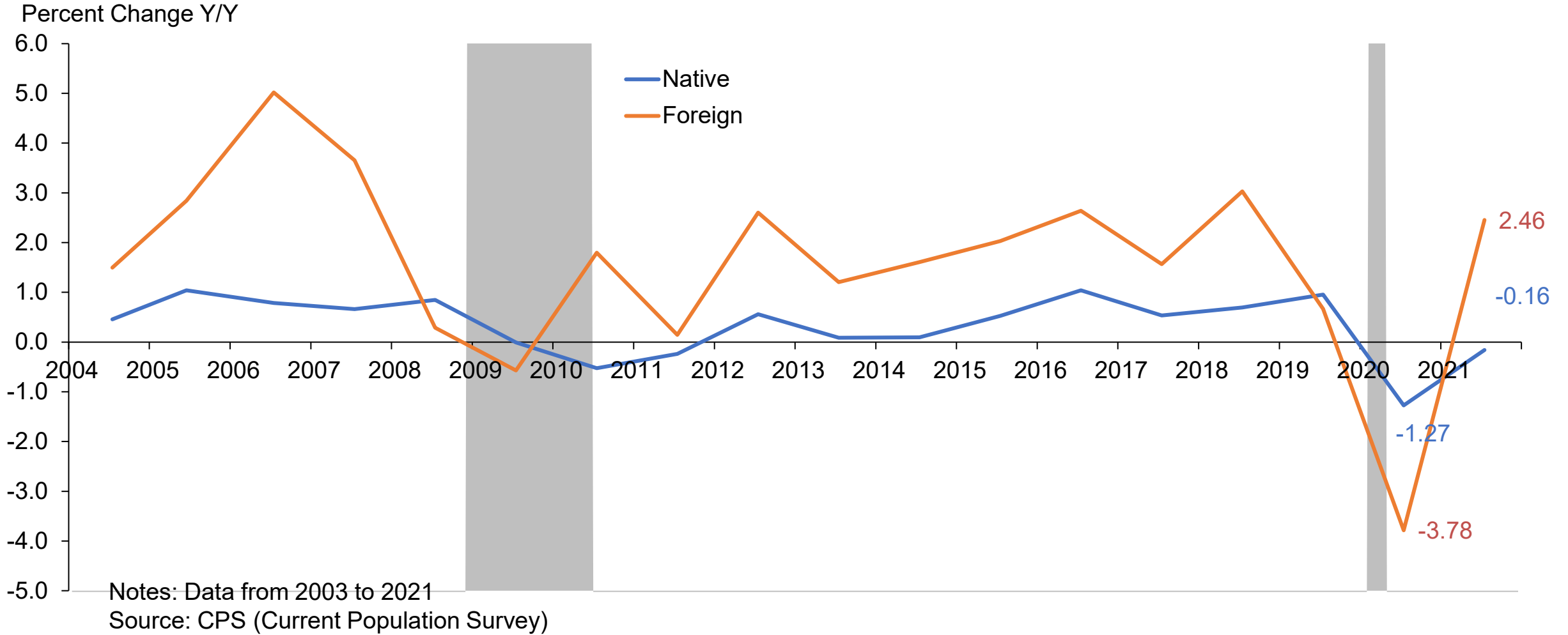
NOTES: Net international migration. Change is from July 1st of the previous year to July 1st of the given year. Grey bars indicate U.S. recession.

SOURCES: U.S. Census Bureau; National Bureau of Economic Research.

