

Trade Effects of Immigration Enforcement*

Samyam Shrestha

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 variations in enforcement intensity between 1997 and 2012, I show that stricter enforcement reduced state-level fruit and vegetable production, lowered exports to other U.S. states and foreign partners, and increased imports from states with less stringent enforcement. I find no direct effect on international imports, but prominent port states increased their international imports in response to heightened enforcement in their domestic import partners.

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

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*University of Georgia, samyam@uga.edu. I thank Diane Charlton and Nicholas Magnan, whose guidance throughout the project greatly benefited this paper. I also thank Mateusz Filipski and Genti Kostandini for their constructive comments. All errors are my own.