

Tradability and the Labor Market Impact of Immigration: Theory and Evidence for the U.S

Discussion of Burstein, Hanson, Tian, and Vogel

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 - ▶ Distributional effects (some workers are worst off because of free trade), adjustment costs, and more

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 - ▶ Several mechanisms
- This paper brings tools from the trade literature to make progress in the migration literature

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- It provides a “new” adjustment mechanism to migration
 - ▶ The adjustment to immigration varies within the sets of tradable and nontradable jobs
- It provides new theoretical results
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- Structural analysis
 - ▶ Challenge: how to discipline shocks and how to obtain values of key elasticities
- This paper is a great example of how to use both approaches in order to study an important, and topical, issue

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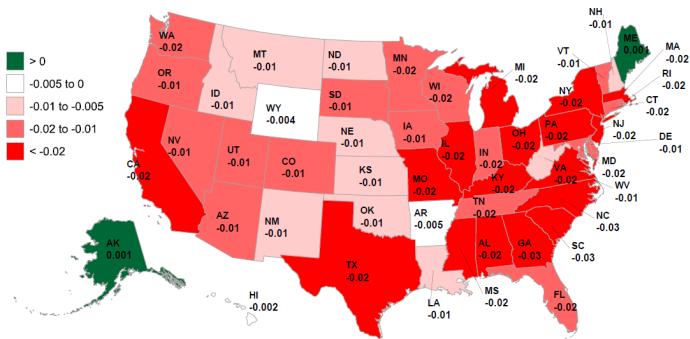
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 - ▶ Example, what are the distributional effects from access to cheaper inputs from China (China shock)?

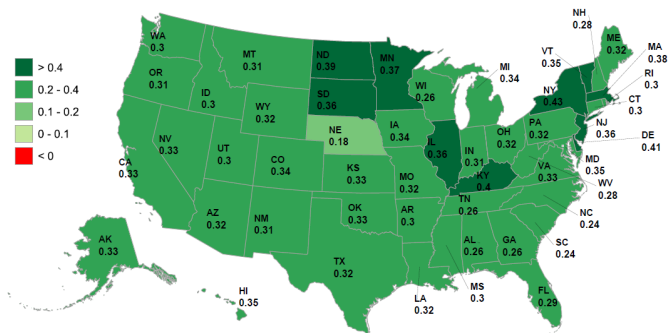
Manufacturing real wage effects at impact

Caliendo, Dvorkin and Parro (2017)



Manufacturing welfare effects (after adjustment)

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 - ▶ We find that in the absence of changes to trade policy, the EU-15 would have been worse off after the enlargement

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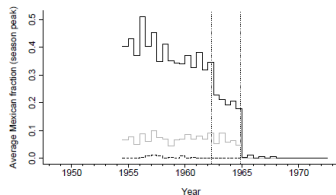
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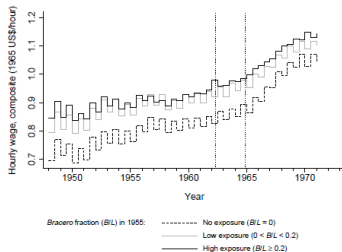
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Figure 2: Illustration of natural quasi-experiment and core result, states grouped by exposure

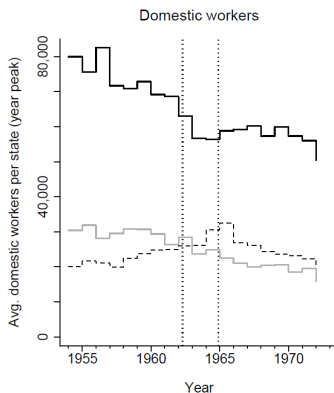
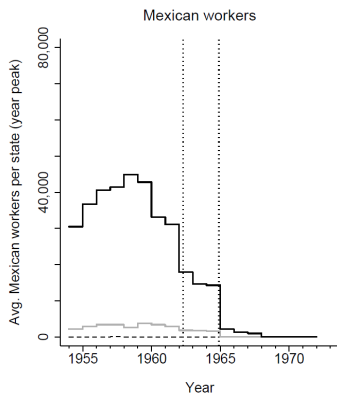
(a) Average Mexican fraction of hired seasonal farm workers, 1954–1972



(b) Average real farm wages, 1948–1971

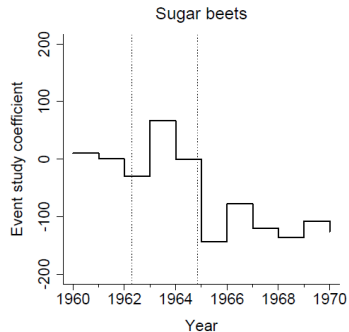
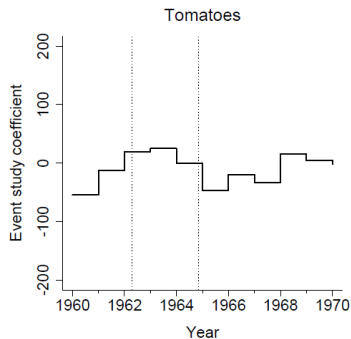


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Crop physical production index



Final remarks of the paper

- This is a great paper!
- Key insight: one can not look at a migration shock as an aggregate labor supply shock
 - ▶ Look at the occupation exposed to the shock, and how tradable is this occupation
- Makes clear progress, a must read academic, and policy relevant, study!