Labor force growth turned sharply negative in pandemic

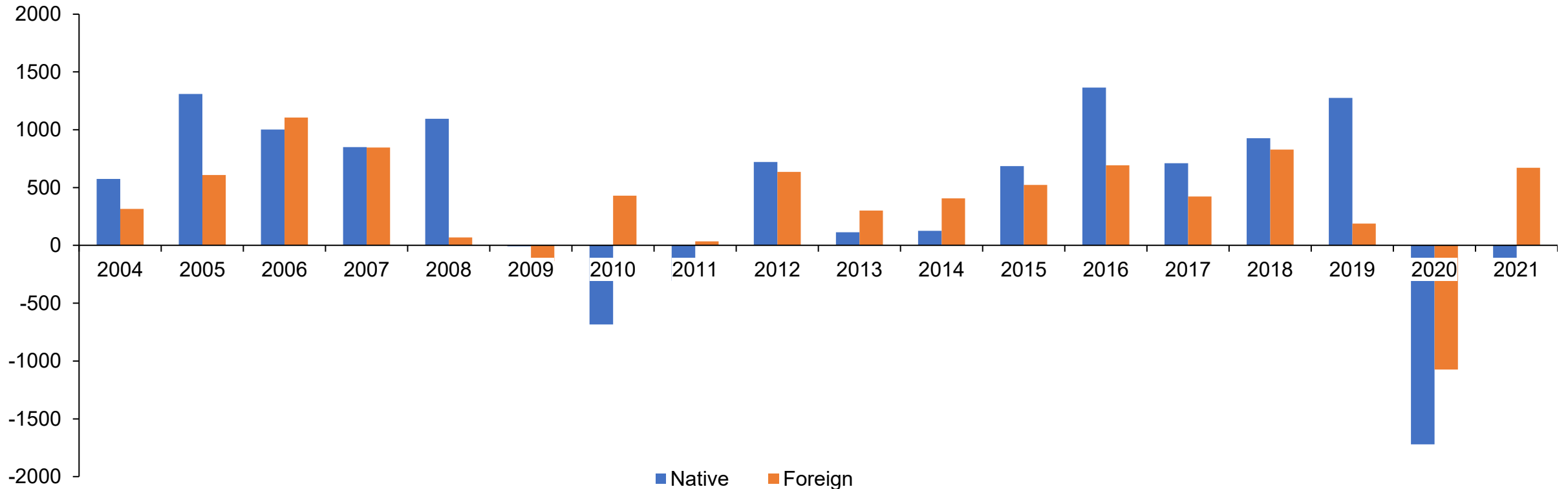


Closing the borders amplified the decline in the US labor force



Foreign Born are typically about half of US labor force growth

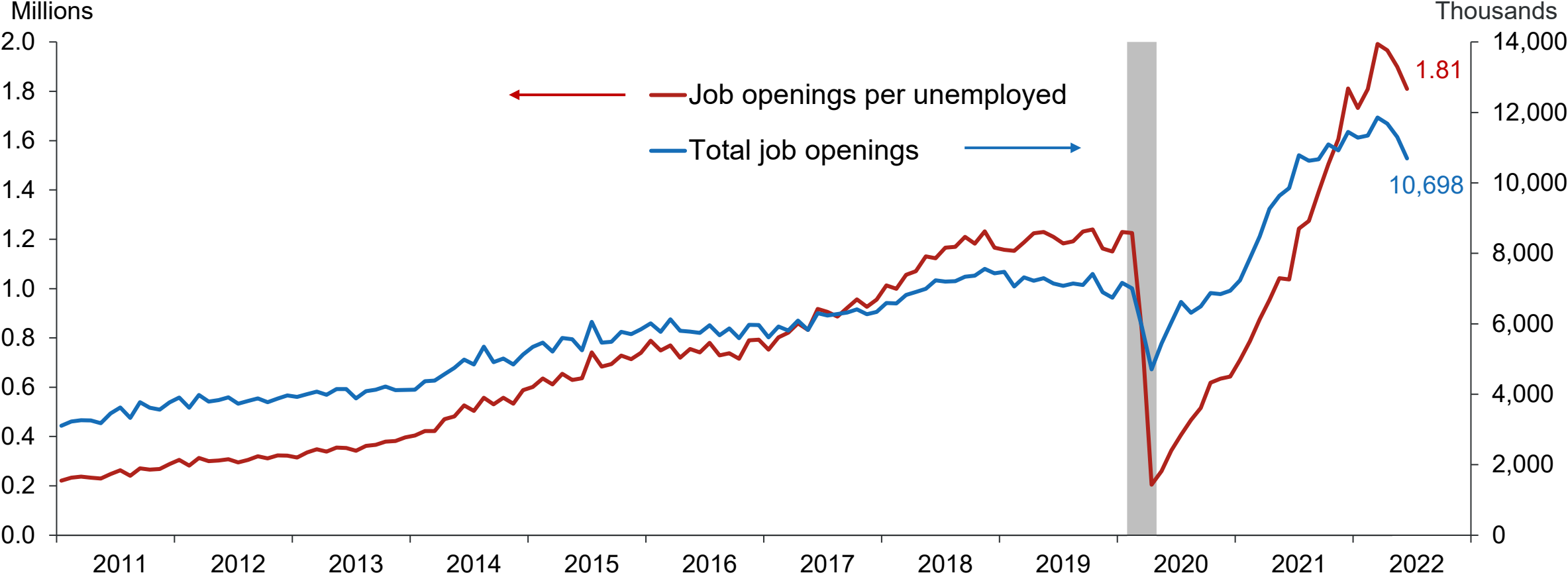
Change in Labor Force
(Thousands)



Notes: Data from 2003 to 2021
Source: CPS (Current Population Survey)

