
The Short-Run Impacts of Immigration on Native Workers: Evidence from the US Construction Sector

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Discussant Comments by: Alexandra E. Hill

Summary

Broadly, this paper contributes to the understanding of the effects of immigration on the labor market outcomes for native-born workers in the United States. More specifically, the paper examines the impact of changes in the share of foreign-born workers in the construction sector on annual earnings, weekly earnings, number of weeks worked within a year, and unemployment rates for native-born construction workers. To do this, the paper uses 1990 and 2000 U.S. Census data as well as American Community Survey data (ACS) from 2003 to 2011. Because increases in immigration are likely correlated with unobserved demand-pull factors which also affect the income and employment outcomes of natives, the OLS estimator is biased. The authors are the first to use an imperfect instrumental variable (IIV) to partially correct this bias and estimate upper bounds on the impacts of immigration. The authors make substantial contributions to existing literature through their results and the novel application of this methodology. Using the IIV, the authors find estimates of the effects of immigrant share on annual earnings and employment rates for U.S. natives that are negative, significant, and larger in magnitude than previous estimates.

Comments

1. The writing is really well done and the authors frame their contributions very nicely. This methodology seems like an improvement over previous ones that have relied on the immigrant shares from previous time periods to instrument for current inflows of migrants. The authors justify their methodological choice very well. I think an additional benefit (that they do not mention) to their approach is that they use an instrument with more observations than these previous studies— this should result in more significant results. I think future work will benefit from adopting this methodology to examine the effects of immigration on labor market outcomes in occupations other than construction (and likely many other things).
2. The paper would benefit from a more detailed discussion of the data used.
 - For summary statistics, I would like to see the mean annual earnings and weeks worked separately for natives and foreign-born workers in the sample. I am also curious as to how large the N's are within each MSA-year-immigration status cohort.
 - Particularly because the annual income and weeks worked variables are from the previous year, are the authors able to determine if the individuals moved within the last year?

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- Does the annual income only encompass income from construction work, or does it include income from other jobs as well?
 - Do the authors include or exclude workers who report working in multiple industries?
 - A discussion of the individual and MSA weights. I think a footnote would suffice to justify/explain these weights.
 - Why were these years chosen? If I am interpreting correctly, the authors use 2003, and 2005-2011 data. Why include 2003 at all, or why not start earlier?
3. I would like to see the R-squared F-stats for the regression results. I would also be interested in the first stage results to provide evidence that the instrument choice is valid (though logically I don't see why it wouldn't be).
 4. Add a footnote on the 5/10 industries included in the IIV-5/IIV-10. Do these include construction? I am wondering if you should consider a specification that excludes construction workers so that in the first stage, the outcome variable is not also lumped in the dependent variable. I really like the inclusion of these, since it nicely justifies the validity of the methodology. You may want to consider discussing these in the Methodology section and formally demonstrating where the bias of these estimates should fall (relative to OLS and the instrument of choice).
 5. The effects of immigrant share on the weeks worked by natives are nicely depicted in Figures 1 and 2, and appear to implicate that increases in the immigrant share primarily move native construction workers from working 48+ weeks per year to working less than one week per year. Is there indication that these workers switch to other sectors? I would be curious to see if the significance of the main regression results persists if you restrict your sample to construction workers who report working at least one week in the last year. I think that including these workers gets at unemployment effects more so than earnings effects, but I am guessing they are included in the regression for annual earnings?
 6. I think there is a potential contribution from including an analysis of the effects of immigrant share on native welfare program-use. I'm surprised that the largest shift is from 48+ weeks of work to <1. The native workers must have some way of coping if that really is the effect. Generally, I think it could be interesting to investigate/tell a story about the underlying mechanism for the shifts in occupational levels.