

The paper

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In this study, we first evaluate the effect of a significant increase in low-skilled immigration in Korean municipalities from 2010-2015 on the internal migration of natives. Using Korean survey data we are able to distinguish between natives moving for work-related and non-work-related reasons. Using a change in immigration policy and the pre-existing networks of immigrants to construct an instrument for immigration across Korean municipalities, we find that locations experiencing significant low-skilled immigration attracted natives who moved for working purposes. However, these locations saw outflows of natives that moved for non-work-related reasons, such as due to housing and local amenities. We then estimate that immigration had positive effects on local firm creation and on native wages but reduced the quality of local amenities. It had small to no impact on local housing prices. These facts together suggest that immigration attracted natives who value labor income over local amenities but pushed out those who place a higher value on local amenities. Thus, immigration, while generating little net native migration, changed the composition of natives in Korean municipalities.

Main Issues

1. The living area and the working might not be the same.

The authors separated the reason for immigration based on work-related and non-work-related reasons according to the SIM (Statistics of Internal Migration) data of Korean municipalities. The “job” in the survey is interpreted as native Koreans moved in due to jobs inside this particular municipalities.

However, phenomena from Taiwan suggests that taking rental price into account, people might still choose to live in Taoyuan and work in Taipei. That is, they see Taoyuan and Taipei as one commuter zone. The transportation time is reduced to less than 40 minutes to travel from Taoyuan to Taipei after the opening of the new metro line that connects the two cities¹. This leads to an increasing of population in Taoyuan, but a decrease in Taipei. While simultaneously, we can also observe the increment of immigrant workers in Taoyuan, owing to the industrial structure of the city². As a result, we might get a falsification that people move to Taoyuan because of

¹ 桃園觀光導覽網 <https://travel.tycg.gov.tw/zh-tw/traffic/airportmrt>

² 桃園市政府主計處——臺灣地區移工概況

the complementary effect of low-skill workers, but in reality, most of them worked in Taipei or Hsinchu, but lived in Taoyuan for cheaper rental price.

The paper does not consider this issue, probably because this is not observed in Korea. However, a robustness check is still worth doing to rule out this possibility.

One possible method is to consider a spatial vector autoregressive model (SVAR) that take into account the interconnection of commuter zone.

2. The heterogeneity of non-job-related reasons.

The paper separates the reasons of internal immigration into job and non-job-related reasons. Non-job-related reasons is composed of issues such as family, housing, education, ... etc. I question the validity of pooling the non-job-related samples into one big category. As job-related benefits might also be correlated with others, such as education, it is hard to rule out the possibility that the benefits of immigration are the future spillover effect of the current decision. For example, although amenity being worsen, if job opportunities are closely connected with the education environment, this will be recorded as a non-job-related reason, and is pooled with other immigration samples. Although the paper eventually does a 2SLS regression on each of the subsamples, the regressions does not tackle this issue. The authors should also provide an explanation on how this might be handled.

3. Different levels of migration might have different effect.

As pointed out in figure 2, the outer regions have higher change in immigrants. Thomas Shelling (1971) pointed out that the unwillingness of being special in the region can endogenously cause segregation to occur. When native immigrants make decision, they might choose the location where there were also other people that moved into it. That is, the effect on high native migration might be different to the effect on low native migrations. I suggest checking the robustness by performing a quantile regression on the 75th percentile and 25th percentile, and test whether they give the same statistical inference on the parameter of interest.