



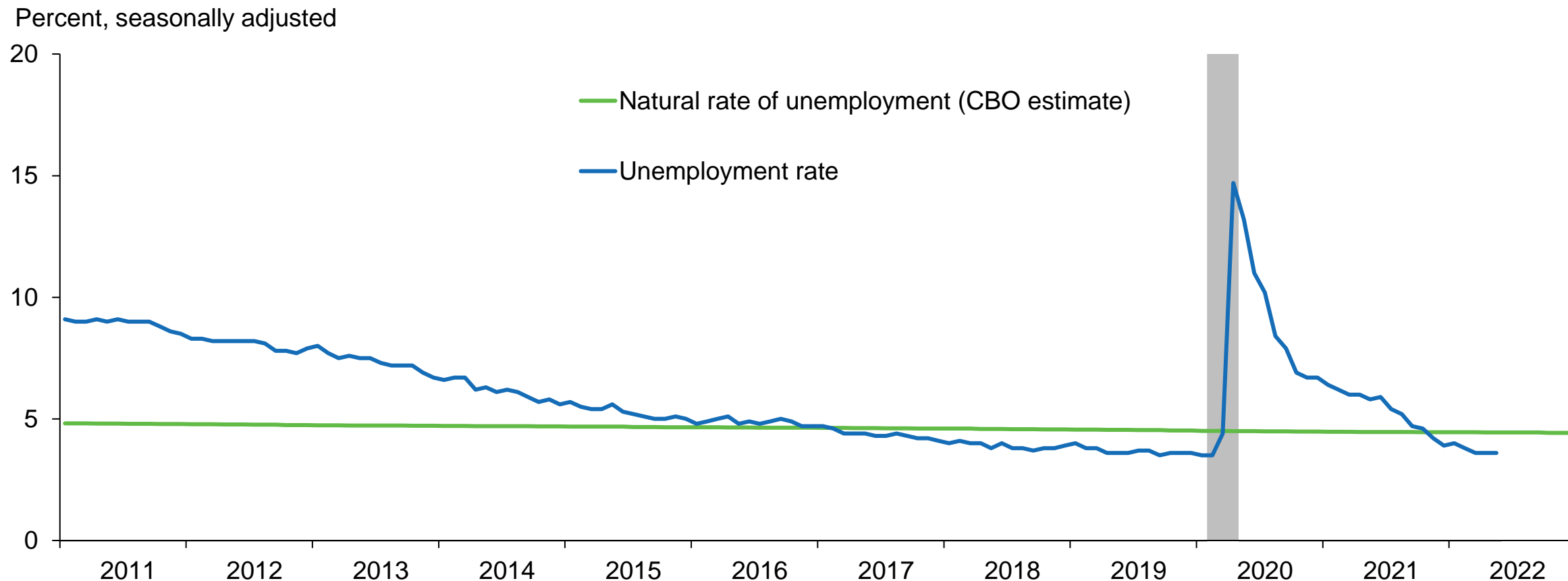
Federal Reserve
Bank of Dallas

Labor Shortages and Wage Inflation amid Declining Immigration

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Vice President, Research Department
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Labor Markets Still Tight

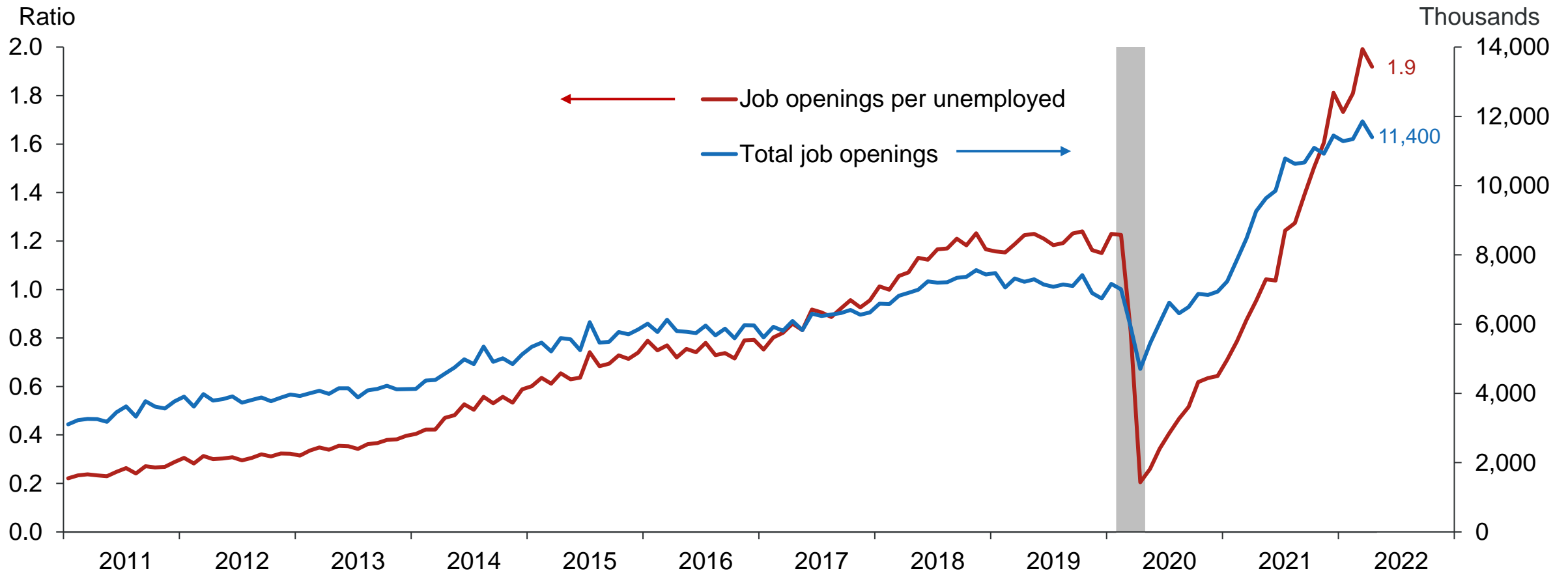
Unemployment rate remains below the natural rate



NOTES: Data through May 2022. Shaded bars indicate U.S. recessions.

