A Story on the Economic Consequences of "Repatriations"

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Motivation

- Apprehension/Deportation of Undocumented Immigrants as a way of "giving jobs back to Americans" was one of the talking point of Candidate Trump. Recently he has been acting on it (repeal of DACA, toughening enforcement).

- It is a deeply rooted idea used over and over again to motivate "Removal". This is not the first time it is proposed. It was pursued on large scale in the past, at the end of the Bracero Program 1960-1965 (Clemens et al 2017).

  This paper asks: Can we learn from past history of "forced repatriations"?

Quotes connecting deportation and Jobs

"A Trump administration will stop illegal immigration, deport all criminal aliens,....establish new immigration controls to boost wages and to ensure that open jobs are offered to American workers first."
(candidate Donald Trump, 2015-16 Campaign)

"The effect of this unilateral executive amnesty (DACA) ...denied jobs to hundreds of thousands of Americans"
(Attorney General Sessions, cited on CNN, September 5th 2017)

"Large alien population is the basic cause of Unemployment."
(Congressman Martin Dies, Texas, 1931)

Question and Approach

- Is there any evidence that local labor markets where apprehension/removal of undocumented was larger enjoyed higher employment or higher wages for unskilled US workers?
- Economists consensus is that immigration does not hurt wages. Immigrants compete but also also create jobs, attract firms and do jobs that are different from those of natives.
- But most economic analysis is based on inflows of immigrants. We will look at the opposite: apprehension and removal

How aggressively have countries enforced immigration restrictions?

Undocumented immigrants are always present in many countries.

Once a large group of undocumented stays a long time in a country two options arise: regularization or Apprehension/deportations.

Have democratic countries ever undertaken large Deportation campaigns? What are their consequences?

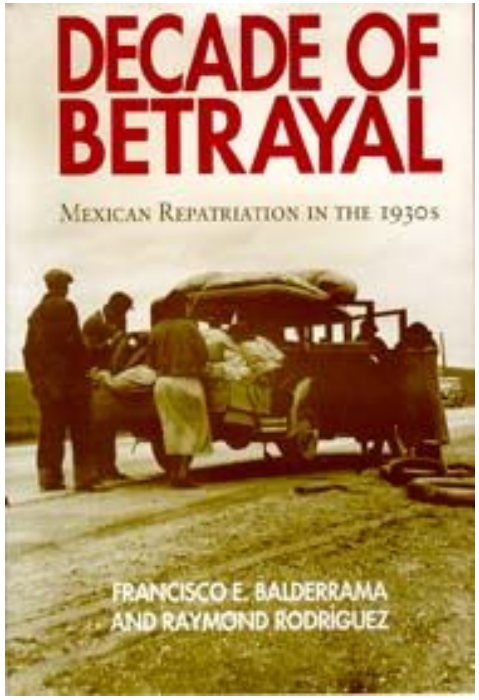
The great Mexican Repatriations of 1930-35

- Repatriation of 400,000-500,000 Mexicans and US-born Mexican American (Gratton and Merchant 2013).
- But some sources (Balderrama and Rodriguez 2006) say up to 1 million.
- Net decline of Mexican population by about 350,000 people between 1930-40 (close to one third of its size which was about 1.2 Million in 1930).

History: Before 1929

- Large immigration of Europeans, 1890-1924. The Immigration act of 1924, then, introduced very strict quotas
- immigration from the Americas was exempt from quotas. Mexicans immigration peaked in 1924-29.
- Mexicans were the more recent immigrants, more ethnically different, hence as the depression started they were targeted.

