

Trade Effects of Immigration Enforcement*

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Abstract

Economists have long emphasized that labor market institutions and policies influence competitive advantage by shaping employment conditions and production costs. By contrast, little is known about how direct shocks to labor endowments affect comparative advantage and trade patterns. This paper examines the effects of U.S. interior immigration enforcement, a major policy intervention that reduces the supply of low-skilled labor, on domestic and international trade flows in a highly labor-intensive sector. I focus on the fruit and vegetable industry, where production depends heavily on foreign-born workers, nearly half of whom lack legal status. Exploiting spatiotemporal variation in enforcement intensity between 1997 and 2012, I find that stricter enforcement reduces fruit and vegetable production, lowers interstate exports while raising interstate and foreign imports. International exports display negative point estimates but are imprecisely estimated. Robustness checks confirm these results are not driven by worker inflows from other states or pre-trends.

Keywords: Immigration enforcement, labor market shocks, agricultural labor markets, international trade, domestic trade

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