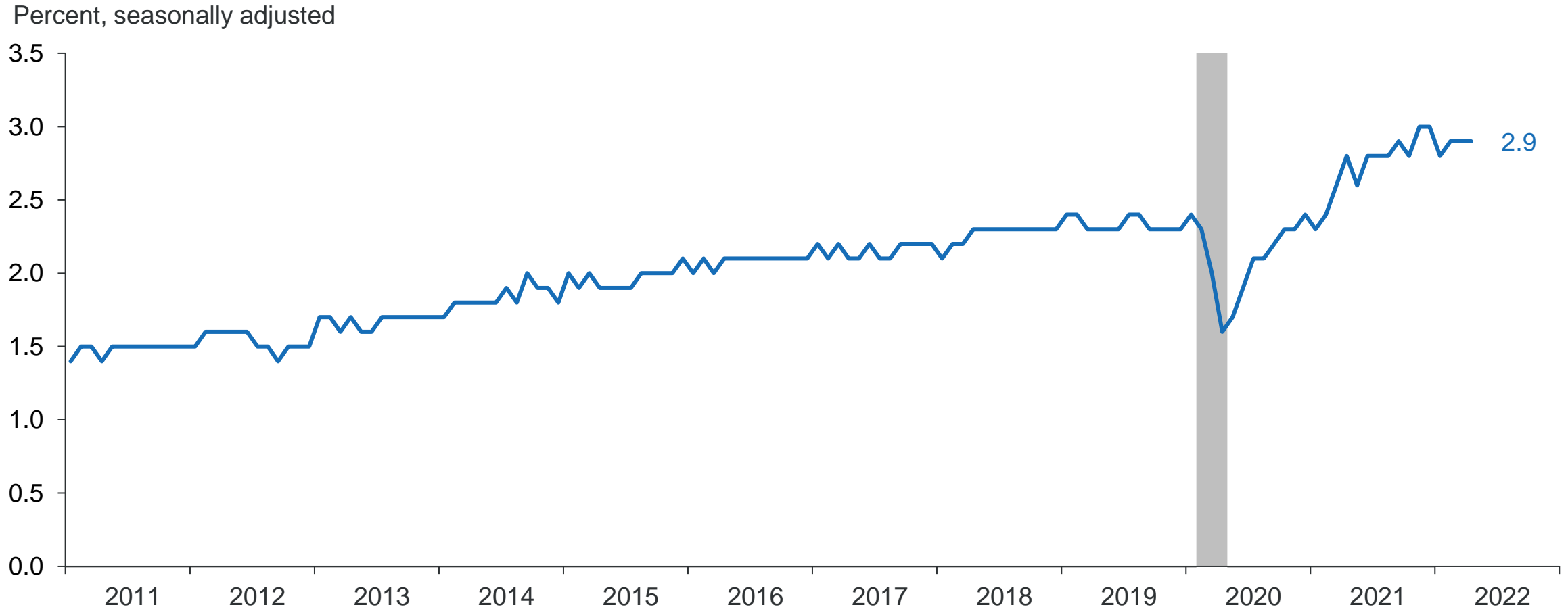
SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

Job openings per unemployed still at record highs



NOTES: Job opening data through April 2022. Unemployment data through May 2022. Shaded bars indicate U.S. recessions.
SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

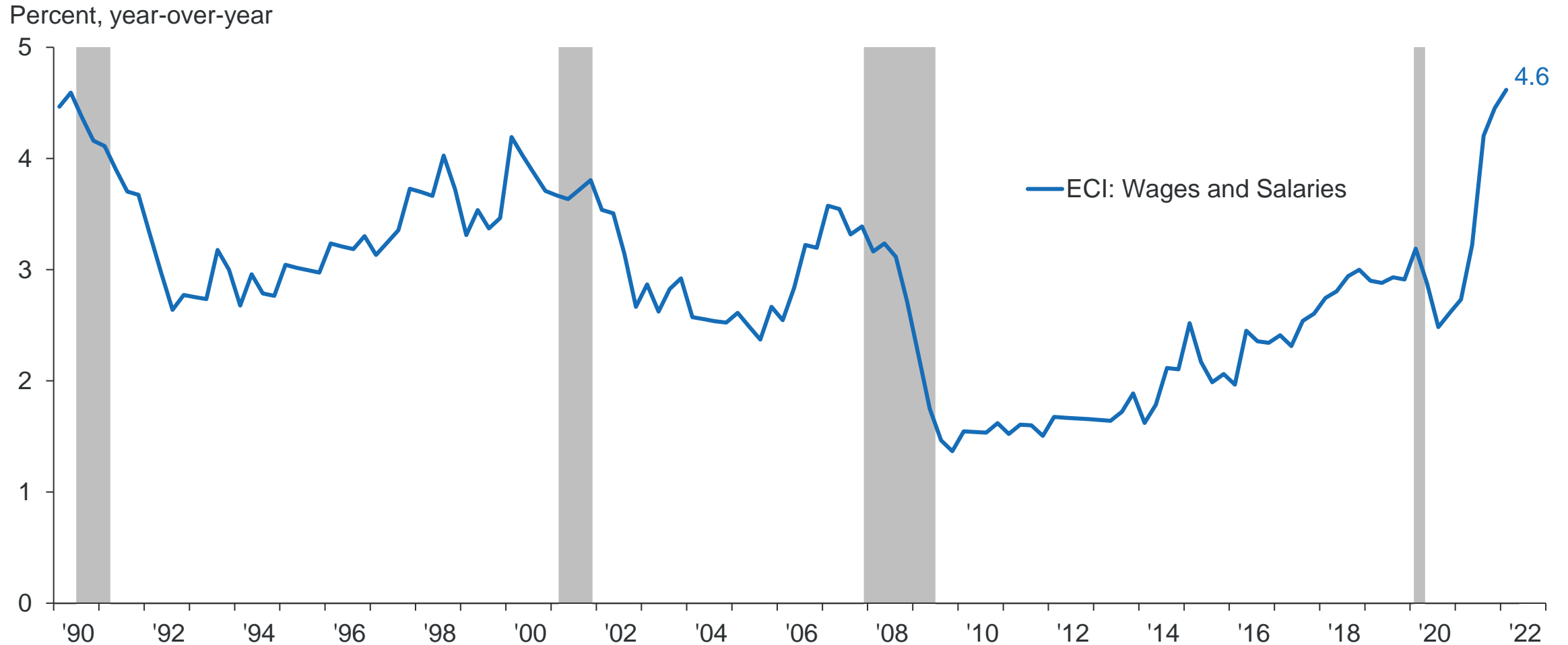
The rate that workers quit their jobs also near record high