Images from the Repatriation Campaign, 1929-1936



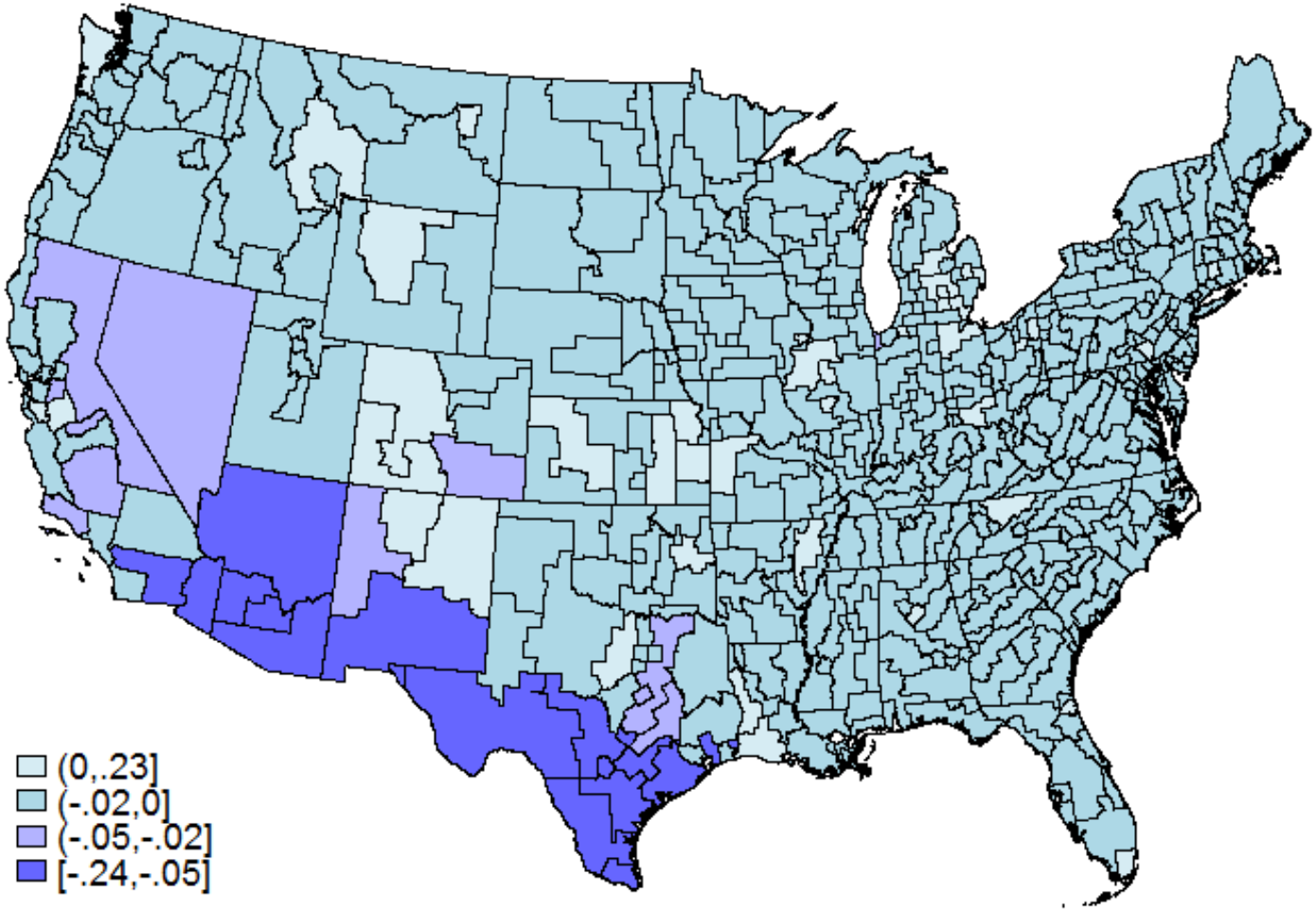
Awareness of this Campaign

History book keep the information on this campaign rather scant. But there is abundant evidence. It involved three to six times more people than the Japanese internment campaign (100,000-120,000).

Los Angeles was a city where raids on Mexicans were very widespread and brutal. The Mexican Government often helped.

