

Macro Roundup Article

Headline: [The Effect of Low-Skill Immigration Restrictions on US Firms and Workers: Evidence from a Randomized Lottery](#)

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Tweet: US firms that won a low-skill H2B work visa lottery in 2021-22 and hired temporary foreign workers saw higher revenue and investment with no crowding out of temporary domestic workers. @m_clem @ethanglewis

Summary: U.S. firms face a binding quota on visas to employ foreign workers in low-skill occupations outside of agriculture. The government allocates this quota to firms in part through a randomized lottery. We evaluate the marginal impact of the quota on firms entering this lottery in 2021 and 2022. Firms exogenously authorized to employ more immigrants in low-skill jobs significantly increase production (elasticity 0.20–0.22), investment (1.5–2.1), and the rate of profit (0.15). Because the foreign-native elasticity of substitution in production is very low in the policy-relevant occupations (0.8–2.2), the effect on native employment is zero or positive overall, and positive in rural areas. The vertical axis in the three panels [of Figure 7] shows the effect of foreign employment on each outcome. The results exhibit substantial heterogeneity across different predetermined firm types. The magnitude of the [positive] U.S. employment effect [of foreign workers] is 7.9 times greater in rural areas than urban areas. The investment results are consistent with small firms and rural firms facing more binding capital constraints, which tend to magnify the effects of shocks.

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Primary Topic: Immigration

Topics: Academic paper, Database, Immigration, Productivity, Weekly, Workforce

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