NOTES: Data through April 2022. Shaded bars indicate U.S. recessions.

SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

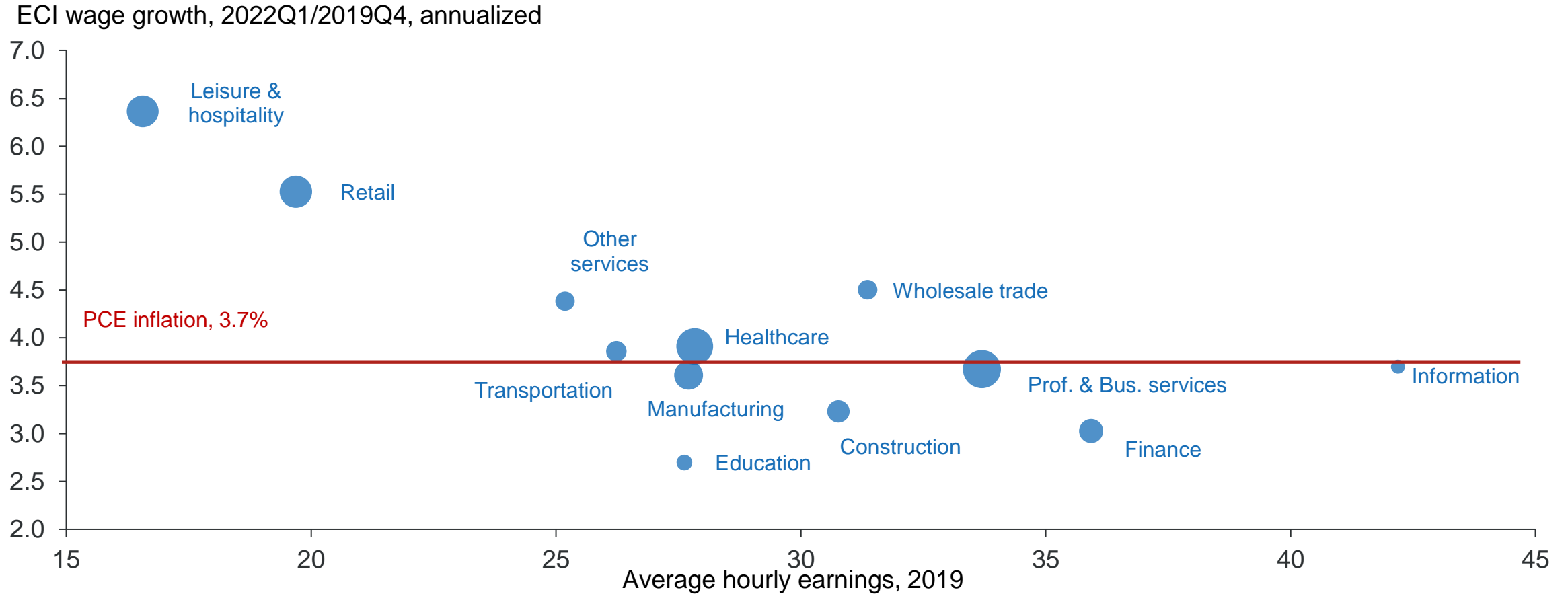
Wages (ECI) growing at fastest pace since 1990



NOTES: Shaded bars indicate U.S. recessions. Data through first quarter 2022.

SOURCES: Bureau of Labor Statistics; National Bureau of Economic Research.

