



Comments on:

“How Did the Post-Pandemic Migration Surge Affect Labor and Housing Markets?”

Michael A. Clemens

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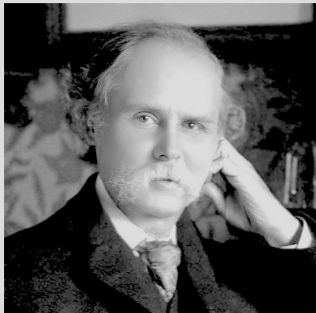
WAGE



DEMAND

LABOR





Alfred Marshall

Principles of Economics

§ 4. It may be well to try to explain the great vitality of the common belief that wages could be raised generally by merely making labour scarce. To begin with, it is difficult to realize how different, and often even opposed, are the immediate and permanent effects of a change. People see

Outline

A landmark study

The 2SLS buslift design is basically one city

Link this paper to the productivity literature

From city level to national level

A landmark study

- A tectonic event
 - Largest-ever net inflow unauthorized, highest immig. rate since 1850
- Partial eq. models predict the worst case for US workers
 - Concentrated: buslift +3% Denver pop., HS or less, chaotic
- The findings are arresting
 - GDP per capita ↑, native wages ↑, *amidst* the surge
- Very important, rigorous measurement, replicates cleanly

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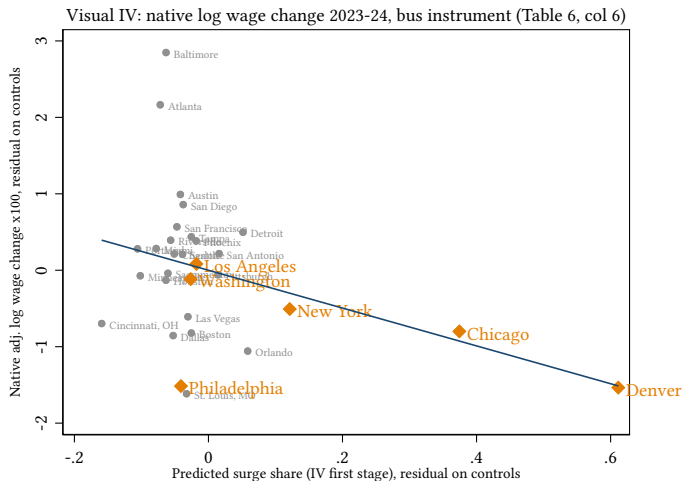
From city level to national level

Replication: the three buslift regressions

	Native wages (T6, col. 6)		Native emp. rate (T8, col. 6)		Dropout emp. (T9, col. 6)	
	Orig.	Repl.	Orig.	Repl.	Orig.	Repl.
Surge per capita	-2.6*** (0.6)	-2.5*** (0.7)	-0.8** (0.3)	-0.8*** (0.3)	-4.7*** (1.0)	-4.6*** (1.1)
Wild bootstrap p	0.04	0.07	0.23	0.12	0.08	0.19
Observations	30	30	30	30	30	30

Native wages: -2.6

Angrist-Pischke Visual IV



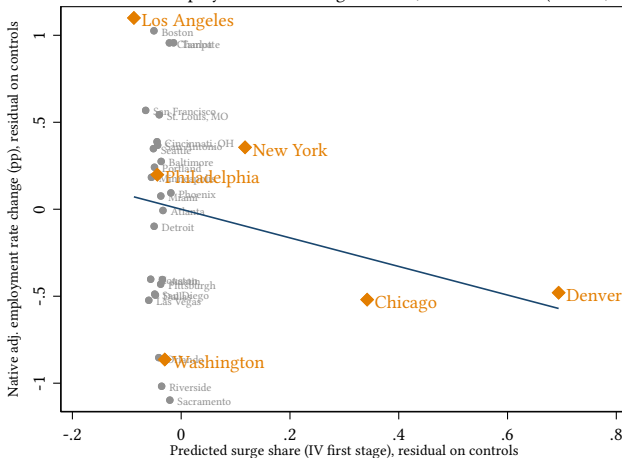
Slope of fitted line = 2SLS coefficient = -2.47. Bus-destination metros in orange (diamonds). Top-30 sample, 2023-24 window, instruments: b

Slope = 2SLS coefficient

Native emp. -0.8

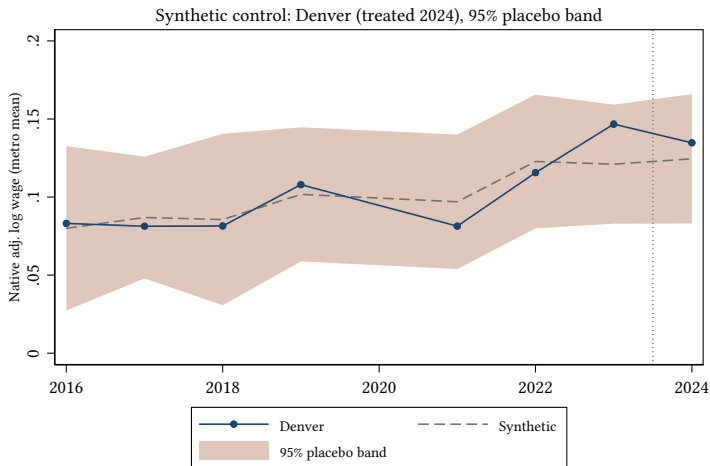
Angrist-Pischke Visual IV

Visual IV: native employment rate change 2023-24, bus instrument (Table 8, col 6)



