

Macro Roundup Article

Headline: [Why Immigration Is an Urban Phenomenon](#)

Article Link: <https://www.frbsf.org/economic-research/publications/economic-letter/2023/july/why-immigration-is-an-urban-phenomenon/>

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Tweet: .@JoanMonrasEcon argues that immigrants cluster in cities with higher wages to support remittances to family members in their native countries, and are deterred less by higher living costs than US-born workers.

Summary: A large share of immigrants keeps ties with their origin countries. Many send money, known as remittances, to family members in those countries, while others plan to eventually return to their birthplace. In either case, this means that a substantial part of immigrants' spending, now or in the future, takes place in their origin country rather than in the city where they currently work. Hence, for immigrants, the local prices in the city where they work only matter for the fraction of their total budget spent there. This means, that, relative to native-born workers, immigrants are equally attracted to high wages in select cities but less deterred by high local prices—particularly housing. This simple mechanism can explain why immigrants concentrate so much in a small number of select cities, and why these cities tend to have the highest costs of living.

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Primary Topic: Urban vs Rural

Topics: Database, Immigration, Op-Ed/Blog Post, Productivity, Urban vs Rural, Weekly, Workforce, Workforce Reorganization

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