Wages in low-wage industries growing fastest in pandemic

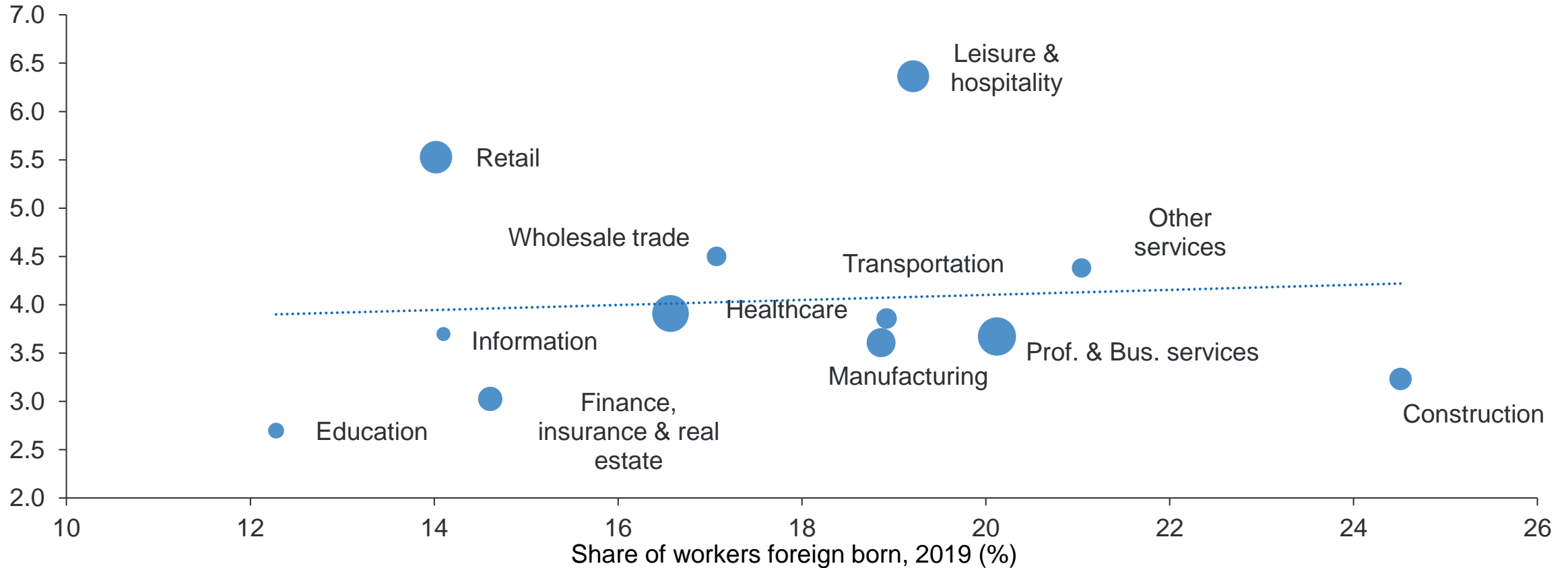


NOTE: Bubbles weighted by share of total employment in 2021.

SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

Wages rising faster in immigrant-intensive sectors

ECI wage growth, 2022Q1/2019Q4, annualized

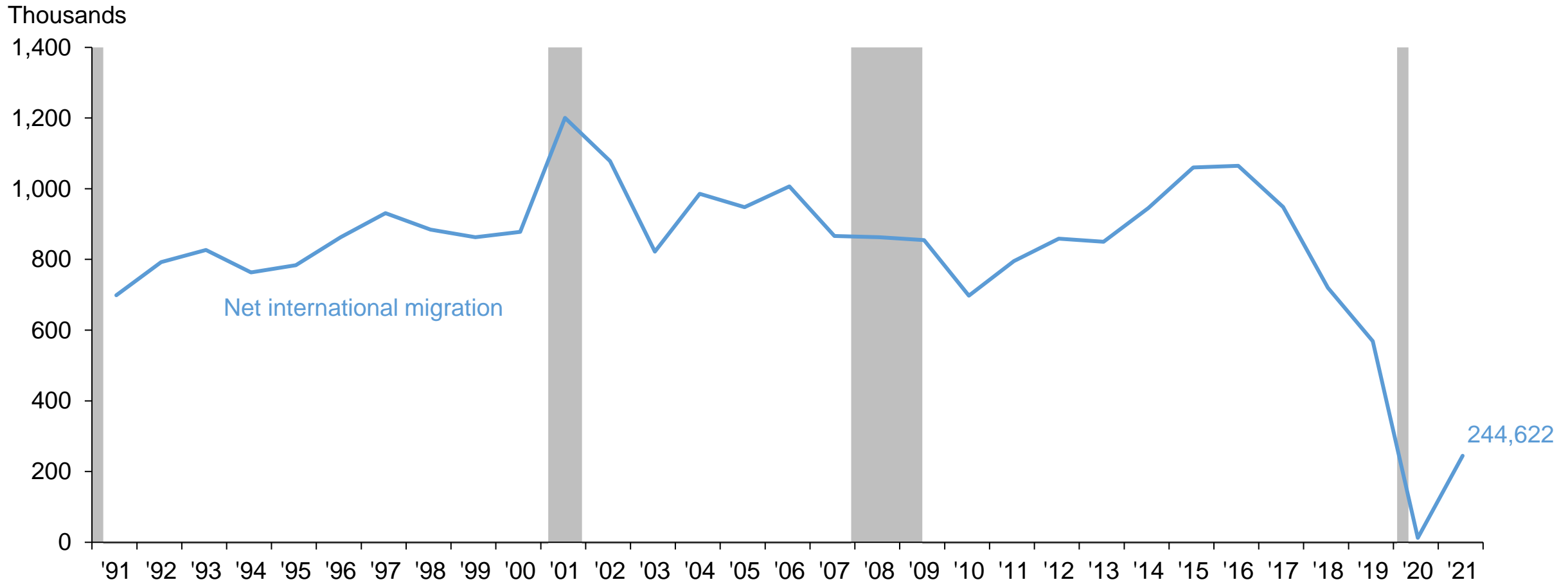


NOTE: Bubbles weighted by share of total employment in 2021.

SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas; American Community Survey via IPUMS.