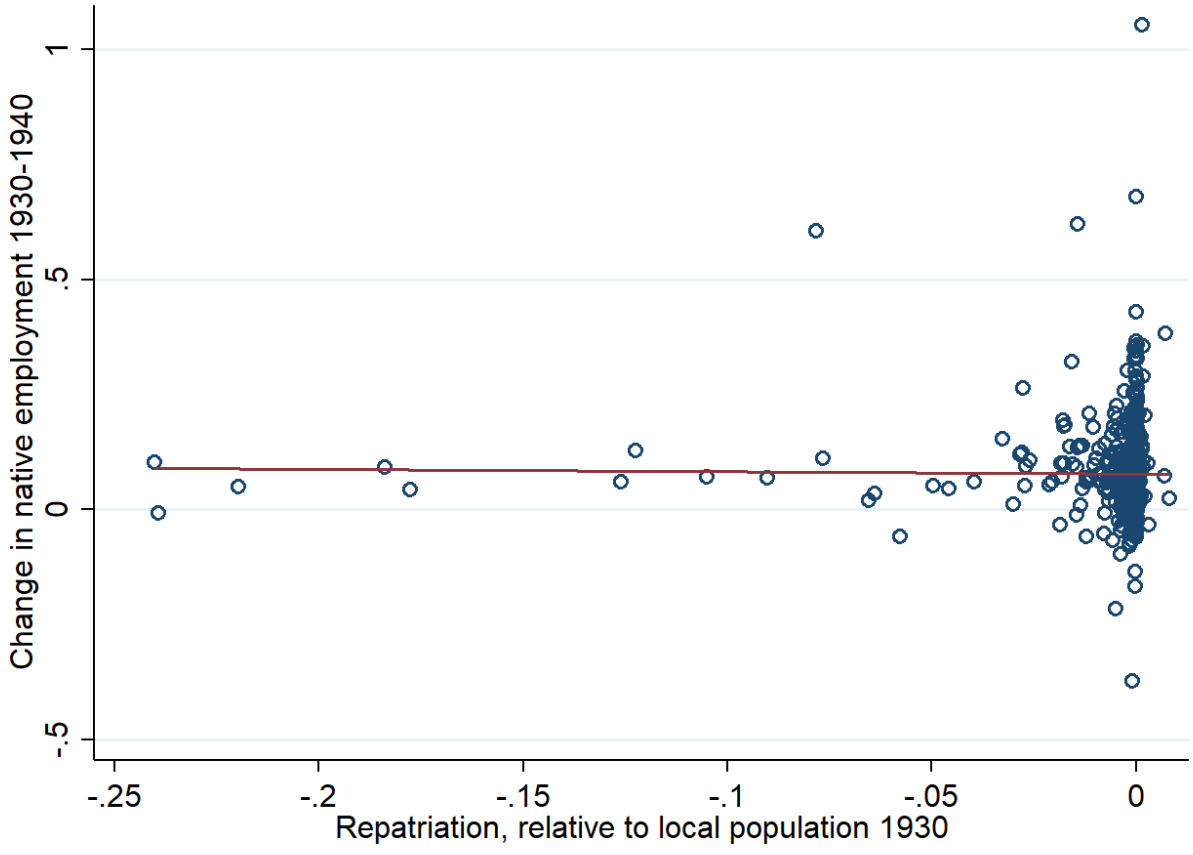
The state of California was the first state to apologize when it passed the "Apology Act for the 1930s Mexican Repatriation Program" in 2005, officially recognizing the "unconstitutional removal and coerced emigration of United States citizens of Mexican descent". Kevin Johnson (2005) helped!

Mexican Repatriation 1930-1940, relative to 1930 Population, US state economic areas



The units of observations are state economic areas

Cities as units of analysis: Correlation between Intensity and Native Employment Change