Slope of fitted line = 2SLS coefficient = -0.82 . Bus-destination metros in orange (diamonds). Top-30 sample, 2023-24 window, instruments: b

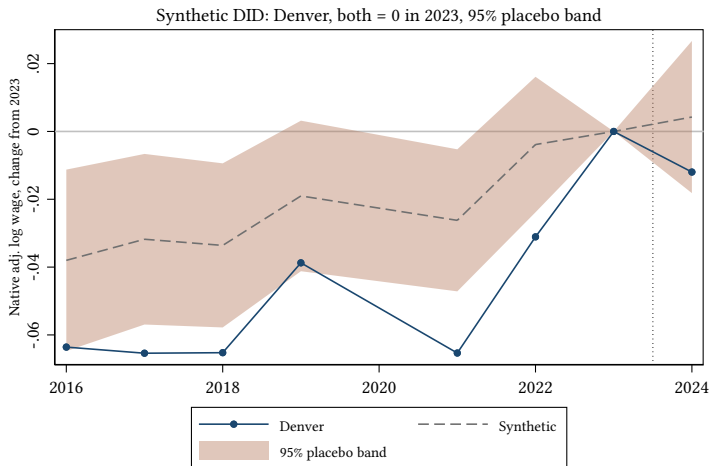
Denver: synthetic control



95% band: synthetic ± 1.96 placebo SDs, from re-running the identical estimator on placebo treated sets drawn from the 24 non-bus top-30 donor metros.

Donor pool excludes all six bus metros

Denver: synthetic DID



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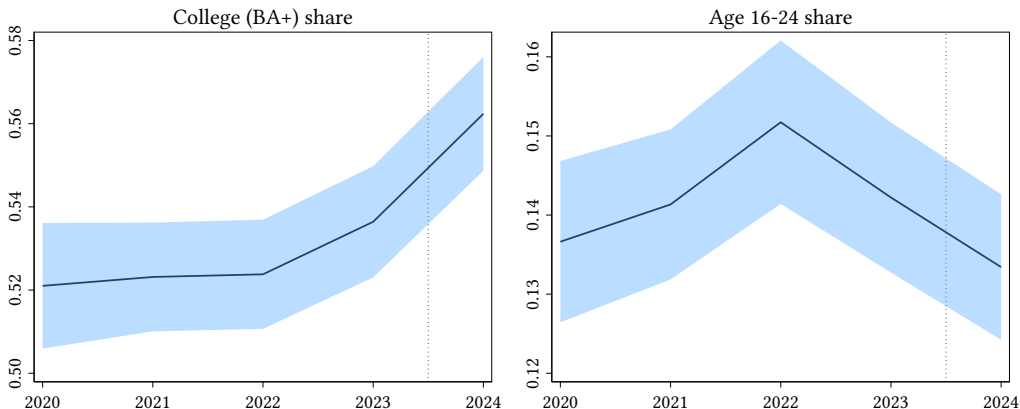
Driven by compositional change

- Adjusted native wages: bus IV = -2.6^{***} [wild $p = 0.04$]
- *Unadjusted* native wages: bus IV = -0.7 [$p = 0.47$]
- The wage finding = (one metro-year) $\times$ (demographic adjustment)
 - Consistent with a 2024 shift in Denver's measured skill mix, not a price change for fixed workers
 - Just adjustment via $\downarrow$ native low-skill male inflows?

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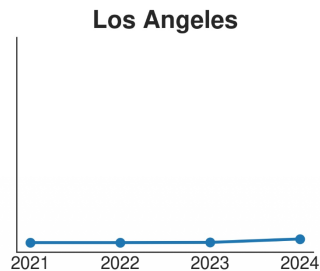
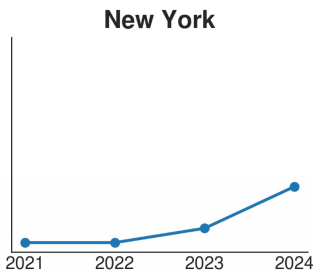
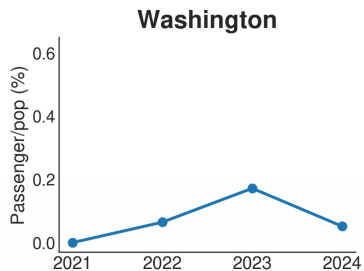
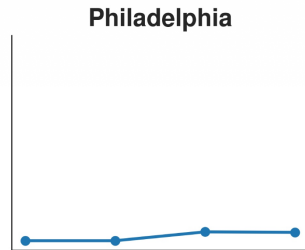
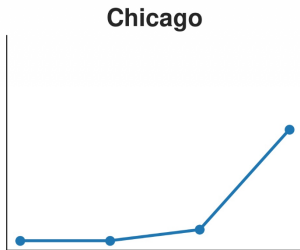
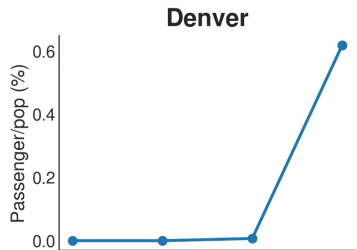
Denver: composition of the native workforce, 2020-2024