Immigration Collapsed in Pandemic, Now Turning Up...Slightly

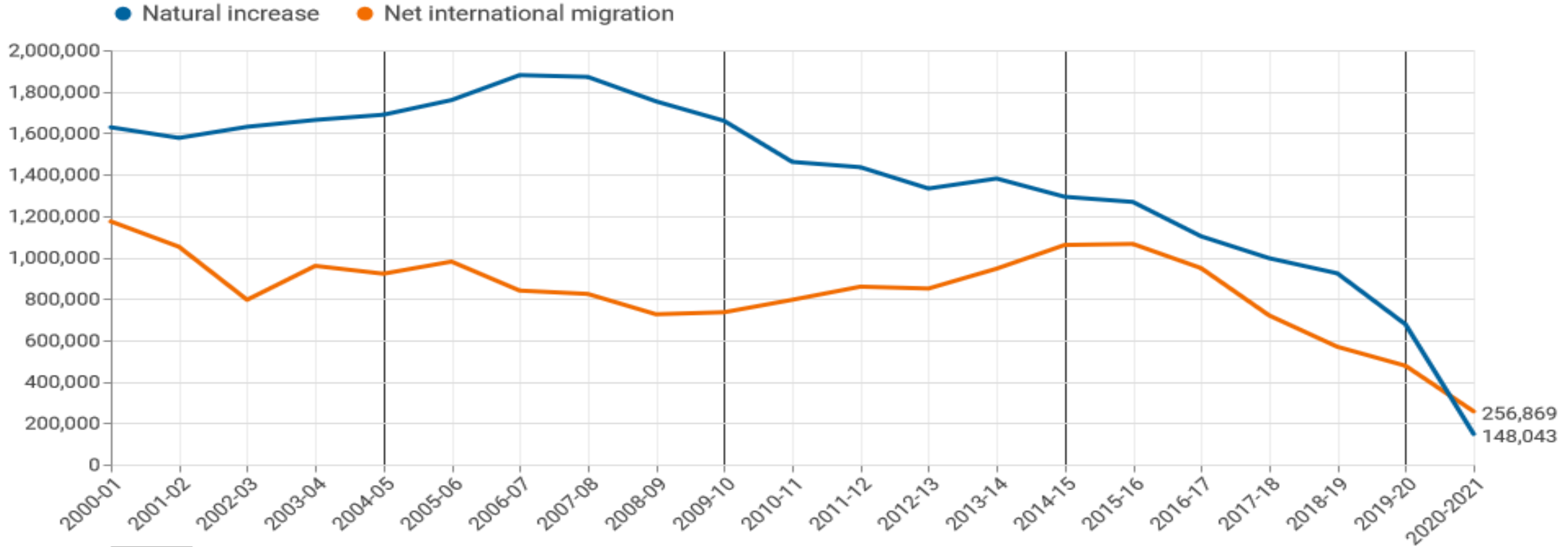
Net migration to US fell to near zero in 2020, turned up in 2021



NOTES: Net international migration. Change is from July 1st of the previous year to July 1st of the given year. Grey bars indicate U.S. recession.

SOURCES: U.S. Census Bureau; National Bureau of Economic Research.

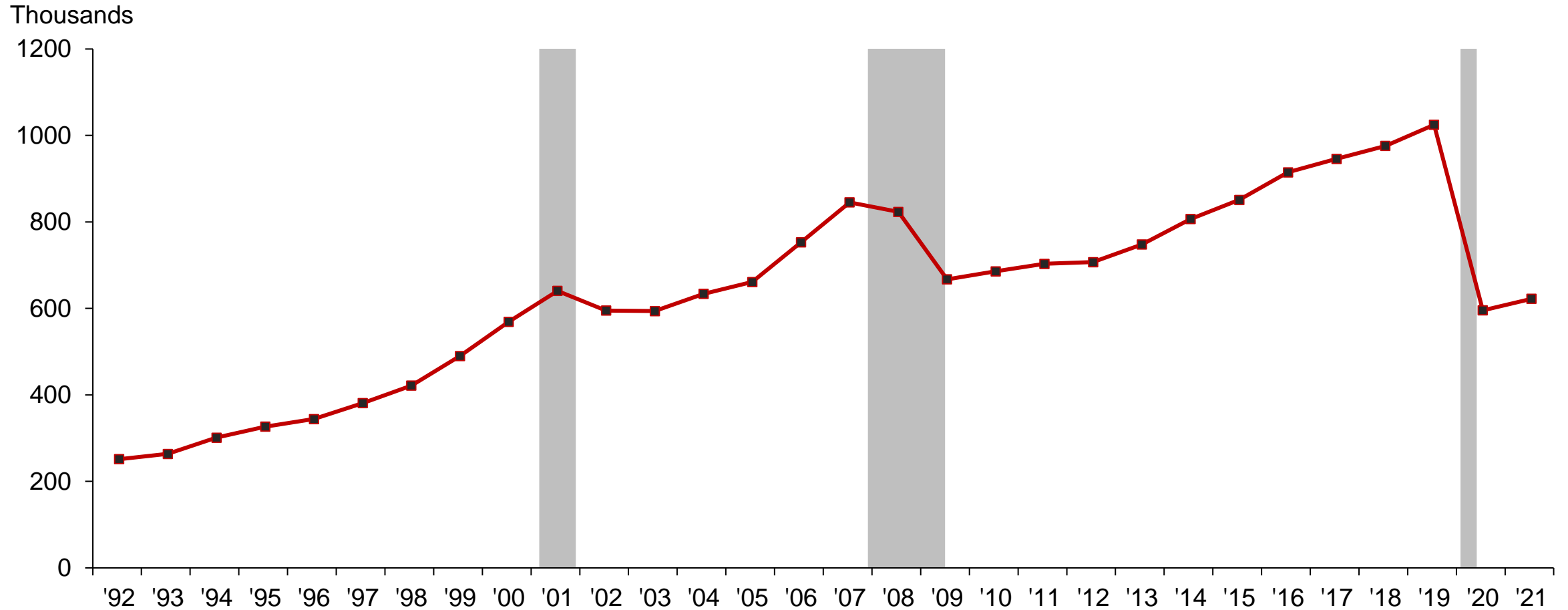
Net migration low in 2021, but still higher than natural increase