Regression line has coefficient=0.02 and standard error =0.15

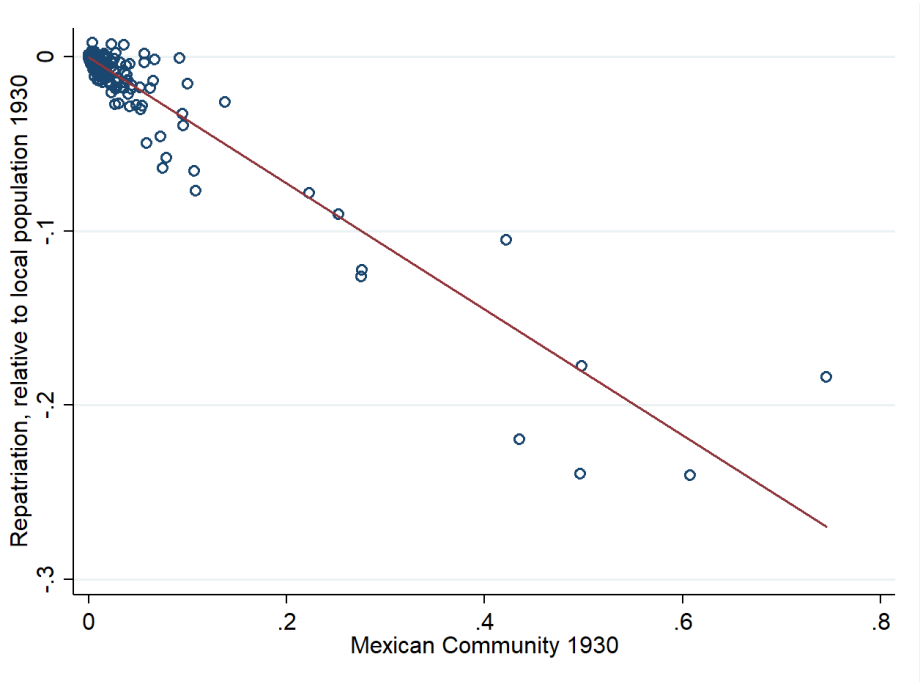
Measure of intensity of Mexican repatriation in the local Labor Market

The change in the number of Mexicans in working age over the period 1930-40 relative to the total population in working age, in city c as of 1930. This defines the local intensity of Mexican repatriation:

$$\frac{\Delta MEX_c}{E_{c,1930}} = \left[\frac{MEX_{c,1940} - MEX_{c,1930}}{MEX_{c,1930}}\right] \cdot \frac{MEX_{c,1930}}{E_{c,1930}}$$

Variation in Repatriation Intensity

- First term likely very correlated with local labor market changes
- Second term is predetermined. Not random, but, controlling for initial conditions not necessarily correlated with labor market performance 1930-40.



