Do “Immigrants Increase Unemployment of US Citizens?”
An Empirical Examination of Trump’s Campaign Rhetoric

I. Why Study

- Specifically to analyze Trump’s campaign rhetoric:
  - Many different aspects for the argument for and against immigration into the US:
    - Negative views:
      - Immigrants pose a risk to low-skilled natives’ wages and employment.
      - Behavioral changes of natives including on taxation, interest rates, and wages which alter labor supply, human capital investment, and savings.
      - Immigrants could put pressure on government spending because they use up welfare.
      - Potential to cause unemployment and reduce the aggregate level of US output

- Positive views:
  - Immigrants could be compliments to our own native workforce and combining them would create a more productive society with innovation.
  - Immigration could increase native incomes because of their comparative advantages in manual-intensive tasks, while natives have comparative advantages in communication alter labor supply, human capital investment, and savings.

- Want to see the real facts, so we can have informed policies and public opinion

II. Data

- Annual immigration (IMM), Gross Domestic Product (GDP), Unemployed Persons (UNEP)
- Data goes back to 1870 and up until 2015 (145 years worth of data)

III. Table 1: Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

<table>
<thead>
<tr>
<th>Hypothesized</th>
<th>Trace test indicates 2 cointegrating eqn(s) at the 0.05 level</th>
</tr>
</thead>
<tbody>
<tr>
<td>D(LOG(UNEP))</td>
<td>D(LOG(GDP))</td>
</tr>
</tbody>
</table>

Fig. 1: Economic Conditions and Immigration Patterns in the U.S.A. (1870-2015)

IV. Final Results

I. There exists a long run relationship between US GDP, Unemployment, and Immigration Inflows

2. While we found bidirectional causality between GDP & Immigrant inflow, the relationship between immigration is unidirectional causality from immigration to unemployment

   a. So, looking at a 1 time shock in immigration (a one time increase) reveals a rise in GDP levels and a fall in unemployment. This is contradictory to Trump’s campaign rhetoric.

   - Results considered preliminary because data on immigrants not broken down by:
     - Broad geographical region, skill level, specific countries of origin

Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>6.5</td>
<td>1.1</td>
<td>4.2</td>
<td>8</td>
</tr>
<tr>
<td>IMM</td>
<td>0.5</td>
<td>0.2</td>
<td>0.0</td>
<td>1.0</td>
</tr>
<tr>
<td>UNEP</td>
<td>5.0</td>
<td>1.0</td>
<td>2.0</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 3: Non-Stationarity Test Results (Null Hypothesis: the given variable is nonstationary) (i.e., has a unit root)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Test Statistic</th>
<th>Critical Value</th>
<th>p-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>3.442</td>
<td>2.661</td>
<td>0.002</td>
</tr>
<tr>
<td>IMM</td>
<td>3.442</td>
<td>2.661</td>
<td>0.002</td>
</tr>
<tr>
<td>UNEP</td>
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</tr>
</tbody>
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References


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Fig. 2: Economic Conditions and Immigration Patterns in USA (1870-2015)

Fig. 3: Economic Conditions and Immigration Patterns in the U.S.A. (1870-2015)

Fig. 4: Economic Conditions and Immigration Patterns in USA (1870-2015)

Fig. 5: Economic Conditions and Immigration Patterns in the U.S.A. (1870-2015)