Note: Annual estimates pertain to July 1 to July 1 of successive years
Source: William H. Frey analysis of US Census Bureau estimates, released 12/21/2021

B Brookings Metro

Temporary worker visas plummet in pandemic

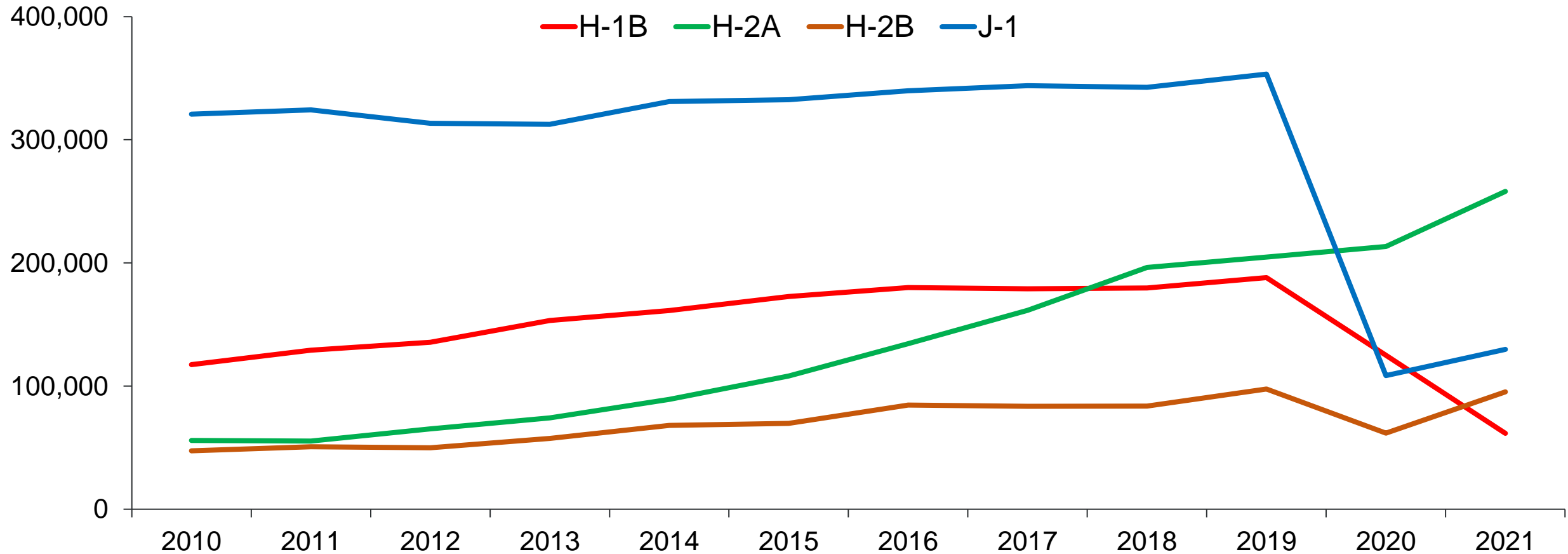


NOTES: Data refers to Temporary Worker Visa issuances (includes H-1A, H-1B, H-1B1, H-1C, H3, I, J1, L1, O1, O2, P1, P2, P3, Q1, R1, TN, H-2A, and H-2B and H2BR visas). Shaded bars indicate U.S. recessions. Data for 2021 are preliminary.

SOURCES: US Department of State, *Report of the Visa Office*; National Bureau of Economic Research.

A Closer Look...

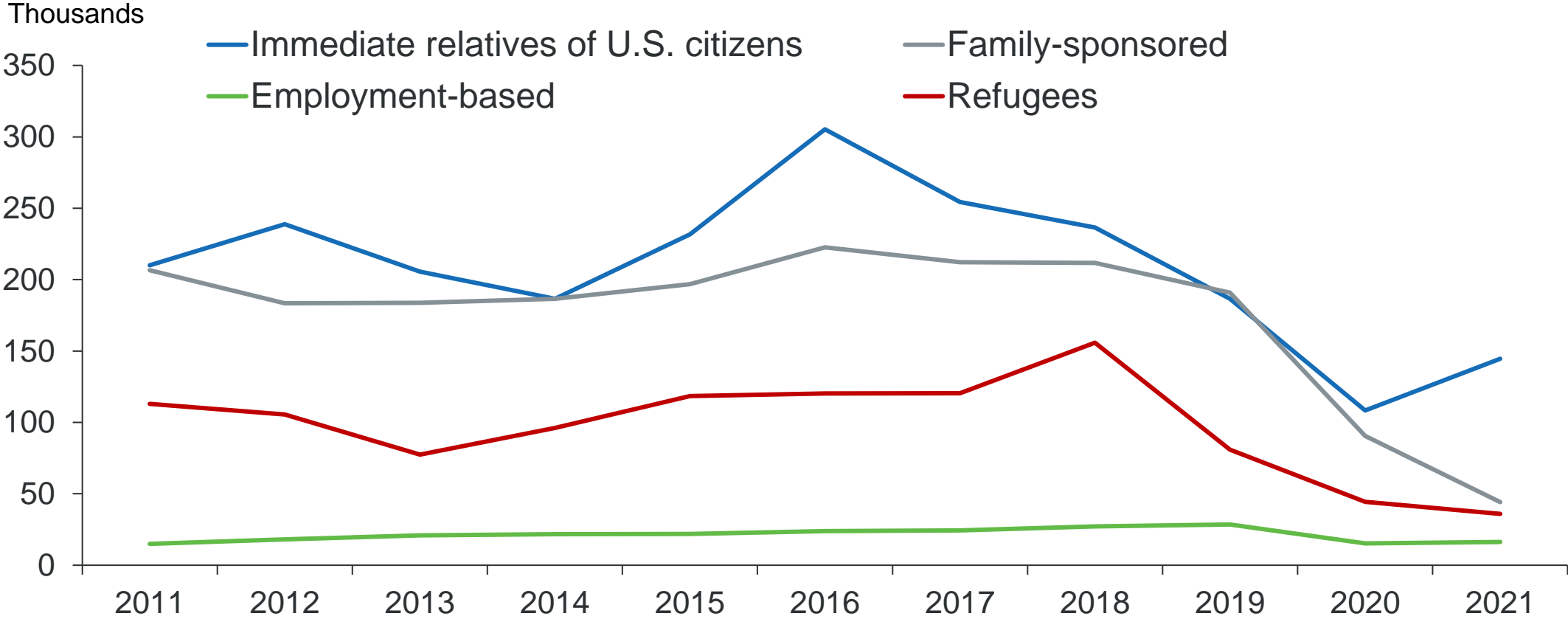
Temporary foreign worker visas issued by type