- Highly correlated with the repatriation intensity

Large Variation and large repatriation intensity in the top 15 cities

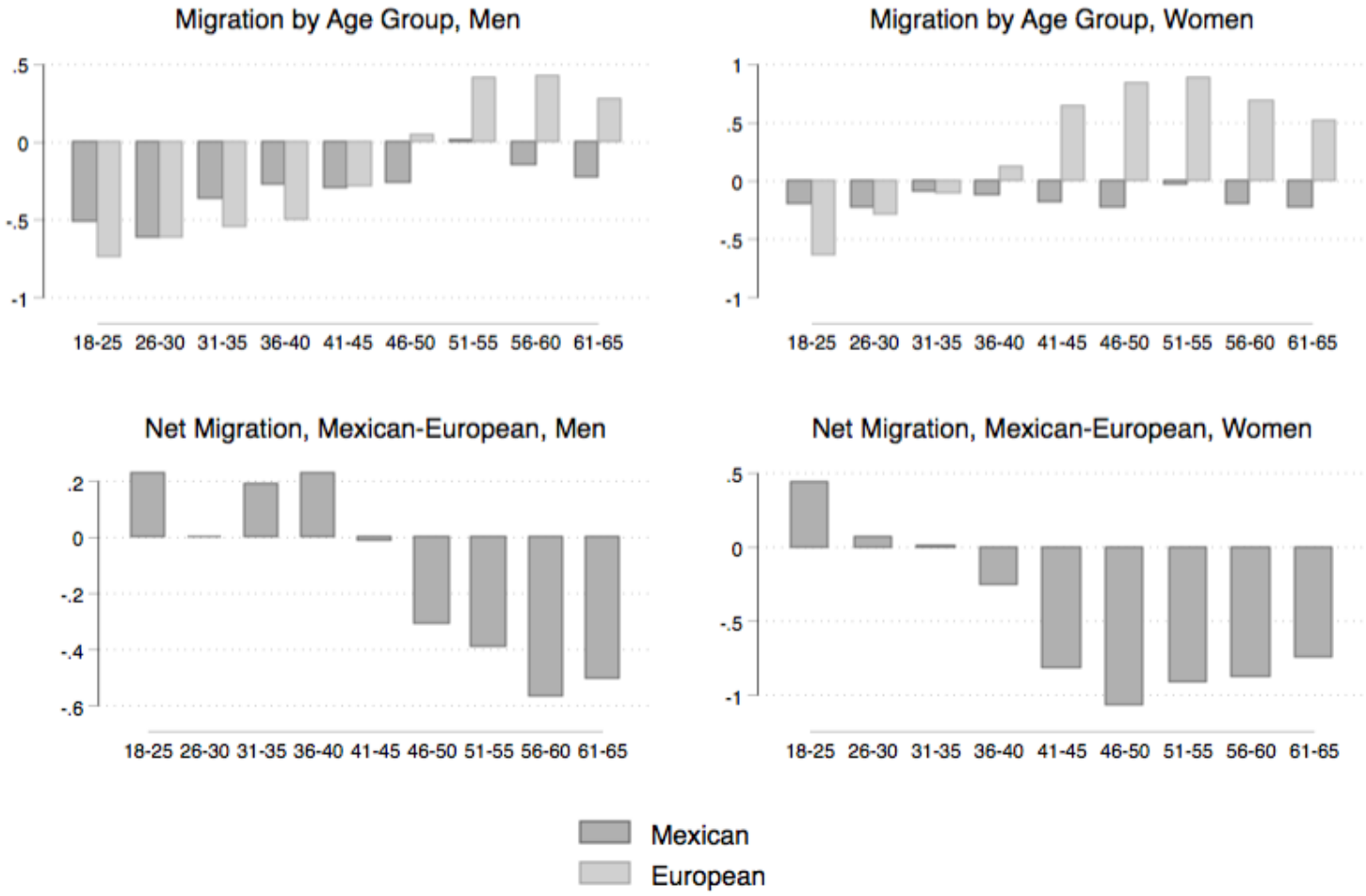
State	City	Shock
TX	Del Rio	-0.24
TX	San Benito	-0.24
TX	Brownsville	-0.22
TX	Laredo	-0.18
TX	El Paso	-0.18
TX	Harlingen	-0.13
AZ	Tucson	-0.12
CA	Brawley	-0.11
TX	San Antonio	-0.09
TX	Corpus Christi	-0.08
IN	East Chicago	-0.08
CA	Anaheim	-0.07
TX	Sweetwater	-0.06
TX	Big Spring	-0.06
NM	Roswell	-0.05
CA	Fullerton	-0.05
CA	Redlands	-0.04
AZ	Phoenix	-0.03
TX	San Angelo	-0.03
IN	Gary	-0.03
CA	Bakersfield	-0.03
CA	Santa Monica	-0.03
CO	Fort Collins	-0.03
OH	Lorain	-0.03
CA	San Bernardino	-0.03
CO	Pueblo	-0.02
NE	North Platte	-0.02

Instrumental Variable, based on variation in Mexican share 1930

To reduce correlation with local labor market characteristics we:
(i) Control for several 1930 characteristics
(ii) Control for 1930-40 policies.
(iii) Use the following Instruments:

$$\left(\frac{\Delta \hat{MEX}_c}{E_{c,1930}}\right)_{Alt} = \left[\frac{MEX_{1940} - MEX_{1930}}{MEX_{1930}}\right] \cdot \frac{MEX_{c,1930}}{E_{c,1930}}$$

Mexican repatriated more than any other nationality, especially over 40 years of age



We estimate the following Cross sectional regression in Changes using 2SLS

$$y_c^j = \phi_s + \beta_y^j \frac{\Delta MEX_c}{E_{c,1930}} + \gamma X_c^j + \varepsilon_c^j$$

Where y_c^j alternative changes in labor market outcomes for natives and X_c^j are controls.

Basic estimates with errors clustered at the state level, weighted by the city population in working age (16-65) in 1930.

