

Session 2 Handout

Moving the Masses: The Economic Impact of Migration

General Concepts Covered

- Different types of migrants (Economic, Retired, and International) and the factors which motivate each of them to move
- Different “special” populations (active duty military, military dependents, students, prisoners) and how they operate
- Modeling migrants as they behave, not necessarily how they are labeled.

Key Inputs

Output

- Government Spending

Labor and Capital Demand

- Employment
- Labor Productivity

Population and Labor Supply

- Migration (Economic, International, Retired)
- Military/Military Dependents
- College/Prison Population

Wages, Prices and Costs

- Production Costs
- Compensation

Key Results

- Employment
- Personal Income
- Output
- Labor Force
- Population
- Migrants (of any variety)
- Capital Stock

Background Information/Tips

- ✓ Migration and population variables are *cumulative*, not changes from the baseline. If there are only migrants in one given year only place those migrants in that year.
- ✓ Adding economic migrants to an area that is not already drawing them can be like adding water to a leaky bucket. If there were already structural reasons for migrants to either not go to the region or even leave it (e.g. low employment opportunities, low real relative wages) then any economic migrants you add will flow right back out for the same reasons and may even make the rate of out-migration go up as their presence further depresses wages and employment opportunities.
- ✓ International migrants have to be handled carefully. Migrants in a country by some non-employment means (e.g. Permanent resident status) can generally be put in as a generic international migrant.

Employment based international migrants (e.g. H1-B or TN visa holders) have to be handled differently. They can generally be added as employment because it is known what sectors they work in but the impact of their international status on wages, international migration (because they bring dependents), productivity, etc. can vary from a similar domestic employee.