NOTE: See <https://nfap.com/wp-content/uploads/2022/02/The-Impact-of-the-Covid-19-Drop-in-International-Migration-on-the-U.S.-Labor-Market.NFAP-Policy-Brief.February-2022.pdf>

SOURCES: U.S. State Department

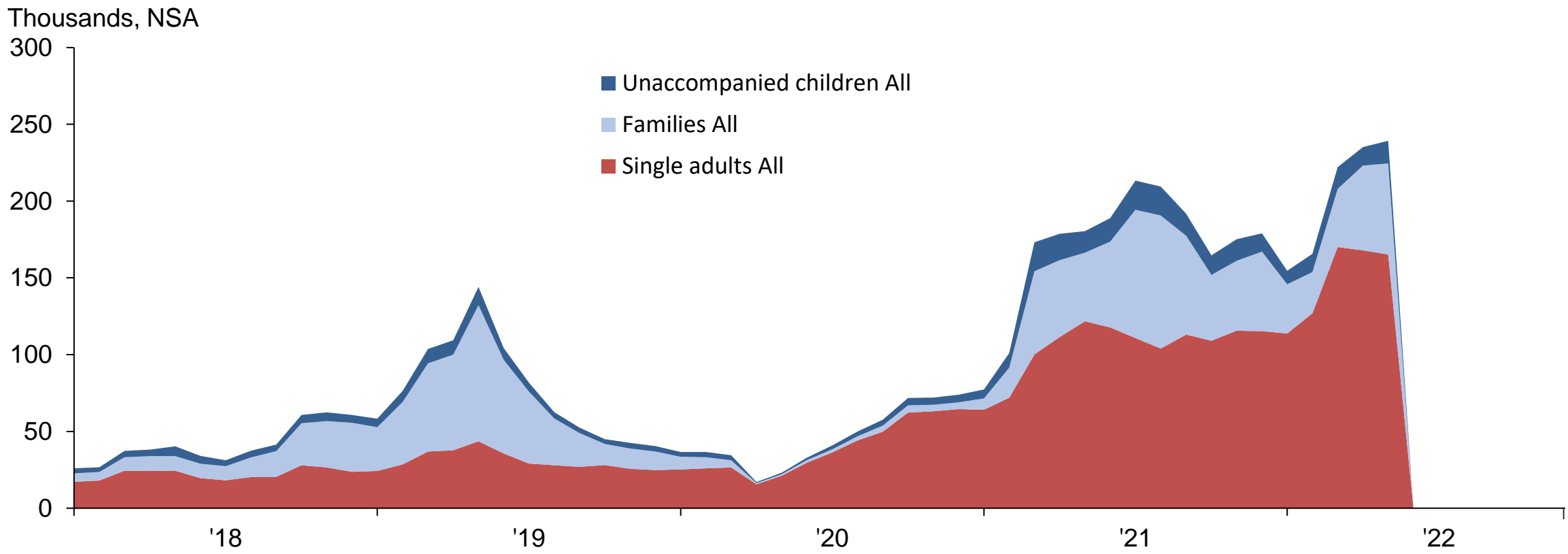
Fewer new arrivals on permanent resident visas too



NOTE: Only new arrivals are included except for refugees, who are adjusting status after at least one year in the U.S.
 SOURCES: U.S. Department of Homeland Security