Economic Framework: Interesting because it is a "reverse" flow

- Repatriation of Mexican helps employment and/or wages of natives, if they are mainly "competing workers" and/or there are "decreasing returns". Negative estimated coefficient!
- It depresses, on average, employment/wages of natives if they are differentiated/complementary to natives or there are increasing returns/externalities. Positive estimated coefficient!
- Disruption, mistrust may have also hurt employment.Depression was hurting all cities.

Specialization of Native, Mexicans and Other Immigrant

Occupation	Mexican	Native	Other Foreign-born	Mean Wage
Professional, Technical	1.10%	7.39%	3.33%	3.50
Managers, Officials, and Proprietors	0.58%	4.26%	3.40%	3.89
Clerical and Kindred	1.51%	13.17%	5.24%	3.15
Sales workers	2.64%	9.13%	6.64%	3.29
Craftsmen	6.25%	14.30%	21.50%	3.35
Operatives	11.72%	15.76%	22.63%	3.02
Service workers (household)	4.64%	5.79%	6.61%	2.05
Service workers (non-household)	3.90%	5.68%	8.51%	2.82
Farm laborers	29.50%	11.83%	3.73%	2.46
Laborers	38.08%	12.51%	18.30%	2.80

First Stage Regressions: Size of Mexican community predicts size of population loss

Table 1: Dependent Variable: Change in Mexican Employment, 1930–1940

	(1) Basic	(2) Weighted	(3) Weighted & State FE	(4) Control: 1930 charact.	(5) Control: Bartik IV & Police	(6) Control: New Deal & Weather	(7) Applying constant rate
$\widehat{\Delta MEX_c / P_c}$	0.414***	0.415***	0.396***	0.399***	0.398***	0.395***	1.014***
	(0.060)	(0.069)	(0.073)	(0.079)	(0.079)	(0.080)	(0.080)
Bartik					0.012	0.016	0.012**
					(0.015)	(0.015)	(0.006)
Police					-0.382	-0.221	-0.081
					(0.300)	(0.389)	(0.138)
1st stage F	46.87	36.46	29.55	25.35	25.09	24.55	161.61
State FE			X	X	X	X	X
Weighted		X	X	X	X	X	X
Observations	894	893	893	893	893	868	868
R-squared	0.791	0.720	0.792	0.798	0.798	0.800	0.932

Validity check: It does not predict pre-1930 employment growth

Table 2: Correlation between Pre-1930 trends and Mexican share in 1930

	(1) Empl. growth 1910–1930	(2) Unempl. growth 1910–1930	(3) Occ. Wage growth 1910–1930
Share Mexicans 1930	-0.329	-0.061	-0.134
	(0.540)	(0.054)	(0.139)
State FE	X	X	X
Observations	580	580	580
R-squared	0.414	0.417	0.175

Repatriation Intensity and local native employment change

	(1) State FE & Weighted	(2) Control: 1930 Charact.	(3) Control: Bartik & Police	(4) Control: New Deal & Weather	(5) Control: Pre-trend	(6) Targeted States only	(7) Dropping cities with inflow of Mexicans	(8) Applying constant rate	(9) Occupations with largest shocks	(10) Older natives (age 41-65)	(11) Long-run 1930–195
Panel A: Changes in *Employment*											
$\Delta MEX_c / P_c$	0.145	0.306	0.285	0.277	0.468**	-0.132	0.092	0.074	-0.103*	0.101*	-0.392
	(0.220)	(0.216)	(0.215)	(0.236)	(0.221)	(0.246)	(0.238)	(0.201)	(0.057)	(0.055)	(0.954)
Bartik			0.205*	0.307***	0.100	0.536**	0.150	0.314***	-0.066***	0.052**	0.191
			(0.107)	(0.096)	(0.119)	(0.244)	(0.137)	(0.096)	(0.021)	(0.022)	(0.858)
Police			-0.763	2.575	-3.303	25.991**	1.346	2.405	1.923***	-0.157	38.907
			(3.690)	(3.242)	(3.378)	(12.290)	(4.368)	(3.254)	(0.747)	(0.892)	(44.837)
1st stage F	29.55	24.73	24.65	24.33	21.65	20.83	20.85	164.22	24.33	24.33	131.10
State FE	X	X	X	X	X	X	X	X	X	X	X
Weighted	X	X	X	X	X	X	X	X	X	X	X
Observations	893	893	893	868	540	224	466	868	868	868	92