Labor Markets Tightened

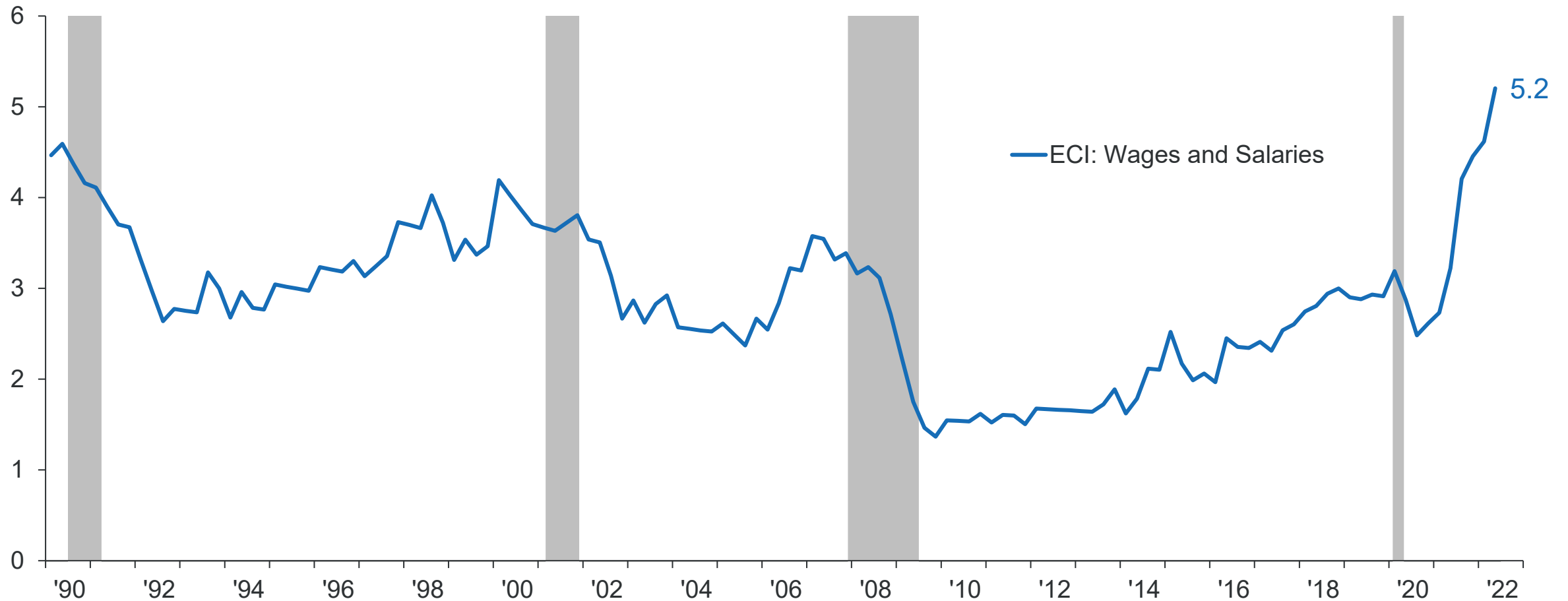
Job openings shot up to record highs



NOTES: Data through June 2022. Shaded bars indicate U.S. recessions.
 SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

Wages (ECI) growing at fastest pace in decades

Percent, year-over-year

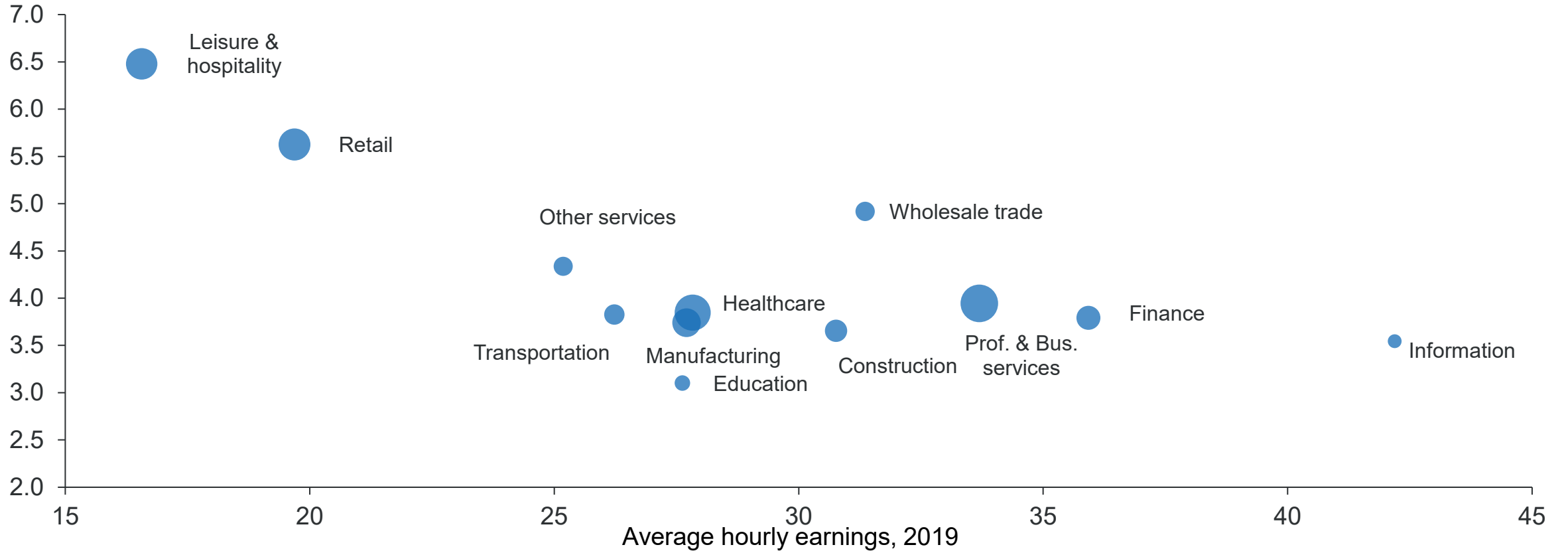


NOTES: Shaded bars indicate U.S. recessions. Data through second quarter 2022.

SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

Wages in low-wage industries growing fastest

ECI wage growth, 2022Q2/2019Q4, annualized

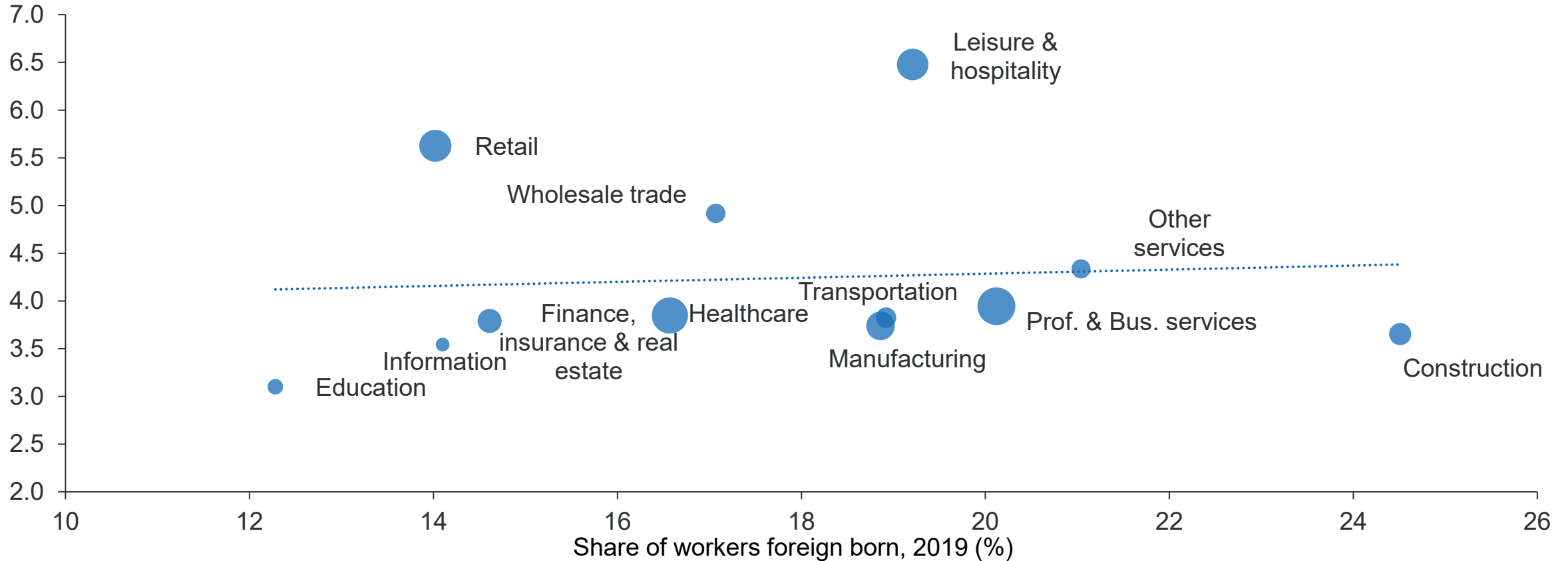


NOTE: Bubbles weighted by share of total employment in 2021.

SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Wages rising faster in immigrant-intensive sectors

ECI wage growth, 2022Q2/2019Q4, annualized

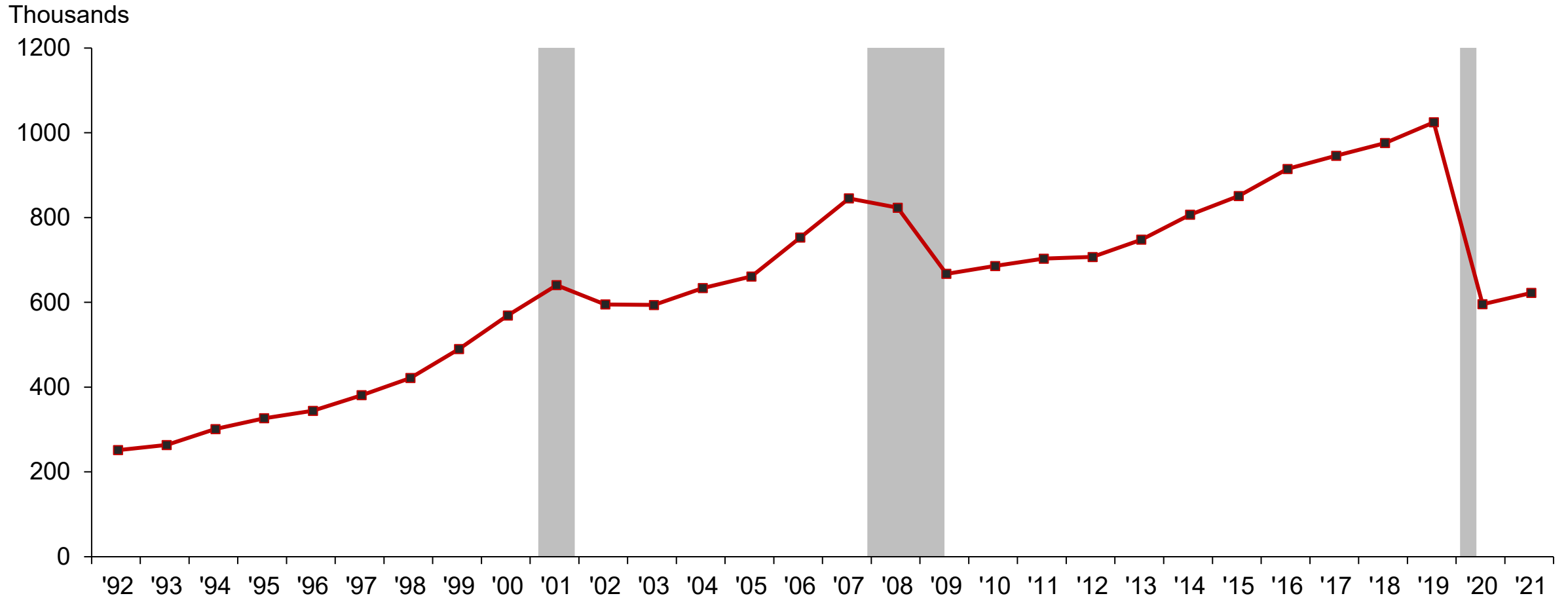


NOTES: Bubbles weighted by share of total employment in 2021.

SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas; American Community Survey via IPUMS.

Immigration Collapse by Visa Type

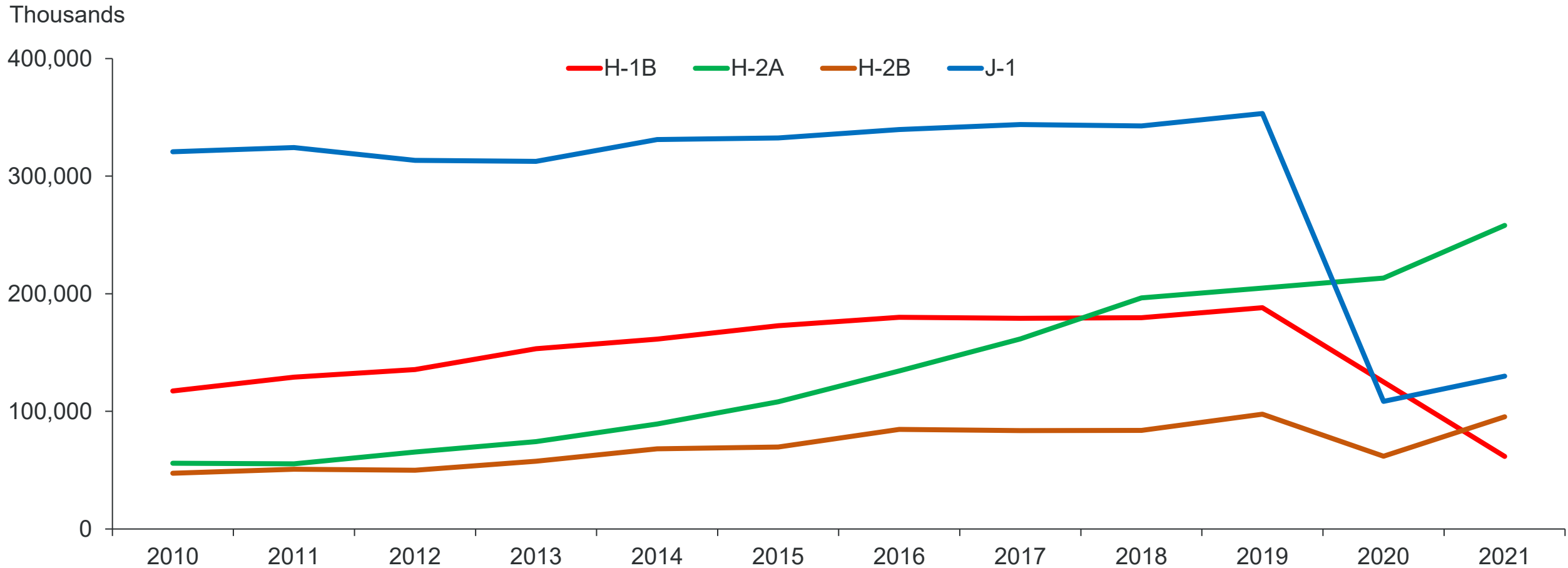
Temporary worker visas plummet in pandemic



NOTES: Data refers to Temporary Worker Visa issuances (includes H-1A, H-1B, H-1B1, H-1C, H3, I, J1, L1, O1, O2, P1, P2, P3, Q1, R1, TN, H-2A, and H-2B and H2BR visas). Shaded bars indicate U.S. recessions. Data for 2021 are preliminary.

SOURCES: US Department of State, *Report of the Visa Office*; National Bureau of Economic Research.