When legal immigration was stopped, unauthorized migration surged

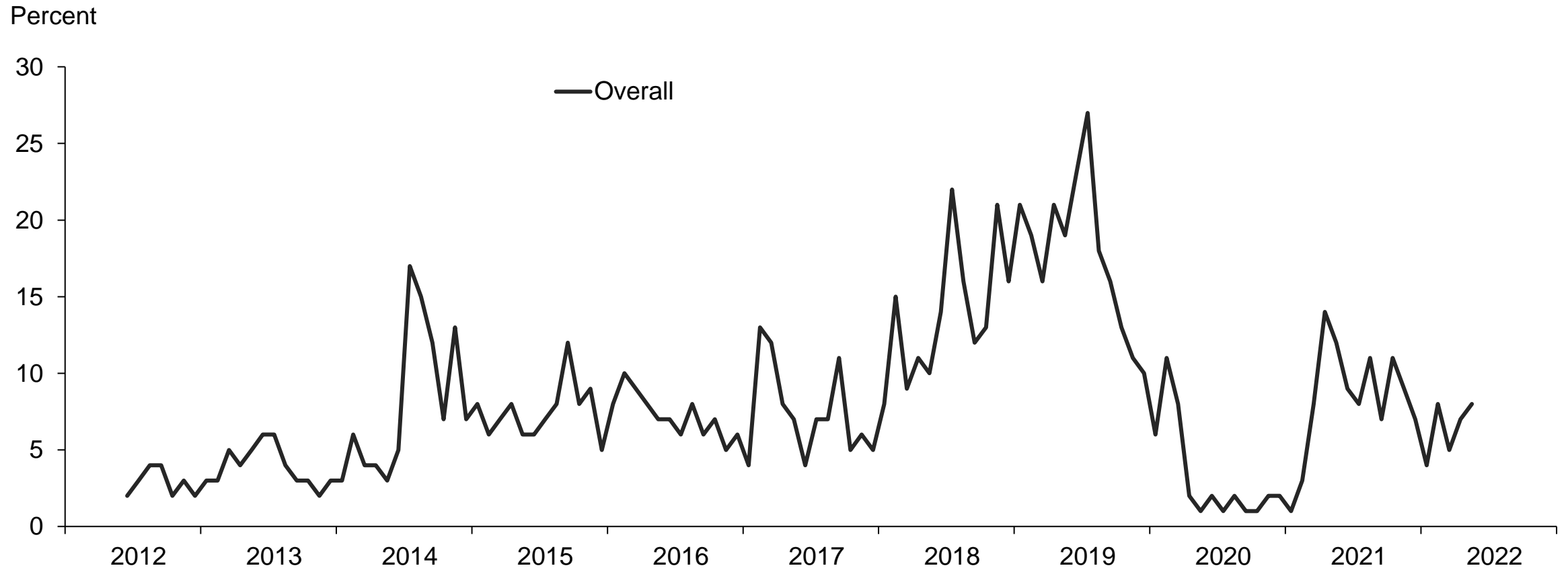
Monthly apprehensions along the Southwest border



NOTES: Data through May 2022. Beginning in March 2020, USBP apprehension statistics include both Title 8 Apprehensions and Title 42 Expulsions.
SOURCE: U.S. Customs and Border Protection.

Policy Implications?

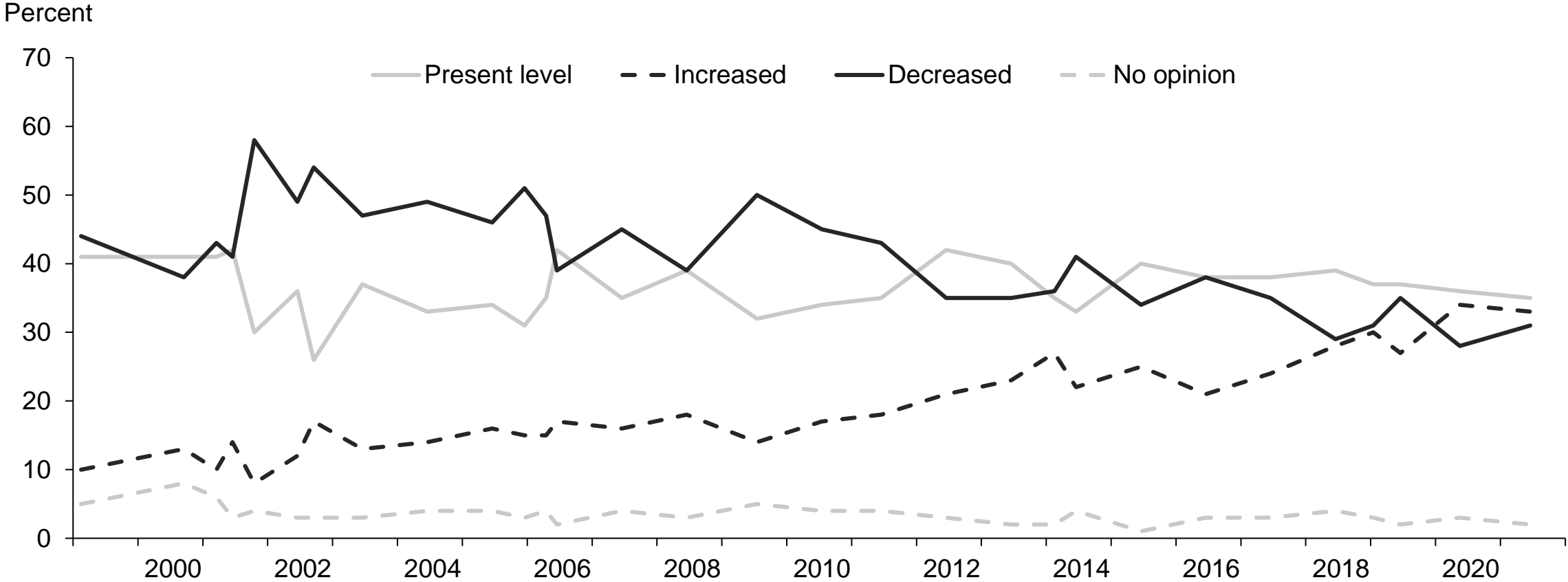
Gallup Poll: A declining share of population views immigration as nation's top problem



NOTES: Respondents were asked “What do you think is the most important problem facing this country today?” Open-ended responses. Responses shown are from June 2012 through May 2022.

SOURCE: Gallup.

Gallup poll: Share saying immigration should increase rises above decrease for the first time



NOTE: Responses to question "In your view, should immigration be kept at its present level, increased or decreased?"
SOURCE: Gallup. <https://news.gallup.com/poll/1660/immigration.aspx>.

Summary and Implications

- Demand-side labor market indicators and record wage inflation point to a very tight labor market
 - Pandemic-induced immigration shortfall contributed
- Could there be a growing realization that immigration is important to growth?
 - Steps by administration to increase certain visas, attempt immigration reform
 - Advocates argue for 'essential workers'
 - Critics say wage increases demonstrate immigration bad for US workers
 - Public opinion may be responding to the former argument
 - But the border surge still a problem