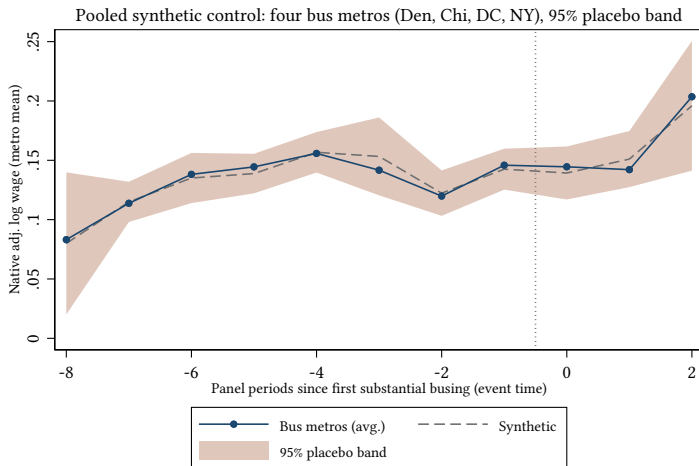
ACS wage sample, natives 16-64; shaded = 95% CI; dotted line = first treated year (2024). No standard 2020 ACS 1-yr release: 20

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Denver, Chicago, DC, NYC: synthetic control

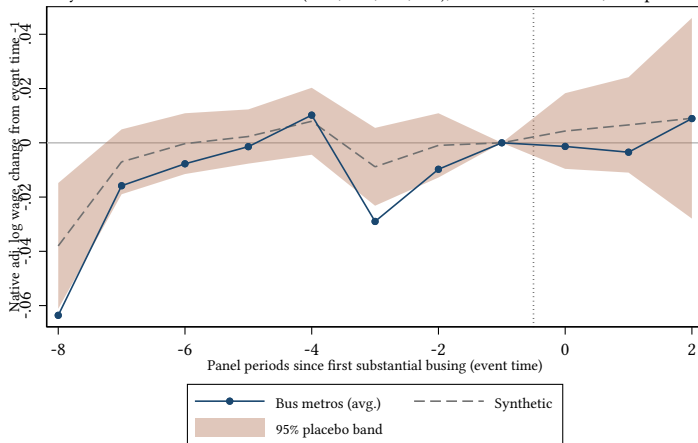


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Never-treated donors

Denver, Chicago, DC, NYC: synthetic DID

Pooled synthetic DID: four bus metros (Den, Chi, DC, NY), = 0 at event time -1, 95% placebo ba



95% band: synthetic ± 1.96 placebo SDs, from re-running the identical estimator on placebo treated sets drawn from the 24 non-bus top-30 donor metros.

Pooled SDID ATT -0.6 (s.e. 0.9); SC ATT 0.0 (s.e. 1.4)

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GDP *per worker* effects of +1pp immig. shock

	Setting	Design	GDP per worker (% per +1pp)
This paper	US metros, 3 yrs	shift-share IV	+0.4 to +0.7
Peri <i>REStat</i> 2012	US states, 10-yr diffs	enclave + border IV	+0.7 to +1.0
Basso, Mathur & Peri <i>NBER WP</i> 2026	OECD, 5–10 yrs	local projections	+1.2 to +1.9
Jaumotte et al. <i>IMF Spillover Note</i> 2016	18 countries, 1980–2010	gravity “push” IV	up to +2 [†]
Engler et al. <i>IMF WEO</i> 2020	OECD, 1980–2018	IV local projections	≈ +0.7 [‡]

This paper: GDP +1.7 (+1.4 adj.) per +1pp surge/pop.; employment ≈ half of pop. ⇒ +0.4–0.7 per worker

[†]long run, per +1pp migrant share; productivity-driven [‡]output +1 by yr 5, ≈ 2/3 productivity

Something large is happening, quickly

- No compositional wage boost here $\Rightarrow$ a productivity effect
 - idle capital into service · task specialization · entrepreneurship
 - labor-using technology · hours
 - Peri 2012, Jaumotte et al. 2016, Engler et al. 2020: mostly TFP. Basso et al. 2026: mostly K deepening
 - Why it matters
 - influential fiscal estimates of the surge *assume* strictly negative productivity effects of low-skill immigration
- Clemens 2022

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Local effects are not national effects

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→ Hornbeck & Moretti *JPE Macro* 2024
- Defense-spending shock: 36% of effect outside the city
→ Auerbach, Gorodnichenko & Murphy 2020
- China shock: 43% of disemployment in *other* cities
→ Adão, Arkolakis & Esposito 2019
- The domestic-migration adjustment mechanism *is* diffusion
→ simple calibrated model à la Terry et al. *AER* 2026

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