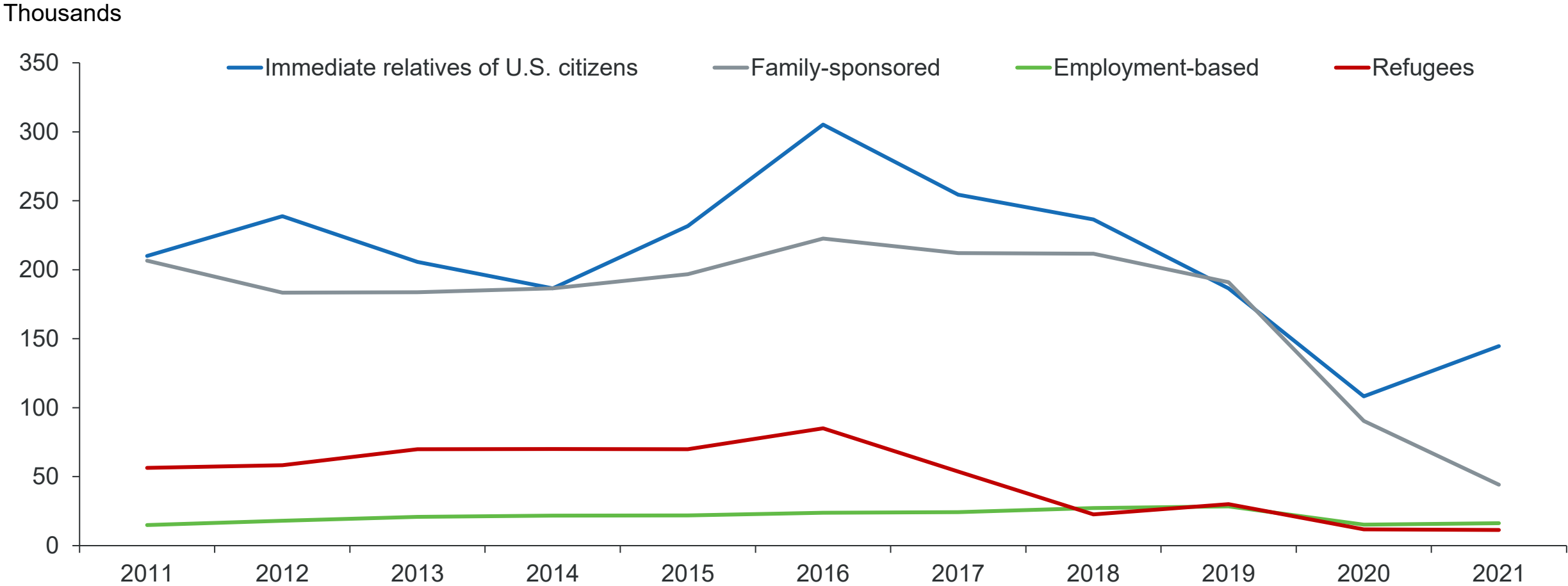
Temporary foreign worker visas issued by type



NOTE: See <https://nfap.com/wp-content/uploads/2022/02/The-Impact-of-the-Covid-19-Drop-in-International-Migration-on-the-U.S.-Labor-Market.NFAP-Policy-Brief.February-2022.pdf>

SOURCES: U.S. State Department

Fewer new arrivals on permanent resident visas too



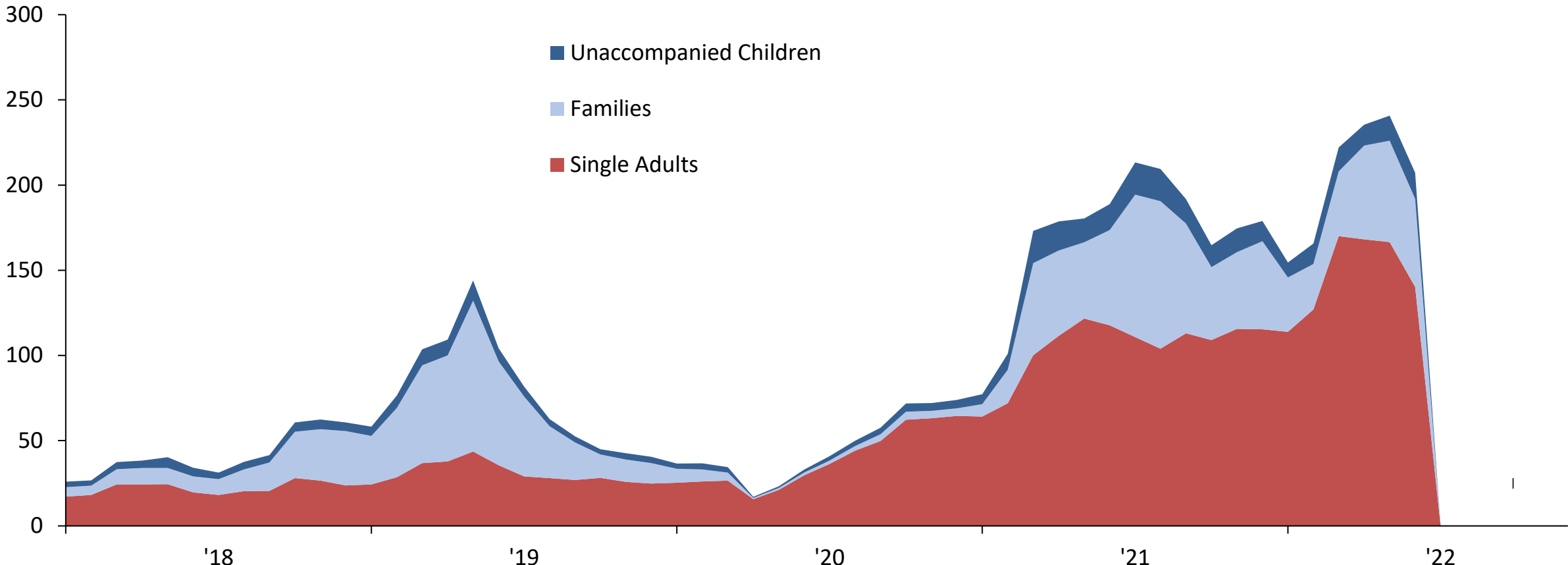
NOTE: Only new arrivals are included except for refugees, where total admissions are shown.

SOURCES: U.S. Department of Homeland Security; U.S. Department of States.

