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Immigrants Don't Take Jobs From Americans, Fed Study Says

By Courtney Schlisserman

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Immigration has no “significant” effect on the number of jobs available to U.S.-born workers and helps boost incomes and productivity over time, according to a paper by an economist at the Federal Reserve Bank of San Francisco.

“There is no evidence that immigrants crowd out U.S.-born workers in either the short or long run,” Giovanni Peri, an associate professor at the University of California-Davis and a visiting scholar at the San Francisco Fed, said in the paper released today. “Data show that, on net, immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity.”

Immigrants, who tend to be less educated and lack English- language skills, allow U.S.-born workers with similar levels of education to shift toward more communications-intensive jobs, which generally pay better, Peri said. Also, a growing workforce prompts companies to expand and upgrade equipment, making the economy more productive, he said.

An inflow of immigrants equal to 1 percent of the increase in employment helps boost overall incomes by 0.6 percent to 0.9 percent, according to Peri’s research. That means that immigration pushed wages up by \$5,100 on average from 1990 to 2007 after adjusting for inflation, accounting for 20 percent to 25 percent of the gain during those years, he said.

The paper comes as U.S. hiring shows signs of cooling. A Labor Department report on Sept. 3 may show that private payroll rose by 47,000 this month after a 71,000 gain in July, and the unemployment rate rose to 9.6 percent, according to the median forecast of economists surveyed by Bloomberg News.

“The painfully slow recovery in the labor market has restrained growth in labor income, raised uncertainty about job security and prospects, and damped confidence,” Fed Chairman Ben S. Bernanke said at the Kansas City Fed’s annual monetary symposium in Jackson Hole, Wyoming, on Aug. 27.