Is there evidence of complementarity? Effects by occupation group

Dependent Variable:	(1) Low-skilled natives	(2) Intermediate-skilled natives	(3) High-skilled natives
$\Delta MEX_c / P_c$	-0.089*	0.278***	0.337**
	(0.051)	(0.095)	(0.133)
Bartik	-0.075***	0.295***	0.275***
	(0.018)	(0.059)	(0.039)
Police	2.036***	-2.346	-1.800
	(0.681)	(2.028)	(1.580)
1st stage F	24.33	24.33	24.33
State FE	X	X	X
Weighted	X	X	X
Observations	868	868	868
R-squared	0.241	0.402	0.448

Did other Immigrants took their jobs?

	(1) State FE & Weighted	(2) Control: 1930 Charact.	(3) Control: Bartik & Police	(4) Control: New Deal & Weather	(5) Targeted States only	(6) Dropping cities with inflow of Mexicans
$\Delta MEX_c / P_c$	-0.020	0.017	-0.012	-0.018	-0.036	-0.038
	(0.013)	(0.022)	(0.019)	(0.020)	(0.028)	(0.025)
Bartik			0.141***	0.140***	0.112***	0.152***
			(0.020)	(0.020)	(0.037)	(0.029)
Police			-4.730***	-4.326***	-3.915*	-3.628***
			(0.903)	(0.927)	(2.196)	(1.222)
1st stage F	29.55	24.73	24.65	24.33	20.83	20.85
State FE	X	X	X	X	X	X
Weighted	X	X	X	X	X	X
Observations	893	893	893	868	224	466
R-squared	0.632	0.691	0.745	0.710	0.726	0.700

Most Affected sectors

Table 3: Sector effects, 1930–1940 (2SLS)

Dependent Variable:	(1) Agriculture	(2) Agriculture & Manufacturing	(3) Other industries
$\Delta MEX_c / P_c$	0.272**	0.261***	0.049
	(0.133)	(0.089)	(0.069)
$Bartik_c$	-0.002	0.068	0.205***
	(0.011)	(0.049)	(0.075)
Police	-0.523	-2.746	-7.647**
	(0.622)	(2.737)	(3.085)
1st stage F	29.79	29.79	29.79
State FE	X	X	X
Weighted	X	X	X
Observations	868	868	868
R-squared	0.204	0.272	0.231

Occupational Wage effects on natives: Downgrading

The large departure of Mexicans in the occupations at the "bottom" of the wage ladder may have produced some downgrading of natives.

If so occupational wage of natives would experience negative changes. Fix occupation wage at 1940, and then calculate the occupational wage in 1930 and 1940 and see if the change is positively correlated with repatriations.

Occupational Wage downgrading effects

	(1) State FE & Weighted	(2) Control: 1930 Charact.	(3) Control: Bartik & Police	(4) Control: New Deal & Weather	(5) Targeted States only	(6) Dropping cities with inflow of Mexicans
$\Delta MEX_c / P_c$	0.321**	0.198*	0.169	0.155	0.183	0.129
	(0.125)	(0.113)	(0.112)	(0.119)	(0.129)	(0.124)
Bartik			0.206***	0.243***	0.350***	0.281***
			(0.036)	(0.036)	(0.073)	(0.045)
Police			-3.012**	-1.280	2.177	-1.073
			(1.445)	(1.449)	(3.789)	(1.699)
1st stage F	29.55	24.73	24.65	24.33	20.83	20.85
State FE	X	X	X	X	X	X
Weighted	X	X	X	X	X	X
Observations	893	893	893	868	224	466
R-squared	0.575	0.648	0.665	0.660	0.370	0.705

Summarizing

- Repatriation of 1/3 of all Mexicans in the US between 1930 and 1940, it was a traumatic and very disruptive experience on the Migrants.
- There is no evidence that it was accompanied by positive labor market effects for natives.
- Higher repatriation of Mexican by 1% of local population reduced medium and high skilled jobs for natives and hurt agriculture and manufacturing.
- Occupational downgrading for Natives.