When legal immigration was stopped, unauthorized migration surged

Monthly apprehensions along the Southwest border

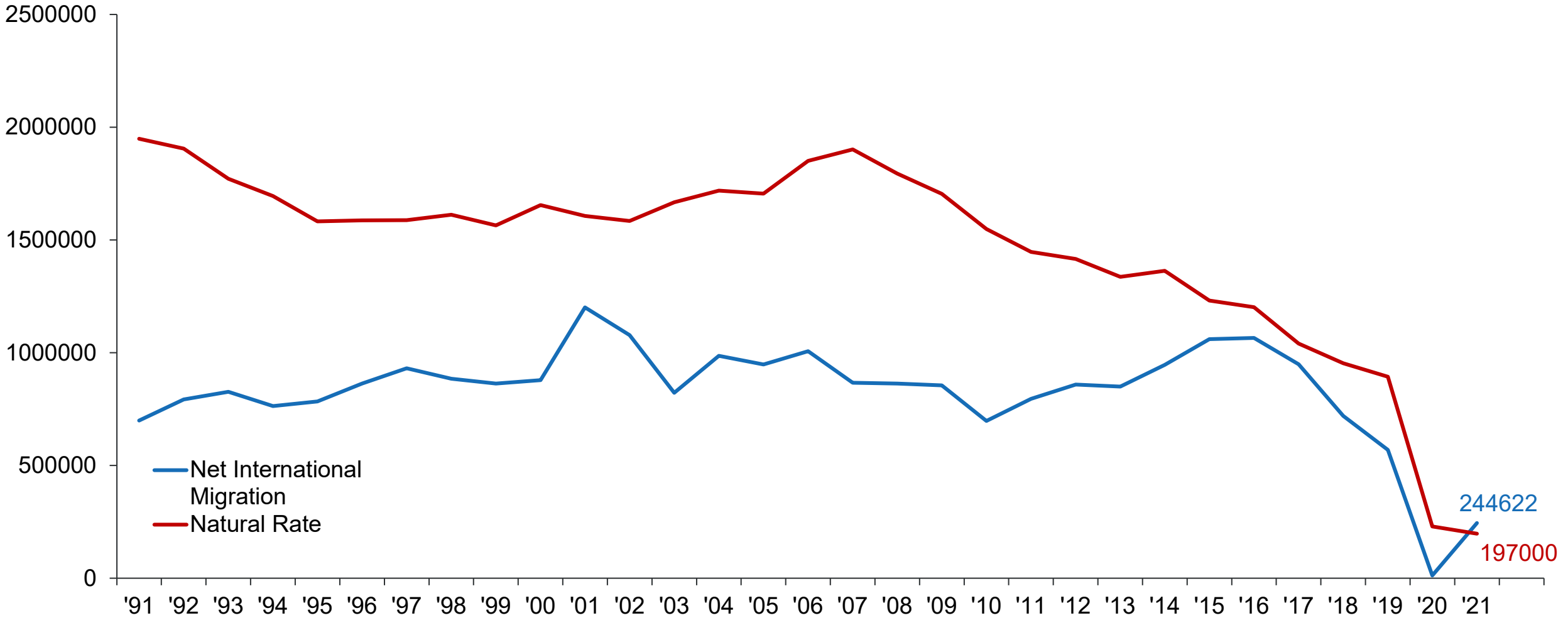
Thousands, NSA



NOTES: Data through June 2022. Beginning in March 2020, USBP apprehension statistics include both Title 8 Apprehensions and Title 42 Expulsions.
SOURCE: U.S. Customs and Border Protection.

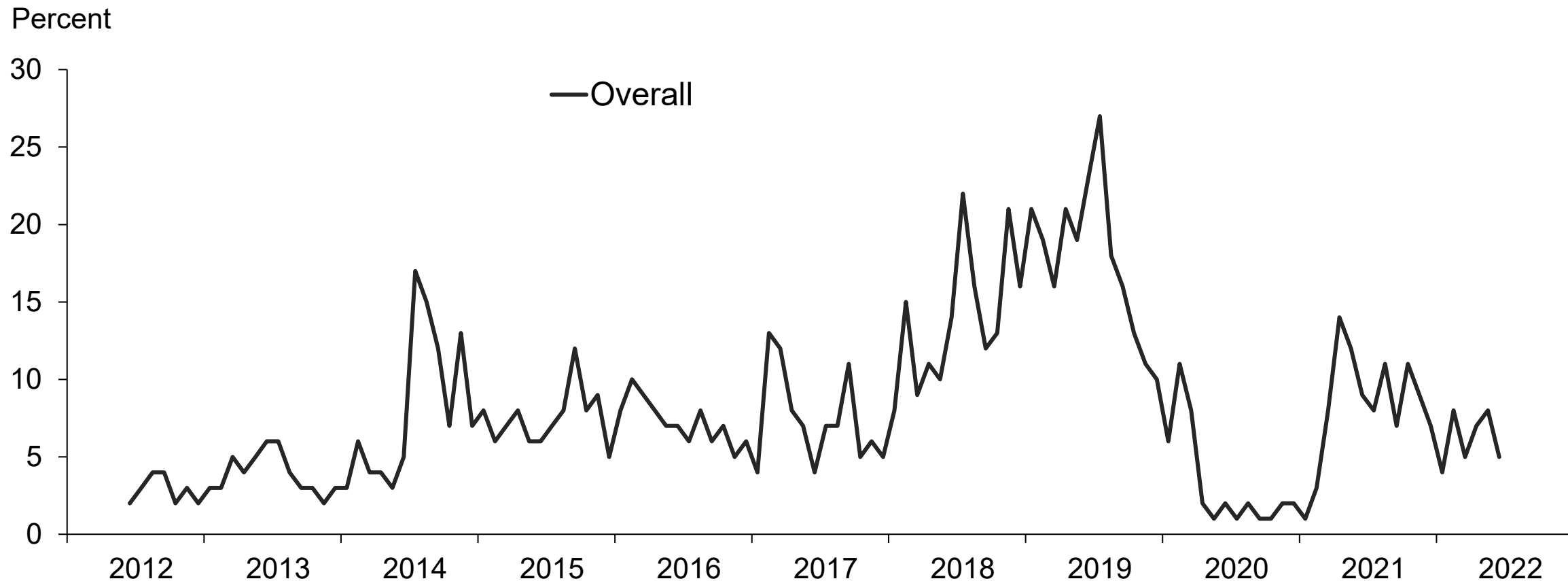
Summary/Outlook

Net migration low in 2021, but still higher than natural increase



NOTES: Data through 2022
SOURCE: U.S. Census. Haver Analytics.

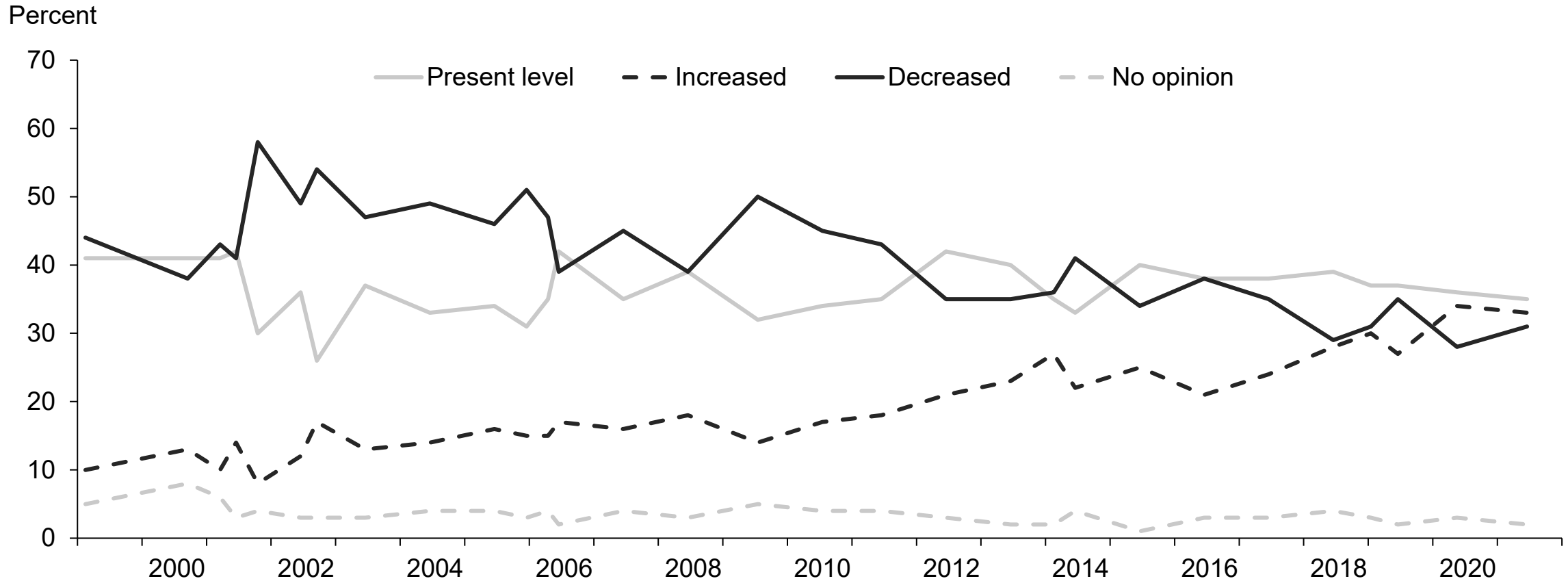
Gallup Poll: A declining share of population views immigration as nation's top problem



NOTES: Respondents were asked “What do you think is the most important problem facing this country today?” Open-ended responses. Responses shown are from June 2012 through June 2022.

SOURCE: Gallup.

Gallup poll: Share saying immigration should increase rises above decrease for the first time



NOTE: Responses to question "In your view, should immigration be kept at its present level, increased or decreased?"

SOURCE: Gallup. <https://news.gallup.com/poll/1660/immigration.aspx>.

Summary and Implications

- Demand-side labor market indicators and record wage inflation point to a very tight labor market in pandemic
 - Pandemic-induced immigration shortfall contributed
- Pandemic highlighted **short run** surge in labor demand and fall in supply, and the need for foreign labor
 - Demographic trends highlight similar **long run** trends
- Might there be more appetite for immigration reform as a result?
 - Steps by administration to increase certain visas, attempt immigration reform
 - Advocates argue for ‘essential workers’
 - Public opinion was trending more favorable...
 - But then border surge happened

